

MAINE STATE LEGISLATURE

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Maine State Housing Authority

Basic Financial Statements and Management's Discussion and Analysis

Year Ended December 31, 2012

MAINE STATE HOUSING AUTHORITY

FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Maine State Housing Authority

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Maine State Housing Authority (MaineHousing), a component unit of the State of Maine, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the MaineHousing's basic financial statements 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 accounting principles generally accepted in the United States of America; 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity'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 entity'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 governmental activities, the business-type activities and each major fund of MaineHousing, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Portland, Maine
March 22, 2013

Baker Newman & Noyes
Limited Liability Company

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2012**

This discussion and analysis provides an overview of the Maine State Housing Authority's (MaineHousing) financial activities for the year ended December 31, 2012 and should be read in conjunction with the audited financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- As a result of program operations and financing activities, MaineHousing's net position decreased by \$3.3 million or 1.0% to \$318.9 million.
- Profitability was again negatively impacted in 2012 by volatile financial and mortgage loan markets and depressed short-term interest rates.
- Mortgage loan prepayments totaled \$91.6 million and increased significantly in 2012 due to low market mortgage rates.
- Short-term interest rates continued to be near historically low levels throughout 2012 resulting in a further reduction in non-mortgage investment earnings.
- Debt retirements totaled \$272.4 million, which resulted in substantial savings in interest expense.
- Total federal program revenues decreased by \$30.2 million or 16.7% to \$150.5 million due principally to the completion of programs associated with the American Recovery and Reinvestment Act (ARRA) and lower grant income for the Low Income Home Energy Assistance Program

OVERVIEW OF MAINEHOUSING

MaineHousing was created in 1969 by an Act of the Maine Legislature and is a public corporation and government instrumentality of the State of Maine. MaineHousing was established to assist in the financing, development, and rehabilitation of housing in Maine for persons and families of low and moderate income. In this capacity, MaineHousing is authorized to issue bonds for the purchase or origination of notes and mortgages on single-family and multi-family residential properties.

MaineHousing also acts as an agent for the State of Maine in administering various federal housing and energy related programs. These programs are funded through various grants and program agreements with the federal government's departments of Housing and Urban Development, Energy, and Health and Human Services, as well as capital and operating subsidies from MaineHousing's own funds.

MaineHousing is a component unit of the State of Maine and receives certain appropriations from the State legislature, all of which are used in connection with specified housing related programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

MaineHousing's financial statements consist of two parts – management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include agency-wide financial statements, fund financial statements, and notes to the financial statements.

- Agency-wide financial statements provide information about MaineHousing's overall financial position and results of operations. These statements consist of the Statement of Net Position and the Statement of Activities.
- The fund financial statements of MaineHousing include its major proprietary funds, which operate similarly to business activities and of MaineHousing's governmental funds, for which activities are funded from federal grants and state appropriations.
- The basic financial statements also include a "Notes to Financial Statements" section that provides additional information that is essential to a full understanding of the data provided in the agency-wide and fund financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of these statements.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2012**

Agency-wide Statements

Agency-wide statements report information about MaineHousing as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position presents MaineHousing's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net positions. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two agency-wide statements report MaineHousing's net position and how they changed. Net position is one measure of MaineHousing's financial health and position. Agency-wide financial statements are divided into two categories:

- *Business-type activities* – MaineHousing's business-type activities consist of providing mortgage financing on single-family and multi-family residential properties. These activities are funded primarily through the issuance of bonds.
- *Governmental activities* – MaineHousing administers various state and federal housing and energy related programs. These activities are financed by grant and program agreements with the federal government and appropriations from the State legislature.

Fund Financial Statements

The fund financial statements provide more detailed information about MaineHousing's most significant funds and not MaineHousing as a whole. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. MaineHousing has two kinds of funds:

- *Proprietary funds* – MaineHousing's business-type activities are in its proprietary funds and they are accounted for in a manner similar to businesses operating in the private sector. Funding has primarily arisen through the issuance of bonds, the proceeds of which are mainly used to make various types of loans to finance low and moderate-income housing. The net positions of these funds represent accumulated earnings since their inception and interest rate subsidy amounts contributed from governmental funds, and are generally restricted for program purposes.
- *Governmental funds* – MaineHousing has six governmental funds. MaineHousing is the administrator of these funds, the revenues of which are appropriated to MaineHousing for making housing and energy related grants and loans. These fund statements focus on how cash and other financial assets flowing into the funds have been used. A substantial portion of the fund balances for these funds consist of investments reserved for grants or making mortgage loans.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2012**

AN OVERVIEW OF MAINEHOUSING'S FINANCIAL POSITION AND OPERATIONS

MaineHousing's overall financial position and operations are summarized below for the years ended December 31, 2012 and 2011 based on the information included in the financial statements.

Statement of Net Position
(in millions of dollars)

	Business-type Activities		Governmental Activities		Total		Total Percentage Change
	2012	2011	2012	2011	2012	2011	
Cash and investments	\$323.3	\$355.9	\$61.2	\$66.8	\$384.5	\$422.7	(9.0%)
Mortgage and other notes receivable	1,244.2	1,329.1	78.7	78.4	1,322.9	1,407.5	(6.0%)
Other assets	28.1	31.2	9.7	13.7	37.8	44.9	(15.8%)
Total Assets	1,595.6	1,716.2	149.6	158.9	1,745.2	1,875.1	(6.9%)
Total Deferred Outflows of Resources	26.9	29.6	0.0	0.0	26.9	29.6	(9.1%)
Deferred income	14.8	14.9	16.7	17.2	31.5	32.1	(1.9%)
Mortgage and other bonds payable	1,285.8	1,404.6	47.4	50.1	1,333.2	1,454.7	(8.4%)
Other liabilities	38.4	43.1	50.1	52.6	88.5	95.7	(7.5%)
Total Liabilities	1,339.0	1,462.6	114.2	119.9	1,453.2	1,582.5	(8.2%)
Investment in capital assets	1.6	3.2	0.7	1.1	2.3	4.3	(46.5%)
Restricted	257.6	265.9	34.7	37.9	292.3	303.8	(3.8%)
Unrestricted	24.3	14.1	0.0	0.0	24.3	14.1	72.3%
Total Net Position	\$283.5	\$283.2	\$35.4	\$39.0	\$318.9	\$322.2	(1.0%)

The overview of MaineHousing's financial position includes the change in presentation of the accumulated decrease in the fair value of hedging derivatives. Beginning in 2012, that line item is presented as a deferred outflow of resources as required by a change in generally accepted accounting principles. The 2011 financial position has been reclassified here to be comparative. This accounting change had no effect on MaineHousing's total net position.

Total assets at December 31, 2012 were \$1.75 billion, a decrease of \$129.9 million from December 31, 2011. The change in assets consisted primarily of a \$38.2 million decrease in cash and investments, which were used principally to retire outstanding debt, and an \$84.6 million decrease in mortgage receivables due to a reduction in new single family loan production and significant prepayments. Other assets decreased \$7.1 million primarily as a result of lower receivable balances due from federal programs and other real estate owned balances. Total deferred outflows of resources, which represent the accumulated decrease in the fair value of interest rate swaps, decreased \$2.7 million as a result of fair value increases.

Total liabilities at December 31, 2012 were \$1.45 billion, a decrease of \$129.3 million or 8.2% from December 31, 2011. The decrease in liabilities is due principally to the retirement of \$272.4 million of bonds, which contributed to a \$121.5 million net decrease in bonds payable. Other liabilities decreased \$7.2 million due primarily to decreases in the liabilities associated with interest rate swap derivative instruments and arbitrage rebates.

Cash and Investments

Total cash and investments decreased by \$38.2 million or 9.0% at December 31, 2012 compared to December 31, 2011. To manage the exposure associated with depressed short term rates on non-mortgage investments and interest expense, certain investments were used to retire outstanding debt in 2012. MaineHousing's investment portfolio is comprised of securities of the U.S. Government, certain Federal agencies, the State of Maine, or repurchase agreements that are secured by such securities.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2012**

MaineHousing's investments are carried at fair value and unrealized gains and losses due to fluctuations in market values are recognized in revenues. In 2012, MaineHousing recognized \$1.3 million of unrealized losses compared with \$0.6 million of unrealized gains in 2011.

Mortgage and Other Notes Receivable

Total mortgages and other notes receivable, net, decreased \$84.6 million in 2012. Mortgage loan prepayments increased substantially during 2012 to a total of \$91.6 million, an increase of \$41.6 million. The receipt of scheduled mortgage loan repayments of \$30.8 million decreased slightly from the previous year level of \$31 million. Total mortgage purchases and originations of \$49.5 million were lower by \$66.7 million compared with 2011. The decrease is due primarily to lower single family mortgage purchases. MaineHousing's combined allowance for losses of \$11.2 million at December 31, 2012 is nearly unchanged from 2011 and remains at 0.8% of loans outstanding.

Bonds Payable

During the year, MaineHousing completed the issuance of bonds totaling \$148.8 million. In 2011, MaineHousing completed the issuance of \$109.9 million in bonds. In recent years, MaineHousing has aggressively retired debt with higher interest rates. Debt retirements totaled \$272.4 million in 2012, which is an increase of \$142.9 million compared with the \$129.5 million retired in 2011. MaineHousing issues bonds or notes as capital is needed for program purposes and as opportunities for economic refunding occur. For additional details, see the Debt Activity section of the Management's Discussion and Analysis.

Net Position

MaineHousing's net position decreased 1.0% during 2012. MaineHousing's net position continued to be unfavorably impacted by the volatile financial and mortgage loan markets and the historically low-interest rate environment that existed throughout the year.

The net position of MaineHousing's business activities increased by \$0.3 million, while the net position of governmental activities decreased by \$3.6 million. MaineHousing's business activities are in the proprietary funds and are dissimilar from the activities in the governmental funds. The results of operations for both MaineHousing's proprietary and governmental funds are presented on the following table for the years ended December 31, 2012 and 2011:

Agency-wide Changes in Net Position
(in millions of dollars)

	<u>2012</u>	<u>2011</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percentage</u>
Revenues:				
Interest from mortgages and notes	\$66.9	\$69.6	(\$2.7)	(3.9%)
Income from investments	3.4	6.2	(2.8)	(45.2%)
Grants and subsidies	155.4	183.6	(28.2)	(15.4%)
Other	9.1	11.8	(2.7)	(22.9%)
Total revenues	234.8	271.2	(36.4)	(13.4%)
Expenses:				
Operating and other program expenses	23.0	21.9	1.1	5.0%
Provision for losses on loans and foreclosed real estate	0.7	1.9	(1.2)	(63.2%)
Interest expense	58.2	61.9	(3.7)	(6.0%)
Grants and subsidies	156.2	181.8	(25.6)	(14.1%)
Total expenses	238.1	267.5	(29.4)	(11.0%)
Increase (Decrease) in net position	<u>(\$3.3)</u>	<u>\$3.7</u>	<u>(\$7.0)</u>	(189.2%)

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Management's Discussion and Analysis
December 31, 2012**

Changes in business-type and governmental activities are explained in the following Results of Operations sections.

RESULTS OF OPERATIONS

Proprietary Funds Results

The net position of MaineHousing's proprietary funds increased by \$0.3 million to \$283.5 million at December 31, 2012. The following table summarizes the Statement of Revenues, Expenses and Changes in Net Position of MaineHousing's proprietary funds for the years ended December 31, 2012 and December 31, 2011:

Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
(in millions of dollars)

	2012	2011	Increase/(Decrease)	
			Amount	Percentage
Operating revenues:				
Interest from mortgages and notes	\$66.8	\$69.6	(\$2.8)	(4.0%)
Income from investments	4.6	5.5	(0.9)	(16.4%)
Net (decrease) increase in the fair value of investments	(1.3)	0.6	(1.9)	(316.7%)
Fee income	0.7	0.7	0.0	0.0%
Other revenue	0.9	1.6	(0.7)	(43.8%)
Total revenues	71.7	78.0	(6.3)	(8.1%)
Operating expenses:				
Salaries and related benefits	7.4	7.3	0.1	1.4%
Other program and operating expenses	5.1	4.8	0.3	6.3%
Mortgage servicing fees	2.0	2.1	(0.1)	(4.8%)
Provision for losses on loans	0.6	1.4	(0.8)	(57.1%)
Losses on foreclosed real estate	0.1	0.2	(0.1)	(50.0%)
Interest expense	56.6	60.3	(3.7)	(6.1%)
Loss on bond redemption	1.1	0.5	0.6	120.0%
Excess arbitrage	(0.8)	(1.0)	0.2	(20.0%)
Total expenses	72.1	75.6	(3.5)	(4.6%)
Operating income (loss)	(0.4)	2.4	(2.8)	(116.7%)
Transfers in (out)	0.7	(0.2)	0.9	(450.0%)
Change in net position	0.3	2.2	(1.9)	(86.4%)
Net position at beginning of year	283.2	281.0	2.2	0.8%
Net position at end of year	<u>\$283.5</u>	<u>\$283.2</u>	<u>\$0.3</u>	0.1%

Operating revenues of MaineHousing's business-type activities are generated principally from earnings on mortgages and investments. In 2012, MaineHousing's revenues for its business-type activities decreased \$6.3 million and totaled \$71.7 million. Of this total, \$70.1 million or 97.8% is from interest earned from mortgages and other notes and non-mortgage investments. Operating expenses of MaineHousing's business-type activities consist primarily of interest expense on debt incurred to fund its various lending programs. The total expenses for business-type activities totaled \$72.1 million, of which \$56.6 million or 78.5% was interest expense.

Change in net position for the year ended December 31, 2012 was a \$0.3 million increase compared to a \$2.2 million increase for the year ended December 31, 2011, a decrease of \$1.9 million. Factors contributing to these results included:

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2012**

- Interest earned on mortgages and notes decreased by \$2.8 million or 4% due to lower loan amounts outstanding and lower average yields.
- Income from investments decreased by \$0.9 million or 16.4% due to lower investment balances and low short-term earnings rates.
- Market fluctuations generated an unrealized loss of \$1.3 million in 2012. This represents a decrease of \$1.9 million compared with the unrealized gain of \$0.6 million that was recognized in 2011. The unrealized loss was due to a mix of interest-sensitive investments held at 2012 compared to 2011.
- Interest expense decreased by \$3.7 million or 6.1% as a result of lower average rates on debt issues and lower average debt balances outstanding during the year.

Governmental Fund Results

The net position of MaineHousing's governmental funds decreased \$3.1 million to \$34.8 million at December 31, 2012. Capital assets are reported as expenditures in the governmental funds and as assets in the Agency-wide Statement of Net Position. The following table summarizes the Statement of Revenues, Expenses and Changes in Fund Balances of MaineHousing's governmental funds for the years ended December 31, 2012 and December 31, 2011:

Governmental Funds Statement of Revenues, Expenses and Changes in Fund Balances (in millions of dollars)				
	2012	2011	Increase/(Decrease) Amount	Percentage
Operating revenues:				
Income from mortgages and notes	\$0.1	\$0.0	\$0.1	n/a
Income from investments	0.1	0.1	0.0	0.0%
Fee income	7.5	9.5	(2.0)	(21.1%)
Grant income	53.8	82.3	(28.5)	(34.6%)
Income from the State	9.6	9.2	0.4	4.3%
Federal rent subsidy income	92.0	92.2	(0.2)	(0.2%)
Total revenues	163.1	193.3	(30.2)	(15.6%)
Operating expenses:				
Program administrative expenses	7.7	8.9	(1.2)	(13.5%)
Provision for losses on loans	0.0	0.3	(0.3)	(100.0%)
Interest expense	1.6	1.6	0.0	0.0%
Grant expense	64.6	90.2	(25.6)	(28.4%)
Federal rent subsidy expense	91.6	92.1	(0.5)	(0.5%)
Total expenses	165.5	193.1	(27.6)	(14.3%)
Operating income (loss)	(2.4)	0.2	(2.6)	(1300.0%)
Transfers in (out)	(0.7)	0.1	(0.8)	(800.0%)
Change in fund balances	(3.1)	0.3	(3.4)	(1133.3%)
Fund balances at beginning of year	37.9	37.6	0.3	0.8%
Fund balances at end of year	\$34.8	\$37.9	(\$3.1)	(8.2%)

MaineHousing's total revenues from governmental activities are generated primarily from federal grants and rent subsidy income. Revenues from governmental activities decreased in 2012 by \$30.2 million or 15.6% to \$163.1 million. MaineHousing's governmental activities expenses consist primarily of federal grant and rent subsidy expenses. Total expenses decreased \$27.6 million or 14.3% to \$165.5 million for 2012.

MaineHousing earns fees for administering various federal programs. Typically fees earned provide MaineHousing with a revenue source adequate to recover direct and indirect costs of delivering related services. In 2012, fee income for administering federal programs amounted to \$7.5 million.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2012**

2012 financial results of MaineHousing's governmental funds were significantly affected by the following:

- Total grant income decreased by \$28.5 million or 34.6% due to the completion of federal grants from The American Recovery & Reinvestment Act (ARRA) and lower grant income for certain energy and weatherization programs. This Act was enacted by the United States Congress in 2009 and provided for temporary federal spending provisions for housing and energy related programs. In addition, federal grants received from the U.S. Department of Health and Human Services for the Low Income Home Energy Assistance Program (LIHEAP) decreased by \$11.9 million or 26.1%.
- Total grant expenses decreased by \$25.6 million or 28.4% due to lower available federal grant receipts.
- Total fee income earned for administering federal programs decreased by \$2 million or 21.1% and program administrative expenses decreased \$1.2 million, as a result of a decrease in total grants and federal rent subsidy.

DEBT ACTIVITY

MaineHousing is authorized to issue housing revenue bonds to purchase or originate mortgages or notes on single-family and multi-family residential properties. MaineHousing had \$1.33 billion in bonds outstanding at December 31, 2012 – a decrease of \$121.5 million or 8.4% from 2011.

MaineHousing's debt issuances for 2012 totaled \$148.8 million. Principal payments on bonds totaled \$272.4 million in 2012. MaineHousing redeemed \$268.6 million of its outstanding bonds in 2012 from reserve funds, mortgage prepayments, and surplus revenues. Of the total amount redeemed, \$7 million were bonds that were scheduled for maturity in 2012. Scheduled principal payments on bonds totaled \$3.8 million in 2012.

MaineHousing issues some variable rate demand obligations and enters into interest rate swaps agreements to provide synthetically fixed interest rates on certain bonds. At December 31, 2012, the total amount of variable rate debt outstanding was \$289.2 million and represented 21.7% of the \$1.33 billion total debt portfolio. Different interest rate swap agreements have been executed in connection with \$235.7 million of these bonds to, in effect, convert them to synthetic fixed rate bonds.

In 2012, MaineHousing redeemed all outstanding bonds in the Housing Finance Revenue Bond Resolution. As a result, the net assets were no longer restricted and were transferred to the General Administrative Fund and the Housing Finance Revenue Bond fund group contains no assets or liabilities as of December 31, 2012.

Bonds in MaineHousing's General Mortgage Purchase Bond Resolution were rated Aa1 and AA+ by Moody's Investor Service and Standard & Poor's, respectively, in 2012. For additional information about MaineHousing's mortgage bonds and notes payables, see Notes 5, 6, 8, 13, and 15 to the financial statements.

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2012

(IN THOUSANDS OF DOLLARS)

	Business-type Activities	Governmental Activities	Total
ASSETS:			
Current Assets:			
Cash, principally time deposits (note 3)	\$205	\$990	\$1,195
Investments (notes 3, 8, and 10)	226,594	60,183	286,777
Accounts receivable - Federal	0	4,456	4,456
Other assets	19,666	4,420	24,086
Mortgage notes receivable, net (note 4)	30,806	83	30,889
Other notes receivable, net (note 4)	3	0	3
Total Current Assets	<u>277,274</u>	<u>70,132</u>	<u>347,406</u>
Noncurrent Assets:			
Investments (notes 3, 8, and 10)	96,530	0	96,530
Other assets (note 11)	627	0	627
Mortgage notes receivable, net (note 4)	1,213,336	78,576	1,291,912
Other notes receivable, net (note 4)	51	50	101
Land, equipment and improvements, net	1,586	650	2,236
Other real estate owned	2,237	0	2,237
Unamortized debt issuance expense	3,959	155	4,114
Total Noncurrent Assets	<u>1,318,326</u>	<u>79,431</u>	<u>1,397,757</u>
Total Assets	<u>1,595,600</u>	<u>149,563</u>	<u>1,745,163</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Accumulated decrease in fair value of hedging derivatives (note 6)	<u>26,926</u>	<u>0</u>	<u>26,926</u>
LIABILITIES:			
Current Liabilities:			
Accrued interest payable	\$6,353	\$69	\$6,422
Accounts payable - Federal	0	277	277
Accounts payable and accrued liabilities	5,220	49,663	54,883
Deferred income	254	3,373	3,627
Interfund (note 12)	(136)	136	0
Mortgage and other bonds payable, current (notes 5, 8, 13, and 15)	11,500	2,755	14,255
Total Current Liabilities	<u>23,191</u>	<u>56,273</u>	<u>79,464</u>
Noncurrent Liabilities:			
Excess arbitrage to be rebated (note 11)	0	0	0
Deferred income	14,580	13,315	27,895
Derivative instrument - interest rate swaps (note 6)	26,926	0	26,926
Mortgage and other bonds payable, net (notes 5, 8, 13, and 15)	1,274,280	44,615	1,318,895
Total Noncurrent Liabilities	<u>1,315,786</u>	<u>57,930</u>	<u>1,373,716</u>
Total Liabilities	<u>1,338,977</u>	<u>114,203</u>	<u>1,453,180</u>
NET POSITION:			
Net Investment in Capital Assets	1,586	650	2,236
Restricted	257,647	34,710	292,357
Unrestricted	24,316	0	24,316
Total Net Position	<u>\$283,549</u>	<u>\$35,360</u>	<u>\$318,909</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

(IN THOUSANDS OF DOLLARS)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
			Charges for Services	Program Investment Income	Operating Grants and Contributions	Business-type Activities	Governmental Activities	Total
Business-type activities:								
Mortgage Purchase Bond Program	\$62,281	\$7,783	\$66,545	\$3,250	\$0	(\$269)	\$0	(\$269)
Housing Finance Bond Program	227	460	283	12	0	(392)	0	(392)
Bondholder Reserve Fund	0	46	1	13	0	(32)	0	(32)
General Administrative Fund	14,767	(13,459)	1,557	0	0	249	0	249
Total business-type activities	77,275	(5,170)	68,386	3,275	0	(444)	0	(444)
Governmental activities:								
HOME Fund	4,869	0	48	7	5,639	0	825	825
Section 8 Housing Programs	93,164	3,013	4,608	17	92,021	0	469	469
Low Income Housing Energy Assistance Pro	34,244	651	925	1	33,788	0	(181)	(181)
American Recovery & Reinvestment Act Fun	8,841	343	381	0	8,992	0	189	189
Maine Energy, Housing, Economic Recovery	8,373	0	6	74	4,316	0	(3,977)	(3,977)
Other Federal and State Programs	11,254	1,163	1,557	6	10,655	0	(199)	(199)
Total governmental activities	160,745	5,170	7,525	105	155,411	0	(2,874)	(2,874)
Total MaineHousing	<u>\$238,020</u>	<u>\$0</u>	<u>\$75,911</u>	<u>\$3,380</u>	<u>\$155,411</u>	<u>(444)</u>	<u>(2,874)</u>	<u>(3,318)</u>
General Revenues:								
Unrestricted investment income						14	0	14
Transfers						745	(745)	0
Total general revenues and transfers						759	(745)	14
Change in Net Position						315	(3,619)	(3,304)
Net Position at beginning of year						283,234	38,979	322,213
Net Position at end of year						<u>\$283,549</u>	<u>\$35,360</u>	<u>\$318,909</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund Group	Bondholder Reserve Fund	General Administrative Fund	Total
ASSETS:				
Current Assets:				
Cash, principally time deposits (note 3)	\$ 6	\$ 1	\$ 198	\$ 205
Investments (notes 3, 8, and 10)	198,147	8,016	20,431	226,594
Other assets	19,421	0	245	19,666
Mortgage notes receivable, net (note 4)	30,015	0	791	30,806
Other notes receivable, net (note 4)	0	0	3	3
Total Current Assets	247,589	8,017	21,668	277,274
Noncurrent Assets:				
Investments (notes 3, 8, and 10)	96,530	0	0	96,530
Other assets (note 11)	604	0	23	627
Mortgage notes receivable, net (note 4)	1,206,747	0	6,589	1,213,336
Other notes receivable, net (note 4)	0	0	51	51
Land, equipment and improvements, net	22	0	1,564	1,586
Other real estate owned	2,201	0	36	2,237
Unamortized debt issuance expense	3,959	0	0	3,959
Total Noncurrent Assets	1,310,063	0	8,263	1,318,326
Total Assets	1,557,652	8,017	29,931	1,595,600
DEFERRED OUTFLOWS OF RESOURCES:				
Accumulated decrease in fair value of hedging derivatives (note 6)	26,926	0	0	26,926
LIABILITIES:				
Current Liabilities:				
Accrued interest payable	6,353	0	0	6,353
Accounts payable and accrued liabilities	564	6	4,650	5,220
Deferred income	229	0	25	254
Interfund (note 12)	695	0	(831)	(136)
Mortgage and other bonds payable, current (notes 5, 8, 13, and 15)	11,500	0	0	11,500
Total Current Liabilities	19,341	6	3,844	23,191
Noncurrent Liabilities:				
Excess arbitrage to be rebated (note 11)	0	0	0	0
Deferred income	14,373	0	207	14,580
Derivative instrument - interest rate swaps (note 6)	26,926	0	0	26,926
Mortgage and other bonds payable, net (notes 5, 8, 13, and 15)	1,274,280	0	0	1,274,280
Total Noncurrent Liabilities	1,315,579	0	207	1,315,786
Total Liabilities	1,334,920	6	4,051	1,338,977
NET POSITION:				
Net Investment in Capital Assets	22	0	1,564	1,586
Restricted	249,636	8,011	0	257,647
Unrestricted	0	0	24,316	24,316
Total Net Position	\$249,658	\$8,011	\$25,880	\$283,549

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund Group	Housing Finance Revenue Fund Group	Bondholder Reserve Fund	General Administrative Fund	Total
OPERATING REVENUES:					
Interest from mortgages and notes	\$66,149	\$283	\$1	\$335	\$66,768
Income from investments	4,603	12	13	14	4,642
Net decrease in the fair value of investments	(1,353)	0	0	0	(1,353)
Fee income	369	0	0	360	729
Other revenue	27	0	0	862	889
Total Revenues	69,795	295	14	1,571	71,675
OPERATING EXPENSES:					
Salaries and related benefits (note 7)	0	0	0	11,492	11,492
Other program and operating expenses	3,009	8	0	3,079	6,096
Grant expense	0	0	0	48	48
Mortgage servicing fees	1,825	100	0	23	1,948
Provision for losses on loans (note 4)	500	0	0	125	625
Losses on foreclosed real estate	100	0	0	0	100
Interest expense	56,535	95	0	0	56,630
Loss on bond redemption (note 13)	1,108	24	0	0	1,132
Excess arbitrage	(796)	0	0	0	(796)
Allocated operating costs	7,783	460	46	(13,459)	(5,170)
Total Expenses	70,064	687	46	1,308	72,105
Operating Income (Loss)	(269)	(392)	(32)	263	(430)
Transfers between funds, net (note 12)	(45)	(7,521)	0	8,311	745
Change in Net Position	(314)	(7,913)	(32)	8,574	315
Net Position at beginning of year	249,972	7,913	8,043	17,306	283,234
Net Position at end of year	\$249,658	\$0	\$8,011	\$25,880	\$283,549

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund Group	Housing Finance Revenue Fund Group	Bondholder Reserve Fund	General Administrative Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Interest receipts from borrowers	\$66,293	\$49	\$1	\$340	\$66,683
Principal receipts on mortgages and notes - scheduled	30,015	522	0	223	30,760
Principal receipts on mortgages and notes - prepayments	90,785	350	109	353	91,597
Payments for operating expenses	(14,014)	(568)	(46)	(3,079)	(17,707)
Payments received for operating expenses	0	0	0	13,459	13,459
Payments to employees	0	0	0	(11,492)	(11,492)
Investment in mortgages and other notes	(49,544)	0	(1)	0	(49,545)
Other	1,806	(5)	13	1,702	3,516
Net cash provided by operating activities	<u>125,341</u>	<u>348</u>	<u>76</u>	<u>1,506</u>	<u>127,271</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Payment of bond issuance costs	(542)	0	0	0	(542)
Proceeds from sale of bonds and notes	149,158	0	0	0	149,158
Principal payments on bonds	(268,135)	(1,530)	0	0	(269,665)
Interest payments on bonds	(56,042)	(98)	0	0	(56,140)
Payments (to) from other funds	412	2	(13)	(161)	240
Net cash provided by (used for) non-capital financing activities	<u>(175,149)</u>	<u>(1,626)</u>	<u>(13)</u>	<u>(161)</u>	<u>(176,949)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from disposition of foreclosed real estate	13,218	8	0	49	13,275
Purchase of investments	(137,446)	0	(78)	(1,299)	(138,823)
Sales and maturity of investments	168,724	1,226	0	0	169,950
Interest received on investments	5,238	12	13	14	5,277
Net cash provided by (used for) investing activities	<u>49,734</u>	<u>1,246</u>	<u>(65)</u>	<u>(1,236)</u>	<u>49,679</u>
Net increase (decrease) in cash	(74)	(32)	(2)	109	1
Cash at beginning of year	80	32	3	89	204
Cash at end of year	<u>\$6</u>	<u>\$0</u>	<u>\$1</u>	<u>\$198</u>	<u>\$205</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	(\$269)	(\$392)	(\$32)	\$263	(\$430)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	1,591	12	0	554	2,157
Gain on disposal of capital assets	0	0	0	(1)	(1)
Interest on bonds	54,945	83	0	0	55,028
Provision for losses on loans	500	0	0	125	625
Losses on foreclosed real estate	100	0	0	0	100
Loss on bond redemption	1,108	24	0	0	1,132
Interest income on investments	(4,603)	(12)	(13)	(14)	(4,642)
Net decrease in fair value of investments	1,353	0	0	0	1,353
Changes in operating assets and liabilities:					
Other assets	792	5	13	(354)	456
Mortgage note interest receivable	144	(2)	0	5	147
Accounts payable and accrued liabilities	(1,675)	(10)	0	352	(1,333)
Deferred income and other liabilities	99	(232)	0	0	(133)
Investment in mortgage and other notes	(49,544)	0	(1)	0	(49,545)
Mortgage & other note principal repayments	120,800	872	109	576	122,357
Net cash provided by operating activities	<u>\$125,341</u>	<u>\$348</u>	<u>\$76</u>	<u>\$1,506</u>	<u>\$127,271</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION:					
Transfer from mortgage notes receivable to mortgage insurance claims receivable and other real estate owned	\$11,179	\$0	\$0	\$0	\$11,179
Net mortgage note receivable interfund transfers	\$0	(\$2,357)	\$0	\$2,357	\$0
Net investment interfund transfers	\$0	(\$5,363)	\$0	\$5,363	\$0
Net other interfund transfers	\$0	\$199	\$0	(\$199)	\$0
Transfer of equipment	\$0	\$0	\$0	\$894	\$894

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012
(IN THOUSANDS OF DOLLARS)

	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	American Recovery & Reinvestment Act Fund	Maine Energy, Housing & Economic Recovery Fund	Other Federal and State Programs	Total
ASSETS:							
Current Assets:							
Cash, principally time deposits (note 3)	\$ 0	\$ 94	\$ 0	\$ 0	\$ 0	\$ 896	\$ 990
Investments (notes 3, 8, and 10)	4,209	7,947	126	0	39,691	8,210	60,183
Accounts receivable - Federal	0	192	907	64	0	3,293	4,456
Other assets	1,247	112	605	22	282	2,152	4,420
Mortgage notes receivable, net (note 4)	29	0	0	0	0	54	83
Total Current Assets	5,485	8,345	1,638	86	39,973	14,605	70,132
Noncurrent Assets:							
Mortgage notes receivable, net (note 4)	21,183	64	0	11,933	407	44,989	78,576
Other notes receivable, net (note 4)	0	0	0	0	0	50	50
Unamortized debt issuance expense	0	0	0	0	155	0	155
Total Noncurrent Assets	21,183	64	0	11,933	562	45,039	78,781
Total Assets	26,668	8,409	1,638	12,019	40,535	59,644	148,913
LIABILITIES AND FUND BALANCES:							
Current Liabilities:							
Accrued interest payable	0	0	0	0	69	0	69
Accounts payable - Federal	0	245	0	0	0	32	277
Accounts payable and accrued liabilities	0	84	326	0	0	49,253	49,663
Deferred income	359	0	815	0	0	2,199	3,373
Interfund (note 12)	(149)	(2,706)	394	64	(524)	3,057	136
Bonds payable, net (note 5 and 8)	0	0	0	0	2,755	0	2,755
Total Current Liabilities	210	(2,377)	1,535	64	2,300	54,541	56,273
Noncurrent Liabilities:							
Deferred income	0	0	0	11,933	0	1,382	13,315
Bonds payable, net (note 5 and 8)	0	0	0	0	44,615	0	44,615
Total Non Current Liabilities	0	0	0	11,933	44,615	1,382	57,930
Total Liabilities	210	(2,377)	1,535	11,997	46,915	55,923	114,203
Fund Balances:							
Nonspendable	0	0	0	0	155	0	155
Restricted by program requirements	26,458	10,786	103	22	0	3,721	41,090
Unassigned	0	0	0	0	(6,535)	0	(6,535)
Total Fund Balances	26,458	10,786	103	22	(6,380)	3,721	34,710
Total Liabilities and Fund Balances	26,668	8,409	1,638	12,019	40,535	59,644	148,913

RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

Total fund balances in governmental funds	\$ 34,710
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	650
Net Position of governmental activities	<u>\$35,360</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012
(IN THOUSANDS OF DOLLARS)

	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	American Recovery & Reinvestment Act Fund	Maine Energy, Housing & Economic Recovery Fund	Other Federal and State Programs	Total
OPERATING REVENUES:							
Interest from mortgages and notes	\$48	\$0	\$0	\$1	\$6	\$0	\$55
Income from investments	7	17	1	0	74	6	105
Fee income	0	4,608	925	380	0	1,557	7,470
Grant income	379	0	33,788	8,992	0	10,655	53,814
Income from State	5,260	0	0	0	4,316	0	9,576
Federal rent subsidy income	0	92,021	0	0	0	0	92,021
Total Revenues	5,694	96,646	34,714	9,373	4,396	12,218	163,041
OPERATING EXPENSES:							
Program administrative expenses	0	1,466	351	37	2	625	2,481
Grant expense	4,869	0	33,788	8,556	6,795	10,571	64,579
Federal rent subsidy expense	0	91,655	0	0	0	0	91,655
Interest expense	0	0	0	0	1,576	0	1,576
Allocated operating costs	0	3,013	651	343	0	1,163	5,170
Total Expenses	4,869	96,134	34,790	8,936	8,373	12,359	165,461
Operating Income (Loss)	825	512	(76)	437	(3,977)	(141)	(2,420)
Transfers between funds, net (note 12)	0	41	(195)	(436)	0	(155)	(745)
Change in Fund Balances	825	553	(271)	1	(3,977)	(296)	(3,165)
Fund Balances at beginning of year	25,633	10,233	374	21	(2,403)	4,017	37,875
Fund Balances at end of year	<u>\$26,458</u>	<u>\$10,786</u>	<u>\$103</u>	<u>\$22</u>	<u>(\$6,380)</u>	<u>\$3,721</u>	<u>\$34,710</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Change in Fund Balances - total governmental funds	<u>(\$3,165)</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures in the year acquired. In the Statement of Activities, the costs of those assets are capitalized and allocated over their useful lives as depreciation expense. This is the total depreciation expense for the year ended December 31, 2012.	<u>(454)</u>
Change in Net Position - total governmental funds	<u>(\$3,619)</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2012
(IN THOUSANDS OF DOLLARS)

(1.) ORGANIZATION AND NATURE OF OPERATIONS

The Maine State Housing Authority (MaineHousing) is a public corporation and an instrumentality of the State of Maine established under the provisions of the Maine Housing Authorities Act, Title 30-A, Chapter 201, of the Maine Revised Statutes, as amended. MaineHousing is authorized to issue bonds for the purchase or origination of notes and mortgages on single-family and multi-family residential units for the purpose of providing housing for persons and families of low income in the State of Maine. MaineHousing also administers various housing and energy related state and federal programs and collects and disburses federal rent subsidies for low-income housing.

For financial reporting purposes, MaineHousing is considered a component unit of the State of Maine. As such, the financial condition and results of operations of MaineHousing are included in the State's financial statements.

(2.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

MaineHousing financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments* and related statements, and are comprised of three components: 1) Agency-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. MaineHousing follows GASB pronouncements as codified under GASB 62, which was adopted in the current year.

The Agency-wide financial statements are comprised of a Statement of Net Position and Statement of Activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements reflect all of the assets, liabilities, revenues, expenses, gains and losses of business-type and governmental activities.

The business-type activities, which include single and multi-family loan programs, are classified as proprietary funds. Proprietary funds are reported using the accrual basis of accounting and revenues are recorded when earned and expenses when incurred. The governmental activities reflect the administration of the various programs for the State of Maine and the federal government. Governmental funds are reported using the modified accrual basis and revenues are recorded when they become available and measurable and expenses when incurred.

Separate fund financial statements are provided for proprietary and governmental funds. The fund financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental entities, which provides that accounting systems be organized by funds to account for specific activities consistent with legal and operating requirements. Major individual governmental funds and all proprietary funds and fund groups are reported as separate columns in the fund financial statements.

Fund Structure

Financial activities operated similarly to private business enterprises and financed through fees and charges assessed primarily to users of the loan and other lender services are presented as proprietary funds. MaineHousing's proprietary funds are:

MORTGAGE PURCHASE FUND GROUP

This fund group consists of the funds and accounts established by the General Mortgage Purchase Bond Resolution. Pursuant to the Mortgage Purchase Program, MaineHousing is authorized to purchase or originate first lien mortgages on single-family and multi-family residential properties.

HOUSING FINANCE REVENUE FUND GROUP

This fund group consists of the funds and accounts established by the General Housing Finance Revenue Bond Resolution. Pursuant to the Housing Finance Revenue Program, MaineHousing is authorized to purchase mortgages or notes in connection with single-family and multi-family residential properties. In 2012, MaineHousing redeemed the last of the outstanding bonds in this resolution. As a result, net assets were no longer restricted and were transferred to the General Administrative Fund and the Housing Finance Revenue Fund Group contains no assets or liabilities at December 31, 2012.

BONDHOLDER RESERVE FUND

This fund, which has been established by the General Authority Bondholder Reserve Fund Resolution, is pledged to replenish any deficiency in the debt service reserve fund of the General Mortgage Purchase Bond and General Housing Finance Revenue Bond resolutions.

GENERAL ADMINISTRATIVE FUND

This fund consists of account balances that are not directly pledged to or restricted by a particular bond resolution or program. The receipt of revenues not specifically pledged for the repayment of bonds or notes and the payment of expenses for the administration and operation of MaineHousing are recorded in this fund.

Activities financed by grant and program agreements with the federal government and appropriations from the State of Maine legislature are presented as governmental funds. MaineHousing's governmental funds are:

MAINE STATE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2012
(IN THOUSANDS OF DOLLARS)

HOME FUND

The State Legislature authorized the creation of the Housing Opportunities for Maine ("HOME") Program to promote and create affordable housing. The program has been funded by a portion of the Real Estate Transfer Tax levied by the State of Maine and by appropriations. These funds may be used in conjunction with MaineHousing's other housing resources. MaineHousing also administers in this fund the Shelter Operating Subsidy Program, which is funded by or in conjunction with the State of Maine.

SECTION 8 HOUSING PROGRAMS

This fund group consists of activity related to MaineHousing's administration of various Department of Housing and Urban Development (HUD) Section 8 programs. These are federal programs which provide rental subsidies to landlords to preserve low-income rental units and also provide funding to tenants to assist with rent payments. The program funding levels are established by the federal government annually. MaineHousing receives annual fees from HUD for the administration of these programs. These programs consist of the following:

- Moderate Rehabilitation
- New Construction
- Housing Choice Voucher
- Portability
- Performance Based Contract Administration
- Veterans Affairs Supportive Housing

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

MaineHousing is the designated administrator of the Low Income Home Energy Assistance Program for the State of Maine. This program is federally funded through the Department of Health and Human Services. Under this program, funds are provided to low income homeowners and renters to assist with the payment of heating costs. The funding level is established annually by the federal government and MaineHousing receives annual fees for the administration of this program.

AMERICAN RECOVERY AND REINVESTMENT ACT FUND

In 2009, the American Recovery and Reinvestment Act (ARRA) was enacted by the United States Congress. This Act contains temporary federal spending provisions for housing and energy related programs. MaineHousing is the designated administrator for certain ARRA programs for the State of Maine. This fund records the activity and reflects the consolidation of these programs. Program administration is governed by applicable federal regulations. For certain programs, MaineHousing receives administration fees. These programs consist of the following:

U.S. Department of Housing and Urban Development

- Homeless Prevention and Rapid Re-Housing Program
- Tax Credit Assistance Program

U.S. Department of Energy

- Weatherization Program
- Weatherization Assistance Program Training Centers and Programs

MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND

The purpose of the Maine Energy, Housing and Economic Recovery Fund (MEHER) is to create capital funding sources to provide affordable housing and to improve energy efficiency of residential housing in the State of Maine. The fund group consists of the funds and accounts established by the MEHER General Indenture. The revenue anticipation bonds issued under the MEHER General Indenture are liabilities of the fund and the debt service for these bonds is paid by a source of revenue from the State of Maine. The deficit in this fund is due to timing differences between the expending of capital funds on program activities and the receipt of revenues from the State of Maine. The deficit will be eliminated over time as capital funds available for programs are depleted and revenues from the State of Maine are received.

OTHER FEDERAL AND STATE PROGRAMS

MaineHousing administers various other federal and state housing and energy related programs and grants. This fund group records the activity and reflects the consolidation of these programs and grants. Program administration is governed by the appropriate federal regulations or state laws. The annual program and grant funding levels are set by the appropriate federal or state government. MaineHousing receives annual fees for the program administration for most of the federal programs and grants. Federal and state programs consist of the following:

U.S. Department of Housing and Urban Development

- Emergency Solutions Grant Program
- HOME Investment Partnership Program
- Lead Based Paint Hazard Control Program
- Homeless Management Information Strategies
- McKinney Act - Financing Adjustment Factor (FAF)
- Housing Counseling Program
- National Foreclosure Mitigation Counseling Program

U.S. Department of Energy

- Weatherization Program

MAINE STATE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2012
(IN THOUSANDS OF DOLLARS)

U.S. Department of Health and Human Services

Weatherization / Central Heating Improvement Program

State of Maine

Natural Disaster Housing Assistance Fund
Mental Health Facilities Program
Municipal Revolving Loan Fund
Land Acquisition Program
Maine Affordable Housing General Obligation Bonds
Appliance Replacement Program - Efficiency Maine Trust
Consumer Residential Opportunities Program
Indian Housing Mortgage Insurance Program
Foreclosure Prevention Counseling Grant-Bureau of Consumer Credit
Shared Data Repository - Efficiency Maine Trust
Quantification of Carbon Savings - Efficiency Maine Trust
Weatherization - Efficiency Maine Trust
Neighborhood Stabilization Program

Private

Robert Wood Johnson Foundation
Low Income Assistance Plan
Verified Emission Reduction Purchase Agreement

Net Position

MaineHousing classifies its net position into the following three categories:

Net investment in capital assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of activities that are legally restricted by bond resolutions, state statutes or federal regulations and program agreements. For proprietary funds, the net positions of bond programs are restricted for the acquisition of loans, payment of debt service and payment of operating costs. Net positions of governmental funds are restricted by program requirements or are either in nonspendable form or unassigned to report any negative fund balance amounts.

Unrestricted – This consists of activities that do not meet the definition of "restricted" or "net investment in capital assets".

Fund Balances

Fund balances of the governmental funds are either in nonspendable form, restricted for the funding of housing and energy related programs, or unassigned to report any negative fund balance amounts.

Capital Assets

Capital assets consisting of land, equipment and leasehold improvements are stated at cost less accumulated depreciation and are reported in the agency-wide and proprietary funds financial statements. Capital assets are reported in the governmental funds statements as transfers to the General Administrative Fund. MaineHousing capitalizes assets with an initial cost of one thousand dollars or more. Depreciation on capital assets is computed using the straight line method over the estimated useful lives of the assets.

Discount, Premium and Bond Issuance Costs

Bond discount, bond premium and debt issuance expense are amortized over the lives of the bonds using a method that approximates the effective interest method. Also, gains and losses on debt refundings are deferred and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Investments

Investments are carried at fair value based on quoted market prices. Unrealized gains and losses due to fluctuations in market values and gains and losses realized upon sale are reported as net increases or decreases in the fair value of investments. Interest received that is required by federal programs to be spent on program activities is recorded as an increase in accounts payable – Federal.

Mortgage Notes Receivable

Mortgage notes receivable are carried at their original par less principal collections and are reflected on the balance sheet net of the allowance for losses on loans. The recording of interest income on problem loans ceases when collectability within a reasonable period of time becomes doubtful.

MAINE STATE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2012
(IN THOUSANDS OF DOLLARS)

Allowances For Losses On Loans

MaineHousing has established allowances for losses on mortgages and other notes receivable. The allowances are established through provisions for losses on loans charged to operations. Losses are charged against the allowances when MaineHousing believes that collection of the loan principal is unlikely.

The allowances are amounts that MaineHousing believes will be adequate to absorb losses based on evaluations of collectability and prior loss experience. The evaluation takes into consideration such factors as the nature and volume of the portfolio, extent of available mortgage insurance, collateral, delinquencies and current economic conditions that may affect the borrowers' ability to pay.

Funds received, including interest, for revolving loan programs are recorded as a liability in "accounts payable and accrued liabilities" on the balance sheet. Losses on loans in these programs are recognized by charging the amounts held under the revolving loan program liability accounts when the loans are forgiven or charged off.

Loan Origination Fees and Costs

MaineHousing pays origination costs and may receive a fee at the time it purchases single-family mortgage loans. Other program costs, including closing cost assistance to borrowers, may also be paid in connection with acquiring certain single-family loans. The fees received less the costs paid are deferred and recognized against interest income using the effective interest method over the life of the mortgages. When a loan is paid off prior to maturity, all unamortized deferred fees and costs are recognized immediately as a component of interest income.

MaineHousing may charge a fee at the time that a commitment is made to originate a mortgage on a multi-family mortgage loan. These fees are recognized as interest income over the life of the mortgage on an accelerated basis approximating the interest method. The deferred fees are included in deferred income on the balance sheets.

Other Real Estate Owned

Other real estate owned consists of single-family and multi-family residential properties acquired through foreclosure, or acceptance of a deed in lieu of foreclosure. Other real estate owned is carried at the lower of cost or fair value less estimated costs to sell. Losses arising from the acquisition of other real estate owned are charged to the allowance for loan losses. Operating expenses, subsequent provisions to reduce the carrying value, and any gain or loss on disposition of the property are reflected in the Statement of Revenues, Expenses and Changes in Net Position in the year incurred or realized.

Grants

Unrestricted grants are recorded as revenues when received. Restricted grants are recorded as revenues upon compliance with the restrictions. Amounts due from the federal government are accrued when due. Unearned grant income is included in deferred income.

Statement of Cash Flows

MaineHousing considers cash to include cash on hand and held by banks in demand deposit and savings accounts.

Derivatives and Hedging Instruments

MaineHousing enters into various interest rate swap agreements in order to manage risks associated with interest on its variable rate bond portfolio. In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, MaineHousing recognizes the fair value of swap agreements as either an asset or liability on its Statement of Net Position with the offsetting gains or losses as either deferred inflows or outflows of resources, if deemed an effective hedge. If swap agreements are not effective hedges, interest expense is increased or decreased by the change in the fair value. Hedge effectiveness is determined by using the synthetic instrument or regression analysis methods and MaineHousing's swap agreements are all effective hedges at December 31, 2012.

Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and income and expense for the period. Actual results could differ significantly from estimates. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for losses on loans.

Implementation of New Accounting Standards

MaineHousing adopted the following new accounting standards in 2012:

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62). This Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) and AICPA pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements. This Statement improves financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local government so that they derive from a single source. There was no impact on MaineHousing's financial statements as a result of the adoption of GASB 62.

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GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). This Statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. Deferred outflows of resources and deferred inflows of resources are now required to be reported separately from assets and liabilities.

The adoption of GASB 63 resulted in a change in the presentation of the agency-wide Statement of Net Assets and the proprietary funds Balance Sheet to what is now referred to as the Statements of Net Position and the term “net assets” is changed to “net position” throughout the financial statements.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53* (GASB 64). This Statement clarifies the termination provisions in GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, when a counterparty of an interest rate or commodity swap is replaced. There was no impact on MaineHousing’s financial statements as a result of the adoption of GASB 64.

Other GASB standards that are under evaluation include:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It requires the reclassification of amounts previously reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources or to expenses or revenues.

GASB 65 is effective for the year ending December 31, 2013 and MaineHousing has not yet adopted this standard. The implementation of GASB 65 will decrease the beginning net positions of the proprietary and governmental funds by \$9,594 and \$155, respectively. The net position reductions result primarily from the change in accounting of deferred bond issuance costs and certain deferred loan costs and fees that are no longer reported as assets.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62* are effective for the year ending December 31, 2013, GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* and GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* are effective for the year ending December 31, 2014, and GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* is effective for the year ending December 31, 2015. MaineHousing has not yet adopted these standards and is evaluating the impact they may have on its financial statements.

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(3.) CASH AND INVESTMENTS

At December 31, 2012, the carrying amount of MaineHousing's deposits was \$1,195 and the bank balance was \$1,573. The difference between the carrying amount and the bank balance is a result of transactions in transit. Of the bank balance, \$291 was covered by federal depository insurance and \$1,282 was collateralized by repurchase agreements for which the securities are held by the bank's trustee in MaineHousing's name.

The Mortgage Purchase Program bond resolution permits MaineHousing to invest in direct obligations of, or obligations guaranteed by, the United States of America, certain Government-sponsored enterprises and the State of Maine (permitted investments). The resolution also permits MaineHousing to invest in certificates of deposit and repurchase agreements, which are collateralized by permitted investments.

MaineHousing has a formal Investment Policy that outlines its investment practices and policies. The primary purpose of the policy is to ensure safety of principal while managing liquidity to pay MaineHousing's financial obligations. MaineHousing's deposit policy is to have its deposits covered by insurance, collateralized or deposited in well capitalized institutions.

MaineHousing's investment balances and stated maturities as of December 31, 2012 are presented in the following table. Actual maturities may differ due to investments being called by the issuer.

Investment	Carrying Amount	Investment Maturities in Years			
		Less than 1	1-5	6-10	More than 10
PROPRIETARY FUNDS					
MORTGAGE PURCHASE FUND GROUP					
Repurchase Agreements	\$178,148	\$178,148	\$0	\$0	\$0
U.S. Government-sponsored enterprise obligations (Rated AAA/Aaa)	116,529	19,999	0	5,040	91,490
U.S. Treasuries	0	0	0	0	0
Total - Mortgage Purchase Fund Group	294,677	198,147	0	5,040	91,490
BONDHOLDERS RESERVE FUND					
Repurchase Agreements	16	16	0	0	0
U.S. Government-sponsored enterprise obligations (Rated AAA/Aaa)	8,000	8,000	0	0	0
Total - Bondholder Reserve Fund	8,016	8,016	0	0	0
GENERAL ADMINISTRATIVE FUND					
Repurchase Agreements	20,431	20,431	0	0	0
Total - Proprietary Funds	\$323,124	\$226,594	\$0	\$5,040	\$91,490
GOVERNMENTAL FUNDS					
HOME FUND					
Repurchase Agreements	\$4,209	\$4,209	\$0	\$0	\$0
SECTION 8 HOUSING PROGRAM					
Repurchase Agreements	7,947	7,947	0	0	0
LOW INCOME HOME ENERGY ASSISTANCE PROGRAM					
Repurchase Agreements	126	126	0	0	0
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY PROGRAM					
Repurchase Agreements	39,691	39,691	0	0	0
OTHER FEDERAL AND STATE PROGRAMS					
Repurchase Agreements	8,210	8,210	0	0	0
Total - Governmental Funds	\$60,183	\$60,183	\$0	\$0	\$0

Repurchase agreements are not credit rated and are continuously and fully secured by permitted investments. It is MaineHousing's policy to require that collateral be held by MaineHousing's trustee in MaineHousing's name or its bank's trustee in MaineHousing's name. MaineHousing generally invests in repurchase agreements for short-term investments. On December 31, 2012, approximately \$259 million was invested in short-term repurchase agreements having maturity dates of less than one year, at rates ranging from 0.02% to 0.22%. Investments other than repurchase agreements are registered in MaineHousing's name. Investments issued by Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), and Federal Home Loan Bank (FHLB) make up 10%, 7%, 8%, and 15% of total investments, respectively, in the Mortgage Purchase Fund Group.

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(4.) MORTGAGE AND OTHER NOTES RECEIVABLE:

For financial statement presentation the allowance for losses on loans has been netted against the non-current portion of mortgage notes receivable and other notes receivable. However, where there is no non-current portion for other notes receivable, the allowance is netted against the current amount. A summary of mortgage notes receivable at December 31, 2012 is as follows:

	<u>Number of Notes</u>	<u>Principal Balance</u>	<u>Percent of Portfolio</u>
PROPRIETARY FUNDS			
MORTGAGE PURCHASE FUND GROUP - SINGLE-FAMILY:			
VA guaranteed	619	\$49,649	5.6%
FHA insured	2,639	233,823	26.1%
USDA/RD guaranteed	3,883	365,769	40.9%
Privately insured	1,401	111,998	12.5%
Non-insured	<u>2,857</u>	<u>133,198</u>	<u>14.9%</u>
Total Mortgage Purchase Fund Group - single-family	<u>11,399</u>	<u>894,437</u>	<u>100.0%</u>
MORTGAGE PURCHASE FUND GROUP - MULTI-FAMILY:			
Federally assisted:			
Section 8	170	106,082	30.1%
Conventional	214	213,354	60.6%
Supportive Housing	<u>236</u>	<u>32,711</u>	<u>9.3%</u>
Total Mortgage Purchase Fund Group - multi-family	<u>620</u>	<u>352,147</u>	<u>100.0%</u>
Less: Allowance for losses on loans		<u>(9,822)</u>	
Total Mortgage Purchase Fund Group	<u>12,019</u>	<u>1,236,762</u>	
GENERAL ADMINISTRATIVE FUND - SINGLE-FAMILY:			
VA guaranteed	1	4	0.1%
Non-insured	148	5,050	94.4%
Privately insured	<u>23</u>	<u>297</u>	<u>5.5%</u>
Total General Administrative Fund-Single Family	<u>172</u>	<u>5,351</u>	<u>100.0%</u>
GENERAL ADMINISTRATIVE FUND- HOME IMPROVEMENT LOANS:			
Non-insured	592	2,727	100.0%
Less: Allowance for losses on loans		<u>(698)</u>	
Total General Administrative Fund	<u>764</u>	<u>7,380</u>	
Total Proprietary Funds mortgage notes receivable	<u>12,783</u>	<u>\$1,244,142</u>	
GOVERNMENTAL FUNDS			
HOME FUND - SINGLE-FAMILY:			
Non-insured	361	\$3,032	100.0%
HOME FUND - MULTI-FAMILY:			
Non-insured	<u>65</u>	<u>18,862</u>	<u>100.0%</u>
Total HOME Fund	<u>426</u>	<u>21,894</u>	
Less: Allowance for losses on loans		<u>(682)</u>	
Total HOME Fund	<u>426</u>	<u>21,212</u>	
SECTION 8 HOUSING PROGRAMS – MULTI-FAMILY:			
Non-insured	<u>5</u>	<u>64</u>	<u>100.0%</u>
AMERICAN RECOVERY & REINVESTMENT ACT FUND-MULTI-FAMILY			
Non-insured	<u>5</u>	<u>11,933</u>	<u>100.0%</u>
MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY PROGRAM - MULTI-FAMILY			
Non-insured	<u>1</u>	<u>407</u>	<u>100.0%</u>

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	<u>Number of Notes</u>	<u>Principal Balance</u>	<u>Percent of Portfolio</u>
OTHER FEDERAL AND STATE PROGRAMS			
HOME IMPROVEMENT LOANS			
Non-insured	32	154	<u>100.0%</u>
OTHER FEDERAL AND STATE PROGRAMS			
MULTI-FAMILY			
Non-insured	<u>143</u>	<u>44,889</u>	<u>100.0%</u>
Total Other Federal and State Programs	<u>175</u>	<u>45,043</u>	
Total Governmental Funds mortgage notes receivable	<u>612</u>	<u>\$78,659</u>	

A summary of other notes receivable at December 31, 2012, is as follows:

PROPRIETARY FUNDS

GENERAL ADMINISTRATIVE FUND

Non-insured	<u>3</u>	<u>\$54</u>	<u>100.0%</u>
Total Proprietary Funds other notes receivable	<u>3</u>	<u>54</u>	

GOVERNMENTAL FUNDS

OTHER FEDERAL AND STATE PROGRAMS:

Non-insured	2	37	48.1%
Non-insured - revolving notes	<u>1</u>	<u>40</u>	<u>51.9%</u>
	<u>3</u>	<u>77</u>	<u>100.0%</u>
Less: Allowance for losses on loans		<u>(27)</u>	
Total Other Federal and State Programs	<u>3</u>	<u>50</u>	
Total Governmental Funds other notes receivable	<u>3</u>	<u>\$50</u>	

A summary of the activity in the allowance for losses on loans is as follows:

	<u>PROPRIETARY FUNDS</u>			<u>GOVERNMENTAL FUNDS</u>	
	Mortgage Purchase Fund	Housing Finance Revenue Fund	General Administrative Fund	HOME Fund	Other Federal and State Programs
Balance – December 31, 2011	\$9,791	\$437	\$309	\$709	\$27
Provision	500	0	125	0	0
Loans charged off	(999)	0	(181)	(27)	0
Transfer	0	(437)	437	0	0
Recoveries	<u>530</u>	<u>0</u>	<u>8</u>	<u>0</u>	<u>0</u>
Balance – December 31, 2012	<u>\$9,822</u>	<u>\$0</u>	<u>\$698</u>	<u>\$682</u>	<u>\$27</u>

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(5.) MORTGAGE BONDS PAYABLE

MaineHousing issues both bonds that pay interest that is subject to Alternative Minimum Tax (AMT) and bonds that pay interest that is not subject to this tax (Non-AMT). Interest paid on AMT bonds is treated as a preference item in calculating the tax imposed on individuals and corporations under the Internal Revenue Service Code. MaineHousing's AMT, Non-AMT and federally taxable bonds are denoted for each series or sub-series below.

The interest rates presented in the table below for variable rate bonds represent the rate at December 31, 2012. The Single-Family (S/F) and Multi-Family (M/F) Mortgage Bonds Payable outstanding at December 31, 2012 are as follows:

	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
1999 SERIES B BONDS (S/F):							
1999 Series B-1 (Non-AMT)							
Term Bonds	7,000	0	5.00%				
1999 Series B-2 (AMT)							
Serial Bonds	14,430	0	4.80%				
Term Bonds	11,610	0	5.25%				
Term Bonds	16,960	0	4.70%				
Term Bonds	30,000	8,060	5.30%	2021-2025	145	-	2,160
	<u>80,000</u>	<u>8,060</u>					
2003 SERIES C BONDS (S/F):							
2003 Series C-1 (Non-AMT)							
Serial Bonds	8,350	920	4.63%-4.70%	2015-2016	70	-	850
2003 Series C-2 (AMT)							
Term Bonds	4,420	0	4.00%				
Term Bonds	5,415	2,890	5.45%	2025-2032	215	-	845
	<u>18,185</u>	<u>3,810</u>					
2003 SERIES D BONDS (S/F):							
2003 Series D-1 (Non-AMT)							
Serial Bonds	21,490	7,015	4.15%-4.50%	2014-2017	1,100	-	2,055
2003 Series D-2 (AMT)							
Term Bonds	4,000	3,525	4.90%	2018-2022	390	-	825
Term Bonds	5,240	5,240	4.90%	2018-2023	650	-	1,695
Term Bonds	9,100	0	5.00%				
Term Bonds	10,170	5,555	5.00%	2028-2030	595	-	2,515
	<u>50,000</u>	<u>21,335</u>					
2003 SERIES F BONDS (S/F – M/F):							
2003 Series F (Non-AMT)							
Serial Bonds	27,250	4,000	4.00%	2014		4,000	
Term Bonds	23,205	23,205	4.80%	2019-2023	4,640	-	4,645
Term Bonds	21,970	21,970	4.80%	2019-2024	50	-	4,385
	<u>72,425</u>	<u>49,175</u>					
2004 SERIES A BONDS (S/F):							
2004 Series A-1 (Non-AMT)							
Serial Bonds	13,385	3,675	3.90%-4.00%	2014-2015	1,800	-	1,875
2004 Series A-2 (AMT)							
Serial Bonds	3,890	0	2.35%				
Term Bonds	13,420	530	5.00%	2016		530	
Term Bonds	5,605	5,605	4.75%	2019-2023	400	-	2,330
Term Bonds	5,060	5,060	4.75%	2019-2024	360	-	1,860

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
Term Bonds	3,240	2,180	4.80%	2025-2028	70	-	1,080
Term Bonds	2,675	0	4.80%				
	<u>47,275</u>	<u>17,050</u>					
2004 SERIES B BONDS (S/F):							
2004 Series B-1 (Non-AMT)							
Serial Bonds	10,000	920	4.00%	2014		920	
2004 Series B-2 (AMT)							
Term Bonds	15,000	12,305	5.20%	2029-2035	25	-	2,565
2004 Series B-3 (AMT)							
Term Bonds	11,000	11,000	Variable-.19%	2015-2027	425	-	1,505
Term Bonds	9,000	9,000	Variable-.19%	2028-2035	730	-	1,620
Term Bonds	5,000	5,000	Variable-.19%	2036-2038	1,480	-	1,860
	<u>50,000</u>	<u>38,225</u>					
2004 SERIES C BONDS (S/F):							
2004 Series C-1 (Non-AMT)							
Serial Bonds	8,000	0	3.75%				
2004 Series C-2 (AMT)							
Term Bonds	5,000	4,825	4.80%	2022-2024	1,450	-	1,710
Term Bonds	15,000	14,070	5.00%	2029-2034	1,910	-	2,705
2004 Series C-3 (AMT)							
Term Bonds	15,000	15,000	Variable -.15%	2035-2038		3,750	
	<u>43,000</u>	<u>33,895</u>					
2004 SERIES D BONDS (S/F):							
2004 Series D-1 (Non-AMT)							
Serial Bonds	7,145	0	3.80%				
Term Bonds	1,855	1,535	4.00%	2014-2015	730	-	805
2004 Series D-2 (AMT)							
Term Bonds	6,000	6,000	4.70%	2022-2024	1,955	-	2,050
Term Bonds	10,000	9,605	4.90%	2029-2034	1,420	-	1,800
2004 Series D-3 (AMT)							
Term Bonds	15,000	15,000	Variable -.19%	2035-2039		3,000	
	<u>40,000</u>	<u>32,140</u>					
2005 SERIES A BONDS (M/F):							
2005 Series A-1 (Non-AMT)							
Serial Bonds	5,785	1,575	4.15%-4.40%	2015-2017	515	-	530
Term Bonds	5,425	5,100	4.90%	2028-2032	920	-	1,160
2005 Series A-2 (AMT)							
Term Bonds	9,715	6,225	4.95%	2021-2027	25	-	1,120
	<u>20,925</u>	<u>12,900</u>					
2005 SERIES B BONDS (M/F):							
2005 Series B (Federally Taxable)							
Term Bonds	15,000	15,000	Variable-.49%	2016-2020	2,840	-	3,115
2005 SERIES C BONDS (M/F):							
2005 Series C (AMT)							
Term Bonds	11,125	11,125	Variable-.15%	2036-2039	2,780	-	2,785
2005 SERIES D BONDS (S/F):							
2005 Series D-1 (Non-AMT)							
Serial Bonds	3,000	635	3.80%-3.90%	2014-2015	255	-	380
2005 Series D-2 (AMT)							

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
Term Bonds	15,000	14,895	4.80%	2026-2036	1,075	-	1,520
2005 Series D-3 (AMT)							
Term Bonds	<u>20,000</u>	<u>20,000</u>	Variable-.19%	2028-2038	1,485	-	2,190
	<u>38,000</u>	<u>35,530</u>					
2005 SERIES E BONDS (S/F):							
2005 Series E-1 (Non-AMT)							
Serial Bonds	6,330	1,120	4.20%-4.25%	2015-2016	375	-	745
2005 Series E-2 (AMT)							
Term Bonds	9,765	9,765	4.90%	2017-2026	780	-	1,200
Term Bonds	6,965	6,965	4.95%	2027-2031	1,260	-	1,530
Term Bonds	<u>6,940</u>	<u>6,685</u>	5.10%	2032-2035	1,610	-	1,775
	<u>30,000</u>	<u>24,535</u>					
2005 SERIES G BONDS (M/F):							
2005 Series G (AMT)							
Term Bonds	<u>22,300</u>	<u>21,555</u>	Variable-.19%	2013-2037	155	-	4,385
2006 SERIES A BONDS (S/F):							
2006 Series A-1 (Non-AMT)							
Serial Bonds	6,680	1,960	3.95%-4.05%	2015-2017	520	-	735
2006 Series A-2 (AMT)							
Term Bonds	16,000	16,000	4.65%	2018-2025	1,680	-	2,360
Term Bonds	<u>7,320</u>	<u>7,015</u>	4.85%	2026-2036	515	-	800
	<u>30,000</u>	<u>24,975</u>					
2006 SERIES B BONDS (S/F):							
2006 Series B (AMT)							
Term Bonds	<u>5,000</u>	<u>5,000</u>	Variable-.15%	2026-2036	350	-	580
2006 SERIES D BONDS (S/F):							
2006 Series D-1 (Non-AMT)							
Serial Bonds	6,970	815	4.05%	2015		815	
2006 Series D-2 (AMT)							
Term Bonds	7,170	7,170	4.75%	2018-2021	1,665	-	1,925
Term Bonds	10,915	10,915	4.85%	2022-2026	1,985	-	2,395
Term Bonds	7,075	6,855	4.95%	2027-2031	1,280	-	1,485
Term Bonds	12,870	12,870	4.90%	2032-2036	2,130	-	3,690
2006 Series D-3 (AMT)							
Term Bonds	<u>5,000</u>	<u>5,000</u>	Variable-.19%	2027-2035	455	-	670
	<u>50,000</u>	<u>43,625</u>					
2006 SERIES E BONDS (S/F):							
2006 Series E-1 (Non-AMT)							
Serial Bonds	6,895	815	4.00%	2015		815	
2006 Series E-2 (AMT)							
Term Bonds	5,535	5,365	4.75%	2019-2021	1,725	-	1,845
Term Bonds	7,365	7,365	4.80%	2022-2026	1,360	-	1,590
Term Bonds	9,040	9,040	4.90%	2027-2031	1,665	-	1,960
Term Bonds	<u>11,165</u>	<u>11,165</u>	4.95%	2032-2036	2,045	-	2,430
	<u>40,000</u>	<u>33,750</u>					

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2006 SERIES G BONDS (S/F):							
2006 SERIES G (AMT)							
Serial Bonds	6,170	1,550	4.15%-4.20%	2015-2016	760	-	790
Term Bonds	15,295	15,295	4.55%	2017-2026	830	-	2,350
Term Bonds	7,250	7,250	4.63%	2027-2031	1,320	-	1,590
Term Bonds	11,285	11,285	4.70%	2032-2037	1,665	-	2,115
	<u>40,000</u>	<u>35,380</u>					
2006 SERIES I BONDS (M/F):							
2006 Series I-1 (Non-AMT)							
Term Bonds	2,500	2,450	4.40%	2022-2026	450	-	500
2006 Series I-2 (AMT)							
Term Bonds	9,000	8,800	4.75%	2032-2036	1,600	-	1,800
2006 Series I-3 (AMT)							
Term Bonds	7,500	0					
	<u>19,000</u>	<u>11,250</u>					
2007 SERIES A BONDS (S/F):							
2007 Series A (AMT)							
Serial Bonds	4,840	3,025	4.35%-4.45%	2015-2017	970	-	1,050
Term Bonds	4,855	4,855	4.70%	2018-2022	875	-	1,070
Term Bonds	7,240	7,240	4.75%	2023-2027	1,305	-	1,605
Term Bonds	8,065	8,065	4.75%	2028-2032	1,450	-	1,780
	<u>25,000</u>	<u>23,185</u>					
2007 SERIES C BONDS (S/F):							
2007 Series C (AMT)							
Term Bonds	5,000	0	5.05%				
Term Bonds	8,000	1,900	5.13%	2027		1,900	
Term Bonds	12,000	12,000	5.15%	2028-2032	2,200	-	2,600
	<u>25,000</u>	<u>13,900</u>					
2007 SERIES E BONDS (S/F):							
2007 Series E-1 (AMT)							
Serial Bonds	2,885	0	4.65%				
Term Bonds	1,405	0	4.80%				
Term Bonds	2,700	0	5.15%				
Term Bonds	10,010	0	5.30%				
2007 Series E2 (AMT)							
Term Bonds	8,000	8,000	Variable-.15%	2032-2041		800	
	<u>25,000</u>	<u>8,000</u>					
2008 SERIES A BONDS (S/F):							
2008 Series A-1 (Non-AMT)							
Serial Bonds	6,050	3,235	3.55%-3.65%	2015-2016	1,475	-	1,760
2008 Series A-2 (AMT)							
Term Bonds	10,180	10,020	4.85%	2017-2022	250	-	2,110
Term Bonds	10,985	2,290	5.05%	2027		2,290	
Term Bonds	7,785	7,520	5.20%	2028-2032	155	-	1,940
	<u>35,000</u>	<u>23,065</u>					
2008 SERIES B BONDS (S/F):							
2008 Series B (AMT)							
Term Bonds	15,000	15,000	Variable-.19%	2032-2041	1,025	-	1,785

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2008 SERIES C BONDS (S/F):							
2008 Series C-1 (Non-AMT)							
Serial Bonds	12,260	9,220	3.80%-4.00%	2015-2016	4,385	-	4,835
2008 Series C-2 (AMT)							
Term Bonds	<u>1,740</u>	<u>0</u>	5.00%				
	<u>14,000</u>	<u>9,220</u>					
2008 SERIES D BONDS (S/F):							
2008 Series D (AMT)							
Term Bonds	<u>20,000</u>	<u>20,000</u>	Variable-.19%	2028-2042	905	-	1,870
2008 SERIES E BONDS (S/F – M/F):							
2008 Series E-1 (Non-AMT)							
Term Bonds	9,585	9,585	Variable-.17%	2024-2030	1,185	-	1,400
Term Bonds	30,000	30,000	Variable-.17%	2026-2032	4,000	-	5,000
2008 Series E-2 (AMT)							
Term Bonds	25,415	25,415	Variable-.19%	2024-2030	1,415	-	4,000
Term Bonds	<u>25,550</u>	<u>25,550</u>	Variable-.19%	2033-2037	2,135	-	6,415
	<u>90,550</u>	<u>90,550</u>					
2008 SERIES F BONDS (S/F):							
2008 Series F-1 (Non-AMT)							
Serial Bonds	9,585	3,395	3.90%-4.30%	2015-2018	535	-	980
2008 Series F-2 (Non-AMT)							
Term Bonds	5,580	0	4.95%				
Term Bonds	7,100	2,765	5.15%	2027-2028	1,370	-	1,395
Term Bonds	<u>2,735</u>	<u>2,650</u>	5.30%	2029-2033	445	-	565
	<u>25,000</u>	<u>8,810</u>					
2008 SERIES H BONDS (S/F):							
2008 Series H (Non-AMT)							
Term Bonds	<u>23,000</u>	<u>23,000</u>	Variable-.14%	2029-2040	1,525	-	2,360
2009 SERIES A BONDS (S/F):							
2009 Series A-1 (Non-AMT)							
Serial Bonds	9,595	1,785	3.10%	2014		1,785	
2009 Series A-2 (Non-AMT)							
Serial Bonds	10,405	10,405	3.40%-4.13%	2015-2019	880	-	4,405
Term Bonds	<u>5,000</u>	<u>4,495</u>	4.90%	2021-2024	605	-	2,020
	<u>25,000</u>	<u>16,685</u>					
2009 SERIES B BONDS (S/F):							
2009 Series B (Non-AMT)							
Serial Bonds	11,150	6,860	2.65%-3.85%	2014-2019	565	-	1,520
Term Bonds	5,365	5,365	4.65%	2020-2024	975	-	1,170
Term Bonds	<u>13,485</u>	<u>13,485</u>	5.00%	2025-2029	2,440	-	2,975
	<u>30,000</u>	<u>25,710</u>					
2009 SERIES C BONDS (S/F):							
2009 Series C (Non-AMT)							
Serial Bonds	8,000	5,525	2.55%-3.70%	2014-2019	360	-	1,400
Term Bonds	2,885	2,885	4.50%	2020-2024	240	-	700
Term Bonds	<u>11,795</u>	<u>11,795</u>	5.00%	2025-2029	2,155	-	2,570
	<u>22,680</u>	<u>20,205</u>					

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2009 SERIES D BONDS (S/F):							
2009 Series D (Non-AMT)							
Serial Bonds	23,010	16,080	2.30%-4.10%	2014-2021	1,575	-	2,705
Term Bonds	1,560	1,560	4.38%	2022-2024	500	-	540
Term Bonds	3,430	3,430	4.70%	2025-2027	1,090	-	1,195
	<u>28,000</u>	<u>21,070</u>					
2009 SERIES E BONDS (S/F):							
2009 Series E (Non-AMT)							
Term Bonds	42,000	38,980	3.96%	2028-2041	1,710	-	3,590
	<u>42,000</u>	<u>38,980</u>					
2009 SERIES F-1 BONDS (S/F):							
2009 Series F-1 (Non-AMT)							
Term Bonds	36,000	34,910	3.96%	2028-2041	1,950	-	3,100
	<u>36,000</u>	<u>34,910</u>					
2009 SERIES F-2 BONDS (S/F):							
2009 Series F-2 (Non-AMT)							
Term Bonds	21,000	20,640	3.16%	2027-2041	1,110	-	1,670
	<u>21,000</u>	<u>20,640</u>					
2009 SERIES F-3 BONDS (S/F):							
2009 Series F-3 (Non-AMT)							
Term Bonds	24,000	23,510	3.70%	2028-2041	580	-	2,110
	<u>24,000</u>	<u>23,510</u>					
2009 SERIES F-4 BONDS (S/F):							
2009 Series F-4 (Non-AMT)							
Term Bonds	22,000	21,730	2.47%	2027-2041	1,200	-	1,710
	<u>22,000</u>	<u>21,730</u>					
2010 SERIES A BONDS (S/F):							
2010 Series A (Non-AMT)							
Serial Bonds	20,405	18,895	1.50%-4.10%	2013-2024	775	-	1,905
Term Bonds	3,595	3,595	4.25%	2025-2027	1,140	-	1,255
	<u>24,000</u>	<u>22,490</u>					
2010 SERIES B BONDS (S/F):							
2010 Series B-1 (Non-AMT)							
Serial Bonds	8,750	8,250	1.60%-2.60%	2014-2017	1,185	-	3,070
2010 Series B-2 (Non-AMT)							
Term Bonds	9,495	9,495	4.10%	2022-2025	2,235	-	2,515
2010 Series B-3 (Non-AMT)							
Serial Bonds	33,435	29,105	2.65%-4.50%	2014-2020	2,870	-	5,740
	<u>51,680</u>	<u>46,850</u>					
2010 SERIES C BONDS (S/F):							
2010 Series C (Non-AMT)							
Serial Bonds	13,020	12,285	1.60%-4.25%	2013-2021	865	-	1,620
Term Bonds	980	980	4.75%	2022-2026	180	-	210
	<u>14,000</u>	<u>13,265</u>					
2010 SERIES D BONDS (M/F):							
2010 Series D-1 (Non-AMT)							
Serial Bonds	8,415	6,930	1.80%-4.05%	2013-2019	405	-	2,305

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2010 Series D-2 (Non-AMT)							
Serial Bonds	9,785	6,575	1.80%-4.20%	2013-2020	240	-	2,010
Term Bonds	8,460	8,460	5.05%	2021-2025	950	-	2,200
Term Bonds	2,280	2,280	5.55%	2029-2040	45	-	265
	<u>28,940</u>	<u>24,245</u>					
2011 SERIES A BONDS (S/F):							
2011 Series A (Non-AMT)							
Serial Bonds	12,650	11,805	1.10%-4.25%	2013-2025	850	-	1,195
Term Bonds	3,350	3,350	4.63%	2026-2028	790	-	1,310
	<u>16,000</u>	<u>15,155</u>					
2011 SERIES B BONDS (M/F):							
2011 Series B-1 (Non-AMT)							
Serial Bonds	20,490	20,490	2.70%-3.75%	2017-2021	3,425	-	4,735
Term Bonds	4,085	3,585	4.00%	2022-2023	500	-	3,085
2011 Series B-2 (Non-AMT)							
Term Bonds	4,750	4,750	4.38%	2024-2025	2,000	-	2,750
	<u>29,325</u>	<u>28,825</u>					
2011 SERIES C BONDS (M/F):							
2011 Series C-1 (Non-AMT)							
Serial Bonds	27,320	27,320	2.00%-3.75%	2016-2023	1,025	-	5,715
2011 Series C-2 (Non-AMT)							
Serial Bonds	6,000	6,000	3.88%-4.88%	2024-2041	530	-	3,470
	<u>33,320</u>	<u>33,320</u>					
2011 SERIES D BONDS (S/F):							
2011 Series D (Non-AMT)							
Serial Bonds	10,615	10,615	1.40%-3.30%	2015-2022	625	-	2,210
Term Bonds	7,385	7,385	4.00%	2023-2026	1,650	-	2,010
	<u>18,000</u>	<u>18,000</u>					
2011 SERIES E BONDS (M/F):							
2011 Series E (Non-AMT)							
Serial Bonds	10,440	10,440	.85%-1.70%	2013-2015		3,480	
Term Bonds	2,810	2,810	4.38%	2028-2031	700	-	705
	<u>13,250</u>	<u>13,250</u>					
2012 SERIES A BONDS (S/F):							
2012 Series A-1 (AMT)							
Serial Bonds	42,610	41,690	.90%-3.45%	2013-2022	2,295	-	8,115
Term Bonds	21,885	20,875	4.00%	2023-2024	3,960	-	16,915
Term Bonds	22,575	20,745	4.50%	2026-2028	5,930	-	7,765
2012 Series A-2 (Non-AMT)							
Term Bonds	11,800	11,800	3.60%	2024-2026	2,350	-	5,250
2012 Series A-3 (AMT)							
Serial Bonds	5,000	5,000	2.00%-2.85%	2018-2022		1,000	
Term Bonds	20,000	20,000	3.85%	2026-2029	1,265	-	7,165
	<u>123,870</u>	<u>120,110</u>					
2012 SERIES B BONDS (M/F):							
2012 Series B-1 (AMT)							
Serial Bonds	4,210	4,210	2.50%-3.75%	2018-2024	380	-	720
Term Bonds	14,720	14,720	4.25%	2025-2027	4,720	-	5,000

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2012 Series B-2 (Non-AMT)							
Serial Bonds	1,735	1,735	1.95%-2.95%	2018-2023	175	-	350
Term Bonds	1,220	1,220	3.50%	2023-2027	55	-	325
2012 Series B-3 (AMT)							
Term Bonds	<u>3,000</u>	<u>3,000</u>	3.88%	2028-2031		750	
	<u>24,885</u>	<u>24,885</u>					
		1,296,880					
Less: Unamortized Bond Discount		<u>(11,100)</u>					
Total Mortgage Purchase Fund Group bonds payable	<u>1,647,735</u>	<u>1,285,780</u>					
Total Proprietary Funds bonds payable	<u>\$1,647,735</u>	<u>\$1,285,780</u>					
GOVERNMENTAL FUND							
MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND							
2010 Series 1(Non-AMT)							
Serial Bonds	<u>\$39,970</u>	<u>\$39,970</u>	2.50%-5.00%	2015-2026	355	-	3,800
	<u>39,970</u>	<u>39,970</u>					
2010 Series 2(Taxable)							
Serial Bonds	<u>9,630</u>	<u>6,920</u>	1.73%-3.03%	2013-2015	1,345	-	2,820
	<u>9,630</u>	<u>6,920</u>					
		46,890					
Plus: Net Unamortized Bond Premium/Discount		<u>480</u>					
Total Maine Energy, Housing & Recovery Fund Group bonds payable	<u>49,600</u>	<u>47,370</u>					
Total Governmental Funds bonds payable	<u>\$49,600</u>	<u>\$47,370</u>					

The following table summarizes the debt activity for the year ended December 31, 2012.

Fund	Outstanding at December 31, 2011	Issuance	Retirement	Outstanding at December 31, 2012
Mortgage Purchase Fund Group	\$1,416,260	\$148,755	(\$268,135)	\$1,296,880
Housing Finance Revenue Fund Group	<u>1,530</u>	<u>0</u>	<u>(1,530)</u>	<u>0</u>
Total Proprietary Funds	1,417,790	148,755	(269,665)	1,296,880
Economic Recovery Fund	<u>49,600</u>	<u>0</u>	<u>(2,710)</u>	<u>46,890</u>
Total	<u>\$1,467,390</u>	<u>\$148,755</u>	<u>(\$272,375)</u>	<u>\$1,343,770</u>

Interest is payable semi-annually for the Mortgage Purchase Fund Group and the Maine Housing, Energy & Economic Recovery Fund. Scheduled principal payments on bonds are due November 15 for the Mortgage Purchase Fund Group and June 15 for the Maine Housing, Energy & Economic Recovery Fund.

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The interest calculations shown in the table below are based on the variable rate in effect at December 31, 2012 and may not be indicative of actual interest expense that will be incurred. As rates vary, variable rate bond interest payments and net swap payments will vary. The following table provides a summary of MaineHousing's debt service requirements and net interest rate swap payments through 2016 and in five-year increments thereafter to maturity:

Year(s)	Mortgage Purchase Fund Group					Maine Energy, Housing & Economic Recovery Fund Group	
	Fixed/Variable Unswapped		Variable Swapped		Interest Swaps, Net	Fixed Unswapped	
	Principal	Interest	Principal	Interest		Principal	Interest
2013	\$11,345	\$41,173	\$155	\$476	\$8,022	\$2,755	\$1,530
2014	33,235	41,031	165	470	8,014	2,820	1,463
2015	42,550	40,176	765	470	7,748	2,890	1,383
2016	38,310	38,894	3,695	468	6,666	2,980	1,294
2017	42,880	37,674	3,880	452	5,971	3,070	1,204
2018-2022	246,950	163,159	15,745	2,021	24,055	16,760	4,565
2023-2027	240,465	108,141	35,850	1,800	13,857	15,615	1,342
2028-2032	196,520	58,399	63,165	1,324	7,405	0	0
2033-2037	153,275	21,898	79,750	765	2,090	0	0
2038-2042	55,670	4,327	32,510	113	0	0	0
Total	<u>\$1,061,200</u>	<u>\$554,872</u>	<u>\$235,680</u>	<u>\$8,359</u>	<u>\$83,828</u>	<u>\$46,890</u>	<u>\$12,781</u>

MaineHousing's bonds are a special obligation of MaineHousing and do not constitute a debt or liability of the State of Maine. The bonds are secured in accordance with the resolution. Security for bonds in the Mortgage Purchase Fund Group includes the mortgage loans made or purchased under the resolution and all monies and investments in the fund and accounts pledged under the resolution. Bonds in the Mortgage Purchase Fund Group may be redeemed in excess of the annual maturities in accordance with the terms of the resolution. Bonds in the Maine Energy, Housing & Economic Recovery Fund are secured by a portion of the Real Estate Transfer Tax revenues collected by the State of Maine and the bonds may not be redeemed in excess of the annual maturities, until June 15, 2020.

Moral Obligation Debt

The reserve funds of the Mortgage Purchase Fund Group are secured by a non-binding obligation (moral obligation) from the State of Maine to replenish by appropriation any deficiency in such reserve funds. MaineHousing was authorized to have bonds outstanding for this program in an aggregate amount not to exceed \$2,150,000 as of December 31, 2012. Of that amount, \$1,296,880 was outstanding at December 31, 2012.

Other Debt

MaineHousing had \$24,000 of conduit debt outstanding at December 31, 2012. The conduit debt relates to revenue bonds issued by MaineHousing on behalf of a developer which will be paid solely from the revenues of the project, other assets of the developer, or an irrevocable direct pay letter of credit held by the Trustee. Therefore, these bonds are not a liability of MaineHousing and are not recognized in the accompanying financial statements

(6.) INTEREST RATE SWAP AGREEMENTS

MaineHousing has sixteen interest rate swap agreements (swaps) with two counterparties as of December 31, 2012. The objective of the agreements is to attain a synthetic fixed interest rate on the underlying bonds at a cost expected to be less than rates associated with fixed-rate debt. The swap agreement terms state MaineHousing is to make semi-annual fixed interest rate payments at a specified rate on a notional principal amount and in exchange receive semi-annual payments based upon either the thirty-day or ninety-day London InterBank Offered Rate (LIBOR) or the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA).

The swaps fair value amounts represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs, and risk, position size, transaction and financing costs, and use of capital profit. If a swap is terminated, fair value represents the current amount required to settle the swap in the marketplace. A positive value represents money due to MaineHousing by the counterparty upon termination, while a negative value represents money payable by MaineHousing.

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The swaps had an aggregate fair value of (\$26,926) at December 31, 2012, which represents an increase of \$2,723 compared to the aggregate fair value of (\$29,649) at December 31, 2011. All swaps have been determined to be effective hedges at December 31, 2012 by using the synthetic instrument or regression analysis methods and the aggregate fair value is classified as a derivative instrument liability and a Deferred Outflow of Resources, which represents the accumulated decrease in fair value.

The following table contains the terms, fair values, and credit ratings of the swaps as of December 31, 2012. The credit ratings were issued by Moody's Investor Services and Standard & Poor's respectively.

Associated Debt Issuance	Current Notional Amount	Effective Date of Swap	Maturities/ Sinking Funds Installments	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
2004 Series B-3	\$20,000	8/24/2004	11/15/15- 11/15/35	3.76%	63% of 30 day LIBOR plus .20%	(\$1,334)	11/15/2023 ²	Aa3/A+
2004 Series C-3	\$15,000	10/26/2004	11/15/14- 11/15/39	3.44%	63% of 30 day LIBOR plus .20%	(\$908)	11/15/2021 ²	Aa1/AA-
2004 Series D-3	\$15,000	1/18/2005	11/15/16- 11/15/39	3.59%	65% of 30 day LIBOR plus .20%	(\$948)	11/15/2021 ²	Aa3/A+
2005 Series B	\$15,000	4/26/2005	11/15/16- 11/15/20	4.85%	100 % of 90 day LIBOR	(\$1,955)	11/15/2015	Aa1/AA-
2005 Series C	\$11,125	8/23/2005	11/01/28- 11/01/39	3.83%	65% of 90 day LIBOR plus .10%	(\$1,029)	11/15/2032 ³	Aa1/AA-
2005 Series D-3	\$20,000	8/2/2005	11/15/16- 11/15/38	3.63%	65% of 30 day LIBOR plus .20%	(\$1,761)	11/15/2036 ⁴	Aa3/A+
2005 Series G	\$21,555	2/1/2006	11/15/07- 11/15/37	3.59%	65% of 30 day LIBOR plus .20%	(\$6,097)	11/15/2037	Aa3/A+
2006 Series B	\$5,000	3/14/2006	11/15/19- 11/15/36	3.67%	65% of 90 day LIBOR plus .20%	(\$919)	11/15/2019	Aa1/AA-
2006 Series D-3	\$5,000	7/11/2006	11/15/16- 11/15/35	3.92%	65% of 90 day LIBOR plus .20%	(\$667)	11/15/2016	Aa3/A+
2007 Series E-2	\$8,000	9/12/2007	11/15/27- 11/15/41	4.05%	65% of 90 day LIBOR plus .20%	(\$1,101)	11/15/2027 ⁵	Aa1/AA-
2008 Series B	\$15,000	1/29/2008	11/15/23- 11/15/41	3.71%	100% of SIFMA plus .06%	(\$3,106)	5/15/2023 ⁵	Aa3/A+
2008 Series D	\$20,000	4/8/2008	11/15/22- 11/15/42	3.40%	70% of 90 day LIBOR plus .20%	(\$2,335)	11/15/2022 ⁵	Aa1/AA-
2008 Series E-1, E-2	\$17,500	4/22/2008	11/15/14- 11/15/30	3.25%	67% of 30 day LIBOR	(\$1,847)	11/15/2018	Aa1/AA-
2008 Series E-1, E-2	\$17,500	12/23/2003	11/15/14- 11/15/30	3.25%	67% of 30 day LIBOR	(\$1,847)	11/15/2018	Aa3/A+
2008 Series E-1	\$15,000	4/22/2008	11/15/26-11/15/32	3.83%	67% of 30 day LIBOR	(\$536)	11/15/2032 ¹	Aa1/AA-
2008 Series E-1	\$15,000	12/23/2003	11/15/26- 11/15/32	3.83%	67% of 30 day LIBOR	(\$536)	11/15/2032 ¹	Aa3/A+
Totals	<u>\$235,680</u>					<u>(\$26,926)</u>		

- 1 MaineHousing has the option of termination, with no Termination Payment on November 15, 2013 and on each May 15 and November 15 thereafter.
- 2 MaineHousing has the option of termination, with no Termination Payment on November 15, 2014 and on each May 15 and November 15 thereafter.
- 3 MaineHousing has the option of termination, with no Termination Payment on May 15, 2015 and on each May 15 and November 15 thereafter.
- 4 MaineHousing has the option of termination, with no Termination Payment on November 15, 2015 and on each May 15 and November 15 thereafter.
- 5 MaineHousing has the option of termination, with no Termination Payment on November 15, 2017 and on each May 15 and November 15 thereafter.

Credit Risk – As of December 31, 2012, MaineHousing is not exposed to credit risk because all outstanding swaps have negative fair values. A positive fair value of the swaps would represent MaineHousing's credit exposure to the two counterparties. The swaps contain varying collateral agreements with the counterparties in order to mitigate the potential for credit risk. These requirements are met as of December 31, 2012.

Basis Risk – The floating rate payments provided by the counterparties are based upon either the SIFMA index or the LIBOR index. The LIBOR rate will be adjusted on a monthly basis, except for 2005 Series B, which is adjusted on a quarterly basis. MaineHousing's floating rate bonds will have rates adjusted weekly. MaineHousing's bonds are expected to track with the SIFMA Index, which differs from the LIBOR index. If the floating rate tax exempt bonds, which should correspond to the SIFMA index, trade at a value significantly different than their historical relationship to LIBOR, the net cost to MaineHousing could increase or decrease.

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As of December 31, 2012 the thirty day LIBOR rate was .21%, 67% of the thirty-day LIBOR rate was .14%, 63% of the thirty-day LIBOR rate plus .20% was 0.33% and 65% of the thirty-day LIBOR rate plus .20% was 0.34%. As of December 31, 2012 the ninety day LIBOR rate was .31% and 65% of the ninety-day LIBOR rate plus .10% was .30%, 65% of the ninety-day LIBOR rate plus .20% was .40% and 70% of the ninety-day LIBOR rate plus .20% was .41%. The SIFMA rate was 0.13% at December 31, 2012 and 100% of the SIFMA Rate plus .06% was .19%.

Termination Risk – In addition to the optional terminations embedded in some of MaineHousing's Swap Agreements, Swap Agreements may be terminated in whole or in part prior to the respective maturities of the bonds under certain circumstances (including certain events of default with respect to MaineHousing or the Swap Providers). Following certain terminations of the Swap Agreements, either MaineHousing or the Swap Providers, as applicable, may owe a Termination Payment equal to the fair value of the swap to the other, depending upon market conditions and the events that caused such Swap Agreements to terminate. Under certain circumstances, this Termination Payment could be substantial. Such Termination Payment by MaineHousing would be payable on a basis subordinate to the Bonds.

Rollover Risk – MaineHousing is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, or in the case of the termination option, if the counterparty exercises its option, MaineHousing will not realize the synthetic rate offered by the swaps.

(7.) EMPLOYEE BENEFITS PLANS

MaineHousing provides its employees with an option of participating in either a defined contribution retirement plan or a defined benefit retirement plan.

The defined contribution plan consists of a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and a separate plan created under the provisions of the Internal Revenue Code Section 401(a). MaineHousing makes direct contributions on behalf of participants to the 401(a) plan. Additionally, if a participant makes contributions to the 457 plan, a portion of the contribution is matched by MaineHousing. The employer match contribution is made to the 401(a) plan. Total expense under the defined contribution plan was \$288 for the year ended December 31, 2012.

MaineHousing is also a participating local district member of the Maine Public Employees Retirement System (MainePERS) and its employees may participate in a defined benefit plan offered by MainePERS. All employees that do not participate in MaineHousing's defined contribution plan are eligible. As such, MaineHousing's employer contributions on behalf of its employees were \$421, \$363 and \$275 for 2012, 2011, and 2010, respectively. As of December 31, 2012, MaineHousing's plan has a surplus balance with MainePERS of approximately \$457. This surplus will reduce or eliminate future employer costs. In 2012, 2011 and 2010 MaineHousing utilized \$70, \$73 and \$72 respectively of the surplus.

(8.) AVAILABLE BONDS PROCEEDS

MORTGAGE PURCHASE FUND GROUP

The following bond proceed amounts are invested in the various bond proceed sub-accounts of the Bond Proceeds Fund of the Mortgage Purchase Fund Group and are available for the purchase of mortgages:

2010 Series B (S/F)	\$5,960
2010 Series C/2009 F-2 (S/F)	5,523
2011 Series B (M/F)	3,653
2011 Series C-2 (M/F)	4,719
2011 Series D/2009F-4 (S/F)	4,005
2011 Series E (M/F)	8,637
2012 Series A (S/F)	5,013
2012 Series B (M/F)	2,961
	<u>\$40,471</u>

MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND

The following are invested in various bond proceed sub-accounts and are available for program activities at December 31, 2012:

2010 Series 1	\$27,986
2010 Series 2	8,966
	<u>\$36,952</u>

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(9.) COMMITMENTS

MORTGAGE COMMITMENTS

Mortgage commitments are agreements to lend provided there is no violation of any term or condition established in the agreement. Generally, once exercised, the loans made under the terms of such commitments are secured by a lien on the related property and other collateral as MaineHousing deems necessary. At December 31, 2012, MaineHousing had outstanding commitments in several funds to originate multi-family mortgage loans of approximately \$48,398.

MaineHousing, under its single-family program, enters into purchase agreements with lenders to purchase mortgage loans. At December 31, 2012, single-family loans being processed by lenders for MaineHousing totaled approximately \$9,423.

LEASE COMMITMENT

MaineHousing has committed to a lease agreement for approximately 39,000 square feet of office space. Annual rent under this lease agreement is approximately \$634 and increases at a rate of 3% per year. This lease agreement expires on December 31, 2019. For the year ended December 31, 2012, MaineHousing had rental expense of \$634.

(10.) RESERVE FUNDS

MORTGAGE PURCHASE FUND GROUP – HOUSING RESERVE FUND

On or before December 1 of each year, MaineHousing is required to value the Housing Reserve Fund and verify to the Governor of the State of Maine that the sum of money in the fund equals or exceeds the Housing Reserve Fund Minimum Requirement. The Housing Reserve Fund Minimum Requirement equals the amount of principal and interest maturing and coming due in the next succeeding calendar year on bonds outstanding. The Housing Reserve Fund Minimum Requirement as of December 31, 2012 was \$82,542.

When issuing bonds MaineHousing must also meet the Housing Reserve Fund Maximum Requirement. The Housing Reserve Fund Maximum Requirement equals the maximum debt service required in any subsequent calendar year. The Housing Reserve Fund Maximum Requirement as of December 31, 2012 was \$122,295.

In calculating the Housing Reserve Minimum and the Housing Reserve Maximum requirements, MaineHousing assumes a 12% rate for variable rate bonds, which is the maximum interest rate under the terms of the bonds. Swap payments and receipts are not included in the calculation. At December 31, 2012, valuation of the investments in the Housing Reserve Fund, computed at the lower of par or cost in accordance with the General Mortgage Purchase Program Bond Resolution was \$150,282.

MAINE HOUSING, ENERGY & ECONOMIC RECOVERY FUND – CAPITAL RESERVE FUND

MaineHousing is required to maintain a Capital Reserve Fund in an amount equal to the Capital Reserve Fund Requirement established under the General Indenture. The Capital Reserve Fund Requirement equals the greatest amount of principal and interest maturing and becoming due in the current or any succeeding bond year. The Capital Reserve Requirement as of December 31, 2012 was \$4,320. This requirement may be satisfied by the deposit of money or by the deposit of a Credit Facility or an insurance policy for the benefit of the bondholders.

Between July 1 and July 15 of each year, MaineHousing must certify to the Treasurer of the State the amount necessary and sufficient to meet MaineHousing's debt service obligation, including amounts necessary to replenish the Capital Reserve Fund to the Capital Reserve Requirement.

At December 31, 2012 valuation of the Capital Reserve Fund insurance policy in the Capital Reserve Fund was \$4,320.

(11.) EXCESS ARBITRAGE TO BE REBATED

Tax-exempt bonds issued by MaineHousing are subject to Internal Revenue Service (IRS) regulations that limit the amount of income that can be earned with non-mortgage investments to an amount not greater than the amount that would have been earned had the funds been invested at the yield on the bonds. Excess earnings must be rebated every five years. At December 31, 2012, there are no other arbitrage liabilities to be rebated.

Prior rebate payments made by MaineHousing that are eligible for refund from the United States Treasury based on estimated arbitrage rebate calculations are recorded as an asset. MaineHousing has recorded assets, which are included in other assets, in the amount of \$604 and \$23 in the Mortgage Purchase Program Fund and General Administrative Fund, respectively.

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(12.) FUND TRANSFERS AND INTERFUND BALANCES

During the year ended December 31, 2012, MaineHousing made operating and residual equity transfers between funds. The residual equity transfer reflects the transfer of the net assets of the Housing Finance Revenue Fund Group. The following is a summary of transfers in (out):

	Mortgage Purchase Fund Group	Housing Finance Revenue Fund Group	General Administrative Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	American Recovery and Reinvestment Act Fund	Other Federal And State Programs
Program Subsidies	\$0	\$0	\$1	\$0	\$0	\$104	(\$105)
Capital Assets	\$0	\$0	\$894	(\$109)	(\$195)	(\$540)	(\$50)
Other	(\$45)	\$0	(\$105)	\$150	\$0	\$0	\$0
Residual Equity	\$0	(\$7,521)	\$7,521	\$0	\$0	\$0	\$0
	<u>(\$45)</u>	<u>(\$7,521)</u>	<u>\$8,311</u>	<u>\$41</u>	<u>(\$195)</u>	<u>(\$436)</u>	<u>(\$155)</u>

During the year ended December 31, 2012, MaineHousing had outstanding balances between funds. The following is a summary of outstanding payables (receivables) between funds:

	Mortgage Purchase Fund Group	Bondholder Reserve Fund	General Administrative Fund	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	American Recovery & Reinvestment Act Fund	Maine Energy, Housing & Economic Recovery Program	Other Federal And State Programs
Operating expenses	\$2,290	\$0	(\$4,218)	\$0	\$46	\$240	\$17	\$2	\$1,623
Funds for loan closings	(490)	0	\$652	5	0	0	0	0	(167)
Program revenues and fees	(1,105)	0	\$2,735	(154)	(2,752)	154	47	(526)	1,601
	<u>\$695</u>	<u>\$0</u>	<u>(\$831)</u>	<u>(\$149)</u>	<u>(\$2,706)</u>	<u>\$394</u>	<u>\$64</u>	<u>(\$524)</u>	<u>\$3,057</u>

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(13.) REDEMPTION OF BONDS

For the year ended December 31, 2012, MaineHousing redeemed prior to maturity \$267,055 of its Mortgage Purchase Fund Group bonds and \$1,530 of its Housing Finance Revenue Fund Group bonds from surplus revenues and the proceeds of refunding bonds. Mortgage Purchase Group losses of \$1,108 and Housing Finance Revenue Fund Group losses of \$24 were attributed to the recognition of bond discount and debt issuance expenses associated with the redeemed bonds. The following is a summary of bonds redeemed:

	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Amount</u>	<u>Redemption Price</u>
Mortgage Purchase Fund Group				
1998 Series A-2 Term Bonds	5.33%	2032	9,300	100%
1998 Series C-2 Term Bonds	5.25%	2030	7,345	100%
1998 Series F-2 Term Bonds	5.25%	2027	8,990	100%
1998 Series F-2 Term Bonds	5.35%	2032	5,170	100%
1999 Series A-2 Term Bonds	5.25%	2032	5,105	100%
1999 Series B-2 Term Bonds	5.30%	2032	555	100%
2001 Series B Term Bonds	5.50%	2031	3,230	100%
2001 Series B Term Bonds	5.50%	2032	2,375	100%
2001 Series C Term Bonds	5.55%	2032	2,315	100%
2001 Series G Term Bonds	5.50%	2031	3,995	100%
2002 Series A-2 Serial Bonds	4.85%	2013	710	100%
2002 Series A-2 Term Bonds	5.40%	2032	2,310	100%
2002 Series A-2 Term Bonds	5.30%	2021	2,460	100%
2002 Series A-2 Term Bonds	5.30%	2022	5,815	100%
2002 Series A-2 Term Bonds	5.40%	2032	3,380	100%
2002 Series D Term Bonds	5.25%	2022	8,955	100%
2002 Series D Term Bonds	5.40%	2032	9,255	100%
2002 Series F-1 Term Bonds	4.63%	2017	5,790	100%
2002 Series F-2 Term Bonds	3.75%	2019	610	100%
2002 Series F-2 Term Bonds	5.05%	2021	10,000	100%
2002 Series F-2 Term Bonds	5.15%	2022	6,795	100%
2002 Series F-2 Term Bonds	5.10%	2023	5,000	100%
2002 Series G-1 Serial Bonds	3.95%	2013	575	100%
2002 Series G-1 Serial Bonds	4.10%	2014	590	100%
2002 Series G-1 Serial Bonds	4.25%	2015	620	100%
2002 Series G-2 Term Bonds	5.25%	2031	335	100%
2002 Series G-2 Term Bonds	5.15%	2022	4,375	100%
2002 Series G-2 Term Bonds	5.25%	2032	2,435	100%
2003 Series A-1 Serial Bonds	3.90%	2013	135	100%
2003 Series A-1 Term Bonds	4.85%	2023	1,735	100%
2003 Series A-1 Term Bonds	4.95%	2033	1,220	100%
2003 Series A-2 Serial Bonds	4.20%	2013	280	100%
2003 Series A-2 Term Bonds	4.90%	2022	1,755	100%
2003 Series A-2 Term Bonds	4.90%	2023	1,975	100%
2003 Series A-2 Term Bonds	5.00%	2032	3,000	100%
2003 Series A-2 Term Bonds	5.00%	2033	3,100	100%
2003 Series B-1 Serial Bonds	3.90%	2013	925	100%
2003 Series B-1 Serial Bonds	4.05%	2014	960	100%
2003 Series B-1 Term Bonds	4.85%	2025	4,965	100%
2003 Series B-2 Term Bonds	3.65%	2020	470	100%
2003 Series B-2 Term Bonds	5.05%	2032	6,325	100%
2003 Series B-2 Term Bonds	5.00%	2026	245	100%
2003 Series C-1 Serial Bonds	4.63%	2015	740	100%
2003 Series C-2 Term Bonds	4.00%	2030	240	100%

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	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Amount</u>	<u>Redemption Price</u>
2003 Series D-1 Serial Bonds	4.00%	2013	1,740	100%
2003 Series D-1 Serial Bonds	4.15%	2014	705	100%
2003 Series D-2 Term Bonds	5.00%	2027	1,090	100%
2003 Series F Serial Bonds	3.85%	2013	1,745	100%
2004 Series A-1 Serial Bonds	3.75%	2013	1,745	100%
2004 Series A-2 Term Bonds	5.00%	2021	1,725	100%
2004 Series B-1 Serial Bonds	3.90%	2013	1,225	100%
2004 Series B-1 Serial Bonds	4.00%	2014	350	100%
2004 Series C-1 Serial Bonds	3.75%	2013	995	100%
2004 Series C-2 Term Bonds	4.80%	2024	175	100%
2004 Series D-1 Serial Bonds	3.80%	2013	890	100%
2004 Series D-1 Term Bonds	4.00%	2015	320	100%
2005 Series A-1 Serial Bonds	4.00%	2013	490	100%
2005 Series A-1 Serial Bonds	4.10%	2014	500	100%
2005 Series A-2 Term Bonds	4.95%	2027	2,515	100%
2005 Series D-1 Serial Bonds	3.70%	2013	355	100%
2005 Series D-1 Serial Bonds	3.80%	2014	115	100%
2005 Series E-1 Serial Bonds	4.00%	2013	665	100%
2005 Series E-1 Serial Bonds	4.10%	2014	690	100%
2005 Series E-1 Serial Bonds	4.20%	2015	340	100%
2006 Series A-1 Serial Bonds	3.70%	2013	625	100%
2006 Series A-1 Serial Bonds	3.85%	2014	650	100%
2006 Series A-1 Serial Bonds	3.95%	2015	160	100%
2006 Series D-1 Serial Bonds	3.85%	2013	825	100%
2006 Series D-1 Serial Bonds	3.95%	2014	865	100%
2006 Series D-1 Serial Bonds	4.05%	2015	85	100%
2006 Series E-1 Serial Bonds	3.90%	2013	900	100%
2006 Series E-1 Serial Bonds	3.95%	2014	930	100%
2006 Series E-1 Serial Bonds	4.00%	2015	145	100%
2006 Series G Serial Bonds	4.05%	2013	705	100%
2006 Series G Serial Bonds	4.10%	2014	735	100%
2006 Series I-1 Term Bonds	4.40%	2026	50	100%
2007 Series A Serial Bonds	4.30%	2014	930	100%
2007 Series C Term Bonds	5.05%	2022	5,000	100%
2007 Series C Term Bonds	5.13%	2027	6,100	100%
2007 Series E-1 Term Bonds	4.80%	2017	1,405	100%
2007 Series E-1 Term Bonds	5.15%	2020	2,700	100%
2007 Series E-1 Term Bonds	5.30%	2023	10,010	100%
2008 Series A-1 Serial Bonds	3.35%	2013	950	100%
2008 Series A-1 Serial Bonds	3.45%	2014	1,635	100%
2008 Series A-1 Serial Bonds	3.55%	2015	230	100%
2008 Series A-2 Term Bonds	5.05%	2027	8,555	100%
2008 Series C-1 Serial Bonds	3.30%	2013	1,380	100%
2008 Series C-1 Serial Bonds	3.50%	2014	1,455	100%
2008 Series C-1 Serial Bonds	3.80%	2015	205	100%
2008 Series C-2 Term Bonds	5.00%	2020	745	100%
2008 Series F-1 Serial Bonds	3.55%	2013	1,075	100%
2008 Series F-1 Serial Bonds	3.75%	2014	1,035	100%
2008 Series F-1 Serial Bonds	3.90%	2015	470	100%
2008 Series F-2 Term Bonds	4.95%	2023	5,580	100%
2008 Series F-2 Term Bonds	5.15%	2028	4,335	100%
2008 Series G-1 Serial Bonds	4.50%	2013	3,280	100%
2008 Series G-1 Serial Bonds	4.75%	2014	2,195	100%

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	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Amount</u>	<u>Redemption Price</u>
2008 Series G-1 Serial Bonds	5.00%	2015	3,740	100%
2008 Series G-1 Serial Bonds	5.20%	2016	2,185	100%
2008 Series G-1 Serial Bonds	5.35%	2017	3,830	100%
2009 Series A-1 Serial Bonds	2.75%	2013	3,085	100%
2009 Series A-1 Serial Bonds	3.10%	2014	145	100%
2009 Series A-2 Term Bonds	4.90%	2024	505	100%
2009 Series B Serial Bonds	2.20%	2013	1,470	100%
2009 Series C Serial Bonds	2.00%	2013	1,045	100%
2009 Series D Serial Bonds	1.90%	2013	2,330	100%
2009 Series E Term Bonds	3.96%	2041	2,180	100%
2009 Series F-1 Term Bonds	3.96%	2041	980	100%
2009 Series F-2 Term Bonds	3.16%	2041	240	100%
2009 Series F-3 Term Bonds	3.70%	2041	480	100%
2009 Series F-4 Term Bonds	2.47%	2041	270	100%
2010 Series A Serial Bonds	1.00%	2012	760	100%
2010 Series B-1 Serial Bonds	1.15%	2013	500	100%
2010 Series B-2 Serial Bonds	2.65%	2014	475	100%
2010 Series B-3 Serial Bonds	2.20%	2013	610	100%
2010 Series B-3 Serial Bonds	4.50%	2020	865	100%
2010 Series B-3 Serial Bonds	4.60%	2021	965	100%
2010 Series C Serial Bonds	1.10%	2012	735	100%
2010 Series D-1 Serial Bonds	1.40%	2012	1,485	100%
2010 Series D-2 Serial Bonds	1.40%	2012	3,210	100%
2011 Series A Serial Bonds	0.65%	2012	845	100%
2011 Series B-1 Term Bonds	4.00%	2023	500	100%
2012 Series A-1 Term Bonds	4.00%	2024	1,010	100%
2012 Series A-1 Term Bonds	4.50%	2028	1,830	100%
			<u>\$267,055</u>	

Housing Finance Revenue Fund Group	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Amount</u>	<u>Redemption Price</u>
1995 Series I-4 Term Bonds	5.75%	2030	<u>\$1,530</u>	100%

(14.) CONTINGENCIES

MaineHousing is subject to various legal proceedings and claims that arise in the normal course of its business. MaineHousing also receives funding from federal government agencies. These funds are to be used for designated purposes only and are subject to financial and compliance audits and the resolution of identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time. In the opinion of management, the ultimate resolution of these actions will not materially affect the accompanying financial statements.

(15.) SUBSEQUENT EVENTS

Subsequent to December 31, 2012, MaineHousing issued and redeemed bonds. The following is a summary of subsequent event transactions.

On January 15, 2013 MaineHousing redeemed at par \$38,450 of bonds in the General Mortgage Purchase Bond Resolution as follows:

	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Amount</u>	<u>Redemption Price</u>
2005 Series A-2 Term Bonds	4.95%	2027	3,965	100%
2005 Series E-2 Term Bonds	4.90%	2026	9,765	100%
2006 Series D-2 Term Bonds	4.85%	2026	6,240	100%
2008 Series A-2 Term Bonds	4.85%	2022	10,020	100%
2010 Series D-2 Term Bonds	5.05%	2025	8,460	100%
			<u>\$38,450</u>	

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On February 21, 2013, MaineHousing issued, at par, \$88,000 and at a premium, \$27,000 of bonds in the General Mortgage Purchase Bond Resolution as follows:

	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount</u>	<u>Issued Price</u>
2013 Series A Serial Bonds	.88%-2.37%	2015-2020	9,000	100%
2013 Series B Serial Bonds	2.13%-2.75%	2020-2024	7,540	100%
2013 Series B Term Bonds	3.00%-3.60%	2027-2036	71,460	100%
2013 Series B Term Bonds	4.00%	2043	27,000	109%
			<u>\$115,000</u>	

On March 1, 2013, MaineHousing redeemed at par \$81,950 of bonds in the General Mortgage Purchase Bond Resolution as follows:

	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Amount</u>	<u>Redemption Price</u>
1999 Series B-2 Term Bonds	5.30%	2032	8,060	100%
2009 Series E Term Bonds	3.96%	2041	38,980	100%
2009 Series F-1 Term Bonds	3.96%	2041	34,910	100%
			<u>\$81,950</u>	