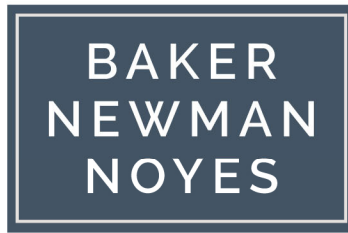


MAINE STATE LEGISLATURE

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Maine State Housing Authority

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

For the Year Ended December 31, 2021

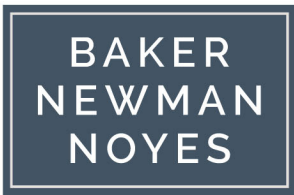
MAINE STATE HOUSING AUTHORITY

FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
Maine State Housing Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Maine State Housing Authority (MaineHousing), a component unit of the State of Maine, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise MaineHousing's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of MaineHousing, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the MaineHousing and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of MaineHousing's Proportionate Share of the Net Pension (Asset) Liability and Schedule of MaineHousing's Pension Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Baker Newman & Noyes LLC

Portland, Maine
March 28, 2022

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021**

Management's discussion and analysis provides an overview of the Maine State Housing Authority's (MaineHousing) financial activities for the year ended December 31, 2021. It should be read in conjunction with the audited financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- MaineHousing's net position increased by \$26.1 million to \$406.3 million as a result of program operations and financing activities. The net position of the proprietary funds, which present MaineHousing's business-type activities, increased \$5.7 million while the net position of governmental activities increased \$20.4 million.
- Low market mortgage rates contributed to a record high volume of single-family loan prepayments, which increased by \$47.3 million or 42.8% and totaled \$157.8 million in 2021. Prepayment activity coupled with a lower volume of new loan purchases contributed to a \$73.6 million decrease in the single-family loan portfolio and a \$2.4 million reduction in interest revenues.
- Multi-family loan originations increased by \$15.1 million or 37% and totaled \$55.7 million in 2021. Income from financing fees increased by \$1.2 million as a result of the higher volume.
- Bond retirements totaled \$250.1 million. The retirement and refunding of bonds lowered average interest rates on outstanding bonds and contributed to a \$3.7 million or 8.1% reduction in interest expense, which offset a \$3.5 million decrease in interest income from mortgage loans and investments.
- Total revenues from governmental activities increased by \$148.9 million or 65.9% to \$374.8 million as a result of a significant amount of federal program funds provided in response to the COVID-19 pandemic. MaineHousing administered a number of different pandemic relief programs for the State of Maine and received a total of \$171.1 million in 2021. Fee income for the administration of programs increased by \$1.6 million as a result of the additional COVID-19 programs that were administered in 2021.

OVERVIEW OF MAINEHOUSING

MaineHousing was created in 1969 by an Act of the Maine State 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 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 Maine 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 three parts – this management's discussion and analysis, the basic financial statements, and required supplementary information. 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 operations. These statements, which are presented using the accrual basis of accounting, consist of the Statement of Net Position and the Statement of Activities.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021**

- Fund financial statements of MaineHousing include its major proprietary funds, which operate similarly to private-sector businesses, and governmental funds, which consist of activities that are funded from federal grants and state appropriations.
- The basic financial statements include notes to financial statements that provide additional information and explain some of the information in the agency-wide and fund financial statements.
- The required supplementary information presents historical pension information.

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

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 position. The Statement of Activities presents current year revenues and expenses.

The two agency-wide statements report MaineHousing's net position and results of operations. 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 Maine 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 is primarily 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. Amounts in the funds are generally restricted for program purposes.
- *Governmental funds* – MaineHousing has five major and several other 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, 2021**

AN OVERVIEW OF MAINEHOUSING'S FINANCIAL POSITION AND OPERATIONS

MaineHousing's financial position and operations are summarized on the following pages for the years ended December 31, 2021 and 2020 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
	2021	2020	2021	2020	2021	2020	
Cash and investments	\$466.9	\$459.7	\$90.9	\$45.4	\$557.8	\$505.1	10.4%
Mortgage and other notes receivable	1,371.9	1,423.5	38.6	36.2	1,410.5	1,459.7	(3.4%)
Other assets	14.7	27.9	56.6	18.7	71.3	46.6	53.0%
Total Assets	1,853.5	1,911.1	186.1	100.3	2,039.6	2,011.4	1.4%
Total Deferred Outflows of Resources	13.5	21.9	0.4	0.2	13.9	22.1	(37.1%)
Bonds and notes payable	1,513.6	1,578.0	58.0	22.7	1,571.6	1,600.7	(1.8%)
Other Liabilities	19.7	28.8	52.7	22.8	72.4	51.6	40.3%
Total Liabilities	1,533.3	1,606.8	110.7	45.5	1,644.0	1,652.3	(0.5%)
Total Deferred Inflows of Resources	2.0	0.2	1.2	0.8	3.2	1.0	220.0%
Investment in capital assets	2.7	2.8	0.0	0.0	2.7	2.8	(3.6%)
Restricted	293.6	289.1	74.6	54.2	368.2	343.3	7.3%
Unrestricted	35.4	34.1	0.0	0.0	35.4	34.1	3.8%
Total Net Position	\$331.7	\$326.0	\$74.6	\$54.2	\$406.3	\$380.2	6.9%

Total assets at December 31, 2021 were \$2.04 billion, an increase of \$28.2 million or 1.4% from December 31, 2020. The change in assets consisted primarily of a \$52.7 million increase in cash and investments and a \$49.2 million net decrease to mortgage notes receivables. Other assets increased by \$24.7 million or 53% due mainly to higher receivable balances due from federal programs.

Total deferred outflows of resources, which consist of the accumulated decrease in the fair value of interest rate swap agreements and deferred amounts associated with debt refundings and pension expenses, decreased \$8.2 million or 37.1% as a result of an aggregate increase in the fair value of interest rate swaps.

Total liabilities at December 31, 2021 were \$1.64 billion, a decrease of \$8.3 million or 0.5% from December 31, 2020. The decrease in liabilities is due mainly to lower outstanding bonds and notes payable, which decreased by \$29.1 million to \$1.57 billion at December 31, 2021. Other liabilities increased \$20.8 million or 40.3% due mainly to a \$27.8 million increase in unearned grant income, while a pension liability of \$2.8 million was eliminated and the interest rate swap liability decreased by \$8.3 million as a result of increases in the fair value of related swap instruments.

Total deferred inflows of resources, which consist of deferred amounts associated with federal program income and pension credits, increased \$2.2 million. The utilization of prior year deferred advanced payments from the federal government for the Section 8 Housing Choice Voucher program reduced deferred income by \$0.7 million, while deferred pension credits increased by \$2.9 million.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021**

Cash and Investments

Total cash and investments increased by \$52.7 million or 10.4% due primarily to higher unexpended bond proceeds at December 31, 2021. MaineHousing's investment portfolio is comprised of securities of the U.S. Government, certain Federal agencies, or repurchase agreements and money market funds that are secured by such securities. Investments are carried at fair value and unrealized gains and losses due to fluctuations in market values are recognized in revenues. In 2021, the fair value of investments decreased and MaineHousing recognized \$1 million of unrealized losses compared with \$0.2 million of unrealized losses in 2020.

Mortgage and Other Notes Receivable

Total net mortgages and other notes receivable decreased \$49.2 million or 3.4% in 2021. Total mortgage purchases and originations amounted to \$169.6 million, which is a decrease of \$7.2 million or 4.1% compared with 2020. Single-family loan purchases amounted to \$113.9 million, which is a decrease of \$22.2 million or 16.3% from 2020. Multi-family loan originations totaled \$55.7 million; an increase of \$15.1 million or 37% from 2020.

Scheduled loan repayments in 2021 amounted to \$57.6 million, which is an increase of \$13.7 million or 31.2% from the previous year's level of \$43.9 million. Scheduled repayments from multi-family loans with short-terms were higher in 2021. Loan prepayments increased substantially in 2021 by \$48.2 million or 43.1% to a total of \$160.2 million. The increase was due to low market interest rates, which generated more refinancing of single-family loans outside MaineHousing.

Loan foreclosures totaled \$1 million in 2021 and \$2.8 million in 2020. The reduction in foreclosures is attributed to the federal moratorium that prohibited lenders from foreclosing on mortgage loans that were Federal Housing Administration (FHA) insured, Veterans Affairs (VA), U.S. Department of Housing & Urban Development (HUD) or Rural Housing guaranteed throughout much of 2021. The allowance for loan losses at December 31, 2021 amounted to \$8.8 million, which is unchanged from December 31, 2020.

Bonds and Notes Payable

Bonds and notes payable decreased \$29.1 million or 1.8% to \$1.57 billion at December 31, 2021. 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 increased by \$26.1 million or 6.9% to \$406.3 million as a result of program operations and financing activities. For additional information on the net position changes, see the Results of Operations section of the Management's Discussion and Analysis.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021

MaineHousing's business activities are in the proprietary funds and are dissimilar to the activities in the governmental funds. The combined results of operations for both MaineHousing's proprietary and governmental funds are presented on the following table for the years ended December 31, 2021 and 2020:

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

	2021	2020	Increase/(Decrease)	
			Amount	Percentage
Revenues:				
Interest from mortgages and notes	\$60.1	\$62.5	(\$2.4)	(3.8%)
Income from investments	1.2	2.3	(1.1)	(47.8%)
Net increase (decrease) in fair value of investments	(1.0)	(0.2)	(0.8)	400.0%
Fee income	12.4	9.7	2.7	27.8%
Grants and subsidies	364.7	217.0	147.7	68.1%
Other	1.2	1.6	(0.4)	(25.0%)
Total revenues	<u>438.6</u>	<u>292.9</u>	<u>145.7</u>	49.7%
Expenses:				
Operating and other program expenses	26.5	26.9	(0.4)	(1.5%)
Provision for losses on loans and foreclosed real estate	0.0	0.1	(0.1)	(100.0%)
Interest expense	42.1	45.7	(3.6)	(7.9%)
Grants and subsidies	343.9	209.1	134.8	64.5%
Total expenses	<u>412.5</u>	<u>281.8</u>	<u>130.7</u>	46.4%
Increase in net position	26.1	11.1	15.0	135.1%
Net position at beginning of year	<u>380.2</u>	<u>369.1</u>	<u>11.1</u>	3.0%
Net position at end of year	<u>\$406.3</u>	<u>\$380.2</u>	<u>\$26.1</u>	6.9%

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

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021**

RESULTS OF OPERATIONS

Proprietary Funds Results

The net position of MaineHousing's proprietary funds increased by \$5.7 million and totaled \$331.7 million at December 31, 2021. 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, 2021 and December 31, 2020:

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position (in millions of dollars)				
	2021	2020	Increase/(Decrease)	
			Amount	Percentage
Operating revenues:				
Interest from mortgages and notes	\$60.0	\$62.4	(\$2.4)	(3.8%)
Income from investments	1.2	2.2	(1.0)	(45.5%)
Net increase (decrease) in fair value of investments	(1.0)	(0.2)	(0.8)	400.0%
Fee income	2.5	1.4	1.1	78.6%
Other revenue	1.1	1.2	(0.1)	(8.3%)
Total revenues	<u>63.8</u>	<u>67.0</u>	<u>(3.2)</u>	<u>(4.8%)</u>
Operating expenses:				
Operating and other program expenses	18.2	19.5	(1.3)	(6.7%)
Interest expense	41.3	44.8	(3.5)	(7.8%)
Total expenses	<u>59.5</u>	<u>64.3</u>	<u>(4.8)</u>	<u>(7.5%)</u>
Net Operating income	4.3	2.7	1.6	59.3%
Transfers in	1.4	0.6	0.8	133.3%
Change in net position	5.7	3.3	2.4	72.7%
Net position at beginning of year	<u>326.0</u>	<u>322.7</u>	<u>3.3</u>	<u>1.0%</u>
Net position at end of year	<u><u>\$331.7</u></u>	<u><u>\$326.0</u></u>	<u><u>\$5.7</u></u>	<u><u>1.7%</u></u>

Operating revenues of MaineHousing's business-type activities are generated principally from earnings on mortgages and investments. Total revenues from business-type activities decreased \$3.2 million or 4.8% in 2021 and amounted to \$63.8 million. Of this total, \$61.2 million or 95.9% was from interest earned on mortgages 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 expenses for business-type activities totaled \$59.5 million, of which \$41.3 million or 69.4% was interest expense.

The 2021 operating results and net position of MaineHousing's proprietary funds were significantly affected by the following:

- Interest from mortgages and notes decreased \$2.4 million or 3.8% due to lower average outstanding mortgage receivable balances and lower average yields. Average outstanding single-family loan balances decreased by \$40 million or 4.2% due to lower loan purchases and higher prepayments.
- Income from investments decreased by \$1.0 million or 45.4% as a result of declining interest rates and lower yields in 2021.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021**

- Financing fees from an increase in multi-family lending activities generated a \$1.1 million increase in fee income. Multi-family loan originations were \$15.1 million or 37% higher in 2021.
- Interest rate changes during the year generated an unrealized loss on investments of \$1 million. This represents a \$0.8 million decrease in the fair value of investments compared with the unrealized loss of \$0.2 million recognized in 2020.
- Program administrative expenses for single-family loan originations and cost associated with the issuance of bonds decreased by \$0.5 million and \$0.4 million, respectively, due to a decrease in single-family loan purchases and new bond issuances.
- Interest expense decreased by \$3.5 million or 7.8% as a result of bond refunding activities, which lowered outstanding bond payables and average interest rates.

Governmental Fund Results

The net position of MaineHousing's governmental funds increased by \$20.4 million and totaled \$74.6 million at December 31, 2021. The following table summarizes the Statement of Revenues, Expenditures, and Changes in Fund Balances of MaineHousing's governmental funds for the years ended December 31, 2021 and December 31, 2020:

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (in millions of dollars)				
	2021	2020	Increase/(Decrease) Amount	Percentage
Revenues:				
Income from mortgages and notes	\$0.1	\$0.1	\$0.0	0.0%
Income from investments	0.0	0.1	(0.1)	(100.0%)
Fee income	9.9	8.3	1.6	19.3%
Grant income	222.1	83.9	138.2	164.7%
Income from the State	32.9	25.6	7.3	28.5%
Federal rent subsidy income	109.7	107.5	2.2	2.0%
Other revenue	0.1	0.4	(0.3)	(75.0%)
Total revenues	<u>374.8</u>	<u>225.9</u>	<u>148.9</u>	65.9%
Expenditures:				
Program administrative expenditures	8.3	7.5	0.8	10.7%
Interest expenditures	0.8	0.9	(0.1)	(11.1%)
Grant expenditures	234.8	101.8	133.0	130.6%
Federal rent subsidy expenditures	109.1	107.3	1.8	1.7%
Total expenditures	<u>353.0</u>	<u>217.5</u>	<u>135.5</u>	62.3%
Revenues in excess of expenditures	21.8	8.4	13.4	159.5%
Transfers out	<u>(1.4)</u>	<u>(0.6)</u>	<u>(0.8)</u>	133.3%
Change in fund balances	20.4	7.8	12.6	161.5%
Fund balances at beginning of year	<u>54.2</u>	<u>46.4</u>	<u>7.8</u>	16.8%
Fund balances at end of year	<u><u>\$74.6</u></u>	<u><u>\$54.2</u></u>	<u><u>\$20.4</u></u>	37.6%

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021**

MaineHousing's total revenues from governmental activities are generated primarily from federal grants and rent subsidy income. MaineHousing also receives program revenues from the State of Maine. Revenues from governmental activities total \$374.8 million in 2021, which is an increase of \$148.9 million or 65.9%.

MaineHousing's governmental activities expenditures consist primarily of federal grants and rent subsidies payments. Total expenditures increased \$135.5 million or 62.3% to \$353.0 million for 2021. MaineHousing earns fees for administering federal programs, which amounted to \$9.9 million in 2021. Typically fees earned provide MaineHousing with a revenue source adequate to recover direct and indirect costs of delivering related services.

The 2021 operating results and net position of MaineHousing's governmental funds were significantly affected by the following:

- Grant income increased by \$138.2 million or 164.7% due to an unprecedented amount of federal program funds provided in response to the COVID-19 pandemic. A total of \$169.6 million was received in 2021 for COVID-19 relief programs, which is an increase of \$143.0 million or 538% over 2020. Total grant expenditures also increased significantly in 2021 as a result of higher available federal grant receipts.
- Federal rent subsidy income, which consists of funding for various HUD Section 8 programs, increased by \$2.2 million or 2.0%. Income for the Section 8 Housing Choice Voucher program increased by \$1 million or 3% as a result of a higher voucher utilization rate in 2021. Additional emergency housing vouchers in the amount of \$0.3 million were provided in 2021 in response to the pandemic and the Section 8 Performance Based Contract Administration program had a net revenue increase of \$0.7 million due to increases associated with HUD's Annual Adjustment Factors.
- Income from the State, which consists mainly of real estate transfer tax deposits to the HOME Fund, increased \$7.3 million or 28.5% as a result of higher real estate sales and deposits from the State.
- Administrative fee income increased by \$1.6 million or 19.3% as a result of the additional federal program funds for COVID-19.
- Federal rent subsidy expenditures increased \$1.8 million or 1.7% due to higher available income for the Section 8 Housing Choice Voucher and Performance Based Contract Administration programs.

DEBT ACTIVITY

MaineHousing had \$1.57 billion in bonds and notes outstanding at December 31, 2021, which is a decrease of \$29.1 million or 1.8% from 2020.

MaineHousing is authorized to issue housing revenue bonds to purchase or originate mortgages or notes on single-family and multi-family residential properties. Total bonds outstanding at December 31, 2021 amounted to \$1.55 billion; a decrease of \$26.8 million or 1.7% from 2020. Bond issuances in 2021 totaled \$223.3 million, while principal payments on bonds totaled \$250.1 million. MaineHousing redeemed prior to maturity \$249.8 million of its outstanding bonds in 2021 from reserve funds, mortgage prepayments, surplus revenues, and the proceeds of bond refundings. Scheduled principal payments on bonds totaled \$0.3 million in 2021.

MaineHousing issues variable rate bonds and enters into interest rate swap agreements to provide synthetically fixed interest rates on a portion of the variable rate bonds. At December 31, 2021, the total amount of variable rate debt outstanding was \$282.9 million and represented 18.2% of the \$1.55 billion total bond portfolio. Thirteen interest rate swap agreements have been executed with four counterparties in connection with \$207.9 million of the variable rate bonds to effectively convert them to synthetic fixed rate bonds.

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 2021.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021**

MaineHousing may enter into loan agreements for program and capital funding purposes. At December 31, 2021, MaineHousing had \$14.9 million of outstanding notes payable in its General Administrative Fund. Notes payable decreased by \$4.8 million from 2020 as a result of principal payments. All proceeds from the loan associated with the outstanding balance at December 31, 2021 provided capital funding for the development of an office facility for MaineHousing.

For additional information about MaineHousing's mortgage bonds and notes payables, see Notes 5, 6, 8, 13, and 15 to the financial statements.

ADDITIONAL INFORMATION

MaineHousing's main sources of revenues consist of interest from mortgage loans, investment interest income, and federal and state funded grants and subsidies.

Market interest rates have an effect on both the mortgage program and investment income revenues. If interest rates increase, mortgage and investment income should increase as new loans are originated and new investments are purchased at the higher rates. If interest rates decrease and are low, as occurred in 2021, mortgage and investment income will decrease as new loans are originated and new investments are purchased at the lower rates. Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages. In 2021, MaineHousing experienced a historically high volume of runoffs in its single-family loan portfolio due to the very low interest rate environment. MaineHousing may use loan prepayments to redeem higher rate bonds to lower interest expense, which also occurred at a high level in 2021.

Federal and state funded grants and subsidies are subject to appropriations by those governments. In 2021, the COVID-19 pandemic continued to disrupt economic activity at all levels and to cause volatility in the financial markets in the United States and around the world. An unprecedented amount of federal funds were provided in response to the pandemic through the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, the *Consolidation Appropriations Act*, and the *American Rescue Plan Act*.

MaineHousing administered a number of relief programs for the State of Maine and worked with its partners to assist Maine citizens who were impacted by COVID-19 and the related economic crisis by offering financial assistance to help stabilize their housing situation. Assistance provided included rental, utility, and home energy payments and increased homeless prevention initiatives. MaineHousing also worked with its homeownership mortgagors by providing forbearances and suspending foreclosures.

The pandemic relief funds have significantly increased MaineHousing program activities, which are expected to remain at high levels in the coming year. The ultimate duration and impact of the pandemic remains unknown at this time.

REQUESTS FOR INFORMATION

The purpose of this financial report is to provide information needed to understand MaineHousing's financial position and results of operations for the year ended December 31, 2021. Inquiries for additional information may be directed to the Director of Finance at Maine State Housing Authority, 26 Edison Drive, Augusta, Maine 04330-6046, at (207) 626-4600 or at www.mainehousing.org.

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2021
(IN THOUSANDS OF DOLLARS)

	Business-type Activities	Governmental Activities	Total
ASSETS:			
Current Assets:			
Cash, principally time deposits (note 3)	\$59,381	\$6,037	\$65,418
Investments (notes 3, 8, and 10)	357,940	84,852	442,792
Accounts receivable - government	0	43,376	43,376
Mortgage notes receivable, net (note 4)	35,646	26	35,672
Other notes receivable, net (note 4)	42	0	42
Other assets (note 11)	9,787	253	10,040
Internal balances	(12,883)	12,883	0
Total Current Assets	<u>449,913</u>	<u>147,427</u>	<u>597,340</u>
Noncurrent Assets:			
Investments (notes 3, 8, and 10)	49,576	0	49,576
Mortgage notes receivable, net (note 4)	1,336,228	38,553	1,374,781
Other notes receivable, net (note 4)	23	0	23
Capital assets	17,632	0	17,632
Other real estate owned	70	0	70
Pension asset (note 7)	135	82	217
Total Noncurrent Assets	<u>1,403,664</u>	<u>38,635</u>	<u>1,442,299</u>
Total Assets	<u>1,853,577</u>	<u>186,062</u>	<u>2,039,639</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Accumulated decrease in fair value of hedging derivatives (note 6)	10,113	0	10,113
Deferred pension expense (note 7)	696	427	1,123
Deferred amount on debt refundings	2,665	0	2,665
Total Deferred Outflows of Resources	<u>13,474</u>	<u>427</u>	<u>13,901</u>
LIABILITIES:			
Current Liabilities:			
Accrued interest payable	4,760	58	4,818
Accounts payable - federal government	0	354	354
Accounts payable and accrued liabilities	4,841	6,777	11,618
Unearned income	0	45,458	45,458
Bonds and notes payable (notes 5, 8, 13, and 15)	19,955	3,445	23,400
Total Current Liabilities	<u>29,556</u>	<u>56,092</u>	<u>85,648</u>
Noncurrent Liabilities:			
Derivative instrument - interest rate swaps (note 6)	10,113	0	10,113
Bonds and notes payable (notes 5, 8, 13, and 15)	1,493,665	54,580	1,548,245
Total Noncurrent Liabilities	<u>1,503,778</u>	<u>54,580</u>	<u>1,558,358</u>
Total Liabilities	<u>1,533,334</u>	<u>110,672</u>	<u>1,644,006</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred loan origination points	16	0	16
Deferred pension credit (note 7)	1,959	1,200	3,159
Total Deferred Inflows of Resources	<u>1,975</u>	<u>1,200</u>	<u>3,175</u>
NET POSITION:			
Net investment in capital assets	2,756	0	2,756
Restricted for bond resolutions	293,631	0	293,631
Restricted for grants and programs	0	74,617	74,617
Unrestricted	35,355	0	35,355
Total Net Position	<u>\$331,742</u>	<u>\$74,617</u>	<u>\$406,359</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(IN THOUSANDS OF DOLLARS)

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Investment Income	Grants and Contributions	Business-type Activities	Governmental Activities	Total
Business-type activities:							
Mortgage Purchase Fund	\$57,670	\$62,112	\$145	\$0	\$4,587	\$0	\$4,587
Bondholder Reserve Fund	58	0	2	0	(56)	0	(56)
General Administrative Fund	1,776	1,504	0	0	(272)	0	(272)
Total business-type activities	59,504	63,616	147	0	4,259	0	4,259
Governmental activities:							
HOME Fund	14,707	110	6	31,090	0	16,499	16,499
Section 8 Housing Programs	113,979	5,631	1	110,442	0	2,095	2,095
Low Income Home Energy Assistance Program	50,220	1,167	0	49,274	0	221	221
Emergency Rental Assistance Programs	113,980	767	0	113,218	0	5	5
Maine Energy, Housing and Economic Recovery Program	927	141	4	4,319	0	3,537	3,537
Other Federal and State Programs	59,069	2,345	3	56,238	0	(483)	(483)
Total governmental activities	352,882	10,161	14	364,581	0	21,874	21,874
Total Agency-wide	\$412,386	\$73,777	\$161	\$364,581	4,259	21,874	26,133
General Revenues:							
Unrestricted investment income					12	0	12
Transfers					1,450	(1,450)	0
Total general revenues and transfers					1,462	(1,450)	12
Change in Net Position					5,721	20,424	26,145
Net Position at beginning of year					326,021	54,193	380,214
Net Position at end of year					\$331,742	\$74,617	\$406,359

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
ASSETS:				
Current Assets:				
Cash, principally time deposits (note 3)	\$ 23,246	\$ 1	\$ 36,134	\$ 59,381
Investments (notes 3, 8, and 10)	341,561	7,998	8,381	357,940
Mortgage notes receivable, net (note 4)	35,447	0	199	35,646
Other notes receivable, net (note 4)	0	0	42	42
Other assets (note 11)	9,694	0	93	9,787
Interfund (note 12)	0	0	5,582	5,582
Total Current Assets	409,948	7,999	50,431	468,378
Noncurrent Assets:				
Investments (notes 3, 8, and 10)	49,576	0	0	49,576
Mortgage notes receivable, net (note 4)	1,331,759	0	4,469	1,336,228
Other notes receivable, net (note 4)	0	0	23	23
Capital assets	22	0	17,610	17,632
Other real estate owned	8	0	62	70
Pension asset (note 7)	112	1	22	135
Total Noncurrent Assets	1,381,477	1	22,186	1,403,664
Total Assets	1,791,425	8,000	72,617	1,872,042
DEFERRED OUTFLOWS OF RESOURCES:				
Accumulated decrease in fair value of hedging derivatives (note 6)	10,113	0	0	10,113
Deferred pension expense (note 7)	580	3	113	696
Deferred amount on debt refundings	2,665	0	0	2,665
Total Deferred Outflows of Resources	13,358	3	113	13,474
LIABILITIES:				
Current Liabilities:				
Accrued interest payable	4,760	0	0	4,760
Accounts payable and accrued liabilities	137	1	4,703	4,841
Interfund (note 12)	3,703	17	14,745	18,465
Bonds and notes payable (notes 5, 8, 13, and 15)	19,340	0	615	19,955
Total Current Liabilities	27,940	18	20,063	48,021
Noncurrent Liabilities:				
Derivative instrument - interest rate swaps (note 6)	10,113	0	0	10,113
Bonds and notes payable (notes 5, 8, 13, and 15)	1,479,404	0	14,261	1,493,665
Total Noncurrent Liabilities	1,489,517	0	14,261	1,503,778
Total Liabilities	1,517,457	18	34,324	1,551,799
DEFERRED INFLOWS OF RESOURCES:				
Deferred loan origination points	16	0	0	16
Deferred pension credit (note 7)	1,632	10	317	1,959
Total Deferred Inflows of Resources	1,648	10	317	1,975
NET POSITION:				
Net investment in capital assets	22	0	2,734	2,756
Restricted for bond resolutions	285,656	7,975	0	293,631
Unrestricted	0	0	35,355	35,355
Total Net Position	\$285,678	\$7,975	\$38,089	\$331,742

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, 2021
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
OPERATING REVENUES:				
Interest from mortgages and notes	\$59,672	\$0	\$318	\$59,990
Income from investments	1,174	2	11	1,187
Net (decrease) increase in the fair value of investments	(1,029)	0	1	(1,028)
Fee income	1,507	0	1,003	2,510
Other revenue	135	0	183	318
Gain on bond redemption (note 13)	798	0	0	798
	<u>62,257</u>	<u>2</u>	<u>1,516</u>	<u>63,775</u>
OPERATING EXPENSES:				
Operating expenses	9,858	58	1,742	11,658
Other program administrative expenses	4,825	0	7	4,832
Mortgage servicing fees	1,713	0	16	1,729
Provision for losses on loans (note 4)	0	0	11	11
Interest expense	41,274	0	0	41,274
	<u>57,670</u>	<u>58</u>	<u>1,776</u>	<u>59,504</u>
Operating Income (Loss)	4,587	(56)	(260)	4,271
Transfers between funds, net (note 12)	<u>0</u>	<u>0</u>	<u>1,450</u>	<u>1,450</u>
Change in Net Position	4,587	(56)	1,190	5,721
Net Position at beginning of year	<u>281,091</u>	<u>8,031</u>	<u>36,899</u>	<u>326,021</u>
Net Position at end of year	<u>\$285,678</u>	<u>\$7,975</u>	<u>\$38,089</u>	<u>\$331,742</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Interest receipts from borrowers	\$60,051	\$0	\$300	\$60,351
Principal receipts on mortgages and notes - scheduled	56,444	0	1,138	57,582
Principal receipts on mortgages and notes - prepayments	160,172	0	70	160,242
Payments for operating expenses	(8,329)	(10)	(496)	(8,835)
Payments for personnel expenses	(8,157)	(48)	(1,246)	(9,451)
Investment in mortgages and other notes	(167,160)	0	(15)	(167,175)
Other	1,478	(4)	4,498	5,972
Net cash provided by (used for) operating activities	94,499	(62)	4,249	98,686
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and development of capital assets	0	0	(325)	(325)
Principal paid on capital debt	0	0	(595)	(595)
Interest paid on capital debt	0	0	(493)	(493)
Net cash used for capital and related financing activities	0	0	(1,413)	(1,413)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Proceeds from sale of bonds	168,771	0	0	168,771
Principal payments on bonds and notes	(227,440)	0	(4,200)	(231,640)
Interest payments on bonds	(41,769)	0	0	(41,769)
Payments from other funds	415	3	12,778	13,196
Net cash (used for) provided by non-capital financing activities	(100,023)	3	8,578	(91,442)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from disposition of foreclosed real estate	1,346	0	13	1,359
Purchase of investments	(1,379,405)	0	0	(1,379,405)
Sales and maturity of investments	1,381,652	56	12,523	1,394,231
Interest received on investments	1,112	2	11	1,125
Net cash provided by investing activities	4,705	58	12,547	17,310
Net (decrease) increase in cash	(819)	(1)	23,961	23,141
Cash at beginning of year	24,065	2	12,173	36,240
Cash at end of year	\$23,246	\$1	\$36,134	\$59,381
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$4,587	(\$56)	(\$260)	\$4,271
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	329	0	932	1,261
Interest on bonds	40,945	0	0	40,945
Provision for losses on loans	0	0	11	11
Gain on bond redemption	(798)	0	0	(798)
Pension credit	(90)	(1)	(18)	(109)
Interest income on investments	(1,174)	(2)	(11)	(1,187)
Net decrease (increase) in fair value of investments	1,029	0	(1)	1,028
Changes in operating assets and liabilities:				
Other assets	246	0	(5)	241
Pension contributions	(388)	0	(74)	(462)
Mortgage note interest receivable	379	0	(18)	361
Accounts payable and accrued liabilities	(22)	(3)	2,500	2,475
Investment in mortgage and other notes	(167,160)	0	(15)	(167,175)
Mortgage & other note principal repayments	216,616	0	1,208	217,824
Net cash provided by (used for) operating activities	\$94,499	(\$62)	\$4,249	\$98,686
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION:				
Transfer from mortgage notes receivable to other assets and other real estate owned	\$1,031	\$0	\$62	\$1,093

See accompanying notes to the financial statements

**MAINE STATE HOUSING AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021
(IN THOUSANDS OF DOLLARS)**

	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Emergency Rental Assistance Programs	Maine Energy, Housing & Economic Recovery Fund	Other Federal and State Programs	Total
ASSETS:							
Current Assets:							
Cash, principally time deposits (note 3)	\$1	\$4,050	\$1,210	\$0	\$0	\$776	\$6,037
Investments (notes 3, 8, and 10)	33,760	0	0	0	43,118	7,974	84,852
Accounts receivable - government	6,811	297	1,217	16,708	0	18,343	43,376
Mortgage notes receivable, net (note 4)	26	0	0	0	0	0	26
Other assets	42	138	0	0	36	37	253
Interfund (note 12)	10,217	52	0	14,745	0	1,911	26,925
Total Current Assets	50,857	4,537	2,427	31,453	43,154	29,041	161,469
Noncurrent Assets:							
Mortgage notes receivable, net (note 4)	28,934	0	0	0	9,619	0	38,553
Total Noncurrent Assets	28,934	0	0	0	9,619	0	38,553
Total Assets	\$79,791	\$4,537	\$2,427	\$31,453	\$52,773	\$29,041	\$200,022
LIABILITIES:							
Current Liabilities:							
Accrued interest payable	\$0	\$0	\$0	\$0	\$58	\$0	\$58
Accounts payable - federal government	0	354	0	0	0	0	354
Accounts payable and accrued liabilities	1,967	66	825	435	0	3,484	6,777
Unearned income	0	0	1,166	31,018	0	13,274	45,458
Interfund (note 12)	1,707	293	328	0	66	10,737	13,131
Bonds payable (note 5, 8, and 13)	0	0	0	0	3,445	0	3,445
Total Current Liabilities	3,674	713	2,319	31,453	3,569	27,495	69,223
Noncurrent Liabilities:							
Bonds payable (note 5, 8, and 13)	0	0	0	0	54,580	0	54,580
Total Non Current Liabilities	0	0	0	0	54,580	0	54,580
Total Liabilities	3,674	713	2,319	31,453	58,149	27,495	123,803
FUND BALANCES:							
Restricted by program requirements	76,117	3,824	108	0	0	1,546	81,595
Nonspendable	0	0	0	0	9,619	0	9,619
Unassigned	0	0	0	0	(14,995)	0	(14,995)
Total Fund Balances	76,117	3,824	108	0	(5,376)	1,546	76,219
Total Liabilities and Fund Balances	\$79,791	\$4,537	\$2,427	\$31,453	\$52,773	\$29,041	\$200,022

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

Total fund balances in governmental funds	\$76,219
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Pension expense deferrals reported as deferred outflows of resources in governmental activities are not financial resources and therefore are not reported in the governmental funds.	427
Pension assets reported in governmental activities are not available to pay current period expenditures and therefore are not reported in the governmental funds.	82
Pension credit deferrals reported as deferred inflows of resources in governmental activities are not available to pay for current period expenditures and therefore are not reported in the governmental funds.	(1,200)
Interfund balances related to the allocation of pension assets and deferrals of resources reported in governmental activities are not due and payable in the current period and therefore not reported in the governmental funds.	(911)
Net Position of governmental activities	<u>\$74,617</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(IN THOUSANDS OF DOLLARS)

	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Emergency Rental Assistance Programs	Maine Energy, Housing & Economic Recovery Fund	Other Federal and State Programs	Total
REVENUES:							
Interest from mortgages and notes	\$63	\$0	\$0	\$0	\$41	\$0	\$104
Income from investments	6	1	0	0	4	3	14
Fee income	0	5,631	1,167	767	0	2,345	9,910
Other revenue	47	0	0	0	10	0	57
Grant income	2,554	737	49,274	113,218	0	56,238	222,021
Income from State	28,536	0	0	0	4,319	0	32,855
Federal rent subsidy income	0	109,705	0	0	0	0	109,705
Gain on bond redemption (note 13)	0	0	0	0	90	0	90
Total Revenues	31,206	116,074	50,441	113,985	4,464	58,586	374,756
EXPENDITURES:							
Operating expenditures	0	3,949	922	549	0	2,075	7,495
Other program administrative expenditures	0	173	32	218	110	256	789
Provision for losses on loans (note 4)	0	0	0	0	0	6	6
Grant expenditures	14,707	764	49,274	113,218	69	56,751	234,783
Federal rent subsidy	0	109,127	0	0	0	0	109,127
Interest	0	0	0	0	748	0	748
Total Expenditures	14,707	114,013	50,228	113,985	927	59,088	352,948
Revenues in Excess of (Less Than) Expenditures	16,499	2,061	213	0	3,537	(502)	21,808
Transfers between funds, net (note 12)	100	(1,325)	(213)	0	0	(12)	(1,450)
Change in Fund Balances	16,599	736	0	0	3,537	(514)	20,358
Fund Balances at beginning of year	59,518	3,088	108	0	(8,913)	2,060	55,861
Fund Balances at end of year	<u>\$76,117</u>	<u>\$3,824</u>	<u>\$108</u>	<u>\$0</u>	<u>(\$5,376)</u>	<u>\$1,546</u>	<u>\$76,219</u>

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

Change in Fund Balances - total governmental funds	\$20,358
Amounts reported for governmental activities in the Statement of Activities are different because:	
Expenses reported in the Statement of Activities include a pension credit, which does not effect the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.	<u>66</u>
Change in Net Position of governmental activities	<u>\$20,424</u>

See accompanying notes to the financial statements

Maine State Housing Authority
Notes to Financial Statements – December 31, 2021
(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 properties 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 and 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's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) statements and are comprised of three components: 1) agency-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The financial statements include all of the organization's activities and functions for which MaineHousing is financially accountable. Determination of financial accountability includes among other factors, appointment of a voting majority of the component's governing body and (1) ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, MaineHousing. Based on the preceding criteria, the accompanying financial statements do not include the financial activities of any entity other than MaineHousing.

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, deferred inflows, deferred outflows, gains and losses of business-type and governmental activities. Interfund balances entirely within the proprietary funds and governmental funds are eliminated from the Statement of Net Position; remaining amounts are shown as Internal Balances.

The business-type activities, which include single-family 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. Revenues from grants and programs are generally considered "available" if eligibility and time restrictions have been satisfied and if received within three months of the balance sheet date. Grants received in advance of the period in which they can be used are reported as deferred inflows of resources.

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. Certain insignificant indirect costs are allocated to the funds.

Maine State Housing Authority
Notes to Financial Statements – December 31, 2021
(IN THOUSANDS OF DOLLARS)

Fund Structure

PROPRIETARY FUNDS

Financial activities operated similarly to private business enterprises and financed through fees and charges assessed primarily to users of loans and other lender services are presented as proprietary funds. MaineHousing's proprietary funds are as follows, all of which are considered major funds:

Mortgage Purchase Fund

This fund consists of 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. Proceeds from the sale of mortgage revenue bonds, the debt service requirements of the bond indebtedness, and mortgage loans made from bond proceeds are recorded in this fund.

Bondholder Reserve Fund

This fund consists of accounts established by the General Authority Bondholder Reserve Fund Resolution and is pledged to replenish any deficiency in the debt service reserve fund of the General Mortgage Purchase Bond Resolution.

General Administrative Fund

This fund consists of account balances that are not directly pledged to or restricted by a particular bond resolution or program and generates fee and interest income. Revenues not specifically pledged for the repayment of bonds or notes are recorded in this fund.

GOVERNMENTAL FUNDS

Activities financed by grant and program agreements with the federal government and appropriations and allocations from the State of Maine Legislature are presented as governmental funds. None of the governmental funds are legally required to adopt a formal budget. MaineHousing's governmental funds are as follows, all of which are considered major funds except for the Other Federal and State Programs Fund:

Home Fund

The Maine State Legislature authorized the creation of the Housing Opportunities for Maine (HOME) Program to promote and create affordable housing. The program is 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. Activities associated with the Shelter Operating Subsidy Program, which is funded by the State of Maine and provides funding for emergency shelters that serve Maine's homeless citizens, are also recorded in this fund.

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 that 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 and Substantial Rehabilitation
- Section 811 Project Rental Assistance
- Housing Choice Voucher
- Performance Based Contract Administration
- Family Self-Sufficiency Program
- Mainstream Vouchers
- Section 8 Emergency Housing Voucher - *American Rescue Plan Act*
- Section 8 COVID-19 Supplemental – *Coronavirus Aid, Relief, and Economic Security Act*

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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 the program. In 2021, a supplemental award in the amount of \$55,172 was provided to the State of Maine as part of the *American Rescue Plan Act of 2021*.

Emergency Rental Assistance Programs

MaineHousing is the administrator of the federal Emergency Rental Assistance Programs for the State of Maine. Funds for the Emergency Rental Assistance Programs 1 and 2 (ERA1 and ERA2) were appropriated through the *Consolidated Appropriations Act of 2021* and the *American Rescue Plan Act of 2021*. The State of Maine was awarded up to \$352 million for these programs and funding for the ERA1 expires on September 30, 2022 and September 30, 2025 for ERA2. Funds are provided through the U.S. Department of the Treasury and are used for emergency rental assistance, rental arrears, and utility costs for households at risk of homelessness or housing instability due to the COVID-19 pandemic. A portion of these funds may also be used for MaineHousing's administrative costs.

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 consists of 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 funds from bond proceeds on program activities and the receipt of revenues from the State of Maine, which is based on debt service schedules. The deficit will be eliminated over time as bond proceeds available for programs are depleted and annual revenues received from the State of Maine exceed expenditures.

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, which are considered non-major funds:

U.S. Department of Housing and Urban Development

- Emergency Solutions Grants Program
- Emergency Solutions Grants Program – *Coronavirus Aid, Relief, and Economic Security Act*
- HOME Investment Partnerships Program
- HOME Investment Partnerships Program – *American Rescue Plan Act*
- National Housing Trust Fund
- Lead-Based Paint Hazard Control Program
- Homeless Management Information System
- Housing Counseling Assistance Program
- Continuum of Care - Planning Grant
- Continuum of Care - Rental Assistance Program
- Continuum of Care - Coordinated Entry Grant
- Continuum of Care - Youth Homeless Demonstration Program
- Community Development Block Grant - *Coronavirus Aid, Relief, and Economic Security Act* (via State of Maine)

U.S. Department of Energy

- Weatherization Assistance Program
- Weatherization Assistance Program - Training Centers and Programs

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U.S. Department of Health and Human Services

Low Income Household Water Assistance Program – Consolidated Appropriations Act and *American Rescue Plan Act*
Weatherization / Central Heating Improvement Program
Temporary Assistance for Needy Families (via State of Maine)
Maine Association of Recovery Residences (via State of Maine)

U.S. Department of Treasury

Coronavirus Relief Fund – *Coronavirus Aid, Relief, and Economic Security Act* (via State of Maine)

U.S. Department of Homeland Security

Federal Emergency Management Agency Disaster Assistance Grants – COVID-19

State of Maine

Home Modification Program
Arsenic Remediation Program
Natural Disaster Housing Assistance Fund
Consumer Residential Opportunities Program
Indian Housing Mortgage Insurance Program
Lead Abatement Program
Senior Housing General Obligation Bonds

Private

Low Income Assistance Plan

Net Position

In the agency-wide and proprietary fund financial statements, net position is displayed in three components as follows:

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 for the acquisition, construction, or improvement of those assets.

Restricted – This consists of activities that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. For business-type activities, the net position is restricted by bond resolutions for the acquisition of loans, payment of debt service and payment of operating costs. For governmental activities, the net position is restricted by state statutes or federal regulations and program agreements for specific program purposes.

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

Fund Balances

In the governmental funds financial statements, fund balances are reported as either restricted for housing and energy related programs, nonspendable in current form due to the long term nature of certain assets, or unassigned for any residual deficit fund balances. Generally, if unrestricted fund balances are available they are used after assigned or restricted amounts.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and held by banks in demand deposits and savings accounts.

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Investments

Money market funds, repurchase agreements and certificates of deposit that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Investments not reported at amortized cost are reported at fair value. 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 deferred and recorded as a payable to the federal government.

Mortgage Notes Receivable

Mortgage notes receivable are carried at their uncollected principal balance less allowances for loan losses. The recording of interest income on problem loans ceases when collectability within a reasonable period of time becomes doubtful. Program income received for revolving loan programs are recorded as unearned income. MaineHousing reclassifies its liability for amounts due under revolving loan programs relating to forgivable loans and loans with no payments due until sale of the collateral or maturity of the loan (usually 30 years from origination) to reduce the associated loan balances. MaineHousing believes this presentation better reflects the underlying economics of the loan.

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 expenses. 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.

Capital Assets

Capital assets consisting of building, land, and equipment are stated at cost less accumulated depreciation and are reported in the agency-wide and proprietary funds financial statements. MaineHousing capitalizes assets with an initial cost of one thousand dollars or more. Depreciation is computed using the straight line method over the estimated useful lives of the assets, which range from three to forty years. Land and assets that are being developed are not depreciated.

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 and are 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.

Bond Discount, Premium, Issuance Costs and Deferred Amounts on Refunding

Bond discounts and premiums are reflected as a component of bonds payable and are deferred and amortized over the lives of the bonds using a method that approximates the effective interest method. Gains and losses on debt refundings are 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 and reflected as a deferred outflow of resources. Bond issuance costs are expensed in the year issued.

Loan Origination Fees and Costs

MaineHousing pays origination costs at the time it purchases single-family mortgage loans. These and other program costs, including closing cost assistance to borrowers, paid in connection with acquiring certain single-family loans, are expensed in the year of origination.

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MaineHousing may receive points in connection with the origination of certain mortgage loans, which are essentially yield adjustments on the loans. Points received for single-family loans are reflected as a deferred inflow of resources and amortized as a component of 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 points are recognized immediately as interest income. MaineHousing may charge a fee at the time that a commitment is made to originate a mortgage on a multi-family loan. These fees are recognized as income in the year the commitment is made.

Revenues, Expenses and Expenditures

Program revenues in the agency-wide Statement of Activities are reported in three categories including (1) charges for services, (2) investment income and (3) grants and contributions. Charges for services include all revenues from mortgage loans and program administration fees. Investment income consists of earnings from non-mortgage investment assets. Grants and contributions include revenues from other governments and organizations that are restricted for use in a particular program. All revenues are recorded as income when earned and the associated expenses are recorded as incurred.

The proprietary funds' primary sources of operating revenues are income from mortgage loans and other permitted investments. Operating expenses in the proprietary funds consist of expenses incurred for originating and servicing loans, bond interest and program administration.

Revenues in the governmental funds are derived from grant and program agreements with the federal government, appropriations from the Maine State Legislature, and other organizations. MaineHousing also receives fee income for program administration. Expenditures in the governmental funds are all current operating expenditures and consist primarily of program disbursements and administration charges.

Derivatives and Hedging Instruments

MaineHousing enters into interest rate swap agreements in order to manage risks associated with interest on its variable rate bond portfolio. 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. MaineHousing measures the effectiveness of its interest rate swap agreements in total whereby all the swaps are used to hedge interest expense on a portion of the total variable rate bonds equal to the notional amount of the swaps. Hedge effectiveness is determined by using the regression analysis and synthetic instrument methods. MaineHousing's swap agreements constitute an effective hedge for the hedged portion of the variable rate bond portfolio at December 31, 2021.

Fair Value Methodology

Generally accepted accounting principles establishes standards for determining fair value measurements for accounting and financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements and also establishes a three-tier hierarchy that prioritizes the inputs used to measure fair value as follows:

- **Level 1 inputs** are observable, quoted prices in active markets for identical assets or liabilities;
- **Level 2 inputs** are directly or indirectly observable, but not on level 1; and
- **Level 3 inputs** are all inputs that are unobservable.

MaineHousing's assets and liabilities carried at fair value are investments and interest rate swaps.

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Defined Benefit Pension Plan

MaineHousing is a participating local district (PLD) member of the Maine Public Employees Retirement System (MainePERS) PLD Consolidated Retirement Plan and employees may participate in a defined benefit plan offered by MainePERS. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of MainePERS' PLD Consolidated Plan have been determined on the same basis as they are reported by MainePERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments at MainePERS are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statements and the reported amounts of revenues, expenses and expenditures during the reporting year. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for losses on loans and fair value of interest rate swaps. Actual results could differ from estimates.

New Accounting Standards

The following GASB Statements that have been issued are under evaluation by MaineHousing:

- GASB Statement No. 87, *Leases*; GASB Statement No. 91, *Conduit Debt Obligations*; GASB Statement No. 92, *Omnibus 2020*; and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB Statement No. 32* are effective for the year ending December 31, 2022.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates* has requirements that are effective for the year ending December 31, 2022.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* are effective for the year ending December 31, 2023.

MaineHousing has not adopted these standards and is evaluating the impact they may have on its financial statements.

(3.) CASH AND INVESTMENTS

At December 31, 2021, the carrying amount of MaineHousing's bank deposits was \$65,418 and the bank balance was \$65,883. The difference between the carrying amount and the bank balance is a result of transactions in transit. Of the bank balance, \$384 was covered by federal depository insurance and \$65,499 was collateralized by pledged government securities that are held in the bank's name at the Federal Reserve Bank.

The General Mortgage Purchase 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, repurchase agreements and other similar banking arrangements that 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.

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MaineHousing's investment balances and stated maturities as of December 31, 2021 are presented in the following table. Actual maturities may differ due to investments being called by the issuer.

Investment Type	Investment Maturities in Years					Moody's Credit Rating
	Carrying Amount	Less than 1	1-5	6-10	More than 10	
PROPRIETARY FUNDS						
MORTGAGE PURCHASE FUND						
Repurchase Agreements	\$124,547	\$124,547	\$0	\$0	\$0	NR
Money Market Funds	19	19	0	0	0	NR
Federal Farm Credit Bank (FFCB)	24,478	0	0	8,976	15,502	P-1/Aaa
Federal Home Loan Bank (FHLB)	102,094	76,996	0	9,540	15,558	P-1/Aaa
U.S. Treasury Securities	139,999	139,999	0	0	0	NR
Total - Mortgage Purchase Fund	391,137	341,561	0	18,516	31,060	
BONDHOLDERS RESERVE FUND						
Repurchase Agreements	7,998	7,998	0	0	0	NR
GENERAL ADMINISTRATIVE FUND						
Repurchase Agreements	5,205	5,205	0	0	0	NR
Money Market Funds	773	773	0	0	0	NR
Certificates of Deposit	2,403	2,403	0	0	0	NR
Total - General Administrative Fund	8,381	8,381	0	0	0	
Total - Proprietary Funds	\$407,516	\$357,940	\$0	\$18,516	\$31,060	
GOVERNMENTAL FUNDS						
HOME FUND						
Repurchase Agreements	\$33,760	\$33,760	\$0	\$0	\$0	NR
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND						
Repurchase Agreements	43,118	43,118	0	0	0	NR
OTHER FEDERAL AND STATE PROGRAMS						
Repurchase Agreements	7,974	7,974	0	0	0	NR
Total - Governmental Funds	\$84,852	\$84,852	\$0	\$0	\$0	

MaineHousing generally invests in repurchase agreements, money market funds, and U.S. Treasury Securities for short-term investments, which 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, wherever practicable.

A market approach is used to determine fair value using Level 2 inputs for investments carried at fair value. Prices and other relevant information are generated by market transactions involving identical or comparable investments.

At December 31, 2021, \$440,389 was invested in short-term repurchase agreements, money market funds, U.S. Treasury Securities, and other government sponsored enterprises with maturity dates of less than one year and interest rates up to 0.04%. Investments other than repurchase agreements, money market funds, and U.S. Treasury Securities are registered in MaineHousing's name. Investments issued by Federal Farm Credit Bank (FFCB) and Federal Home Loan Bank (FHLB) make up 6% and 26% of total investments, respectively, in the Mortgage Purchase Fund.

At December 31, 2021, \$2,403 is invested in a non-negotiable certificate of deposit to fund a debt service reserve in connection with a loan agreement. The certificate has an interest rate of 0.01% and will mature in January 2022. The certificate is not credit rated and is being held by its bank trustee in MaineHousing's name.

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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 noncurrent portion of mortgage notes receivable and other notes receivable. However, where there is no noncurrent portion for other notes receivable, the allowance is netted against the current amount. A summary of mortgage notes receivable at December 31, 2021 is as follows:

	<u>Number of Notes</u>	<u>Principal Balance</u>	<u>Percent of Portfolio</u>
PROPRIETARY FUNDS			
MORTGAGE PURCHASE FUND - SINGLE-FAMILY:			
VA guaranteed	429	\$43,851	5.0%
FHA insured	1,514	140,097	15.8%
USDA/RD guaranteed	5,046	534,949	60.4%
Privately insured	286	28,958	3.3%
Non-insured	2,417	137,866	15.5%
Total Mortgage Purchase Fund - single-family	<u>9,692</u>	<u>885,721</u>	<u>100.0%</u>
MORTGAGE PURCHASE FUND - MULTI-FAMILY:			
Section 8	181	176,894	36.2%
Conventional	315	294,337	60.2%
Supportive Housing	156	17,436	3.6%
Total Mortgage Purchase Fund - multi-family	652	488,667	<u>100.0%</u>
Less: Allowance for losses on loans		(7,182)	
Total Mortgage Purchase Fund	<u>10,344</u>	<u>1,367,206</u>	
GENERAL ADMINISTRATIVE FUND - SINGLE-FAMILY:			
Non-insured	56	1,532	96.8%
Privately insured	2	50	3.2%
Total General Administrative Fund-Single Family	58	1,582	<u>100.0%</u>
GENERAL ADMINISTRATIVE FUND - MULTI-FAMILY:			
Section 8	1	553	15.0%
Conventional	5	3,128	85.0%
Total General Administrative Fund - multi-family	6	3,681	<u>100.0%</u>
GENERAL ADMINISTRATIVE FUND - HOME IMPROVEMENT LOANS:			
Non-insured	16	29	<u>100.0%</u>
Less: Allowance for losses on loans		(624)	
Total General Administrative Fund	80	4,668	
Total Proprietary Funds	<u>10,424</u>	<u>\$1,371,874</u>	
GOVERNMENTAL FUNDS			
HOME FUND - SINGLE-FAMILY:			
Non-insured	303	\$3,182	<u>100.0%</u>
HOME FUND - MULTI-FAMILY:			
Non-insured	119	26,725	<u>100.0%</u>
Total HOME Fund	422	29,907	
Less: Allowance for losses on loans		(947)	
Total HOME Fund	422	28,960	
MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND - MULTI-FAMILY			
Non-insured	16	9,619	<u>100.0%</u>
Total Governmental Funds	<u>438</u>	<u>\$38,579</u>	

Maine State Housing Authority
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A summary of other notes receivable at December 31, 2021 is as follows:

	<u>Number of Notes</u>	<u>Principal Balance</u>	<u>Percent of Portfolio</u>
PROPRIETARY FUNDS			
GENERAL ADMINISTRATIVE FUND			
Non-insured	3	\$65	100.0%
Total Proprietary Funds	<u>3</u>	<u>\$65</u>	
GOVERNMENTAL FUNDS			
OTHER FEDERAL AND STATE PROGRAMS:			
Non-insured	1	\$1	100.0%
Less: Allowance for losses on loans		(1)	
Total Governmental Funds	<u>1</u>	<u>\$0</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	General Administrative Fund	HOME Fund	Other Federal and State Programs
Balance – December 31, 2020	\$7,201	\$600	\$1,000	\$5
Provision	0	11	0	6
Loans charged off	(41)	0	(53)	(10)
Recoveries	22	13	0	0
Balance – December 31, 2021	<u>\$7,182</u>	<u>\$624</u>	<u>\$947</u>	<u>\$1</u>

(5.) BONDS AND NOTES PAYABLE

MaineHousing issues bonds that pay interest that is subject to Alternative Minimum Tax (AMT), bonds that pay interest that is not subject to this tax (Non-AMT) and federally taxable bonds. 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 in the following table.

The interest rates presented in the following table for variable rate bonds represent the rate at December 31, 2021. The Single-Family (S/F) and Multi-Family (M/F) Mortgage Bonds Payable outstanding at December 31, 2021 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		
PROPRIETARY FUNDS							
MORTGAGE PURCHASE FUND							
2005 SERIES G BONDS (M/F):							
2005 Series G (AMT)							
Term Bonds	\$22,300	\$19,865	Variable - 0.14%	2022-2037	255	-	4,385
2013 SERIES B BONDS (S/F):							
2013 Series B (Non-AMT)							
Serial Bonds	7,540	3,610	2.70% - 2.75%	2023-2024	1,775	-	1,835
Term Bonds	3,890	2,000	3.00%	2026-2027	985	-	1,015
Term Bonds	38,690	37,100	3.45%	2028-2032	5,625	-	8,280
Term Bonds	28,880	27,600	3.60%	2033-2036	2,230	-	9,205
Term Bonds	27,000	340	4.00%	2036-2037	150	-	190
	<u>106,000</u>	<u>70,650</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		
2014 SERIES C BONDS (S/F):							
2014 Series C-1 (AMT)							
Serial Bonds	14,860	4,475	3.00% - 3.10%	2023-2024	1,370	-	3,105
Term Bonds	2,000	0	3.63%				
Term Bonds	7,620	0	4.00%				
Term Bonds	17,465	3,150	3.50%	2034-2041	170	-	775
2014 Series C-2 (Non-AMT)							
Term Bonds	29,000	10,945	3.75%	2033-2034	4,275	-	6,670
	70,945	18,570					
2015 SERIES A BONDS (M/F)							
2015 Series A-1 (AMT)							
Serial Bonds	13,485	5,390	2.88% - 3.05%	2023-2025	1,745	-	1,855
2015 Series A-2 (Non-AMT)							
Term Bonds	6,555	1,125	3.25%	2028-2029	525	-	600
2015 Series A-3 (Non-AMT)							
Serial Bonds	8,050	0	1.20%				
Term Bonds	11,220	11,220	3.50%	2030-2034	2,085	-	2,410
Term Bonds	13,505	13,505	3.63%	2035-2039	2,505	-	2,905
Term Bonds	16,225	16,225	3.75%	2040-2044	2,995	-	3,500
	69,040	47,465					
2015 SERIES B BONDS (S/F)							
2015 Series B (Non-AMT)							
Serial Bonds	9,750	3,435	2.30% - 2.60%	2023-2025	1,115	-	1,175
Term Bonds	10,750	6,650	3.20%	2028-2030	2,150	-	2,285
Term Bonds	1,610	1,610	3.45%	2031-2034	380	-	425
Term Bonds	9,890	1,595	3.50%	2035-2040	225	-	290
	32,000	13,290					
2015 SERIES C BONDS (M/F)							
2015 Series C (Federally Taxable)							
Serial Bonds	9,480	0	2.74% - 3.04%				
Term Bonds	18,000	4,100	3.59%	2030		4,100	
Term Bonds	12,520	7,800	3.95%	2038-2040	2,500	-	2,700
	40,000	11,900					
2015 SERIES D BONDS (S/F)							
2015 Series D (Non-AMT)							
Serial Bonds	7,105	2,800	2.80% - 3.13%	2023-2025	900	-	970
Term Bonds	3,340	0	3.75%				
Term Bonds	4,890	0	4.00%				
Term Bonds	7,585	0	4.25%				
Term Bonds	7,080	1,515	4.00%	2041-2045	235	-	385
	30,000	4,315					
2015 SERIES E BONDS (S/F)							
2015 Series E-1 (AMT)							
Serial Bonds	30,115	2,580	3.10%	2023		2,580	
Term Bonds	26,690	0	4.00%				
Term Bonds	26,325	5,895	3.50%	2031-2034	715	-	2,045
2015 Series E-3 (AMT)							
Term Bonds	30,000	30,000	Variable - 0.14%	2035-2038	5,455	-	8,975
	113,130	38,475					
2015 SERIES F BONDS (M/F)							
2015 Series F-2 (Non-AMT)							
Serial Bonds	2,450	2,000	2.35% - 2.85%	2023-2026		500	
2015 Series F-3 (Non-AMT)							
Serial Bonds	15,005	0	1.10%				
Term Bonds	6,340	5,155	3.40%	2028-2030	1,650	-	1,785
Term Bonds	9,565	0	3.85%				
Term Bonds	11,840	7,815	3.95%	2038-2040	2,490	-	2,720
	45,200	14,970					
2015 SERIES G BONDS (S/F)							
2015 Series G (Non-AMT)							
Serial Bonds	8,185	6,905	2.35% - 3.00%	2023-2027	675	-	2,095
Term Bonds	1,730	1,730	3.35%	2028-2030	535	-	615
Term Bonds	2,125	1,420	3.65%	2033-2035	420	-	525
Term Bonds	12,060	7,420	3.85%	2038-2040	2,410	-	2,535
Term Bonds	5,900	1,580	3.50%	2041-2045	250	-	345
	30,000	19,055					

Maine State Housing Authority
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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		
2016 SERIES A BONDS (S/F)							
2016 Series A (Non-AMT)							
Serial Bonds	6,065	3,990	1.70% - 2.45%	2022-2026	745	-	855
Term Bonds	6,520	6,520	2.90%	2027-2030	1,545	-	1,720
Term Bonds	4,630	4,630	3.30%	2031-2035	865	-	990
Term Bonds	10,900	10,900	3.55%	2036-2040	1,960	-	2,355
Term Bonds	6,885	1,950	4.00%	2041-2045	375	-	410
	35,000	27,990					
2016 SERIES B BONDS (S/F)							
2016 Series B-1 (Non-AMT)							
Serial Bonds	19,260	13,105	1.70% - 2.55%	2022-2027	1,970	-	2,410
Term Bonds	3,885	1,205	2.70%	2028		1,205	
Term Bonds	18,855	4,275	3.50%	2040-2046	260	-	705
2016 Series B-2 (AMT)							
Term Bonds	28,000	28,000	Variable - 0.14%	2029-2037	2,720	-	3,420
	70,000	46,585					
2016 SERIES C BONDS (S/F)							
2016 Series C (Non-AMT)							
Serial Bonds	13,620	11,815	1.55% - 2.50%	2022-2028	950	-	3,475
Term Bonds	5,670	5,670	2.75%	2029-2031	1,185	-	2,285
Term Bonds	8,975	8,975	3.00%	2032-2036	1,305	-	2,510
Term Bonds	3,355	3,355	3.15%	2037-2041	625	-	720
Term Bonds	8,380	2,920	3.50%	2042-2046	555	-	620
	40,000	32,735					
2016 SERIES D BONDS (M/F)							
2016 Series D (Federally Taxable)							
Serial Bonds	32,000	32,000	2.24% - 2.99%	2023-2029	825	-	8,185
Term Bonds	8,000	8,000	3.29%	2030-2031		4,000	
	40,000	40,000					
2016 SERIES E BONDS (S/F)							
2016 Series E (Non-AMT)							
Serial Bonds	6,250	3,715	2.45% - 3.15%	2023-2027	690	-	800
Term Bonds	3,050	800	3.63%	2031		800	
Term Bonds	10,385	0	3.90%				
Term Bonds	8,315	3,265	4.00%	2037-2046	285	-	370
	28,000	7,780					
2017 SERIES A BONDS (S/F)							
2017 Series A (Non-AMT)							
Serial Bonds	5,920	4,180	2.30% - 3.15%	2023-2028	635	-	765
Term Bonds	3,360	1,685	3.65%	2029-2032	790	-	895
Term Bonds	6,315	0	4.00%				
Term Bonds	7,625	0	4.05%				
Term Bonds	6,780	2,910	4.00%	2043-2047	480	-	880
	30,000	8,775					
2017 SERIES B BONDS (S/F)							
2017 Series B (Non-AMT)							
Serial Bonds	8,680	7,375	1.65% - 3.00%	2022-2030	690	-	1,010
Term Bonds	4,215	4,215	3.25%	2031-2032	2,090	-	2,125
Term Bonds	6,170	6,170	3.65%	2033-2037	1,150	-	1,325
Term Bonds	8,745	8,745	3.75%	2038-2044	1,115	-	1,355
Term Bonds	7,190	3,380	4.00%	2045-2047	1,110	-	1,150
	35,000	29,885					
2017 SERIES D BONDS (M/F)							
2017 Series D-1 (Non-AMT)							
Serial Bonds	13,175	8,000	1.70% - 2.95%	2022-2029		1,000	
Term Bonds	14,320	14,320	3.50%	2033-2037	2,250	-	3,980
Term Bonds	5,870	5,870	3.65%	2038-2042	1,090	-	1,265
Term Bonds	7,810	7,810	3.75%	2043-2047	1,445	-	1,680
2017 Series D-2 (AMT)							
Term Bonds	50,000	50,000	Variable - 0.13%	2042-2046		10,000	
	91,175	86,000					

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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		
2017 SERIES E BONDS (S/F)							
2017 Series E (Federally Taxable)							
Term Bonds	60,000	60,000	Variable - 0.08%	2042-2052	5,000	-	10,000
	<u>60,000</u>	<u>60,000</u>					
2017 SERIES F BONDS (S/F)							
2017 Series F (Non-AMT)							
Serial Bonds	13,180	11,430	1.75% - 3.00%	2023-2030	970	-	1,675
Term Bonds	2,055	2,055	3.15%	2031-2032	1,005	-	1,050
Term Bonds	5,920	5,920	3.50%	2033-2037	1,090	-	1,280
Term Bonds	7,000	7,000	3.65%	2038-2042	1,320	-	1,490
Term Bonds	11,845	5,985	3.50%	2043-2047	935	-	2,025
	<u>40,000</u>	<u>32,390</u>					
2017 SERIES G BONDS (S/F - M/F)							
2017 Series G-1 (Federally Taxable)							
Term Bonds	55,000	55,000	Variable - 0.09%	2045-2050	8,290	-	10,090
2017 Series G-2 (Federally Taxable)							
Term Bonds	3,520	3,520	0.00%	2022		3,520	
	<u>58,520</u>	<u>58,520</u>					
2017 SERIES H BONDS (S/F)							
2017 Series H (Non-AMT)							
Serial Bonds	18,380	18,380	2.10% - 3.05%	2023-2030	1,105	-	4,510
Term Bonds	5,420	5,420	3.25%	2031-2033	1,750	-	1,865
Term Bonds	10,625	10,625	3.55%	2034-2037	2,515	-	2,795
Term Bonds	1,485	1,485	3.70%	2038-2042	275	-	320
Term Bonds	2,590	2,590	3.75%	2043-2047	480	-	555
	<u>38,500</u>	<u>38,500</u>					
2018 SERIES A BONDS (S/F)							
2018 Series A (Non-AMT)							
Serial Bonds	13,510	9,335	2.40% - 3.25%	2023-2030	1,135	-	1,200
Term Bonds	3,680	3,680	3.50%	2031-2033	1,215	-	1,245
Term Bonds	8,630	8,630	3.75%	2034-2038	1,685	-	1,765
Term Bonds	9,180	9,180	3.90%	2039-2043	1,790	-	1,885
	<u>35,000</u>	<u>30,825</u>					
2018 SERIES B BONDS (S/F)							
2018 Series B (Non-AMT)							
Serial Bonds	10,565	7,205	2.40% - 3.10%	2023-2028	1,170	-	1,230
Term Bonds	6,005	6,005	3.50%	2029-2033	1,175	-	1,230
Term Bonds	11,270	11,270	3.75%	2034-2038	2,195	-	2,320
Term Bonds	12,160	12,160	3.85%	2039-2043	2,355	-	2,515
	<u>40,000</u>	<u>36,640</u>					
2018 SERIES C BONDS (S/F)							
2018 Series C (Non-AMT)							
Serial Bonds	14,200	10,310	2.25% - 3.25%	2023-2030	485	-	1,955
Term Bonds	4,080	4,080	3.55%	2031-2033	1,345	-	1,375
Term Bonds	7,195	1,485	3.85%	2038		1,485	
Term Bonds	9,595	9,595	3.95%	2039-2043	1,750	-	2,415
Term Bonds	9,930	6,620	4.00%	2044-2048	230	-	3,015
	<u>45,000</u>	<u>32,090</u>					
2018 SERIES D BONDS (S/F - M/F)							
2018 Series D-1 (Federally Taxable)							
Term Bonds	40,000	40,000	Variable - 0.45%	2043-2053	2,965	-	4,395
2018 Series D-2 (Federally Taxable)							
Term Bonds	3,150	3,150	0.00%	2023		3,150	
	<u>43,150</u>	<u>43,150</u>					
2018 SERIES F BONDS (S/F)							
2018 Series F (Non-AMT)							
Serial Bonds	7,710	4,365	2.65% - 3.55%	2023-2029	405	-	1,235
Term Bonds	3,745	0	3.85%				
Term Bonds	6,450	0	4.13%				
Term Bonds	6,225	0	4.20%				
Term Bonds	10,300	7,080	4.25%	2044-2048	280	-	3,195
	<u>34,430</u>	<u>11,445</u>					

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2019 SERIES A BONDS (S/F)							
2019 Series A (Non-AMT)							
Serial Bonds	12,670	10,915	2.20% - 3.05%	2023-2030	695	-	3,330
Term Bonds	4,305	4,305	3.45%	2031-2034	1,005	-	1,150
Term Bonds	2,605	2,605	3.80%	2035-2039	475	-	570
Term Bonds	10,880	0					
Term Bonds	9,005	6,535	4.00%	2046-2049	960	-	2,475
	<u>39,465</u>	<u>24,360</u>					
2019 SERIES B BONDS (S/F)							
2019 Series B (Non-AMT)							
Serial Bonds	18,075	16,130	1.80% - 2.80%	2022-2032	695	-	2,245
Term Bonds	1,470	1,470	2.95%	2033-2034	720	-	750
Term Bonds	10,615	10,615	3.15%	2035-2039	1,745	-	2,730
Term Bonds	9,840	9,840	3.35%	2040-2044	1,795	-	2,130
	<u>40,000</u>	<u>38,055</u>					
2019 SERIES C BONDS (S/F)							
2019 Series C (Non-AMT)							
Serial Bonds	8,415	7,140	1.45% - 2.45%	2022-2031	100	-	1,055
Term Bonds	6,350	6,350	2.75%	2032-2034	2,040	-	2,195
Term Bonds	5,250	5,250	3.00%	2035-2039	100	-	2,275
Term Bonds	10,270	10,270	3.20%	2040-2045	1,315	-	1,920
Term Bonds	8,825	7,205	4.00%	2047-2050	1,300	-	2,040
	<u>39,110</u>	<u>36,215</u>					
2019 SERIES D BONDS (M/F)							
2019 Series D (Federally Taxable)							
Term Bonds	4,220	4,220	0.00%	2024		4,220	
	<u>4,220</u>	<u>4,220</u>					
2019 SERIES E BONDS (S/F)							
2019 Series E (Non-AMT)							
Serial Bonds	15,540	14,550	1.50% - 2.35%	2022-2031	660	-	3,430
Term Bonds	5,895	5,895	2.70%	2032-2034	1,935	-	1,995
Term Bonds	6,610	6,610	3.10%	2040-2044	1,230	-	1,415
Term Bonds	6,400	5,435	3.75%	2047-2049	490	-	2,525
	<u>34,445</u>	<u>32,490</u>					
2020 SERIES A BONDS (S/F)							
2020 Series A (Non-AMT)							
Serial Bonds	9,800	8,885	1.25% - 2.40%	2022-2032	680	-	955
Term Bonds	1,995	1,995	2.60%	2033-2034	980	-	1,015
Term Bonds	7,195	7,195	2.85%	2035-2039	1,050	-	1,750
Term Bonds	8,645	8,645	3.00%	2040-2044	1,620	-	1,840
Term Bonds	6,715	5,880	3.75%	2047-2049	835	-	3,625
	<u>34,350</u>	<u>32,600</u>					
2020 SERIES B BONDS (M/F)							
2020 Series B (Non-AMT)							
Serial Bonds	12,000	12,000	1.00% - 1.10%	2022-2024		4,000	
Term Bonds	7,000	7,000	2.10%	2033-2035	2,140	-	2,530
Term Bonds	14,275	14,275	2.35%	2036-2040	2,690	-	3,015
Term Bonds	7,755	7,755	2.50%	2041-2045	1,470	-	1,640
Term Bonds	8,970	8,970	2.60%	2046-2050	1,695	-	1,900
	<u>50,000</u>	<u>50,000</u>					
2020 SERIES C BONDS (S/F)							
2020 Series C (Non-AMT)							
Serial Bonds	12,765	12,765	1.35% - 2.50%	2022-2032	950	-	1,675
Term Bonds	5,315	5,315	2.70%	2033-2035	1,715	-	1,830
Term Bonds	9,640	9,640	3.00%	2036-2040	1,770	-	2,055
Term Bonds	11,235	10,090	4.00%	2044-2050	340	-	2,025
	<u>38,955</u>	<u>37,810</u>					
2020 SERIES D BONDS (S/F)							
2020 Series D (Non-AMT)							
Serial Bonds	10,280	10,280	0.90% - 2.20%	2024-2032	990	-	1,310
Term Bonds	4,390	4,390	2.30%	2033-2035	1,090	-	2,170
Term Bonds	7,580	7,580	2.55%	2036-2040	1,270	-	2,215
Term Bonds	12,750	12,750	2.80%	2041-2045	1,465	-	4,120
	<u>35,000</u>	<u>35,000</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		
2020 SERIES E BONDS (M/F)							
2020 Series E (Federally Taxable)							
Serial Bonds	40,000	40,000	2.02% - 2.74%	2026-2033	4,600	-	5,455
	<u>40,000</u>	<u>40,000</u>					
2020 SERIES F BONDS (S/F)							
2020 Series F (Non-AMT)							
Serial Bonds	10,465	10,465	0.30% - 1.75%	2022-2032	395	-	1,135
Term Bonds	3,415	3,415	2.00%	2033-2035	1,100	-	1,175
Term Bonds	6,535	6,535	2.15%	2036-2040	1,215	-	1,395
Term Bonds	7,710	7,710	2.25%	2041-2045	1,440	-	1,655
Term Bonds	11,875	11,875	2.40%	2046-2050	1,705	-	4,705
	<u>40,000</u>	<u>40,000</u>					
2020 SERIES G BONDS (S/F)							
2020 Series G (Non-AMT)							
Serial Bonds	25,180	25,180	0.50% - 2.20%	2024-2035	1,035	-	5,315
Term Bonds	10,465	10,465	2.38%	2036-2040	1,960	-	2,215
	<u>35,645</u>	<u>35,645</u>					
2020 SERIES H BONDS (S/F - M/F)							
2020 Series H (Federally Taxable)							
Serial Bonds	27,345	27,345	1.70% - 2.57%	2026-2032	3,800	-	4,055
Term Bonds	12,655	12,655	2.67%	2033-2035	4,130	-	4,310
	<u>40,000</u>	<u>40,000</u>					
2021 SERIES A BONDS (M/F)							
2021 Series A (Non-AMT)							
Serial Bonds	21,000	21,000	0.30% - 0.60%	2023-2026	4,000	-	8,000
Term Bonds	6,000	6,000	1.85%	2034-2036	1,955	-	2,040
Term Bonds	7,000	7,000	2.05%	2037-2041	1,345	-	1,455
Term Bonds	8,000	8,000	2.15%	2042-2046	1,540	-	1,660
Term Bonds	8,000	8,000	2.20%	2047-2051	1,530	-	1,665
	<u>50,000</u>	<u>50,000</u>					
2021 SERIES B BONDS (S/F)							
2021 Series B (Non-AMT)							
Serial Bonds	10,150	10,150	0.15% - 1.85%	2022-2032	775	-	1,050
Term Bonds	5,925	5,925	2.05%	2033-2036	1,425	-	1,550
Term Bonds	8,550	8,550	2.20%	2037-2041	1,600	-	1,800
Term Bonds	7,050	7,050	2.40%	2042-2046	1,325	-	1,500
Term Bonds	8,325	8,325	2.45%	2047-2051	1,550	-	1,800
	<u>40,000</u>	<u>40,000</u>					
2021 SERIES C BONDS (S/F)							
2021 Series C (Non-AMT)							
Serial Bonds	10,755	10,755	0.15% - 1.80%	2022-2033	500	-	1,080
Term Bonds	5,730	5,730	1.90%	2034-2036	1,850	-	1,965
Term Bonds	10,865	10,865	2.15%	2037-2041	2,035	-	2,310
Term Bonds	12,650	12,650	2.30%	2042-2046	2,375	-	2,700
	<u>40,000</u>	<u>40,000</u>					
2021 SERIES D BONDS (S/F)							
2021 Series D (Non-AMT)							
Serial Bonds	11,675	11,675	0.40% - 2.10%	2023-2033	910	-	1,225
Term Bonds	3,915	3,915	2.20%	2034-2036	1,270	-	1,340
Term Bonds	7,325	7,325	2.40%	2037-2041	1,380	-	1,550
Term Bonds	7,960	7,960	2.65%	2042-2046	1,505	-	1,670
Term Bonds	8,455	8,455	3.00%	2049-2051	1,655	-	4,765
	<u>39,330</u>	<u>39,330</u>					
		1,497,590					
Plus: Net Unamortized Bond Premium		<u>1,154</u>					
Total Mortgage Purchase Fund	<u>1,962,910</u>	<u>1,498,744</u>					
Total Proprietary Funds	<u>\$1,962,910</u>	<u>\$1,498,744</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		
GOVERNMENTAL FUNDS							
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND							
2021 Series 1 (Non-AMT)							
Serial Bonds	<u>\$15,020</u>	<u>\$15,020</u>	5.00%	2034-2037	3,265	-	4,110
2021 Series 2 (Taxable)							
Serial Bonds	<u>38,930</u>	<u>38,930</u>	0.28% - 2.42%	2022-2034	295	-	3,480
		53,950					
Plus: Net Unamortized Bond Premium		<u>4,075</u>					
Total Maine Energy, Housing & Recovery							
Fund Group	<u>53,950</u>	<u>58,025</u>					
Total Governmental Funds							
	<u>\$53,950</u>	<u>\$58,025</u>					

The following table summarizes bond debt activity for the year ended December 31, 2021:

Fund	Outstanding at December 31, 2020	Issues	Retirement	Outstanding at December 31, 2021
Mortgage Purchase Fund	\$1,555,700	\$169,330	(\$227,440)	\$1,497,590
Maine Energy, Housing & Economic Recovery Fund	<u>22,630</u>	<u>53,950</u>	<u>(22,630)</u>	<u>53,950</u>
Total	<u>\$1,578,330</u>	<u>\$223,280</u>	<u>(\$250,070)</u>	<u>\$1,551,540</u>

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

The interest calculations shown in the table below are based on the variable rate in effect at December 31, 2021 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 bond debt service requirements and net interest rate swap payments through 2026 and in five-year increments thereafter to maturity:

Year(s)	Mortgage Purchase Fund					Maine Energy, Housing & Economic Recovery Fund	
	Fixed and Variable Unswapped		Variable Swapped		Swaps	Fixed	
	Principal	Interest	Principal	Interest	Net Interest	Principal	Interest
2022	\$19,085	\$33,816	\$255	\$236	\$3,721	\$3,445	\$1,300
2023	49,475	33,689	285	243	3,443	3,020	1,289
2024	58,065	32,832	295	243	3,166	3,035	1,272
2025	51,920	31,820	305	242	3,157	3,055	1,247
2026	46,415	30,808	325	242	3,094	3,085	1,214
2027-2031	267,560	136,199	10,590	1,191	11,501	16,110	5,329
2032-2036	267,380	96,899	44,275	1,058	4,303	18,090	3,145
2037-2041	213,865	59,769	21,535	710	146	4,110	103
2042-2046	180,118	28,606	77,327	518	0	0	0
2047-2051	121,393	7,824	48,507	129	0	0	0
2052-2056	14,449	64	4,166	4	0	0	0
Total	<u>\$1,289,725</u>	<u>\$492,326</u>	<u>\$207,865</u>	<u>\$4,816</u>	<u>\$32,531</u>	<u>\$53,950</u>	<u>\$14,899</u>

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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 bond resolutions. Security for bonds in the Mortgage Purchase Fund 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 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 be redeemed in excess of the annual maturities.

Notes Payable

At December 31, 2021, MaineHousing has a \$14,876 note payable to TD Bank, N.A at a fixed rate of 3.20%, maturing November 1, 2033. The note, which is recorded in the General fund, has principal and interest payments due monthly based on a 20-year amortization.

The proceeds from this note were used for the acquisition and rehabilitation of an office building for MaineHousing. The note is secured by a mortgage agreement on the property and a \$2,403 non-negotiable certificate of deposit held with the lender.

The following table provides a summary of note payment requirements through 2026 and in five-year increments thereafter to maturity:

Year(s)	Principal	Interest	Total
2022	\$615	\$474	\$1,089
2023	636	453	1,089
2024	655	434	1,089
2025	678	411	1,089
2026	700	389	1,089
2027-2031	3,861	1,582	5,443
2032-2033	7,731	448	8,179
Total	<u>\$14,876</u>	<u>\$4,191</u>	<u>\$19,067</u>

Moral Obligation Debt

The reserve funds of the Mortgage Purchase Fund 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 is authorized to have an aggregate amount not to exceed \$2,150,000 of outstanding bonds secured by this obligation. Of that amount, \$1,497,590 was outstanding at December 31, 2021.

Other Debt

MaineHousing uses its tax-exempt debt issuing authority to provide financial assistance to private sector developers for the acquisition and rehabilitation, or the construction of multi-family housing projects serving low-to-moderate income households. The debt, which is referred to as conduit debt, is collateralized by revenues generated by the properties financed and is repayable solely from payments received on the underlying mortgage loans and any specific third-party credit enhancement associated with the individual financings. MaineHousing has a total of \$27,587 outstanding at December 31, 2021. The debt does not constitute a liability or a pledge of faith and credit of MaineHousing and is not reported in the accompanying financial statements.

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(6.) INTEREST RATE SWAP AGREEMENTS

MaineHousing has thirteen interest rate swap agreements (swaps) with four counterparties as of December 31, 2021. The objective of the agreements is to attain a synthetic fixed interest rate on a portion of its variable rate 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 have an aggregate negative fair value of \$10,113 at December 31, 2021. During 2021, the fair value of the swaps increased by \$8,296. The fair value was estimated using a zero-coupon method and Level 3 inputs. This method calculates the future net settlement payments required by the swaps, assuming that the current forward rates implied by the current yield curve correctly anticipate future spot interest rates. These payments are then discounted using spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. These amounts are adjusted for estimated unwinding costs.

The swaps have been determined to constitute an effective hedge of a portion of the variable rate bond portfolio equal to the notional amount of the swaps at December 31, 2021 by using the regression analysis and synthetic instrument methods. 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. Variable rate bonds outstanding at December 31, 2021 total \$282,865.

The following table contains the terms, fair values, and credit ratings of the swaps as of December 31, 2021. Specific swaps are assigned to certain debt issuances for arbitrage purposes. The credit ratings were issued by Moody's Investor Services and Standard & Poor's, respectively.

Related Debt Issuance	Current Notional Amount	Effective Date of Swap	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
2005 Series G	\$19,865	2/1/2006	3.59%	65% of 30 day LIBOR plus .20%	(\$5,785)	11/15/2037	Aa2/A+
2015 Series E-3	5,000	11/15/2016	1.15%	70% of 30 day LIBOR	(78)	11/15/2025	Aa2/AA-
2015 Series E-3	5,000	11/15/2019	1.40%	70% of 30 day LIBOR	(185)	11/15/2029	Aa3/A+
2015 Series E-3	20,000	5/15/2021	1.46%	67% of 30 day LIBOR	(1,099)	11/15/2032	A1/A
2016 Series B-2	8,000	5/15/2017	1.61%	70% of 30 day LIBOR	(202)	11/15/2031 ¹	Aa2/AA-
2016 Series B-2	20,000	11/15/2017	1.66%	70% of 30 day LIBOR	(555)	11/15/2031 ¹	Aa2/AA-
2017 Series D-2	10,000	11/15/2019	1.87%	75% of 30 day LIBOR plus 0.46%	(263)	11/15/2026	Aa3/A+
2017 Series D-2	12,500	11/15/2018	2.57%	70% of 30 day LIBOR plus 0.45%	(1,027)	11/15/2028	Aa3/A+
2017 Series D-2	12,500	11/15/2018	2.59%	70% of 30 day LIBOR plus 0.45%	(1,567)	11/15/2033	Aa3/A+
2017 Series D-2	15,000	1/29/2008	3.71%	100% of SIFMA plus .06%	(742)	5/15/2023	Aa2/A+
2017 Series E	25,000	11/15/2021	1.69%	100% of 30 day LIBOR	(720)	11/15/2032	Aa3/A+
2017 Series G-1	25,000	11/15/2019	1.90%	100% of 30 day LIBOR	(920)	11/15/2026	A1/A
2017 Series G-1	30,000	11/15/2020	0.88%	100% of 90 day LIBOR	3,030	11/15/2035	A1/A
Totals	<u>\$207,865</u>				<u>(\$10,113)</u>		

1. MaineHousing has the option of termination, with no Termination Payment on November 15, 2026 and on each May 15 and November 15 thereafter.

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Credit Risk – The swaps contain varying collateral agreements with the counterparties in order to mitigate the potential for credit risk. The requirements of the collateral agreements were met as of December 31, 2021. MaineHousing is not exposed to credit risk for the swaps that have negative fair values. At December 31, 2021, there is one swap that has a positive fair value of \$3,030. This amount represents MaineHousing's credit exposure to the related counterparty and the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. Fair value is only a factor upon termination.

Basis Risk – The floating rate payments provided by the counterparties are based upon either the SIFMA index or the LIBOR index. MaineHousing's floating rate bonds will have rates adjusted weekly. The LIBOR rate will be adjusted on a monthly basis, except for 2017 Series G-1, which is adjusted on a quarterly basis. 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. As of December 31, 2021, the thirty day LIBOR rate and the ninety day LIBOR rate were 0.10% and 0.21%, respectively and the SIFMA rate was 0.10%.

Termination Risk – In addition to the optional terminations embedded in some of MaineHousing's swap agreements, 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 payments on 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.

(7.) RETIREMENT BENEFITS

MaineHousing has defined contribution and defined benefit pension plans that cover substantially all employees. Employees have the option to participate in either plan.

Defined Contribution 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).

Benefit terms, including contribution requirements, for the defined contribution plan are established by management. For each participant in the plan, MaineHousing contributes 2.9% of annual salary to the 401(a) plan. Additionally, if a participant makes voluntary contributions to the 457 plan, MaineHousing matches the contributions up to 7.6% of annual salary. The employer match contribution is made to the 401(a) plan.

For the year ended December 31, 2021, employee contributions totaled \$782 and MaineHousing contributed and recognized expense of \$588. Employees are immediately vested in their own contributions, MaineHousing contributions, and the earnings on those contributions.

Defined Benefit Plan

Plan Description: MaineHousing is a participating local district (PLD) member of the Maine Public Employees Retirement System's (MainePERS) PLD Consolidated Retirement Plan and employees may elect to participate in this multiple-employer cost sharing defined benefit plan. An advisory group established by Maine statute reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them.

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Benefits Provided: Retirement benefits are based on participants' average final compensation and service credit earned as of retirement. Vesting occurs upon the earning of five years of service credit. The normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years (20 years for participants in the plan prior to July 1, 2014) of service credit is reduced by a statutorily prescribed factor for each year of age that a participant is below her/his normal retirement age at retirement.

Post-retirement cost-of-living adjustments (COLA) become available to participants after 24 months of retirement. The post-retirement COLA is capped at 2.5% annually. The plan also provides disability and death benefits, which are established by contract under applicable statutory provisions.

Upon termination, accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and rights. The annual rate of interest credited to participants' accounts is set by MainePERS Board of Trustees and is currently 0.93%.

Contributions: Retirement benefits are funded by contributions from participants and employers and by earnings from MainePERS investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Participant and employer normal cost contributions are each a percentage of applicable participant compensation. Participant contribution rates are defined by law or by the MainePERS Board of Trustees. Employers' contributions are determined by actuarial valuations. As of December 31, 2021, the established MainePERS employer contribution rate is 10.3% and employee contribution rates are 7.80% for participants with a normal retirement age of 60 and 7.05% for participants with a normal retirement age of 65. MaineHousing pays on behalf of its employees 0.20% of the MainePERS employee contribution rate. If a participant retires and is subsequently re-employed in a position covered by the plan, the employer contribution rate is 5%. Total employer contributions were \$504 for the year ended December 31, 2021.

Actuarial Methods and Assumptions

The collective total pension liability (asset) was determined by an actuarial valuation as of June 30, 2021, using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method – The Entry Age Normal cost method is used to determine costs. Under this cost method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each member. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his/her expected future salary. The normal cost for each member is the product of his/her pay and his/her normal cost rate. The normal cost for the group is the sum of the normal costs for all members. Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method – The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization – The net pension liability (asset) is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

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Actuarial Assumptions: The actuarial valuation as of June 30, 2021 and June 30, 2020 used the following actuarial assumptions:

Investment Rate of Return – 6.50% for 2021 and 6.75% for 2020 per annum, compounded annually.

Inflation Rate – 2.75%.

Annual Salary Increases, Including Inflation – 2.75% to 11.48% for 2021 and 2.75% plus merit component based on each employee's year of service for 2020.

Cost of Living Benefit Increases – 1.91%

Mortality Rates – 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table for males and females, projected generationally using RPEC_2020 model. For 2020, the RP 2014 Total Dataset Healthy Annuitant Mortality Table for males and females was used.

The actuarial and demographic assumptions used in the June 30, 2021 valuations were based on the results of an actuarial experience study covering the period June 30, 2016 through June 30, 2020. The actuarial and demographic assumptions used in the June 30, 2020 actuarial valuations were based on the results of an actuarial experience study for the period of June 30, 2012 to June 30, 2015. The economic assumptions are based on this experience study along with advice of the MainePERS investment consultants for June 30, 2021 and June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	30.0%	6.0%
US Government	7.5%	2.3%
Private Equity	15.0%	7.6%
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	7.5%	7.2%
Risk Diversifiers	7.5%	5.9%

Discount Rate: The discount rate used to measure the collective total pension asset was 6.50%. The projection of cash flows used to determine the discount rate assumed that participant contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

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Net Pension Asset: At December 31, 2021, MaineHousing has an asset of \$217 for its proportionate share of the total collective net pension asset. The net pension asset was measured as of June 30, 2021 and the total collective pension asset used to calculate the proportionate share of the net pension asset was determined by an actuarial valuation as of that date. MaineHousing's proportion of the net pension asset was based on MaineHousing's employer contributions received by MainePERS during the measurement period July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all participating entities. MaineHousing's proportion was 0.674986% at December 31, 2021. The proportion was 0.709590% at December 31, 2020.

Sensitivity of MaineHousing's proportionate share of the net pension asset to changes in the discount rate: The following represents MaineHousing's proportionate share of the net pension asset calculated using the discount rate of 6.50%, as well as what MaineHousing's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

1% Decrease	Current Discount Rate	1% Increase
<u>@ 5.50%</u>	<u>@ 6.50%</u>	<u>@ 7.50%</u>
\$3,087	(\$217)	(\$2,950)

Changes in net pension liability (asset) are recognized in pension expense for the year ended December 31, 2021 with the following exceptions:

Differences Between Expected and Actual Experience – The difference between expected and actual experience with regard to economic or demographic factors was recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2021 and 2020 valuation, this was three years.

Differences Between Projected and Actual Investment Earnings – Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions – Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The actuarial assumptions for the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions – Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The first year is recognized as pension expense and the remaining years are shown either as deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended December 31, 2021, MaineHousing recognized a pension credit of \$175 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$141	\$15
Employer contributions subsequent to the measurement date	254	0
Net difference between projected and actual earnings on pension plan investments	0	2,957
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	187
Changes of assumptions	728	0
Total	<u>\$1,123</u>	<u>\$3,159</u>

Amounts reported as deferred outflows of resources related to pensions for MaineHousing's contributions subsequent to the measurement date will be recognized as an addition to the Net Pension Asset for the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense through December 31, 2025 as follows:

Year ended December 31:	Pension Expense Amount
2022	(\$475)
2023	(\$320)
2024	(\$673)
2025	(\$822)

Payables to the Pension Plan: At December 31, 2021, MaineHousing's total payable to MainePERS for unremitted contributions is \$38.

Pension plan fiduciary net position: Detailed information about the plan's fiduciary net position is available in the separately issued MainePERS' Comprehensive Annual Financial Report at www.mainebers.org

(8.) AVAILABLE BONDS PROCEEDS

MORTGAGE PURCHASE FUND

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

2018 Series D-2 (M/F)	\$271
2019 Series D (M/F)	502
2020 Series B (M/F)	13,943
2020 Series H (S/F, M/F)	3,073
2021 Series A (M/F)	36,324
2021 Series B (S/F)	5,001
2021 Series C (S/F)	28,446
2021 Series D (S/F)	45,503
	<u>\$133,063</u>

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MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND

The following bond proceed amounts are invested in accordance with the Maine Energy, Housing and Recovery General Indenture and are available for program activities:

2010 Series 2	\$135
2021 Series 1	\$31
2021 Series 2	38,677
	<u>\$38,843</u>

(9.) COMMITMENTS

MORTGAGE COMMITMENTS

Mortgage commitments are agreements to loan money provided there is no violation of any term or condition established in the agreement. Generally, once exercised, 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, 2021, MaineHousing had outstanding commitments to originate multi-family mortgage loans of approximately \$241,257. MaineHousing, under its single-family program, enters into purchase agreements with lenders to purchase mortgage loans. At December 31, 2021, single-family loans being processed by lenders for MaineHousing totaled approximately \$33,475.

(10.) RESERVE FUNDS

MORTGAGE PURCHASE FUND – 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, 2021 was \$82,014. 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, 2021 was \$124,951.

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, 2021, 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 \$143,286.

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

With the issuance of the 2021 Series 1 and 2 bonds, MaineHousing is no longer required to maintain a Capital Reserve Fund.

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. As of December 31, 2021, the maximum debt service amount was \$4,318.

(11.) EXCESS ARBITRAGE TO BE REBATED

Tax-exempt bonds issued by MaineHousing are subject to Internal Revenue Service 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, 2021, there are no arbitrage liabilities to be rebated.

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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 a receivable in other assets. MaineHousing has receivables in the amount of \$184 in the Mortgage Purchase Fund at December 31, 2021.

(12.) FUND TRANSFERS AND INTERFUND BALANCES

MaineHousing records transfers between funds for various purposes including program subsidies, fees and capital asset transfers. Transfers for the year ended December 31, 2021 consisted of the following:

	General Administrative Fund	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Other Federal and State Programs
Capital Assets	\$225	\$0	\$0	(\$213)	(\$12)
Program Subsidies	(100)	100	0	0	0
Program Administrative Fees	1,325	0	(1,325)	0	0
	<u>\$1,450</u>	<u>\$100</u>	<u>(\$1,325)</u>	<u>(\$213)</u>	<u>(\$12)</u>

MaineHousing reports interfund balances among its funds. These balances generally consist of amounts for various revenues or expenses due to a fund, but received or paid to another and funds for loan closings. These amounts are generally paid or received within the subsequent year.

Interfund accounts receivable (payable) balances at December 31, 2021 consisted of the following:

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Emergency Rental Assistance Programs	Maine Energy, Housing & Economic Recovery Program	Other Federal and State Programs
Receivable due from:									
Mortgage Purchase Fund	\$0	\$0	\$2,703	\$0	\$0	\$0	\$0	\$0	\$1,000
General Administrative Fund	0	0	0	0	0	0	14,745	0	0
Other Federal And State Programs	0	0	2,796	10,217	52	0	0	0	0
Collectively, all other funds	0	0	83	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>5,582</u>	<u>10,217</u>	<u>52</u>	<u>0</u>	<u>14,745</u>	<u>0</u>	<u>1,000</u>
Payables	(3,703)	(17)	(14,745)	(1,707)	(293)	(328)	0	(66)	(10,737)
	<u>(\$3,703)</u>	<u>(\$17)</u>	<u>(\$9,163)</u>	<u>\$8,510</u>	<u>(\$241)</u>	<u>(\$328)</u>	<u>\$14,745</u>	<u>(\$66)</u>	<u>(\$9,737)</u>

The receivable amounts of the General Administrative Fund consist primarily of operating expenses owed from the Mortgage Purchase Fund and program expenses owed from Other Federal and State Programs. The General Administrative Fund payable amounts consist of program funds received and due to the Emergency Rental Assistance Programs. The receivable amount of the HOME fund consists primarily of advancements for program expenditures owed from the Other Federal and State Programs.

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(13.) REDEMPTION OF BONDS

For the year ended December 31, 2021, MaineHousing redeemed prior to maturity \$227,210 of its Mortgage Purchase Fund bonds from recoveries of principal, reserve funds, surplus revenues, and the proceeds of refunded bonds. Gains of \$798 were attributed to the recognition of related bond premium. The following is a summary of bonds redeemed:

	Interest Rate	Original Maturity	Amount	Redemption Price
2011 Series D Serial Bonds	3.15%	11/15/2021	\$1,195	100%
2012 Series A-1 Term Bonds	4.50%	11/15/2028	850	100%
2012 Series A-1 Term Bonds	4.50%	11/15/2028	670	100%
2012 Series A-3 Term Bonds	3.85%	11/15/2029	1,240	100%
2012 Series A-3 Term Bonds	3.85%	11/15/2029	5,735	100%
2013 Series B Term Bonds	3.45%	11/15/2032	1,590	100%
2013 Series B Term Bonds	3.60%	11/15/2036	1,280	100%
2013 Series B Term Bonds	4.00%	11/15/2043	1,245	100%
2013 Series B Term Bonds	4.00%	11/15/2043	1,195	100%
2013 Series C Serial Bonds	3.09%	11/15/2023	9,000	100%
2013 Series C Term Bonds	3.84%	11/15/2027	5,765	100%
2013 Series C Term Bonds	4.32%	11/15/2030	5,700	100%
2014 Series A-1 Term Bonds	3.25%	11/15/2043	520	100%
2014 Series A-1 Term Bonds	3.25%	11/15/2043	460	100%
2014 Series A-1 Term Bonds	3.25%	11/15/2043	1,220	100%
2014 Series C-1 Term Bonds	4.00%	11/15/2034	1,810	100%
2014 Series C-1 Term Bonds	4.00%	11/15/2034	3,605	100%
2014 Series C-1 Term Bonds	3.50%	11/15/2044	845	100%
2014 Series C-1 Term Bonds	3.50%	11/15/2044	815	100%
2014 Series C-2 Term Bonds	3.75%	11/15/2034	6,505	100%
2014 Series C-2 Term Bonds	3.75%	11/15/2034	11,550	100%
2015 Series A-2 Term Bonds	3.25%	11/15/2029	250	100%
2015 Series A-2 Term Bonds	3.25%	11/15/2029	4,830	100%
2015 Series B Serial Bonds	1.85%	11/15/2021	1,075	100%
2015 Series B Term Bonds	3.20%	11/15/2030	4,100	100%
2015 Series B Term Bonds	3.50%	11/15/2040	620	100%
2015 Series B Term Bonds	3.50%	11/15/2040	590	100%
2015 Series C Serial Bonds	2.74%	11/15/2023	1,325	100%
2015 Series C Serial Bonds	2.89%	11/15/2024	1,365	100%
2015 Series C Serial Bonds	3.04%	11/15/2025	1,410	100%
2015 Series C Term Bonds	3.59%	11/15/2030	13,900	100%
2015 Series C Term Bonds	3.95%	11/15/2040	4,720	100%
2015 Series D Serial Bonds	3.30%	11/15/2026	1,000	100%
2015 Series D Term Bonds	3.75%	11/15/2030	1,130	100%
2015 Series D Term Bonds	4.00%	11/15/2035	4,890	100%
2015 Series D Term Bonds	4.00%	11/15/2045	445	100%
2015 Series D Term Bonds	4.00%	11/15/2045	425	100%
2015 Series E-1 Serial Bonds	3.30%	11/15/2024	2,590	100%
2015 Series E-1 Serial Bonds	3.45%	11/15/2025	2,595	100%
2015 Series E-1 Serial Bonds	3.60%	11/15/2026	2,310	100%
2015 Series E-1 Serial Bonds	3.60%	11/15/2026	1,845	100%
2015 Series E-1 Term Bonds	3.50%	11/15/2035	1,405	100%
2015 Series E-1 Term Bonds	3.50%	11/15/2035	1,350	100%
2015 Series E-2 Term Bonds	3.80%	11/15/2033	2,105	100%
2015 Series E-2 Term Bonds	4.05%	11/15/2040	2,510	100%

Maine State Housing Authority
Notes to Financial Statements – December 31, 2021
(IN THOUSANDS OF DOLLARS)

	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Amount</u>	<u>Redemption Price</u>
2015 Series E-2 Term Bonds	4.05%	11/15/2040	5,850	100%
2015 Series F-3 Term Bonds	3.40%	11/15/2030	1,115	100%
2015 Series F-3 Term Bonds	3.85%	11/15/2035	2,195	100%
2015 Series F-3 Term Bonds	3.85%	11/15/2035	7,370	100%
2015 Series F-3 Term Bonds	3.95%	11/15/2040	4,025	100%
2015 Series G Term Bonds	3.65%	11/15/2035	705	100%
2015 Series G Term Bonds	3.85%	11/15/2040	4,640	100%
2015 Series G Term Bonds	3.50%	11/15/2045	400	100%
2015 Series G Term Bonds	3.50%	11/15/2045	385	100%
2016 Series A Serial Bonds	1.40%	11/15/2021	715	100%
2016 Series A Term Bonds	4.00%	11/15/2045	510	100%
2016 Series A Term Bonds	4.00%	11/15/2045	495	100%
2016 Series B-1 Serial Bonds	1.55%	11/15/2021	1,890	100%
2016 Series B-1 Term Bonds	2.70%	11/15/2029	2,680	100%
2016 Series B-1 Term Bonds	3.50%	11/15/2046	1,385	100%
2016 Series B-1 Term Bonds	3.50%	11/15/2046	1,325	100%
2016 Series C Serial Bonds	1.30%	11/15/2021	915	100%
2016 Series C Term Bonds	3.50%	11/15/2046	620	100%
2016 Series C Term Bonds	3.50%	11/15/2046	600	100%
2016 Series E Serial Bonds	1.95%	11/15/2021	645	100%
2016 Series E Term Bonds	3.90%	11/15/2036	4,375	100%
2016 Series E Term Bonds	3.90%	11/15/2036	6,010	100%
2016 Series E Term Bonds	4.00%	11/15/2046	610	100%
2016 Series E Term Bonds	4.00%	11/15/2046	585	100%
2017 Series A Serial Bonds	1.80%	11/15/2021	580	100%
2017 Series A Term Bonds	3.65%	11/15/2032	1,675	100%
2017 Series A Term Bonds	4.00%	11/15/2037	1,360	100%
2017 Series A Term Bonds	4.00%	11/15/2037	4,955	100%
2017 Series A Term Bonds	4.05%	11/15/2042	7,625	100%
2017 Series A Term Bonds	4.00%	11/15/2047	515	100%
2017 Series A Term Bonds	4.00%	11/15/2047	500	100%
2017 Series B Serial Bonds	1.50%	11/15/2021	655	100%
2017 Series B Term Bonds	4.00%	11/15/2047	565	100%
2017 Series B Term Bonds	4.00%	11/15/2047	545	100%
2017 Series D-1 Serial Bonds	1.55%	11/15/2021	620	100%
2017 Series F Term Bonds	3.50%	11/15/2047	910	100%
2017 Series F Term Bonds	3.50%	11/15/2047	870	100%
2018 Series C Term Bonds	3.85%	11/15/2038	1,395	100%
2018 Series C Term Bonds	3.85%	11/15/2038	4,315	100%
2018 Series C Term Bonds	4.00%	11/15/2048	815	100%
2018 Series C Term Bonds	4.00%	11/15/2048	830	100%
2018 Series F Serial Bonds	3.25%	11/15/2027	730	100%
2018 Series F Serial Bonds	3.70%	11/15/2030	835	100%
2018 Series F Term Bonds	3.85%	11/15/2033	3,745	100%
2018 Series F Term Bonds	4.25%	11/15/2048	810	100%
2018 Series F Term Bonds	4.25%	11/15/2048	845	100%
2019 Series A Serial Bonds	1.85%	11/15/2021	740	100%
2019 Series A Term Bonds	4.00%	11/15/2044	10,880	100%
2019 Series A Term Bonds	4.00%	11/15/2049	645	100%
2019 Series A Term Bonds	4.00%	11/15/2049	745	100%
2019 Series B Serial Bonds	1.70%	11/15/2021	1,175	100%
2019 Series C Serial Bonds	1.35%	11/15/2021	715	100%

Maine State Housing Authority
Notes to Financial Statements – December 31, 2021
(IN THOUSANDS OF DOLLARS)

	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Amount</u>	<u>Redemption Price</u>
2019 Series C Term Bonds	4.00%	11/15/2050	480	100%
2019 Series C Term Bonds	4.00%	11/15/2050	630	100%
2019 Series E Serial Bonds	1.40%	11/15/2021	640	100%
2019 Series E Term Bonds	3.75%	11/15/2049	300	100%
2019 Series E Term Bonds	3.75%	11/15/2049	415	100%
2020 Series A Serial Bonds	1.15%	11/15/2021	915	100%
2020 Series A Term Bonds	3.75%	11/15/2049	270	100%
2020 Series A Term Bonds	3.75%	11/15/2049	385	100%
2020 Series C Term Bonds	4.00%	11/15/2050	380	100%
2020 Series C Term Bonds	4.00%	11/15/2050	575	100%
			<u>\$227,210</u>	

For the year ended December 31, 2021, MaineHousing redeemed prior to maturity \$22,630 of its Maine Energy, Housing, & Economic Recovery bonds from bond proceeds and debt service funds. Gains of \$90 were attributed to the recognition of related bond premium. The following is a summary of bonds redeemed:

	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Amount</u>	<u>Redemption Price</u>
2010 Series 1 Serial Bonds	4.00%	6/15/2021	\$780	100%
2010 Series 1 Serial Bonds	3.00%	6/15/2021	2,670	100%
2010 Series 1 Serial Bonds	3.25%	6/15/2022	3,565	100%
2010 Series 1 Serial Bonds	3.25%	6/15/2023	3,680	100%
2010 Series 1 Serial Bonds	5.00%	6/15/2024	3,800	100%
2010 Series 1 Serial Bonds	5.00%	6/15/2025	355	100%
2010 Series 1 Serial Bonds	3.75%	6/15/2025	3,635	100%
2010 Series 1 Serial Bonds	5.00%	6/15/2026	1,555	100%
2010 Series 1 Serial Bonds	3.75%	6/15/2026	2,590	100%
			<u>\$22,630</u>	

(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.

Maine State Housing Authority
Notes to Financial Statements – December 31, 2021
(IN THOUSANDS OF DOLLARS)

(15.) SUBSEQUENT EVENTS

Subsequent to December 31, 2021, MaineHousing issued and redeemed bonds. The following is a summary of subsequent event transactions.

On February 9, 2022, MaineHousing issued, at par, \$100,000 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>
2022 Series A Serial Bonds	0.40%-0.85%	2023-2026	\$19,000	100%
2022 Series A Term Bonds	2.40%	2041	10,180	100%
2022 Series A Term Bonds	2.60%	2046	19,570	100%
2022 Series A Term Bonds	2.65%	2051	1,250	100%
2022 Series B Serial Bonds	1.50%-2.58%	2025-2032	40,000	100%
2022 Series B Term Bonds	2.98%	2036	10,000	100%
			<u>\$100,000</u>	

On February 24, 2022, MaineHousing redeemed, at par, \$67,585 of bonds in the General Mortgage Purchase Bond Resolution as follows:

	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount</u>	<u>Redemption Price</u>
2014 Series C-2 Term Bonds	3.75%	11/15/2034	\$10,945	100%
2015 Series A-3 Term Bonds	3.50%	11/15/2034	2,085	100%
2015 Series A-3 Term Bonds	3.63%	11/15/2039	2,505	100%
2015 Series C Term Bonds	3.59%	11/15/2030	4,100	100%
2015 Series F-3 Term Bonds	3.95%	11/15/2040	7,815	100%
2015 Series G Term Bonds	3.65%	11/15/2035	1,420	100%
2016 Series E Term Bonds	3.63%	11/15/2031	800	100%
2017 Series A Term Bonds	3.65%	11/15/2032	1,685	100%
2017 Series B Term Bonds	3.65%	11/15/2037	3,565	100%
2017 Series H Term Bonds	3.55%	11/15/2037	5,130	100%
2018 Series A Term Bonds	3.50%	11/15/2033	1,215	100%
2018 Series A Term Bonds	3.75%	11/15/2038	3,390	100%
2018 Series B Term Bonds	3.50%	11/15/2033	3,560	100%
2018 Series B Term Bonds	3.75%	11/15/2038	4,420	100%
2018 Series C Term Bonds	3.55%	11/15/2033	4,080	100%
2018 Series C Term Bonds	3.95%	11/15/2043	9,595	100%
2018 Series F Serial Bonds	3.55%	11/15/2029	800	100%
2019 Series A Term Bonds	3.80%	11/15/2039	475	100%
			<u>\$67,585</u>	

MAINE STATE HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF SELECTED PENSION INFORMATION - UNAUDITED
PRESENTED FOR YEARS INFORMATION IS AVAILABLE
FOR THE YEAR ENDED DECEMBER 31, 2021
(IN THOUSANDS OF DOLLARS)

Schedule of MaineHousing's Proportionate Share of Net Pension (Asset) Liability
Last Ten Fiscal Years
As of Measurement Date of June 30:

	2021	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension (Asset) Liability	0.674986%	0.709590%	0.746717%	0.834117%	0.906494%	0.922203%	1.181151%	1.420739%
Employer's Proportionate Share of the Net Pension (Asset) Liability	(\$217)	\$2,819	\$2,282	\$2,823	\$3,712	\$4,899	\$3,768	\$2,186
Employer's Covered-Employee Payroll	\$4,972	\$4,567	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598	\$4,691
Employer's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered-Employee Payroll	(4.4%)	61.7%	50.2%	60.6%	75.9%	101.9%	81.9%	46.6%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	100.9%	88.3%	90.6%	91.1%	86.4%	81.6%	88.3%	94.1%

Schedule of MaineHousing's Pension Contributions
Last Ten Fiscal Years
As of Measurement Date of June 30:

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$504	\$480	\$477	\$490	\$513	\$505	\$483	\$492
Contributions in Relation to Contractually Required Contribution	\$504	\$480	\$477	\$490	\$513	\$505	\$483	\$492
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Employer's Covered Employee Payroll	\$4,972	\$4,567	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598	\$4,691
Contributions as a Percentage of Covered Employee Payroll	10.1%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%

The above schedules are intended to show information for 10 years. Retroactive information is not required to be presented. Information will be presented each year until 10 years of such information is available.

Notes to Required Supplementary Information

Changes of Benefit Terms:

There were no changes of benefit terms for the measurement period ended June 30, 2021.

Changes of Assumptions:

The following assumption changes were reflected in the measurement period ended June 30, 2021:

- * The investment rate of return was decreased from 6.75% to 6.50%.
- * Mortality rates changed from the RP2014 Total Dataset Healthy Annuitant Mortality Table to the 2010 Public Plan General Benefit-Weighted Healthy Retiree Mortality Table projected generationally using the RPEC_2020 model.
- * Annual salary increases, including inflation, changed from 2.75% plus merit component based on each employee's year of service to 2.75% to 11.48%.