

**RHODE ISLAND HOUSING AND MORTGAGE
FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**Financial Statements and Supplementary Information
For the Nine Months Ended March 31, 2012**

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**Financial Statements and Supplementary Information
As of and For the Nine Months Ended March 31, 2012**

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Management's Discussion and Analysis

The accompanying basic financial statements include Rhode Island Housing and Mortgage Finance Corporation (the Corporation) and Affordability Housing Trust (the Trust, a component unit of the Corporation), collectively referred to as Rhode Island Housing.

This section of Rhode Island Housing's financial statements presents Rhode Island Housing's management's discussion and analysis of the Corporation's financial position and performance as of March 31, 2012 and 2011 and for the nine months then ended. This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

Financial Highlights

The financial highlights (in millions) of the Corporation as of and for the nine months ended March 31, 2012 increased (decreased) from the previous nine month period as follows:

	2012	
	\$	%
Mortgage loans, gross	6.0	0.3
Investments	3.6	1.3
Cash and cash equivalents	(16.1)	(5.7)
Total Assets	(3.4)	(0.1)
Bonds and notes payable	(58.4)	(3.4)
Total fund equity	9.1	3.1
Total revenues	1.8	2.3
Total expenses	(2.6)	(3.5)
Operating income	4.4	139.9

Mortgage loans comprise the largest segment of the Corporation's asset base. Single-family new loan production, which adds to the Corporation's loan portfolio, was lower than historical levels. Multi-family new loan production increased, resulting in an overall increase to the loan portfolio of \$6 million.

Bonds and notes payable are the largest component of the liabilities and this category decreased by \$58.4 million in 2012. In 2011, the Corporation issued new bonds under a U.S. Treasury bond purchase program which required all of the allocation under the program to be drawn for loan funding or to be put in a matched fund escrow until drawn at a later time when needed for loan funding.

Overview of the Financial Statements

The Corporation engages only in business-type activities that are commercial in nature; that is, activities that are financed in whole or in part by charges to external parties for services, with funding sources that are primarily external to the Corporation. As a result, the Corporation's basic financial statements include the balance sheet, the statement of revenues, expenses and changes in fund equity, the statement of cash flows, and the notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The balance sheet presents information on the Corporation's assets, liabilities and fund equity. Over time, increases or decreases in the Corporation's fund equity may serve as an indicator of whether the financial position of the Corporation is improving or deteriorating. Other factors, both internal and external to the Corporation, should be considered when evaluating the Corporation's financial position. The statement of revenues, expenses and changes in fund equity presents information on how the Corporation's fund equity changed during the quarter.

All assets, liabilities, and changes in fund equity are reported using the accrual basis of accounting for governmental entities and are reported as soon as the underlying event giving rise to the asset or liability and resulting change in fund equity occurs, regardless of the timing of when a corresponding amount of cash is received or paid. Consequently, certain revenues and expenses reported in the statement of revenues, expenses and changes in fund equity will result in cash flows in future periods.

The Affordability Housing Trust is a separate legal entity created pursuant to a trust agreement initiated by the Corporation. The Trust is a private-purpose trust established to assist in activities that involve the creation and preservation of affordable housing in the State. All resources of the Trust, including income on investments and other revenues, are held in trust for the benefit of private and not-for-profit organizations. There is no requirement that any portion of the Trust's resources be preserved as capital. The Trust administers its affairs through its trustees, records its assets in segregated accounts and maintains financial records separate from the Corporation.

Operating Activity of the Corporation

The following tables summarize the changes in operating income, before the adjustment required to record investments at fair value as required by Governmental Accounting Standards Board (GASB) Statement No. 31:

For the Nine Months Ended March 31 (in thousands)			
	2012	2011	% Change
Revenues:			
Interest income on loans	\$ 62,478	\$ 63,151	(1.1)%
Interest on investments	6,562	6,702	(2.1)
Other	6,588	7,938	(17.0)
Total revenues	75,628	77,791	(2.8)
Expenses:			
Interest expense	47,691	49,543	(3.7)
Provision for loan losses	2,769	1,861	48.8
Amortization of deferred bond issuance costs	481	501	(4.0)
Early retirement of debt	330	494	(33.2)
Operating expenses	14,729	14,611	0.8
Other	6,019	7,600	(20.8)
Total expenses	72,019	74,610	(3.5)
Operating income, before adjusting investments to fair value	\$ 3,609	\$ 3,181	(13.5)%

Operating income, after adjusting investments to fair value, was \$7.5 million for the nine month period ended March 31, 2012, and \$3.1 million for the nine month period ended March 31, 2011. GASB Statement No. 31, which requires investments to be recorded at fair value, caused an increase in operating income of \$3.9 million in 2012 compared to a decrease of \$67 thousand in 2011. Operating income, excluding the unrealized gains and losses on investments, increased 13.5% in 2012 to \$3.6 million from \$3.2 million in 2011.

Other revenue consists of loan related fees such as origination and late fees, and fees received for the management and disbursement of funds for federal housing programs. Other revenue decreased to \$6.6 million for the nine month period ended March 31, 2012 from \$7.9 million for the nine month period ended March 31, 2011, primarily due to a reduction in fees received on federal housing programs, in particular the HUD Project Based Section 8 Program.

Operating expenses associated with the operation of the Corporation (personnel services, other administrative expenses, and depreciation and amortization of other assets) amounted to \$14.7 million for the nine month period ended March 31, 2012, an increase of 0.8% from \$14.6 million in the nine month period ended March 31, 2011.

Net interest income (interest on loans and investments less interest expense) is the largest component of the Corporation's operating income. Net interest income increased to \$21.3 million for the nine month period ended March 31, 2012 in comparison to \$20.3 million for the prior nine month period ended March 31, 2011. Interest income on loans and investments decreased to \$69.0 million for the nine month period ended March 31, 2012 in comparison to \$69.9 million for the nine month period ended March 31, 2011. Net interest income as a percentage of average bonds and notes payable was 1.74% in 2012 and 1.58% in 2011. Interest income on loans decreased from 4.88% in 2011 to 4.80% in 2012, while interest expense on bonds and notes remained relatively unchanged from 3.87% in 2011 to 3.88% in 2012. This caused a net decrease in the spread margin (i.e., differential between loans and bonds) from 1.01% in 2011 to 0.92% in 2012.

The Corporation's revenue recognition policy requires that upon occurrence of any loan's delinquency of ninety days versus its contractual requirement for payment, the accrual formulation for that loan is placed in abeyance and any accrued income is reversed.

The provision for loan losses increased from \$1.9 million in 2011 to \$2.8 million in 2012 based on a review of the Corporation's loan portfolio and an analysis of its current characteristics. The primary economic factors incorporated into the allowance estimates are: (1) recent performance characteristics of the single-family portfolio and (2) net operating cash flows associated with multi-family portfolios.

For single-family loans, an estimate of loss reserve is based on current economic softness and real estate depreciation. For the multi-family portfolios, a specific loan loss reserve analysis is performed for every loan demonstrating signs of financial strain. Cash flow projections are developed from the most recent audited financials for each of the sites which may be experiencing difficulty and which have a mortgage loan. For each of these sites an analysis of value is calculated and compared to the loan balance. This methodology is the same as that used in the formulation of the income approach found in standard real estate appraisals. Beyond the specific reserves derived above, a general reserve is also established. The general reserve is based on a range of reserve percentages applicable to each loan portfolio.

In December, 2009, the United States Treasury Department announced its intent to purchase bonds from state and local housing finance agencies. This program is part of a federal plan to help stabilize the United States housing market and provide families with access to affordable rental housing and homeownership. The Treasury Department agreed to purchase from the Corporation up to \$128 million of single-family bonds under the new Home Funding Bonds indenture, and up to \$65.1 million of rental housing bonds under the new Multi-Family Funding Bonds indenture.

Financial Analysis of the Corporation

The following tables summarize certain financial information regarding the Corporation's financial position:

	September 30 (in millions)		
	2012	2011	% Change
Loans receivable, net	\$ 1,730	\$ 1,724	0.3%
Investments	275	271	1.5
Cash and cash equivalents	267	283	(5.7)
Other assets	32	29	10.3
Total assets	2,304	2,307	(0.1)
Bonds and notes payable	1,640	1,699	(3.5)
Total liabilities	2,006	2,019	(0.6)
Fund equity:			
Invested in capital assets	9	9	(3.0)
Restricted	244	233	4.8
Unrestricted	45	46	(2.5)

At March 31, 2012, total assets of the Corporation remained consistent from March 31, 2011. Net loans receivable increased \$6 million or 0.3% from the previous comparable nine month period to \$1.73 billion as of March 31, 2012. Bonds and notes payable totaled \$1.64 billion as of March 31, 2012, a decrease of \$59 million from March 31, 2011. During the same period in 2012, \$35 million of bonds were issued to fund single-family loans and \$26.1 million of bonds were issued to fund multi-family loans. During the same period, \$44.8 million of bonds were redeemed prior to maturity under provisions in the bond resolutions that allow mortgage prepayments to be used for such purpose, compared to \$50.4 million in the same period in 2011. During the nine month period ended March 31, 2011, \$50 million of bonds were issued to fund single-family loans and \$83.5 million of bonds were issued to multi-family loans.

As of March 31, 2012 and March 31, 2011, the equity-to-asset ratio was 12.9% and 12.5%, respectively, and the loan-to-asset ratio was 75.1% and 74.7%, respectively. These figures reflect the application of GASB Statement No. 31.

The Corporation's loan portfolio is primarily composed of single-family mortgage loans. As of March 31, 2012 and 2011, single-family residential mortgages in bond resolutions decreased from \$1.1 billion to \$1.0 billion and multi-family loans in bond resolutions totaled \$394 million and \$376 million, respectively.

The Corporation invests funds according to an investment policy, the primary goal of which is the preservation of capital and the minimization of risk. Other investment policy objectives include liquidity and maximization of yield. Under its current investment policy, the Corporation invests substantially all funds in United States Government and Agency securities rated 'AAA' or in guaranteed investment contracts with providers rated 'AA' or better.

The Operating Fund is used to record the receipt of income not directly pledged to the repayment of specific bonds and notes, as well as to record expenses related to the Corporation's administrative functions and the provision for loan losses. The Operating Fund also is used for the purpose of recording funds to be utilized in the administration of various housing programs that are not covered by the Corporation's bond resolutions.

External Influences

With very few exceptions, most states are contending with the negative ramifications of the economic downturn occurring nationally. The most pronounced implication of the downturn is a high level of unemployment across the country. Rhode Island's unemployment rate is presently 11.1% while the national rate is 8.2%. The soft economy and the high level of unemployment produce an adverse effect for any lending institution. Notwithstanding the fact that households historically place a very high priority on making their mortgage payments to their mortgage lenders, there is an unavoidable ripple effect produced in a lending institution's delinquency statistics. High unemployment also negatively affects the resale value and the market equity in houses, since there are fewer households financially able to upgrade their housing burden in an economic downturn. Because the Corporation's loans (1) do not include sub-prime, (2) are conservatively underwritten and (3) represent the homeowner's first home, the Corporation's delinquency experience is below average when compared to industry data for all Rhode Island mortgage loans.

In February 2010 the U.S. Department of the Treasury established the Hardest Hit Fund to provide targeted aid to families in states hit hard by the economic and housing market downturn. Rhode Island has been chosen to receive assistance as one of the states struggling with unemployment rates at or above the national average or steep home price declines greater than 20 percent since the housing market downturn. The Corporation is helping our borrowers through the application process for these programs which include mortgage payment assistance for unemployed or underemployed homeowners, funds for principal reduction and loan modification to help homeowners get into more affordable mortgages and help for homeowners transitioning out of their homes.

As of October 1, 2011 the U.S. Department of Housing and Urban Development (HUD) has made changes to their Project Based Section 8 Contract Administration Program. Under the new Annual Contributions Contract, HUD has reduced the number of tasks to be performed and has reduced the associated administrative fees. The new contract is for a term of nine months with an option for HUD to further extend for up to three additional and successive renewal terms of three calendar months each. At a later date HUD will issue a Notice of Funding Availability to award the contract on a more long-term basis. The Corporation has taken steps to reduce both operating and programmatic expenses to offset the expected reduction in fees from this program.

Requests for Information

This management's discussion and analysis is designed to provide a general overview of the Corporation's finances. Questions concerning this report may be addressed to the Director of Finance and Technology, Rhode Island Housing and Mortgage Finance Corporation, 44 Washington Street, Providence, Rhode Island, 02903. The Corporation maintains a website at: www.rhodeislandhousing.org.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Balance Sheet
March 31, 2012

	<u>Operating Fund</u>	<u>Single-Family Fund</u>	<u>Multi-Family Fund</u>	<u>Total</u>
Assets				
Loans receivable	\$ 303,378,753	\$ 1,032,513,447	\$ 393,670,761	\$ 1,729,562,961
Less allowance for loan losses	(29,628,014)	(1,750,000)	-	(31,378,014)
Loans receivable, net	<u>273,750,739</u>	<u>1,030,763,447</u>	<u>393,670,761</u>	<u>1,698,184,947</u>
Investments	102,808,397	115,352,265	56,639,065	274,799,727
Accrued interest-loans	747,720	3,863,416	1,958,085	6,569,221
Accrued interest-investments	31,406	376,003	780,652	1,188,061
Cash and cash equivalents	76,732,105	154,973,157	34,814,302	266,519,564
Accounts receivable	11,907,794	-	-	11,907,794
Deferred bond issuance costs, net	317,581	8,296,185	221,583	8,835,349
Other assets, net	16,917,917	18,948,464	-	35,866,381
Interfund receivable (payable)	(429,290)	18,597	410,693	-
Total Assets	<u>\$ 482,784,369</u>	<u>\$ 1,332,591,534</u>	<u>\$ 488,495,141</u>	<u>\$ 2,303,871,044</u>
Liabilities and Fund Equity				
Bonds and notes payable	\$ 90,907,864	\$ 1,146,763,753	\$ 402,426,179	\$ 1,640,097,796
Accrued interest payable on bonds and notes	258,900	24,395,072	6,580,612	31,234,584
Accounts payable and accrued liabilities	7,486,921	719,423	2,759,322	10,965,666
Deferred fees	6,531,412	308,618	100,125	6,940,155
Escrow deposits	314,692,068	-	2,128,729	316,820,797
Total liabilities	<u>419,877,165</u>	<u>1,172,186,866</u>	<u>413,994,967</u>	<u>2,006,058,998</u>
Fund Equity				
Invested in capital assets	8,753,411	-	-	8,753,411
Restricted	9,340,715	160,404,668	74,500,174	244,245,557
Unrestricted	44,813,078	-	-	44,813,078
Total fund equity	<u>62,907,204</u>	<u>160,404,668</u>	<u>74,500,174</u>	<u>297,812,046</u>
Total Liabilities and Fund Equity	<u>\$ 482,784,369</u>	<u>\$ 1,332,591,534</u>	<u>\$ 488,495,141</u>	<u>\$ 2,303,871,044</u>

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statement of Revenues, Expenses and Changes in Fund Equity
For the Nine Months Ended March 31, 2012

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
Operating revenues:				
Interest income on loans	\$ 4,358,482	\$ 39,448,679	\$ 16,522,491	\$ 60,329,652
Interest income attributable to internal servicing activities	2,148,264	-	-	2,148,264
Total interest income on loans	6,506,746	39,448,679	16,522,491	62,477,916
Income on investments:				
Interest on investments	368,972	3,981,973	2,211,320	6,562,265
Net increase in fair value of investments	32,205	2,557,611	1,270,430	3,860,246
Fees	5,919,130	-	-	5,919,130
Servicing fee income	668,404	-	-	668,404
Total operating revenues	13,495,457	45,988,263	20,004,241	79,487,961
Operating expenses:				
Interest expense	1,171,821	36,443,850	10,074,914	47,690,585
Personnel services	10,413,119	-	-	10,413,119
Other administrative expenses	2,881,167	167,656	87,299	3,136,122
Housing initiatives	4,131,638	32,131	-	4,163,769
Provision for loan loss	1,028,650	1,740,656	-	2,769,306
Arbitrage rebate	-	75,000	225,000	300,000
Amortization of deferred bond issuance costs	16,869	439,114	25,395	481,378
Early retirement of debt	-	329,946	-	329,946
Depreciation and amortization of other assets	909,214	270,742	-	1,179,956
State Rental Subsidy Program	1,555,294	-	-	1,555,294
Total operating expenses	22,107,772	39,499,095	10,412,608	72,019,475
Operating income (loss)	(8,612,315)	6,489,168	9,591,633	7,468,486
Transfers in (out) of fund equity	4,855,863	(2,601,359)	(2,254,504)	-
Total change in fund equity	(3,756,452)	3,887,809	7,337,129	7,468,486
Fund equity, beginning of period	66,663,656	156,516,859	67,163,045	290,343,560
Fund equity, end of period	<u>\$ 62,907,204</u>	<u>\$ 160,404,668</u>	<u>\$ 74,500,174</u>	<u>\$ 297,812,046</u>

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statement of Cash Flows
For the Nine Months Ended March 31, 2012

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
Cash Flows from Operating Activities				
Interest on loans receivable	\$ 6,573,455	\$ 39,583,284	\$ 16,413,343	\$ 62,570,082
Repayment of loans receivable	56,474,248	77,619,909	7,661,006	141,755,163
Fees collected (disbursed)	6,951,114	(37,259)	32,899	6,946,754
Other receipts, net	42,619,575	-	413,133	43,032,708
Loans disbursed	(78,782,284)	(41,230,431)	(26,140,514)	(146,153,229)
Accounts receivable, net	(188,027)	-	-	(188,027)
Loss on loans receivable	(4,270,490)	(1,251,639)	-	(5,522,129)
Bond issuance costs	(281,968)	(180,815)	(58,982)	(521,765)
Personnel services	(9,850,333)	-	-	(9,850,333)
Other administrative expenses	(2,690,702)	(167,656)	(87,300)	(2,945,658)
Housing initiative expenses	(4,053,737)	(32,131)	-	(4,085,868)
Other assets	(58,749)	(1,852,579)	-	(1,911,328)
Arbitrage rebate	-	(75,000)	(225,000)	(300,000)
Accounts payable and accrued liabilities	(384,017)	(5,377)	225,000	(164,394)
State Rental Subsidy Program	(1,555,294)	-	-	(1,555,294)
Transfers from (to) other programs	4,863,463	(2,608,959)	(2,254,504)	-
Net cash provided (used) for operating activities	15,366,254	69,761,347	(4,020,919)	81,106,682
Cash Flows from Noncapital Financing Activities:				
Proceeds from sale of bonds and notes	196,350,000	35,000,984	26,148,604	257,499,588
Payment of bond and note principal	(190,052,258)	(63,101,499)	(20,929,660)	(274,083,417)
Interest paid on bonds and notes	(1,050,955)	(24,543,997)	(6,895,074)	(32,490,026)
Net cash provided (used) for noncapital financing activities	5,246,787	(52,644,512)	(1,676,130)	(49,073,855)
Cash Flows from Investing Activities:				
Redemption of investments	2,817,622	13,519,865	331,953	16,669,440
Income on investments	376,879	4,208,503	1,715,551	6,300,933
Purchase of investments	(284,478)	(15,349,469)	(2,047,930)	(17,681,877)
Net cash provided (used) for investing activities	2,910,023	2,378,899	(426)	5,288,496
Net Increase (Decrease) in Cash and Cash Equivalents	23,523,064	19,495,734	(5,697,475)	37,321,323
Cash and Cash Equivalents, beginning of period	53,209,041	135,477,423	40,511,777	229,198,241
Cash and Cash Equivalents, end of period	<u>\$ 76,732,105</u>	<u>\$ 154,973,157</u>	<u>\$ 34,814,302</u>	<u>\$ 266,519,564</u>

(continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statement of Cash Flows
For the Nine Months Ended March 31, 2012

	<u>Operating Fund</u>	<u>Single-Family Fund</u>	<u>Multi-Family Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:				
Operating income (loss)	\$ (8,612,315)	\$ 6,489,168	\$ 9,591,633	\$ 7,468,486
Adjustments:				
Income on investments	(376,879)	(4,208,503)	(1,715,551)	(6,300,933)
Net (increase) decrease in fair value of investments	(32,205)	(2,557,611)	(1,270,430)	(3,860,246)
Interest paid on bonds and notes	1,050,955	24,543,997	6,895,074	32,490,026
Transfer of investments and/or fund equity	4,855,863	(2,601,359)	(2,254,504)	-
(Increase) decrease in assets:				
Loans receivable/loss allowance	(25,552,355)	36,878,495	(18,479,507)	(7,153,367)
Accrued interest-loans	66,710	134,604	(109,149)	92,165
Accrued interest-investments	7,907	226,530	(495,770)	(261,333)
Accounts receivable	356,369	-	-	356,369
Deferred bond issuance costs	(265,099)	588,244	(33,587)	289,558
Other assets	827,858	(1,581,836)	-	(753,978)
Interfund receivable (payable)	7,600	(7,600)	-	-
Increase (decrease) in liabilities:				
Accrued interest-bonds and notes	120,865	11,899,854	3,179,840	15,200,559
Accounts payable/accrued liabilities	(72,174)	(5,377)	225,000	147,449
Deferred fees	363,579	(37,259)	32,899	359,219
Escrow deposits	42,619,575	-	413,133	43,032,708
Total adjustments	<u>23,978,569</u>	<u>63,272,179</u>	<u>(13,612,552)</u>	<u>73,638,196</u>
Net cash provided (used) for operating activities	<u>\$ 15,366,254</u>	<u>\$ 69,761,347</u>	<u>\$ (4,020,919)</u>	<u>\$ 81,106,682</u>

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Statement of Fiduciary Net Assets - Private Purpose Trust Component Unit
March 31, 2012

Assets

Loans receivable	\$	43,376,361
Less allowance for loan losses		(1,320,729)
Loans receivable, net		42,055,632
Investments		5,242,873
Accrued interest-loans		107,576
Accrued interest-investments		23,401
Cash and cash equivalents		19,098,515
Accounts receivable		259,545
Other assets, net		3,206,101
Total Assets	\$	69,993,643

Liabilities and Net Assets

Accounts payable and accrued liabilities	\$	17,842
Deferred fees		2,131,643
Total liabilities		2,149,485

Net Assets

Held in trust		67,844,158
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Total Liabilities and Net Assets	\$	69,993,643
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RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION

(A Component Unit of the State of Rhode Island)

**Statement of Changes in Fiduciary Net Assets - Private Purpose Trust Component Unit
For the Nine Months Ended March 31, 2012**

Revenues:

Interest income on loans \$ 1,317,558

Income on investments:

Interest on investments 45,018

Net decrease in fair value of investments (23,841)

Trust receipts 691,457

Total revenues 2,030,192

Expenses:

Provision (recovery) for loan loss (21,373)

Amortization of deferred fees 58,764

Total expenses 37,391

Total change in net assets 1,992,801

Net assets, beginning of period 65,851,357

Net assets, end of period \$ 67,844,158

Rhode Island Housing and Mortgage Finance Corporation
(A Component Unit of the State of Rhode Island)
Notes to Financial Statements
For the Nine Months Ended March 31, 2012

1. Organization and Summary of Significant Accounting Policies

a. Organization and Description of Financial Reporting Entity

Rhode Island Housing and Mortgage Finance Corporation (the "Corporation") is a public instrumentality established in 1973 by an Act of the Rhode Island General Assembly. The Corporation was created to originate loans and administer other activities in order to expand the supply of housing available to persons of low and moderate income and to stimulate the construction and rehabilitation of housing and health care facilities in the State of Rhode Island (the "State"). It has the power to issue negotiable notes and bonds to achieve its corporate purpose. The notes and bonds do not constitute a debt of the State, and the State is not liable for the repayment of such obligations.

The Corporation is considered a component unit of the State and is included in the State's comprehensive annual financial report.

The Corporation is exempt from federal and state income taxes.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the Corporation applies the criteria prescribed by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39. Through the application of GASB Statement Nos. 14 and 39, the accompanying financial statements present the Corporation and the Affordability Housing Trust (the "Trust"), a component unit over which the Corporation has control and for which the Corporation has financial accountability. Control over and financial accountability for the Trust is determined on the basis of appointment of a voting majority of the Trust's trustees. The Corporation and the Trust are collectively referred to herein as Rhode Island Housing.

b. Affordability Housing Trust

The Affordability Housing Trust is a separate legal entity created pursuant to a trust agreement initiated by the Corporation. The Trust is a private-purpose trust established to assist in activities that involve the creation and preservation of affordable housing in the State. All resources of the Trust, including income on investments and other revenues, are held in trust for the benefit of private and not-for-profit organizations. There is no requirement that any portion of the Trust's resources be preserved as capital. The Trust administers its affairs through its trustees, records its assets in segregated accounts and maintains financial records separate from the Corporation.

c. Financial Statement Presentation, Measurement Focus and Basis of Accounting

The Corporation engages only in business-type activities. Business-type activities are activities that are financed in whole or in part by fees charged to external parties. The accompanying balance sheet, statement of revenues, expenses and changes in fund equity, and statement of cash flows (enterprise fund financial statements) present the financial information of the Corporation.

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The Corporation classifies its business-type activities into funds, reported as separate columns within the enterprise fund financial statements, each representing a fiscal and accounting entity with a self-balancing set of accounts segregated to carry on specific activities in accordance with bond resolutions established under various trust indentures, special regulations, restrictions, or limitations. All inter-fund activity has been eliminated from the combining totals in the accompanying financial statements.

The Operating Fund accounts for the receipt of income not directly pledged to the repayment of specific bonds and notes, expenses related to the Corporation's administrative functions, and for various housing program activities that are not covered by bond resolutions. The Operating Fund also accounts for the activities of the Corporation's two separate subsidiaries: Rhode Island Housing Equity Corporation, and Rhode Island Housing Development Corporation. The Single-Family Fund accounts for activities to finance ownership of single-family housing, ranging from one to four dwelling units, within the State by eligible persons and families. These activities include originating and purchasing from participating originating lenders qualified mortgages, as defined in bond resolutions. The Multi-Family Fund accounts for activities to finance the origination of multi-family loans secured by a lien constituting a first mortgage or to provide for the payment of debt issued for such purpose.

The Trust engages only in fiduciary activities. Separate financial statements are presented for the Trust since fiduciary activities are excluded from presentation in enterprise fund financial statements.

The Corporation and the Trust use the economic resources measurement focus and accrual basis of accounting. Private-sector standards of accounting and financial reporting issued on or before November 30, 1989 generally are followed in the accompanying financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. The Corporation has the option of following subsequent private-sector guidance, subject to this same limitation; however, the Corporation has elected not to follow subsequent private-sector guidance.

The Corporation has presented an unclassified balance sheet in accordance with financial institution industry trade practice. Although contractual terms define the principal amount of loans receivable to be received, and the amount of principal required to be paid on bonds and notes payable by the Corporation within one year from the balance sheet date, the actual principal amount of loans received and the actual amount of principal repaid on bonds and notes is affected significantly by changes in interest rates, economic conditions, and other factors. Consequently, the principal amount of loans receivable and the required principal repayable for bonds and notes based on contractual terms would not be representative of actual amounts expected to be received or paid, and such amounts are not reliably estimable.

The Corporation distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the Corporation's principal ongoing operations. Operating expenses include the cost of services provided, administrative expenses, and depreciation and amortization expense. All other revenues and expenses are reported as non-operating revenues and expenses.

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d. Loans Receivable and Allowance for Loan Losses

Loans receivable are reported at their outstanding principal balance adjusted for any charge-offs and the allowance for loan losses.

Interest income from loans is recognized on the accrual basis. A loan is considered delinquent when a payment has not been made according to contractual terms. Accrual of income is suspended when a loan is delinquent for ninety days or more; all interest accrued for nonaccrual status loans is reversed against interest income and subsequently recognized as income when received. Loans are returned to accrual status when all amounts contractually due are brought current or the loans have been restructured and future payments are reasonably assured. Interest on loans which is deferred and payable by borrowers only from available cash flow or other specified sources is recorded as income when received.

Losses on loans are provided for under the allowance method of accounting. The allowance is increased by provisions charged to operating expenses and by recoveries of previously charged-off loans. The allowance is decreased as loans are charged-off.

The allowance is an amount that management believes will be adequate for loan losses based on evaluation of collectability and prior loss experience, known and inherent risk in the portfolio, changes in the nature and volume of the loan portfolio, overall portfolio quality, specific problem loans, the estimated value of the underlying collateral, current and anticipated economic conditions that may affect the borrower's ability to pay, and historical loss experience and the types of mortgage insurance or guarantee programs provided by outside parties. Substantially all loans are secured by real estate in Rhode Island; accordingly, the ultimate collectability of substantially all of the loans is susceptible to changes in market conditions in this area. Management believes the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, evaluation assessments made by management are inherently subjective and future adjustments to the allowance may be necessary if future economic conditions differ substantially from the assumptions used in making the evaluation.

e. Cash and Cash Equivalents

Cash and cash equivalents represent funds on deposit with various financial institutions and funds held by the trustees of the various bond programs. Deposits held in financial institutions and all highly liquid investments, such as U.S. Treasury Bills and Notes, with original maturities of 90 days or less, are considered cash and cash equivalents.

f. Investments

Investments held by Rhode Island Housing consist of those permitted by the various bond resolutions and Rhode Island Housing's investment policy. Investments include securities of the U.S. Government and of U.S. Government agencies, securities guaranteed by the U.S. Government and U.S. Government agencies, savings accounts, and guaranteed investment contracts.

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In accordance with GASB Statement No. 31, money market investments having a remaining maturity of one year or less at time of purchase are reported at amortized cost provided that the fair value of such investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Investments in non-participating interest earning investment contracts, such as non-negotiable and non-transferable guaranteed investment contracts which are redeemable at contract or stated value rather than fair value based on current market rates and certificates of deposit with redemption terms that do not consider market rates, are reported at cost or amortized cost provided that the fair value of such contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors. Investments not reported at cost or amortized cost are reported at fair value in accordance with GASB Statement No. 31. The fair value of securities is provided by an investment trustee as reported by recognized pricing firms. The reported amounts of investments not otherwise reported at fair value approximate their fair value.

All investment income, including changes in the fair value of investments, is reported as revenue in the Corporation's statement of revenues, expenses and changes in fund equity and in the Trust's statement of changes in fiduciary net assets. The Corporation records a liability for the portion of investment income that is rebateable to the United States government under Section 103A of the Internal Revenue Code, as amended, (the Code) for taxable bonds sold after 1981. The Code requires that such excess investment income be remitted to the Internal Revenue Service. Such rebateable investment income is included in accounts payable and accrued liabilities in the accompanying balance sheets and recorded within operating expenses in the statement of revenues, expenses and changes in fund equity.

g. Bond Issuance Costs, Premiums, Discounts and Early Retirements

Costs relating to issuing bonds are capitalized and amortized using a method that approximates the interest method over the life of the related bonds or to the date the Corporation has the option to redeem the bonds. In addition, when refinancing debt, the unamortized costs associated with the refinanced bond continue to be amortized over the shorter of the life of the old or new bonds.

Premiums and discounts are capitalized and amortized using a method that approximates the interest method over the life of the related issue or to the date the Corporation has the option to redeem the bonds.

The Corporation periodically retires bonds prior to their redemption date. Unamortized deferred bond issuance costs, along with any premium paid on the call, related to the early retirement of bonds that are not refunded, are reported in the statement of revenues, expenses and changes in fund equity.

h. Other Assets

Other assets of the Corporation are principally comprised of property and equipment, certain other real estate owned, loan origination and other fees paid to mortgagors, and deferred servicing costs related to service release premiums paid to participating originating lenders for origination of single-family loans. The Corporation amortizes loan origination and other fees over the estimated average life of the related loans on a straight-line basis and depreciates property and equipment on a straight-line basis over the assets estimated lives, which range from 3-40 years.

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The Corporation states its other real estate owned acquired through or in lieu of foreclosure, at the lower of cost or fair value at the date of foreclosure. Fair value of such assets is determined based on independent appraisals and other relevant factors. Other real estate owned in the Single-Family Fund are at least partially insured or guaranteed by outside parties and it is anticipated that the Corporation will recover substantially all of the balance of these assets through such insurance and from proceeds from the sale of the underlying properties. The Corporation holds such properties for subsequent sale in a manner that will allow maximization of value.

i. Fund Equity

Fund equity is classified in the following three components: invested in capital assets, restricted, and unrestricted. Invested in capital assets consists of all capital assets, net of accumulated depreciation. Restricted fund equity consists of fund equity for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Unrestricted fund equity consists of fund equity not included in invested in capital assets or restricted fund equity.

The Corporation classifies all fund equity amounts associated with its bond resolutions as restricted fund equity. Under bond indentures, all assets assigned to these programs are pledged for the benefit of the bondholders of each program; consequently, the Corporation classifies all such fund equity amounts, while retained in the bond programs, as restricted. Transfers from the bond programs to the Operating Fund are made when transfers are approved and authorized by the Corporation's management and such amounts are not specifically required to be retained within the bond program.

At March 31, 2012, restricted fund equity in the Operating Fund totaled \$9,340,715, and consisted of the amount of assets required to be pledged as collateral to a lender in excess of outstanding amounts borrowed, as well as assets restricted for Federal programs.

j. Interest Income on Loans

The Corporation presents two categories of interest income on loans. The first category, "interest income on loans," represents interest income earned net of the component of the mortgagors' payments payable to all mortgage servicing entities (including the Corporation's Operating Fund) as compensation for monthly servicing. The second category, "interest income attributable to internal servicing activities," represents that portion of interest income attributable to compensation for mortgage servicing for those loans serviced by the Corporation. Together, these two components comprise interest income on loans owned by the Corporation.

k. Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and disclosure of contingent assets and liabilities when preparing the financial statements in conformity with accounting principles generally accepted in the United States. Actual results could differ from those estimates.

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2. Restricted Assets

The Corporation in the course of its business maintains various trust and escrow accounts required by applicable bond covenants for the benefit of bondholders and others, and all such accounts are considered restricted in this context. Also, restricted assets principally include Mortgage Lenders Reserve Accounts because their use is restricted by agreements between the Corporation and mortgage lenders, escrow funds received from borrowers and advance funds received from the U.S. Department of Housing and Urban Development (HUD) for the use in HUD programs.

At March 31, 2012, all assets in the Corporation's Single-Family and Multi-Family Funds; and \$176,221,412 of investments and cash and cash equivalents and \$166,887,585 of loans receivable and other assets in the Corporation's Operating Fund are restricted.

3. Loans Receivable

The Corporation provides single-family mortgage loans to qualified borrowers in the State of Rhode Island. The mortgage loans are generally required to be insured through the Federal Housing Administration (FHA), guaranteed by the Department of Veterans Administration (VA) or USDA Rural Development, or conventionally financed with traditional primary mortgage insurance. Under the single-family program guidelines, conventionally financed single-family mortgage loans with an initial loan-to-value ratio of greater than 80% are insured by private mortgage insurance carriers. As these loans amortize and the loan-to-value ratio falls below 80%, the private mortgage insurance coverage may be terminated.

The single-family mortgage loan balances in the Single Family Fund are insured, subject to maximum insurable limits described below:

Private Mortgage Insurance	\$ 575,626,907
FHA Insurance	177,341,006
VA Guaranteed	16,350,310
USDA/RD Guaranteed	11,860,023
Uninsured	251,335,201
Total	\$ 1,032,513,447

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The FHA program insures the repayment of the unpaid principal amount of the mortgage upon foreclosure and conveyance of title to the Secretary of Housing and Urban Development (HUD). The insurance proceeds are usually paid in cash, but at the discretion of the Secretary may be settled through issuance of twenty-year debentures. The VA mortgage loan guarantee covers from 25% up to 50% of the original principal amount of a loan up to a maximum of \$60,000, depending on the loan amount. Private mortgage insurers must be qualified to insure mortgages purchased by the Federal Home Loan Mortgage Corporation or Fannie Mae and must be authorized to do business in the State of Rhode Island. Private mortgage insurance typically covers between 6% and 35% of claims depending upon the premium plan and coverage selected when the loan is originated. The risk exists that if these private mortgage insurance companies are not able to honor claims, these loans would be considered uninsured. To date, all claims have been paid in accordance with contractual terms.

The Corporation has entered into a risk-sharing agreement with HUD whereby HUD will provide partial mortgage insurance on affordable multi-family housing developments financed by the Corporation. The risk of loss to the Corporation varies from 50% to 90% depending on the level of participation by HUD. In the Multi-Family Fund and Operating Fund, loan balances at March 31, 2012 of \$228,461,616 and \$10,977,749, respectively, are insured under such agreements subject to maximum participation limits. At March 31, 2012, loan balances of \$7,219,872 in the Affordability Housing Trust are also insured under such agreements.

In both the Single-Family Fund and the Multi-Family Fund, 98% of the loan portfolio is in first lien position. In the Operating Fund and the Affordable Housing Trust Fund, 33% and 40%, respectively, of the loan portfolio is in first lien position.

The payment of interest by borrowers on certain loans recorded in the Corporation's Operating Fund, Single-Family Fund and Multi-Family Fund is deferred and is payable by borrowers only from available cash flow, as defined in the loan agreements, or other specified sources. Interest income on such loans is recorded only when received from the borrower. For the nine months ended March 31, 2012, interest received under such deferred loan arrangements was \$624,402 in the Operating Fund and \$58,285 in the Single-Family Fund.

At March 31, 2012, principal outstanding under such deferred loan arrangements is as follows:

Operating Fund:	
Single-family loans	\$ 44,811,707
Multi-family loans	169,601,200
Subtotal	<u>214,412,907</u>
Single-Family Fund:	
Single-family loans	<u>9,820,211</u>
Total	<u><u>\$ 224,233,118</u></u>

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Certain loans recorded in the Corporation's Operating Fund and Single-Family Fund are on non-accrual status due to delinquency over 90 days. At March 31, 2012, principal outstanding under such non-accrual status loans is as follows:

Operating Fund:		
Single-family loans	\$	6,252,245
Multi-family loans		1,389,996
Subtotal		<u>7,642,241</u>
Single-Family Fund:		
Single-family loans		<u>81,095,771</u>
Total	\$	<u><u>88,738,012</u></u>

A summary of the changes in the allowance for loan losses is as follows:

Balance at beginning of period	\$	34,133,317
Loans charged off, net of recoveries		(4,497,214)
Provisions for loan losses		<u>1,741,911</u>
Balance at end of period	\$	<u><u>31,378,014</u></u>

In addition to the allowance for loan losses, the Corporation maintains an escrow account funded by certain mortgage lenders (the "Mortgage Lender's Reserve Account"). This Mortgage Lenders Reserve Account equals a percentage of the outstanding principal balance of certain mortgage loans purchased from an applicable mortgage lender and is available to the Corporation in the event the proceeds realized upon the default and foreclosure of any covered mortgage loan is less than the amount due to the Corporation. At March 31, 2012, the Mortgage Lenders Reserve Account totaled \$1,001,472.

4. Cash and Cash Equivalents and Investments

Cash and Cash Equivalents Rhode Island Housing assumes levels of custodial credit risk for its cash and cash equivalents. Custodial credit risk is the risk that in the event of a financial institution failure, Rhode Island Housing's deposits may not be returned to it. Cash and cash equivalents are exposed to custodial credit risk as follows: A) uninsured and uncollateralized; B) uninsured and collateralized with securities held by the financial institution trust departments in the Corporation's or Trust's name; and C) uninsured and collateralized with securities held by financial institution trust departments or agents which are not held in the Corporation's or Trust's name.

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The State requires that certain uninsured deposits of the State and State Agencies be collateralized. Section 35-10.1-7 of the General Laws of the State, dealing with the collateralization of public deposits, requires all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet its minimum capital standards as required by its Federal regulator be collateralized. Rhode Island Housing does not have any additional policy in regard to custodial credit risk for its deposits.

Principally all cash and cash equivalents are categorized as Category A in the Single-Family Fund and the Multi-Family Fund and as Category C in the Operating Fund.

Investments The primary objective of Rhode Island Housing in implementing its investment program is preservation of capital. All investments are to be made in a manner to minimize any risk which would jeopardize the safety of the principal invested. The second objective is to maintain sufficient liquidity in a manner that matches cash flow requirements. The third objective is to maximize yield after first satisfying the first two objectives. Other major considerations include diversification of risk and maintenance of credit ratings.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in a debt instrument. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Board of Commissioners' (the Board) approved investment policy for the Corporation's Operating Fund limits the maximum maturities or repricing maturities as follows:

Maturity	Maximum investment
Less than one year	100%
One to five years	25%
Greater than five years	0%

The Operating Fund holds one investment with a maturity of greater than 5 years. This investment is a marketable security that is used for collateral in support of a long-term letter of credit.

While each of the bond resolutions contains investment policies which describe acceptable investments, there are no specific policies for percentage maximum investments with respect to the Single-Family Fund, Multi-Family Fund, and the Trust (collectively referred to as the Other Funds). Nonetheless, Rhode Island Housing attempts to match asset and liability maturities as closely as practicable. The Corporation manages interest rate risk by considering many variables such as mortgage prepayment frequency and expected asset lives and then utilizing interest sensitivity gap (segmented time distribution) and simulation analysis. Although Rhode Island Housing generally will limit maturities to less than five years in all funds, sometimes it is necessary to invest in longer term securities in revenue and debt service accounts to better match the long-term fixed-rate bond liabilities.

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Included in United States Government Obligations are mortgage-backed securities backed by government-insured single-family mortgage loans originated under Rhode Island Housing's program guidelines. These securities are pass-through securities which require monthly payments by an FHA-approved or Fannie Mae approved lender and are guaranteed by the Government National Mortgage Association (GNMA). The securities are subject to interest rate risk due to prepayments before maturity and the fair value of the securities which vary with the change in market interest rates. The Corporation does not expect to realize a loss on the sale of the securities as they are intended to be held to maturity. The securities are held by the Single Family and Operating Funds and are carried at fair value totaling \$100,384,471 at March 31, 2012.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The current Board approved policy requires all investments in the Operating Fund to be rated at least Single A by a nationally recognized rating agency. Each of the bonded resolutions in the Single-Family Fund and Multi-Family Fund contain policies that generally require investments that do not impair the existing ratings on the related bonds. The Trust has no minimum rating requirements.

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer regardless of its credit history. The Board approved policy for the Operating Fund limits the amount that may be invested with any one issuer as follows:

United States Government Obligations	100% of portfolio
United States Agency Obligations	100% of portfolio
Repurchase Agreements	50% of portfolio
Collective Short-Term Funds	25% of portfolio
All other investments	10% of portfolio

Although there are no specific concentration policies for maximum percentage of investments, Rhode Island Housing attempts to diversify as much as possible given the limited number of issuers of AAA-rated investments.

At March 31, 2012, all Operating Fund investments were invested in U.S. Government and Agency securities, with no concentration of more than 5% of total Operating Fund investments in any particular agency for which the investments were not secured by the U.S. Government.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, Rhode Island Housing will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The policy in the Operating Fund is that all purchases are held in a safekeeping or custodial account at an approved safekeeping agent of the Corporation in the Corporation's name. At March 31, 2012, there were no investments in the Operating Fund subject to custodial credit risk.

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There are no other specific custodial credit risk policies for the Other Funds. Most of Rhode Island Housing's investments are either in Guaranteed Investment Contracts (GICs) in bonded resolutions, which are direct investments not subject to custodial credit risk, or in accounts managed by a financial advisory firm with underlying investments restricted to U.S. Government and Agency securities. At March 31, 2012, there were no investments in any of the Other Funds subject to custodial credit risk.

As established in the Board approved investment policy, the Corporation has the ability to enter into interest rate swap agreements and other similar interest rate related derivative instruments to reduce interest rate mismatches between its loan and investment assets and its bond and note liabilities. These types of derivative instruments expose the Corporation to certain risks including credit risk, interest rate risk, and counterparty risk. At March 31, 2012, the Corporation was not party to any derivative instruments.

5. Other Assets

Other assets consisted of the following at March 31, 2012:

Real estate owned	\$ 19,088,741
Capital assets, net	8,753,411
Deferred origination costs, net	3,059,572
Federal program properties	2,968,988
Purchased mortgage servicing rights, net	1,951,364
Other assets	44,305
Total	\$ 35,866,381

Depreciation expense related to capital assets for the nine months ended March 31, 2012 was \$531,792.

Amortization expense related to deferred origination costs and purchased mortgage servicing rights for the nine months ended March 31, 2012 was \$371,601.

6. Bonds and Notes Payable

The Corporation issues serial bonds and term bonds under various bond resolutions to provide permanent financing for the origination or purchase from participating originating lenders of single-family loans, to provide permanent financing for qualified housing developments, and to provide financing for other purposes.

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The Corporation obtains principally first and second mortgage liens on real property financed. The Corporation assigns such liens to the respective bonds when the mortgage loans are permanently financed using bond proceeds. Bonds and notes are secured by related revenues and assets of the respective programs in which the related bonds and notes payable are reported.

The provisions of the applicable trust indentures require or allow for the redemption of bonds by the Corporation through the use of unexpended bond proceeds and excess funds accumulated primarily through the prepayment of mortgage loans. All outstanding bonds are subject to redemption at the option of the Corporation, in whole or in part at any time after certain dates, as specified in the respective bond series indentures.

Principal on all bonds is payable semi-annually. Interest on all bonds is payable semi-annually, except for compound interest bonds which is payable at maturity. Term bonds require the Corporation to establish a sinking fund in the year preceding any term bond mandatory redemption.

The Corporation is required by the Internal Revenue Service as well as its various bond resolutions to comply with certain tax code provisions and bond covenants. The most significant of these include the following: all debt payments must be current, annual reports and budgets must be filed with the trustee, and the Corporation must comply with various restrictions on investment earnings from bond proceeds. The Corporation's management believes it was in compliance with these covenants as of March 31, 2012.

Bonds and notes payable at March 31, 2012 consisted of the following:

Operating Fund Bonds and Notes:

Federal Home Loan Bank	
Due 2012, interest from .21% to .28%	\$ 19,000,000
General Obligation Bonds Series 2008:	
Mandatory tender bonds, due 2013, interest at 4.625%	5,000,000
Notes Payable, due 2027 to 2030, interest from 5.275% to 6.25%	6,907,864
Lines of Credit, payable on demand, interest from 1.423% to 1.94%	60,000,000
Total Operating Fund	<u>90,907,864</u>

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Single-Family Fund:

Homeownership Opportunity Bonds and Notes:

Series 10-A:	
Term bonds, due 2022 to 2027, interest at 6.50%	2,000,000
Series 15-A:	
Term bonds, due 2024, interest at 6.85%	2,000,000
Series 25-A:	
Term bonds, due 2016, interest at 4.95%	2,510,000
Series 26-B:	
Term bonds, due 2026, interest at 5.40%	8,105,000
Series 27-B:	
Term bonds, due 2012, interest at 5.15%	115,000
Series 28-A:	
Serial bonds, due 2012, interest at 4.90%	490,000
Term bonds, due 2018, interest at 5.15%	1,965,000
	2,455,000
Series 29-A:	
Term bonds, due 2015 to 2029, interest from 5.05% to 5.10%	26,265,000
Series 30-B:	
Term bonds, due 2019, interest at 5.20%	2,440,000
Series 36-B:	
Term bonds, due 2019, interest at 4.65%	2,680,000
Series 37-B:	
Term bonds, due 2021, interest at 4.625%	1,320,000
Series 38-A:	
Term bonds, due 2027, interest at 5.50%	16,440,000

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Series 39-A:	
Serial bonds, due 2013, interest at 4.50%	45,000
Series 39-B:	
Serial bonds, due 2012 to 2013, interest from 4.65% to 4.75%	1,655,000
Term bonds, due 2019 to 2022, interest from 4.50% to 5.25%	14,550,000
	<u>16,205,000</u>
Series 40-A:	
Serial bonds, due 2012 to 2016, interest from 3.90% to 4.50%	4,325,000
Term bonds, due 2022 to 2033, interest from 4.90% to 5.00%	25,290,000
	<u>29,615,000</u>
Series 41-A:	
Serial bonds, due 2012 to 2013, interest from 4.00% to 4.15%	1,065,000
Term bonds, due 2031, interest at 5.15%	945,000
	<u>2,010,000</u>
Series 41-B:	
Term bonds, due 2022, interest at 5.20%	6,770,000
Series 42-A:	
Serial bonds, due 2012 to 2013, interest from 3.55% to 3.65%	1,080,000
Term bonds, due 2017 to 2033, interest from 3.50% to 4.90%	11,725,000
	<u>12,805,000</u>
Series 43-A:	
Serial bonds, due 2012 to 2017, interest from 3.10% to 3.90%	3,385,000
Term bonds, due 2018 to 2033, interest from 3.25% to 4.375%	7,480,000
	<u>10,865,000</u>
Series 44-A:	
Serial bonds, due 2012 to 2013, interest from 3.85% to 4.00%	3,215,000
Term bonds, due 2017 to 2033, interest from 4.45% to 5.05%	11,680,000
	<u>14,895,000</u>
Series 45-A:	
Serial bonds, due 2012 to 2017, interest from 3.90% to 4.60%	8,335,000
Series 45-B:	
Term bonds, due 2020 to 2024, interest from 4.00% to 4.90%	18,250,000
Series 46-A:	
Serial bonds, due 2012 to 2014, interest from 3.50% to 3.85%	2,615,000
Term bonds, due 2019 to 2034, interest from 4.25% to 4.60%	30,280,000
	<u>32,895,000</u>

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Series 46-T:	
Term bonds, due 2034, interest at variable rate	15,000,000
Series 47-A:	
Serial bonds, due 2012 to 2015, interest from 3.70% to 4.10%	3,475,000
Term bonds, due 2017, interest at 4.30%	1,670,000
	<u>5,145,000</u>
Series 47-B:	
Term bonds, due 2025 to 2033, interest from 5.00% to 5.15%	30,035,000
Series 48-A:	
Serial bonds, due 2012 to 2017, interest from 3.45% to 4.10%	5,320,000
Series 48-B:	
Term bonds, due 2025 to 2035, interest from 4.70% to 4.85%	19,820,000
Series 48-T:	
Term bonds, due 2034, interest at variable rate	15,000,000
Series 49-A:	
Serial bonds, due 2012 to 2015, interest from 3.55% to 4.10%	6,310,000
Term bonds, due 2017 to 2034, interest from 4.20% to 4.75%	4,105,000
	<u>10,415,000</u>
Series 49-B:	
Serial bonds, due 2012, interest at 4.10%	845,000
Term bonds, due 2020 to 2035, interest from 4.40% to 4.80%	28,520,000
	<u>29,365,000</u>
Series 50-A:	
Serial bonds, due 2012 to 2014, interest from 3.625% to 3.85%	9,175,000
Term bonds, due 2017 to 2034, interest from 4.00% to 4.65%	17,270,000
	<u>26,445,000</u>
Series 50-B:	
Term bonds, due 2035, interest at 4.60%	38,365,000
Series 51-A:	
Serial bonds, due 2012 to 2017, interest from 3.70% to 4.125%	10,820,000
Term bonds, due 2026 to 2033, interest from 4.65% to 4.85%	29,215,000
	<u>40,035,000</u>
Series 51-B:	
Term bonds, due 2036, interest at 5.00%	4,455,000

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For the Nine Months Ended March 31, 2012

Series 52-A:	
Serial bonds, due 2012 to 2018, interest from 3.85% to 4.30%	8,425,000
Term bonds, due 2021 to 2033, interest from 4.50% to 4.80%	11,740,000
	<u>20,165,000</u>
Series 52-B:	
Term bonds, due 2028 to 2036, interest from 4.90% to 5.00%	24,215,000
Series 53-A:	
Serial bonds, due 2012 to 2017, interest from 3.65% to 4.05%	14,300,000
Term bonds, due 2034, interest at 4.60%	3,150,000
	<u>17,450,000</u>
Series 53-B:	
Term bonds, due 2021 to 2046, interest from 4.70% to 5.00%	41,135,000
Series 54:	
Term bonds, due 2026 to 2046, interest from 4.65% to 4.90%	60,675,000
Series 55-A:	
Serial bonds, due 2013 to 2017, interest from 3.70% to 3.95%	8,345,000
Term bonds, due 2034, interest at 4.50%	2,280,000
	<u>10,625,000</u>
Series 55-B:	
Serial bonds, due 2012 to 2017, interest from 4.10% to 4.375%	3,585,000
Term bonds, due 2022 to 2047, interest from 4.55% to 4.85%	57,945,000
	<u>61,530,000</u>
Series 56-A:	
Serial bonds, due 2012 to 2015, interest from 4.40% to 4.65%	3,350,000
Term bonds, due 2017 to 2047, interest from 4.75% to 5.20%	58,400,000
	<u>61,750,000</u>
Series 56-B1-T:	
Term bonds, due 2047, interest at 6.074%	5,195,000
Series 57-A:	
Serial bonds, due 2012 to 2017, interest from 3.85% to 4.25%	8,825,000
Term bonds, due 2034, interest at 5.00%	475,000
	<u>9,300,000</u>
Series 57-B:	
Term bonds, due 2022 to 2047, interest from 5.15% to 5.45%	55,625,000
Series 58-A:	
Term bonds, due 2023 to 2047, interest from 5.05% to 5.40%	54,655,000

Rhode Island Housing and Mortgage Finance Corporation
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Notes to Financial Statements
For the Nine Months Ended March 31, 2012

Series 58-T:	
Term bonds, due 2013 to 2017, interest from 4.98% to 5.51%	7,280,000
Series 59-A:	
Serial bonds, due 2012 to 2017, interest from 3.125% to 4.125%	13,855,000
Term bonds, due 2034, interest at 5.15%	3,215,000
	<u>17,070,000</u>
Series 59-B:	
Term bonds, due 2022 to 2028, interest from 5.45% to 5.70%	12,980,000
Series 59-C:	
Demand bonds, due 2047, interest at variable rate	25,000,000
Series 60-A1:	
Serial bonds, due 2012 to 2017, interest from 3.45% to 4.30%	9,400,000
Term bonds, due 2034, interest at 5.375%	3,080,000
	<u>12,480,000</u>
Series 60-A2:	
Term bonds, due 2036, interest at 5.50%	1,855,000
Series 60-B:	
Serial bonds, due 2017 to 2018, interest from 5.00% to 5.150%	1,840,000
Unamortized bond premium	1,138,532
Subtotal	<u>960,383,532</u>
 Home Funding Bonds and Notes:	
Series 1-A:	
Serial bonds, due 2012 to 2021, interest from 1.35% to 4.125%	14,685,000
Term bonds, due 2024 to 2027, interest from 4.25% to 4.625%	12,390,000
	<u>27,075,000</u>
Series 1-B:	
Term bonds, due 2039, interest at 3.96%	43,110,000
Series 2:	
Term bonds, due 2041, interest at variable rate	32,000,000
Series 2, Subseries 2A:	
Term bonds, due 2041, interest at 3.16%	29,800,000
Series 2, Subseries 2B:	
Term bonds, due 2041, interest at 2.63%	21,000,000

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Series 3:	
Serial bonds, due 2012 to 2020, interest from .90% to 3.20%	8,895,000
Term bonds, due 2025 to 2041, interest from 3.16% to 4.10%	10,515,000
	19,410,000
Series 4:	
Serial bonds, due 2012 to 2022, interest from .50% to 3.50%	7,955,000
Term bonds, due 2026 to 2028, interest from 4.05% to 4.20%	6,045,000
	14,000,000
Unamortized bond discount	(14,779)
Subtotal	186,380,221
Total Single-Family Fund	1,146,763,753
Multi-Family Fund:	
Multi-Family Housing Bonds:	
1995 Series A:	
Term bonds, due 2017, interest at 6.15%	740,000
1998 Series A:	
Serial bonds, due 2012, interest at 5.10%	90,000
Term bonds, due 2018 to 2033, interest from 5.375% to 5.50%	3,550,000
	3,640,000
Subtotal	4,380,000
Housing Bonds:	
2001 Series A:	
Serial bonds, due 2012 to 2013, interest from 5.10% to 5.15%	460,000
Term bonds, due 2015, interest at 5.30%	1,490,000
	1,950,000
2001 Series B-1B:	
Serial bonds, due 2012 to 2013, interest from 4.30% to 4.55%	2,235,000
Term bonds, due 2022, interest at 5.15%	7,810,000
	10,045,000
2001 Series B-2T:	
Term bonds, due 2031, interest at variable rate	3,715,000
2002 Series A:	
Serial bonds, due 2012, interest at 4.55%	175,000
Term bonds, due 2016 to 2032, interest from 5.00% to 5.55%	8,620,000
	8,795,000

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2003 Series A-1:	
Serial bonds, due 2012 to 2013, interest from 4.00% to 4.10%	175,000
Term bonds, due 2018 to 2035, interest from 4.625% to 4.95%	7,455,000
	<u>7,630,000</u>
2003 Series A-2T:	
Term bonds, due 2034, interest at variable rate	21,390,000
2003 Series B-1A:	
Serial bonds, due 2012 to 2016, interest from 4.50% to 4.90%	1,870,000
Term bonds, due 2024 to 2034, interest from 5.375% to 5.50%	9,100,000
	<u>10,970,000</u>
2003 Series B-1B:	
Term bonds, due 2024 to 2034, interest from 5.375% to 5.55%	2,700,000
2003 Series B-2T:	
Term bonds, due 2035, interest at variable rate	8,980,000
2003 Series C-1A:	
Serial bonds, due 2012 to 2014, interest from 3.90% to 4.10%	965,000
Term bonds, due 2023 to 2034, interest from 4.85% to 5.00%	15,695,000
	<u>16,660,000</u>
2003 Series C-1B:	
Serial bonds, due 2012 to 2014, interest from 3.90% to 4.10%	80,000
Term bonds, due 2023 to 2035, interest from 4.85% to 5.00%	1,370,000
	<u>1,450,000</u>
2004 Series A-1A:	
Serial bonds, due 2012 to 2016, interest from 4.00% to 4.50%	850,000
Term bonds, due 2025 to 2033, interest from 5.00% to 5.10%	6,335,000
	<u>7,185,000</u>
2004 Series A-1B:	
Term bonds, due 2016 to 2045, interest from 4.50% to 5.35%	3,155,000
2004 Series B-1A:	
Serial bonds, due 2012 to 2015, interest from 3.35% to 3.70%	50,000
Term bonds, due 2025 to 2045, interest from 4.55% to 4.85%	1,890,000
	<u>1,940,000</u>
2004 Series B-1B-1:	
Serial bonds, due 2012 to 2015, interest from 3.75% to 4.10%	510,000
Term bonds, due 2045, interest at 4.90%	12,875,000
	<u>13,385,000</u>

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2004 Series B-1B-2:	
Serial bonds, due 2012 to 2015, interest from 3.75% to 4.10%	100,000
Term bonds, due 2025 to 2035, interest from 4.65% to 4.90%	860,000
	960,000
2004 Series B-2T:	
Term bonds, due 2015 to 2030, interest from 4.85% to 5.57%	3,400,000
2005 Series A-1A:	
Serial bonds, due 2012 to 2015, interest from 4.00% to 4.25%	1,585,000
Term bonds, due 2025 to 2035, interest from 4.75% to 4.875%	17,230,000
	18,815,000
2005 Series A-1B:	
Term bonds, due 2035, interest at 4.90%	270,000
2005 Series A-2T:	
Term bonds, due 2015 to 2018, interest from 5.14% to 5.29%	1,210,000
2006 Series A-1:	
Serial bonds, due 2012 to 2016, interest from 3.85% to 4.05%	1,285,000
Term bonds, due 2022 to 2043, interest from 4.50% to 4.75%	19,680,000
	20,965,000
2007 Series A-1:	
Serial bonds, due 2012 to 2017, interest from 4.00% to 4.35%	1,830,000
Term bonds, due 2027 to 2048, interest from 4.80% to 5.00%	29,680,000
	31,510,000
2007 Series A-2T:	
Term bonds, due 2027, interest at 5.608%	1,270,000
2007 Series B-1A/B:	
Serial bonds, due 2012 to 2017, interest from 4.00% to 4.50%	1,325,000
Term bonds, due 2022 to 2049, interest from 5.00% to 5.50%	24,405,000
	25,730,000
Unamortized bond premium	106,179
Subtotal	224,186,179
Multi-Family Funding Bonds:	
2009 Series A, Subseries 2009A-1:	
Term bonds, due 2051, interest at 3.01%	51,000,000
2009 Series A, Subseries 2009A-2:	
Term bonds, due 2051, interest at 2.32%	14,100,000

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2011 Series A:	
Serial bonds, due 2012 to 2021, interest from .50% to 4.00%	5,640,000
Term bonds, due 2025 to 2035, interest from 4.625% to 5.25%	15,550,000
	21,190,000
2012 Series A:	
Serial bonds, due 2013 to 2017, interest from .85% to 2.50%	730,000
Term bonds, due 2021 to 2032, interest from 3.125% to 4.625%	4,310,000
	5,040,000
Subtotal	91,330,000
 Multi-Family Development Bonds:	
2011 Series 1:	
Serial bonds, due 2012 to 2021, interest from .875% to 4.25%	630,000
Term bonds, due 2025 to 2051, interest from 4.75% to 5.875%	8,285,000
	8,915,000
2012 Series 1:	
Term bonds, due 2013, interest at 1.125%	7,000,000
Subtotal	15,915,000
 Multi-Family Mortgage Revenue Bonds:	
1998 Series A:	
Term bonds, due 2028, interest at variable rate	1,965,000
Series 2006 (University Heights Project):	
Term bonds, due 2039, interest at variable rate	26,700,000
Series 2006 (Sutterfield Project):	
Term bonds, due 2039, interest at variable rate	7,000,000
Series 2006 (The Groves):	
Term bonds, due 2040, interest at variable rate	30,950,000
Subtotal	66,615,000
 Total Multi-Family Fund	 402,426,179
 Total Bonds And Notes Payable	 \$ 1,640,097,796

Rhode Island Housing and Mortgage Finance Corporation
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Notes to Financial Statements
For the Nine Months Ended March 31, 2012

Notes payable consist of the Operating Fund's lines of credit, which were established with financial institutions primarily to make funds available for the origination, or purchase from participating originating lenders, of single-family loans prior to the time such loans are funded by bond proceeds received by the issuance of bonds under the Single-Family Fund. At March 31, 2012, the Corporation may borrow up to a maximum of \$40,000,000 under one revolving loan agreement expiring November 2012, up to a maximum of \$20,000,000 under another additional revolving loan agreement expiring May 2013, and up to a maximum of \$15,000,000 under a third additional revolving loan agreement expiring January 2013. Borrowings under the lines of credit totaled \$60,000,000 as of March 31, 2012 and are payable on demand and are unsecured.

Homeownership Opportunity Bonds Series 46-T and 48-T, Housing Bonds 2001 Series B-2T, 2003 Series A-2T and 2003 Series B-2T bear interest at a variable rate established quarterly, which range from .81%-.90% at March 31, 2012. The Multi-Family Mortgage Revenue Bonds and the Homeownership Opportunity Bonds Series 59-C bear interest at a variable rate established weekly, which range from .15%-.93% at March 31, 2012.

7. Commitments and Contingencies

The Corporation is party to financial instruments with off-balance-sheet risk in connection with its commitments to provide financing. Such commitments expose the Corporation to credit risk in excess of the amounts recognized in the accompanying balance sheets. The Corporation's exposure to credit loss in the event of nonperformance by the borrowers is represented by the contractual amount of such instruments. The Corporation uses the same credit policies in making commitments as it does for on-balance-sheet instruments.

Total credit exposure as a result of loan commitments at March 31, 2012 is as follows:

Fund	Commitments
Operating Fund	\$ 25,567,192
Single-Family Fund	6,108,709
Multi-Family Fund	-
Total	\$ 31,675,901

Commitments to extend credit are agreements to lend to a borrower as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. The Corporation evaluates each borrower's credit worthiness on a case-by-case basis. Interest rates on approved loan commitments are principally fixed rates.

Rhode Island Housing and Mortgage Finance Corporation
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Notes to Financial Statements
For the Nine Months Ended March 31, 2012

The Corporation is party to a standby letter of credit agreement whereby the Corporation guarantees payment of principal and interest to bondholders in the event of nonperformance by the borrower. The Corporation's exposure to credit loss is represented by the contractual amount of the letter of credit, up to a maximum of \$2,027,666 at March 31, 2012. The Corporation also entered into a confirming letter of credit agreement with a financial institution whereby the financial institution guarantees payment of principal and interest to bondholders in the event of nonperformance by both the borrower and the Corporation. The Corporation holds a marketable security as collateral to support this confirming letter of credit with a fair value of \$2,649,156 at March 31, 2012.

The Corporation is party to certain claims and lawsuits which are being contested, certain of which Rhode Island Housing and respective legal counsel are unable to determine the likelihood of an unfavorable outcome or the amount or range of potential loss. In the opinion of management, the ultimate liability with respect to these actions and claims will not have a material adverse effect on either the financial position or the results of operations of Rhode Island Housing.

Rhode Island Housing is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God for which Rhode Island Housing carries commercial insurance. Neither Rhode Island Housing nor its insurers have settled any claims which exceeded Rhode Island Housing's insurance coverage in any of the last nine fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year. Rhode Island Housing also is self-insured for unemployment compensation, and no accrual has been recorded in the accompanying financial statements for claims expected to arise from services rendered on or before March 31, 2012 because Rhode Island Housing officials are of the opinion that, based on prior experience and current information, such claims will not be material.

8. Segment Information

The Corporation has issued various revenue bonds to finance the activities of its Single-Family Fund and Multi-Family Fund. Investors in each revenue bond rely solely on the revenue stream generated from the activities associated with the specific revenue bonds for repayment. Segment information relating to these identifiable activities is presented in the accompanying balance sheet, statement of revenues, expenses and changes in fund equity and statement of cash flows.

Rhode Island Housing and Mortgage Finance Corporation
(A Component Unit of the State of Rhode Island)
Notes to Financial Statements
For the Nine Months Ended March 31, 2012

9. Employee Benefits

Employee Benefit Plan

The Corporation has adopted an employee retirement plan created in accordance with Internal Revenue Code Section 401(a). The Corporation's 401(a) money Purchase Pension Plan (the Plan) is a defined contribution plan, administered by ICMA Retirement Corporation. Regular full-time employees who meet certain requirements as to length of service are eligible. The Corporation contributes a set percentage of an employee's annual eligible compensation to the Plan. The contribution requirements, and benefit provisions, are established and may be amended by management of the Corporation along with the Board of Commissioners. Contributions to the Plan for the nine months ended March 31, 2012 totaled \$657,775. The assets of the Plan were placed under a separate trust agreement for the benefit of the applicable employees, and therefore are neither an asset nor a liability of the Corporation.

Post-employment Healthcare Plan

The Rhode Island Housing Retiree Healthcare Plan (RIHRHP) is a single-employer defined benefit healthcare plan administered by the Corporation. RIHRHP provides medical insurance benefits to eligible employees who retire from active full-time employment based on years of service and age. As of March 31, 2012, the plan included 10 retirees, 8 of which are receiving benefits, and 173 active employees. RIHRHP does not issue a stand-alone financial report.

The Corporation's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. For the nine month period ended March 31, 2012, plan members receiving benefits contributed \$1,422 as their required contribution.

The OPEB cost for the nine month period ended March 31, 2012, is as follows:

	2012
Required contribution	\$ 265,299
Interest on OPEB obligation	93,000
Adjustment to required contribution	(86,166)
OPEB cost	272,133
Net estimated employer contributions	(21,842)
Increase in net OPEB obligation	250,291
Net OPEB obligation, beginning of period	2,755,594
Net OPEB obligation, end of period	\$ 3,005,885
Percent of OPEB cost contributed in current period	8.0%

Rhode Island Housing and Mortgage Finance Corporation
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Notes to Financial Statements
For the Nine Months Ended March 31, 2012

Funding Status and Funding Progress:

Under the reporting parameters, the Corporation's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$3,005,885 at March 31, 2012.

Actuarial Methods and Assumptions

The actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the ARC are subject to continual revision as actual results are compared with past expectations. The ARC was calculated based on the projected unit credit method, which provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the Corporation and include types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Corporation and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions included a 3.00% inflation rate, an investment rate of return of 4.50%, payroll growth of 3.00% and a 30 year open amortization period. The initial annual healthcare cost trend rate of 8.5%, declining to an ultimate rate of 4.50% after 8 years.

10. State Rental Subsidy Program

The Corporation and the State have entered into a contractual relationship whereby the Corporation assumed the responsibility for the State Rental Subsidy Program for the period July 1, 1994 through June 30, 1997. In addition, the Corporation made \$3,800,000 in advances on behalf of the State for this program in the fiscal year ended June 30, 1994. As provided in the contractual arrangement, the State agreed to repay the \$3,800,000, subject to appropriations, in installments of \$950,000 over a four-year period beginning in the year ended June 30, 1996, but to date no payments have been received, nor have any payments for advances made during the period from July 1, 1998 through March 31, 2012 been received.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Balance Sheet - Single-Family Fund
March 31, 2012

	<u>Homeownership Opportunity Bond Program</u>	<u>Home Funding Bond Program</u>	<u>Single-Family Fund Totals</u>
Assets			
Loans receivable	\$ 957,712,474	\$ 74,800,973	\$ 1,032,513,447
Less allowance for loan losses	(1,750,000)	-	(1,750,000)
Loans receivable, net	<u>955,962,474</u>	<u>74,800,973</u>	<u>1,030,763,447</u>
Investments	33,204,984	82,147,281	115,352,265
Accrued interest-loans	3,645,782	217,634	3,863,416
Accrued interest-investments	96,662	279,341	376,003
Cash and cash equivalents	111,424,443	43,548,714	154,973,157
Deferred bond issuance costs, net	7,037,221	1,258,964	8,296,185
Other assets, net	18,792,576	155,888	18,948,464
Interfund receivable	-	18,597	18,597
Total Assets	<u>\$ 1,130,164,142</u>	<u>\$ 202,427,392</u>	<u>\$ 1,332,591,534</u>
Liabilities and Fund Equity			
Bonds and notes payable	\$ 960,383,532	\$ 186,380,221	\$ 1,146,763,753
Accrued interest payable on bonds and notes	21,783,290	2,611,782	24,395,072
Accounts payable and accrued liabilities	719,423	-	719,423
Deferred fees	308,618	-	308,618
Total liabilities	<u>983,194,863</u>	<u>188,992,003</u>	<u>1,172,186,866</u>
Fund Equity			
Fund equity, restricted	<u>146,969,279</u>	<u>13,435,389</u>	<u>160,404,668</u>
Total Liabilities and Fund Equity	<u>\$ 1,130,164,142</u>	<u>\$ 202,427,392</u>	<u>\$ 1,332,591,534</u>

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statement of Revenues, Expenses and Changes in Fund Equity - Single-Family Fund
For the Nine Months Ended March 31, 2012

	Homeownership Opportunity Bond Program	Home Funding Bond Program	Single-Family Fund Total
Operating revenues:			
Interest income on loans	\$ 37,278,889	\$ 2,169,790	\$ 39,448,679
Income on investments:			
Interest on investments	1,476,352	2,505,621	3,981,973
Net increase in fair value of investments	304,708	2,252,903	2,557,611
Total operating revenues	39,059,949	6,928,314	45,988,263
Operating expenses:			
Interest expense	32,740,815	3,703,035	36,443,850
Other administrative expenses	167,656	-	167,656
Housing initiatives	32,131	-	32,131
Provision for loan loss	1,740,656	-	1,740,656
Arbitrage rebate	75,000	-	75,000
Amortization of deferred bond issuance costs	390,639	48,475	439,114
Early retirement of debt	313,677	16,269	329,946
Depreciation and amortization of other assets	248,306	22,436	270,742
Total operating expenses	35,708,880	3,790,215	39,499,095
Operating income	3,351,069	3,138,099	6,489,168
Transfers in to (out of) fund equity	(2,783,597)	182,238	(2,601,359)
Total change in fund equity	567,472	3,320,337	3,887,809
Fund equity, beginning of period	146,401,807	10,115,052	156,516,859
Fund equity, end of period	<u>\$ 146,969,279</u>	<u>\$ 13,435,389</u>	<u>\$ 160,404,668</u>

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
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Combining Balance Sheet - Multi-Family Fund
March 31, 2012

	Multi-Family Housing Bond Program	Housing Bond Program	Multi-Family Mortgage Revenue Bond Program
Assets			
Loans receivable	\$ 3,886,360	\$ 216,002,059	\$ 66,615,000
Investments	31,345,658	25,293,407	-
Accrued interest-loans	24,938	1,340,322	29,238
Accrued interest-investments	487,214	293,438	-
Cash and cash equivalents	334,812	18,699,245	848,646
Deferred bond issuance costs, net	63,211	58,740	-
Other assets, net	-	-	-
Interfund receivable	-	-	-
Total Assets	\$ 36,142,193	\$ 261,687,211	\$ 67,492,884
Liabilities and Fund Equity			
Bonds and notes payable	\$ 4,380,000	\$ 224,186,179	\$ 66,615,000
Accrued interest payable on bonds and notes	61,131	4,892,746	11,423
Accounts payable and accrued liabilities	413,554	2,345,768	-
Deferred fees	-	-	100,125
Escrow deposits	-	1,280,354	848,375
Total liabilities	4,854,685	232,705,047	67,574,923
Fund Equity			
Fund equity, restricted	31,287,508	28,982,164	(82,039)
Total Liabilities and Fund Equity	\$ 36,142,193	\$ 261,687,211	\$ 67,492,884

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Balance Sheet - Multi-Family Fund
March 31, 2012

	<u>Multi-Family Funding Bond Program</u>	<u>Multi-Family Development Bonds</u>	<u>Multi-Family Fund Total</u>
Assets			
Loans receivable	\$ 91,279,466	\$ 15,887,876	\$ 393,670,761
Investments	-	-	56,639,065
Accrued interest-loans	485,883	77,704	1,958,085
Accrued interest-investments	-	-	780,652
Cash and cash equivalents	6,884,274	8,047,325	34,814,302
Deferred bond issuance costs, net	54,164	45,468	221,583
Interfund receivable	291,320	119,373	410,693
Total Assets	<u>\$ 98,995,107</u>	<u>\$ 24,177,746</u>	<u>\$ 488,495,141</u>
Liabilities and Fund Equity			
Bonds and notes payable	\$ 91,330,000	\$ 15,915,000	\$ 402,426,179
Accrued interest payable on bonds and notes	1,348,932	266,380	6,580,612
Accounts payable and accrued liabilities	-	-	2,759,322
Deferred fees	-	-	100,125
Escrow deposits	-	-	2,128,729
Total liabilities	<u>92,678,932</u>	<u>16,181,380</u>	<u>413,994,967</u>
Fund Equity			
Fund equity, restricted	6,316,175	7,996,366	74,500,174
Total Liabilities and Fund Equity	<u>\$ 98,995,107</u>	<u>\$ 24,177,746</u>	<u>\$ 488,495,141</u>

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statement of Revenues, Expenses and Changes in Fund Equity - Multi-Family Fund
For the Nine Months Ended March 31, 2012

	Multi-Family Housing Bond Program	Housing Bond Program	Multi-Family Mortgage Revenue Bond Program
Operating revenues:			
Interest income on loans	\$ 259,457	\$ 11,443,290	\$ 347,329
Income on investments:			
Interest on investments	1,402,178	807,300	-
Net increase in fair value of investments	-	1,270,430	-
Total operating revenues	1,661,635	13,521,020	347,329
Operating expenses:			
Interest expense	183,394	7,421,553	98,188
Other administrative expenses	3,034	84,265	-
Arbitrage rebate	225,000	-	-
Amortization of deferred bond issuance costs	4,835	5,677	-
Total operating expenses	416,263	7,511,495	98,188
Operating income (loss)	1,245,372	6,009,525	249,141
Transfers out of fund equity	(2,300,000)	(5,500,000)	(281,015)
Total change in fund equity	(1,054,628)	509,525	(31,874)
Fund equity, beginning of period	32,342,136	28,472,639	(50,165)
Fund equity, end of period	<u>\$ 31,287,508</u>	<u>\$ 28,982,164</u>	<u>\$ (82,039)</u>

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statement of Revenues, Expenses and Changes in Fund Equity - Multi-Family Fund
For the Nine Months Ended March 31, 2012

	Multi-Family Funding Bond Program	Multi-Family Development Bonds	Multi-Family Total
Operating revenues:			
Interest income on loans	\$ 3,891,436	\$ 580,979	\$ 16,522,491
Income on investments:			
Interest on investments	1,129	713	2,211,320
Net increase in fair value of investments	-	-	1,270,430
Total operating revenues	3,892,565	581,692	20,004,241
Operating expenses:			
Interest expense	1,983,869	387,910	10,074,914
Other administrative expenses	-	-	87,299
Arbitrage rebate	-	-	225,000
Amortization of deferred bond issuance costs	1,369	13,514	25,395
Total operating expenses	1,985,238	401,424	10,412,608
Operating income (loss)	1,907,327	180,268	9,591,633
Transfers out of fund equity	(1,232,471)	7,058,982	(2,254,504)
Total change in fund equity	674,856	7,239,250	7,337,129
Fund equity, beginning of period	5,641,319	757,116	67,163,045
Fund equity, end of period	<u>\$ 6,316,175</u>	<u>\$ 7,996,366</u>	<u>\$ 74,500,174</u>