September 29, 2014

NOTICE OF SALE

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

$8,900,000*

Rental Housing Bonds

$8,900,000* 2014 Series B-Non-AMT

The Rental Housing Bonds, 2014 Series B-Non-AMT (the "Offered Bonds") are being sold as indicated in this Notice of Sale and are expected to be available for delivery on October 28, 2014 (such date, as may be changed as described herein, is referred to as the "Settlement Date").

Electronic bids, via Ipreo Holdings LLC's Parity® electronic bid submission system and BidCOMP competitive bid calculation system only (collectively, "BidCOMP"), for the purchase of the entire amount of the Offered Bonds, at a price equal to 100% of each maturity and the aggregate principal amount of the Offered Bonds, will be received by the Virginia Housing Development Authority (the "Authority") until 11:00 a.m., NEW YORK, NEW YORK TIME, on Tuesday, October 7, 2014 (unless changed as described herein). Such time and date for receipt of bids, as may be so changed, are referred to herein as the "Bid Time" and "Bid Date," respectively.

The winning bid will be designated prior to 4:00 p.m., NEW YORK, NEW YORK TIME, on the Bid Date.

The Offered Bonds are expected to be issued by the Authority on the Settlement Date, pursuant to the Current Resolution as defined in the Preliminary Official Statement dated September 29, 2014, as it may be amended prior to 4:00 p.m. New York, New York time on October 6, 2014, (the "Preliminary Official Statement"). This Notice of Sale, the Preliminary Official Statement and the preliminary Blue Sky Memorandum for the Offered Bonds are being distributed to potential bidders by the Authority electronically through BidCOMP and are available on the Internet at www.i-dealprospectus.com/. At the time of issuance of the Offered Bonds, the approving legal opinion of Hawkins Delafield & Wood LLP, New York, New York, as bond counsel to the Authority ("Bond Counsel"), which will include an opinion as to certain tax matters, will be delivered for the Offered Bonds.

In the opinion of Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants, (i) interest on the Offered Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") except that no opinion is expressed as to the exclusion from gross income of interest on any Offered Bond for any period during which the Offered Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the Offered Bonds or a "related person", and (ii) interest on the Offered Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted

*Preliminary, subject to change.

current earnings of corporations for the purpose of calculating the alternative minimum tax. See "Tax Matters" in the Preliminary Official Statement.

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

Maturity Schedule

The principal of the Offered Bonds will be due (subject to the right of prior redemption as set forth in the Preliminary Official Statement) on the dates and in the amounts, respectively, set forth in Appendix A.

Revised Maturity Schedule

The specified principal amounts (the "Preliminary Principal Amounts") as set forth in Appendix A may be revised before the Bid Time on the Bid Date. NOTICE OF ANY SUCH REVISIONS (THE "REVISED PRINCIPAL AMOUNTS") WILL BE GIVEN IN ACCORDANCE WITH "AMENDMENTS TO THIS NOTICE OF SALE" BELOW. In the event that no such revisions are made, bidders shall submit bids based on the Preliminary Principal Amounts. In the event any such revisions are made, bidders shall submit bids based on the applicable Revised Principal Amounts.

Changes to Revised Maturity Schedule Prior to Award

The Authority reserves the right, after bids are opened and prior to award, to increase or reduce the principal amount of the Offered Bonds offered for sale in an amount not to exceed five percent (5%) of the principal amount of the Offered Bonds as such principal amount may be amended pursuant to the preceding paragraph. Any such increase or reduction will be made in integral multiples of $5,000 in each of the maturities (to the extent possible) and will be approximately proportional to the ratio that each such maturity bears to the total principal amount of the Offered Bonds prior to any such increase or decrease. Such changes, if any, will be designated the "Final Principal Amounts". THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID AS A RESULT OF ANY SUCH CHANGES MADE TO THE PRELIMINARY PRINCIPAL AMOUNTS OR REVISED PRINCIPAL AMOUNTS. The dollar amount bid by the successful bidder will be adjusted to reflect the sum of the Final Principal Amounts of the Offered Bonds. The underwriting fee designated in the successful bidder's bid shall be adjusted so that the per $1,000 of par amount of Offered Bonds underwriting fee shall be the same as the per $1,000 of par amount of Offered Bonds underwriting fee set forth in the successful bidder's bid. The interest rates specified by the successful bidder for the various maturities of the Offered Bonds will not change. The Authority anticipates that the Final Principal Amounts of the Offered Bonds will be communicated to the successful bidder as soon as possible, but no later than 4:00 p.m., NEW YORK, NEW YORK TIME, on the Bid Date.

Term Bond Option

The successful bidder may designate two or more of the consecutive serial maturities for which the interest rate is the same as sinking fund installments of a term bond maturity equal in aggregate principal amount, and with amortization requirements corresponding to such designated serial maturities.

Electronic Bidding and Bidding Procedures

Registration to Bid

All prospective bidders must be contracted customers of IPREO's BidCOMP. If any prospective bidder does not have a contract with BidCOMP, such bidder should call IPREO at (212) 404-8102 to become a customer. By submitting a bid for the Offered Bonds, a prospective bidder represents and warrants to the Authority that such bidder's bid for the purchase of the Offered Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Offered Bonds. By contracting with BidCOMP a prospective bidder is not obligated to submit a bid in connection with the sale.

IF ANY PROVISIONS OF THIS NOTICE OF SALE SHALL CONFLICT WITH INFORMATION PROVIDED BY BIDCOMP, THIS NOTICE OF SALE, AS IT MAY BE AMENDED BY THE AUTHORITY AS DESCRIBED HEREIN, SHALL CONTROL. Further information about BidCOMP, including any fee charged, may be obtained by calling IPREO at (212) 849-5021.

Bidding Procedures

Bids must be submitted electronically via BidCOMP by the Bid Time on the Bid Date. Bids must conform in all respects to the provisions of this Notice of Sale, except for the changes, if any, made by the Authority as described herein.

Prior to the Bid Time on the Bid Date, a prospective bidder may input and save the proposed terms of its bid in BidCOMP. Once the final bid has been saved in BidCOMP, the bidder may select the final bid button in BidCOMP to submit the bid to BidCOMP. Once the bids are communicated to the Authority electronically via BidCOMP, each bid will constitute an irrevocable offer to purchase the Offered Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BidCOMP shall constitute the official time.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of BidCOMP. No bid will be accepted after the Bid Time on the Bid Date.

Bid Specifications

Bidders shall specify the rates of interest to be borne by the Offered Bonds which may be repeated, provided that: (i) each Offered Bond shall accrue interest from the Settlement Date to its stated maturity date at the interest rate specified in the bid; (ii) all Offered Bonds of the same maturity shall bear the same single rate of interest; and (iii) no bid will be accepted which has any capital appreciation bonds, zero coupon bonds, supplemental coupon bonds or split coupon bonds or which contemplates any other concession. No bid for the Offered Bonds will be accepted to purchase less than the full principal amount of the Offered Bonds, and no bid shall vary from the terms herein described.

The purchase price in the amount specified on BidCOMP is to be paid by the successful bidder at the delivery of the Offered Bonds. Each bidder for the Offered Bonds shall specify an underwriting fee of not more than $89,000, which underwriting fee will be paid upon delivery of the Offered Bonds. The underwriting fee shall be treated as a discount for the purpose of calculating the True Interest Cost as described below. Simultaneously with delivery of the Offered Bonds, payment of the amount due

(purchase price less the Deposit amount as defined below) must be made by the successful bidder in Federal Reserve Funds immediately available to the Authority or its designee without additional cost.

Disclaimer

Each prospective bidder shall be solely responsible to register to bid via BidCOMP and to make necessary arrangements to access BidCOMP for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Authority nor BidCOMP shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Authority nor BidCOMP shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, BidCOMP. The Authority is using BidCOMP as a communication mechanism, and not as the Authority's agent, to conduct the electronic bidding for the Offered Bonds. The Authority is not bound by any advice and determination of BidCOMP to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" set forth above. All costs and expenses incurred by a prospective bidder in connection with its registration and submission of bids via BidCOMP are the sole responsibility of the bidder; and the Authority is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Offered Bonds, it should telephone BidCOMP at (212) 849-5021 and notify the Authority by e-mail to vhdafinance@gmail.com.

Award of the Offered Bonds

Subject to the Authority's right to amend the terms of this Notice of Sale, to reject any or all bids for any reason, and to waive any irregularity, the Offered Bonds will be awarded to the bidder whose bid produces the lowest true interest cost (the "True Interest Cost") for the Offered Bonds. The winning bid will be designated as soon as possible but not later than 4:00 p.m., NEW YORK, NEW YORK TIME, on the Bid Date. The True Interest Cost (expressed as an annual interest rate with semi-annual compounding) will be determined as the interest rate which, when discounting each semi-annual debt service payment (interest, or principal and interest, as due, including any mandatory sinking fund installment payment) therefor, will cause the sum of such discounted semi-annual payments to be equal to the purchase price thereof less the underwriting fee. The True Interest Cost shall be calculated from the Settlement Date. In the event of a tie, the Authority may select the successful bidder in such manner as the Authority shall deem appropriate.

In the event that all of the bids for the Offered Bonds are rejected, the Authority reserves the right to award the Offered Bonds to a purchaser or purchasers on a negotiated basis, which purchaser or purchasers may or may not have submitted a bid in response to this Notice of Sale.

Good Faith Deposit

After the Bid Time on the Bid Date and prior to the designation by the Authority of the successful bidder for the Offered Bonds, the apparent successful bidder for the Offered Bonds indicated on BidCOMP must submit a good faith deposit for $178,000 to the Authority by wire transfer. Such good faith deposit for the Offered Bonds is referred to herein as the "Deposit".

The Deposit wire transfer is to be directed to: US Bank, NA, ABA # 091000022, US BANK CT SOUTHEAST WIRE CLRG, Account # 173103781824, attention Ms. Pat Welling, for the account of VHDA.

The award to the apparent successful bidder for the Offered Bonds is contingent upon receipt of the Deposit, and the Offered Bonds will not be awarded to such bidder until the Authority has confirmation of receipt of the Deposit. The Deposit will be credited against the purchase price for the Offered Bonds payable by the successful bidder for the Offered Bonds and held as security for the performance of its bid. The Deposit will be invested by the Authority for its own account and no interest or other earnings thereon will be paid to the successful bidder or credited against the purchase price for the Offered Bonds. In the event the successful bidder shall fail to comply with the terms of its bid, the proceeds of the Deposit and any investment income thereon will be retained by the Authority as and for full liquidated damages.

In the event that the Authority shall fail to perform its obligations to deliver the Offered Bonds in accordance with the terms hereof (other than as permitted pursuant to the prior paragraph), the Authority shall immediately return the amount of the Deposit to the successful bidder for the Offered Bonds plus liquidated damages in an amount equal to one tenth of one percent (.10%) of the Deposit, and the Authority shall not have any further obligation or liability.

Undertakings of the Successful Bidder

Simultaneously with or before delivery of the Offered Bonds, the successful bidder for the Offered Bonds shall execute a certificate (the "Offering Price Certificate") with respect to the Offered Bonds in the form attached to this Notice of Sale as Appendix B, with only such changes that have been accepted by the Authority and Bond Counsel.

The successful bidder for the Offered Bonds shall be obligated to furnish to the Authority, when and if requested, prior to the delivery of the Offered Bonds, such information requested by the Authority or Bond Counsel as shall be necessary to enable the Authority to determine the "issue price" of the Offered Bonds as defined in Section 1273 or 1274 of the Code.

The successful bidder agrees not to publish any "tombstone" or other advertisement for the Offered Bonds without the prior approval of the Authority.

If the successful bidder with respect to the Offered Bonds or any affiliate of such successful bidder transfers, sells or disposes of the Offered Bonds, or any interest in the Offered Bonds, including depositing the Offered Bonds, or an interest therein, in a fund or trust or otherwise participates in offering to a purchaser any derivative products (e.g., a tender option product) with respect to the initial offering of the Offered Bonds, either (a) such transfer of any interest in the Offered Bonds will not occur within 60 days from the date thereof during which time the Offered Bonds will be held exclusively for its own account and not subject to contractual arrangement for such transfer, or (b) such transfer, deposit or disposition, including into a fund or trust, will result in obligations with characteristics substantially and materially different from those of the Offered Bonds, unless Bond Counsel provides a written opinion that the failure to provide such period will not adversely affect the exclusion from gross income of interest on the Offered Bonds.

If the successful bidder purchases insurance on all or any portion of the Offered Bonds, the successful bidder shall disclose such purchase and the amount of the premium paid for such insurance to the Authority prior to the Settlement Date. The Authority will not amend its usual and customary certificates and legal opinions, the Offered Bonds or the Official Statement to reflect the purchase of insurance on any of the Offered Bonds by the successful bidder.

Delivery

The Offered Bonds will be initially issued and may be purchased only in book-entry form through the facilities of The Depository Trust Company ("DTC"), New York, New York, to which payment of principal and interest will be made. Beneficial owners of the Offered Bonds will not receive certificates representing their ownership interest in the Offered Bonds. The Offered Bonds will be delivered on the Settlement Date at 10:00 a.m. NEW YORK, NEW YORK TIME to the facilities of DTC or its agent or at such other place or on such earlier or later date or time as the successful bidder for the Offered Bonds and the Authority shall agree. The successful bidder for the Offered Bonds shall take any and all actions necessary in order to enable DTC to accept delivery of the Offered Bonds and any failure to take such action shall not constitute cause for a failure or refusal to accept delivery of and make payment for the Offered Bonds.

Official Statement

Certain terms of the Offered Bonds are described in the Preliminary Official Statement. The Preliminary Official Statement and the information contained therein have been deemed final as of the date of the Preliminary Official Statement by the Authority with omissions permitted by Rule 15c2-12 promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), but are subject to completion and amendment in a final Official Statement.

The Official Statement, as of its date, will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they will be made, not misleading. If an event affecting the Authority occurs subsequent to the date of the Official Statement and prior to the Settlement Date which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading in any material respect, the Authority will notify the successful bidder of such event prior to the Settlement Date.

On the Settlement Date, the Authority will deliver to the successful bidder an officer's certificate stating that the Official Statement, as of its date and on the Settlement Date, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The Authority will deliver the final Official Statement electronically to the successful bidder within seven business days after the day on which the winning bid is designated.

The Authority, at its expense, will make available to the successful bidder up to the number of copies of the final Official Statement set forth in "Other" below. Additional copies can be obtained from the printer at the expense of the successful bidder.

Continuing Disclosure

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the Authority will undertake for the benefit of the holders and beneficial owners of the Offered Bonds pursuant to a Continuing Disclosure Agreement between the Authority and the Trustee dated April 6, 1999, as amended (the Continuing Disclosure Agreement, as amended, is referred to herein as the "Agreement"), to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. The obligations of the successful bidder for the Offered Bonds to purchase the Offered Bonds shall be conditioned upon

their receiving, on or prior to the Settlement Date, evidence that the Offered Bonds to be purchased are subject to the Agreement. Copies of the Agreement will be made available to bidders upon request.

Ratings

Standard & Poor's Ratings Services is expected to assign the Offered Bonds the rating "AA+" and Moody's Investors Service, Inc. is expected to assign the Offered Bonds the rating "Aa1". Such ratings, if given, reflect only the views of such organizations at the time such ratings are issued and an explanation of the significance of the ratings may be obtained from such organizations. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward, withdrawn or suspended entirely by such rating agencies if, in their judgment, circumstances so warrant. Any downward revision, withdrawal or suspension of ratings can be expected to have an adverse effect on the market price of the Offered Bonds. **The successful bidder's obligation to purchase the Offered Bonds is subject to the condition that such rating agencies shall have assigned the above mentioned ratings to the Offered Bonds prior to the Settlement Date and that neither rating agency shall have lowered, withdrawn or suspended its rating prior to the Settlement Date.**

CUSIP Numbers

The successful bidder shall apply for CUSIP numbers with respect to the Offered Bonds and shall be responsible for the costs associated with the assignment of such CUSIP numbers. The Authority will assume no obligation for the assignment or printing of such numbers on the Offered Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any Offered Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and make payment for the Offered Bonds.

Not an Offer to Sell

This Notice of Sale does not alone constitute an offer to sell the Offered Bonds, but is merely notice of the sale of the Offered Bonds. The offer to sell the Offered Bonds is being made by means of this Notice of Sale, including any amendments hereto announced via BidCOMP, and the Preliminary Official Statement. Prospective bidders are urged to carefully examine the Preliminary Official Statement for information regarding the Offered Bonds.

Amendments to this Notice of Sale

The Authority reserves the right to amend, from time to time, the terms of this Notice of Sale, including, but not limited to, the Preliminary Principal Amounts, Settlement Date, the Bid Time and/or the Bid Date. Any amendment to this Notice of Sale will be announced via BidCOMP not later than 4:00 p.m., NEW YORK, NEW YORK TIME, on or before the business day prior to the most recently announced Bid Date.

Other

The Authority shall be responsible for all expenses associated with the printing and delivery to the successful bidder of up to 50 copies of the final Official Statement, fees and disbursements of Bond Counsel, fees of rating agencies and securities depositories, and fees associated with the preparation and delivery of the preliminary and final Blue Sky Memorandum. No other expenses (including the expense associated with underwriter's counsel, if any, and the assignment of CUSIP numbers) shall be paid by the Authority.

Bond Counsel shall provide a preliminary and final Blue Sky Memorandum and a supplemental opinion addressed to the successful bidder that (a) with certain exceptions, statements in the Official Statement that purport to summarize certain provisions of the Offered Bonds, the Current Resolution, the applicable Bond Limitations Resolution and Written Determinations for the Offered Bonds, and the Continuing Disclosure Agreement (as such terms are defined in the Official Statement), or the law, including the Internal Revenue Code of 1986, as amended, present a fair summary of such provisions and (b) the Offered Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Current Resolution, the applicable Bond Limitations Resolution and Written Determinations for the Offered Bonds are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended. Bond Counsel shall also provide to the successful bidder a letter stating that, subject to the limitations expressed therein, Bond Counsel advises (as a matter of fact and not legal opinion) that no facts came to the attention of the attorneys in such firm rendering legal services to the Authority in connection with the issuance of the Offered Bonds that caused them to believe that the final Official Statement, as of the date thereof or as of the Settlement Date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that such statement will not address certain information in the Official Statement including, but not limited to, financial information and certain expressions of opinion contained in the Official Statement. The Authority's General Counsel shall provide an opinion to the effect that, based upon the examination which he has made as General Counsel, and without having undertaken to determine independently the accuracy and completeness of the statements contained in the final Official Statement, nothing has come to his attention which would lead him to believe that the final Official Statement as of the date thereof and on the Settlement Date contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of circumstances under which they were made, not misleading, except that he shall not express any opinion with respect to financial statements and other financial and statistical data included in the final Official Statement and information in the final Official Statement with respect to The Depository Trust Company or the description of the book-entry system of The Depository Trust Company.

On the Settlement Date, the Authority shall deliver to the successful bidder for the Offered Bonds the usual and customary certificates for its Rental Housing Bonds given such successful bidders. The successful bidder for the Offered Bonds will be required to execute a receipt for the Offered Bonds and for all documents and opinions required to be furnished to it pursuant to this Notice of Sale. The receipt will be required to be delivered in escrow to the Authority on the day prior to the Settlement Date and will be released from escrow upon completion of the purchase of the Offered Bonds in accordance with this Notice of Sale.

The successful bidder will not offer or sell, or solicit any offer to buy, the Offered Bonds in any jurisdiction where it is unlawful for such successful bidder to make such offer, solicitation or sale.

Additional Information and Copies

Bidders who have any questions concerning these bid requirements should e-mail vhdafinance@gmail.com or call Hil Richardson, Jr., at (804) 343-5847.

$8,900,000* 2014 Series B-Non-AMT
Preliminary Maturity Schedule*

Maturity Date (October 1)	Principal Amount
2016	$105,000
2017	$215,000
2018	$215,000
2019	$220,000
2020	$225,000
2021	$225,000
2022	$230,000
2023	$235,000
2024	$245,000
2025	$250,000
2026	$255,000
2027	$265,000
2028	$275,000
2029	$280,000
2030	$290,000
2031	$300,000
2032	$310,000
2033	$325,000
2034	$335,000
2035	$345,000
2036	$360,000
2037	$370,000
2038	$385,000
2039	$400,000
2040	$415,000
2041	$430,000
2042	$445,000
2043	$465,000
2044	$485,000

*Preliminary, subject to change.

APPENDIX B

Certificate of Underwriter

October 28, 2014

Virginia Housing Development Authority
601 South Belvidere Street
Richmond, Virginia 23220

Re: Virginia Housing Development Authority
$8,900,000 Rental Housing Bonds
2014 Series B-Non-AMT (the "Bonds")

We, _____, the underwriter and successful bidder in a competitive sale (the "Underwriter") purchased the Bonds from the Virginia Housing Development Authority (the "Authority") for sale to the public and not for our own account. The undersigned hereby represents that:

1. On October ___, 2014 (the "Sale Date"), all of the Bonds were the subject of a bona fide initial public offering to members of the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), made pursuant to the terms of the Notice of Sale dated September 29, 2014 of the Authority and our bid, submitted electronically through PARITY, at prices no higher than or yields no lower than those shown on the front cover of the Official Statement relating to the Bonds. We believe that such prices or yields of the Bonds, based upon our assessment on the Sale Date of then-prevailing market conditions and our experience with bonds similar to the Bonds, are reasonable.

2. [Except as set forth in paragraph 3 below,] to the best of our knowledge, based on our records and other information made available to us which we have no reason to believe to be incorrect, [except for the Bonds maturing in the years ____ and ____ (the "Unsold Bonds"),] the first price at which an amount at least equal to 10 percent of each maturity of the Bonds was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) by the Underwriter was, for each such respective maturity, at prices no higher than, or yields no lower than, those shown on the front cover of the Official Statement relating to the Bonds. At the time we agreed to purchase the Bonds, based upon our assessment of the then prevailing market conditions and our experience with bonds similar to the Bonds, (i) we had no reason to believe that any of the Bonds would be initially sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices higher than the respective prices or at yields less than the respective yields shown on the front cover of the Official Statement relating to the Bonds, and (ii) such initial offering prices or yields represented a fair market value for the Bonds.

3. [In the case of the Unsold Bonds, less than 10% of each maturity of the Unsold Bonds was sold to the public (excluding bond houses, brokers or similar persons or

organizations acting in the capacity of underwriters or wholesalers) following a bona fide public offering at the prices or yields shown on the front cover of the Official Statement. While to the best of our knowledge (i) such Unsold Bonds will be held as inventory until sold (as opposed to being held for our own account), and (ii) such subsequent sale may be to a dealer and/or at prices higher than the prices shown on the front cover of the Official Statement, our reasonable expectations regarding the fair market value of such Unsold Bonds, as of the Sale Date, are those reflected as the public offering prices of such Unsold Bonds shown on the front cover of the Official Statement.]

4. [If the undersigned or any affiliate of the undersigned transfers, sells or disposes of the Bonds or any interest in the Bonds, including depositing the Bonds or an interest therein in a fund or trust, or otherwise participates in offering to a purchaser any derivative products (e.g., a tender option product) with respect to the initial offering of the Bonds, either (a) such transfer of any interest in the Bonds will not occur within 60 days from the date thereof during which time the Bonds will be held exclusively for our own account and not subject to contractual arrangement for such transfer, or (b) such transfer, deposit or disposition, including into a fund or trust, will result in obligations with characteristics substantially and materially different from those of the Bonds, unless Bond Counsel provides a written opinion that the failure to provide such period will not adversely affect the exclusion from gross income of interest on the Bonds.][Neither the undersigned nor any affiliate of the undersigned has participated, or intends to participate, in offering any derivative product with respect to the Bonds.]

5. Neither the undersigned, nor any affiliate of the undersigned, has or will control, directly or indirectly, the investing of the proceeds of the Bonds. Further, neither the undersigned, nor any affiliate of the undersigned, has or will bid on such investment.

We understand that the representations contained herein may be relied upon by the Authority in making certain of the representations contained in the Arbitrage Certificate executed by the Authority in connection with the issuance of the Bonds, and we further understand that Hawkins Delafield & Wood LLP, Bond Counsel, may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose. Notwithstanding anything set forth herein, the undersigned is not engaged in the practice of law. Accordingly, the undersigned makes no representation as to the legal sufficiency of the factual matters set forth herein.

Very truly yours,

_____

By: _____
Name:
Title:

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Hawkins Delafield & Wood LLP

ONE CHASE MANHATTAN PLAZA
NEW YORK, NY 10005
WWW.HAWKINS.COM

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
Rental Housing Bonds
2014 Series B-Non-AMT

PRELIMINARY BLUE SKY MEMORANDUM

September 29, 2014

This memorandum sets forth, in summary form, information concerning the extent to which and conditions upon which it is believed sales of the above-captioned securities (the "Bonds") will be permissible under the Blue Sky or securities laws of the states of the United States, the District of Columbia and the Commonwealth of Puerto Rico.

We have examined the latest compilations available to us of the applicable statutes, if any, of such jurisdictions which relate to the sale of securities therein and, in certain instances, the regulations issued thereunder, but we have not obtained special rulings of the securities commissions or other administrative bodies or officials charged with the administration of the respective securities or Blue Sky laws, nor have we obtained opinions of local counsel. We do not purport to be experts in the laws of any jurisdiction other than the State of New York.

In all instances in which we have indicated that persons registered or licensed as dealers or brokers may sell the Bonds, we have assumed that such persons have complied with all dealer or broker requirements in connection with the sale thereof, and with all federal and state statutes, rules and regulations with respect to registration or licensing.

The statements made herein are of necessity subject to the exercise of broad discretionary powers given by statute to securities commissions and other qualified authorities authorizing such commissions or authorities to withdraw exemptions offered by statute or by administrative interpretations thereof, to refuse registration or to impose additional requirements or restrictions in respect to any offering of securities.

Any statements in this memorandum with respect to sales to banks, savings institutions, trust companies, insurance companies, or the like, refer only to Blue Sky requirements relating to such sales and do not purport to cover the question of whether the purchase of the Bonds would be a legal investment for such institutions. This memorandum does not cover the requirements of any jurisdiction with respect to the use of advertising material.

PART I

SALE TO THE PUBLIC BY PERSONS REGISTERED OR LICENSED AS DEALERS OR BROKERS

Subpart A

It is believed that the Bonds may be offered and sold to anyone in the following jurisdictions by broker-dealers registered therein without qualification or registration of the Bonds under the securities laws of such jurisdictions:

Alabama	Kentucky	Oregon
Alaska	Louisiana	Pennsylvania
Arizona	Maine	Puerto Rico
Arkansas	Maryland	Rhode Island
California	Massachusetts	South Carolina
Colorado	Michigan	South Dakota
Connecticut	Minnesota	Tennessee
Delaware	Mississippi	Texas
District of Columbia	Missouri	Utah
Florida [(1)]	Montana	Vermont
Georgia	Nebraska	Virginia
Hawaii	New Jersey	Washington
Idaho	New Mexico	West Virginia
Illinois	North Carolina	Wisconsin
Indiana	North Dakota	Wyoming
Iowa	Ohio [(2)]	
Kansas	Oklahoma	

(1) Provided that if there has been a default as to payment of principal or interest, any time after December 31, 1975, on any obligation of the issuer or a successor to the issuer or any guarantee by the guarantor or any successor to the guarantor of the Bonds, there has been and will be in any offering literature "full and fair disclosure," as prescribed by the Financial Services Commission, of such default or a statement that the disclosure is not deemed appropriate and material.

(2) Provided that at the time of first sale there is no default as to principal or interest with respect to an obligation issued by the issuer or a successor of the issuer and there are no adjudications or pending suits threatening the validity of the Bonds.

Subpart B

After applicable requirements, if any, as to filings or with respect to registration or qualification of the Bonds have been met, the Bonds may be offered and sold to anyone in the jurisdictions listed below, but only by dealers or brokers registered or licensed in the respective jurisdictions. We are taking such action as we deem appropriate in each of the jurisdictions, and we will notify you if and when the Bonds are so qualified for offer and sale.

New York

Subpart C

We are taking no action to register or otherwise qualify the Bonds for offer or sale to the public in the jurisdictions listed below or, in lieu thereof, to pay the applicable registration or qualification fees.

Nevada
New Hampshire

PART II

SALES BY PERSONS NOT REGISTERED OR LICENSED AS DEALERS OR BROKERS

Sales to Dealers or Brokers

Sales of the Bonds, without registration or qualification thereof, may be made to dealers or brokers registered or licensed in the following jurisdictions by persons not registered or licensed as dealers or brokers in any of the respective jurisdictions except as otherwise indicated and subject to such restrictions as may be provided herein:

Alabama (1)	Louisiana (15)	Ohio (15)
Alaska (2)	Maine (6)	Oklahoma (6)
Arizona (3)	Maryland (2)	Oregon (10)
Arkansas (2)	Massachusetts (2)	Pennsylvania (2)
California (4)	Michigan (6)	Puerto Rico (2)
Colorado (5)	Minnesota (6)	Rhode Island (11)
Connecticut (2)	Mississippi (6)	South Carolina (6)
Delaware (2)	Missouri (6)	South Dakota (6)
District of Columbia (2)	Montana (2)	Tennessee (12)
Florida (15)	Nebraska (2)	Texas (13)
Georgia (6)	Nevada (8)	Utah (2)
Hawaii (6)	New Hampshire (2)	Vermont (6)
Idaho (6)	New Jersey (9)	Virginia (15)
Illinois (15)	New Mexico (6)	Washington (2)
Indiana (2)	New York (15)	West Virginia (2)
Iowa (6)	North Carolina (2)	Wisconsin (6)
Kansas (6)	North Dakota (6)	Wyoming (2)
Kentucky (2)		

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(1) Provided the seller has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through the issuers of the securities involved in the transactions or other dealers, brokers or broker-dealers.

(2) Provided the seller has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through the issuers of the securities involved in the transactions or other dealers, brokers or broker-dealers or to the institutions listed in Part III below with respect to this jurisdiction.

(3) Provided the seller has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively through other dealers, brokers or broker-dealers.

(4) Provided the seller (i) is registered as a broker-dealer under the Securities Exchange Act of 1934, has not previously had any broker-dealer certificate denied or revoked under the securities laws of this jurisdiction, has no place of business in this jurisdiction and does not direct offers into this jurisdiction to persons other than other dealers, brokers or broker-dealers or the institutions listed in Part III below with respect to this jurisdiction or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through the issuers of the securities involved in the transactions or other dealers, brokers or broker-dealers.

(5) Provided the seller is registered as a broker-dealer under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through the issuers of the securities involved in the transactions or other dealers, brokers or broker-dealers or to the institutions listed in Part III below with respect to this jurisdiction.

(6) Provided the seller has no place of business in this jurisdiction, and the seller's only transactions effected in this jurisdiction are with the issuers of the securities involved in the transactions or other dealers, brokers or broker-dealers licensed or not required to be licensed in this jurisdiction or to the institutions listed in Part III below with respect to this jurisdiction.

(7) Provided the seller is registered as a broker-dealer under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and (i) effects transactions in this jurisdiction exclusively with or through the issuers of the securities involved in the transactions or other dealers, brokers or broker-dealers licensed or not required to be licensed in this jurisdiction or to the institutions listed in Part III below with respect to this jurisdiction or (ii) is licensed under the securities laws of any jurisdiction in which he maintains a place of business and he offers and sells in this jurisdiction to a person who is an existing customer of seller and whose principal place of business is not in this jurisdiction.

(8) Provided the seller is registered or not required to be registered as a broker-dealer under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and (i) effects transactions in this jurisdiction exclusively with or through the issuers of the securities involved in the transactions or other dealers, brokers or broker-dealers licensed or not required to be licensed in this jurisdiction or to the institutions listed in Part III below with respect to this jurisdiction or (ii) is licensed under the securities laws of any jurisdiction in which he maintains a place of business and he offers and sells in this jurisdiction to a person who is an existing customer of seller and whose principal place of business is not in this jurisdiction.

(9) Provided the seller effects transactions in this jurisdiction exclusively with or through the issuers of the securities involved in the transactions or other dealers, brokers or broker-dealers or to the institutions listed in Part III below with respect to this jurisdiction.

(10) Provided the seller (i) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through other dealers, brokers or broker-dealers or

(ii) effects transactions in this jurisdiction exclusively with or through the institutions listed in Part III below with respect to this jurisdiction.

(11) Provided the seller is registered or exempt from registration under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and (i) effects transactions herein exclusively with the issuer of the securities involved in the transactions or other dealers, brokers or broker-dealers licensed or not required to be licensed in this jurisdiction or to the institutions listed in Part III below with respect to this jurisdiction or (ii) is licensed under the securities laws of any jurisdiction in which he maintains a place of business and he offers and sells in this jurisdiction to a person who is an existing customer of seller and whose principal place of business is not in this jurisdiction.

(12) Provided the seller has no place of business in this jurisdiction, is registered as a broker-dealer with the Securities and Exchange Commission or the National Association of Securities Dealers and effect transactions therein exclusively with or through the issuer of the securities involved in the transactions or other dealers, brokers or broker-dealers or to the institutions listed in Part III below with respect to this jurisdiction

(13) Provided that the seller effects transactions to the institutions listed in Part III below with respect to this jurisdiction or to any registered dealer actually engaged in buying and selling securities.

(14) Provided the seller effects transactions in this jurisdiction exclusively for the account of or exclusively in offers to sell or sales to the issuers of the securities involved in the transactions or other dealers, brokers or broker-dealers registered under the Securities Exchange Act of 1934 or to the institutions listed in Part III below with respect to this jurisdiction.

(15) Provided the seller effects transactions to the institutions listed in Part III below with respect to this jurisdiction.

PART III

Sales to Institutions

Sales of the Bonds, without registration or qualification thereof, may be made to the institutions specified in the following jurisdictions by persons registered or licensed as dealers or brokers in the respective jurisdictions subject to such restrictions as may be provided herein:

Alabama.....	Any bank, savings institution, credit union, trust company, insurance company or investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or a dealer, whether the purchaser is acting for itself or in some fiduciary capacity.
Alaska.....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.
Arizona	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust or other financial institution or institutional buyer or a dealer, whether the purchaser is acting for itself or in a fiduciary capacity.
Arkansas	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity, or any other person that may be deemed by the securities commissioner as an institutional buyer upon the basis of knowledge, experience, volume and number of transactions, and other securities background.
California.....	Any bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, pension or profit-sharing trust (other than a pension or profit-sharing trust of the issuer, a self-employed individual retirement plan or an individual retirement account), or other institutional

investor or governmental agency or instrumentality that the commissioner of corporations may designate by rule, whether the purchaser is acting for itself or as trustee.

Colorado ..... Any financial or institutional investor, or a broker-dealer, whether the purchaser is acting for itself for in some fiduciary capacity.

The term "financial or institutional investor" means any of the following, whether acting for itself or others in a fiduciary capacity: (a) a depository institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company registered under the Investment Company Act of 1940; (e) a "business development company" as defined in the Investment Company Act of 1940; (f) any "private business development company" as defined in the Investment Advisers Act of 1940; (g) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $5,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution, or an insurance company; (h) an entity, but not an individual, a substantial part of whose business activities consist of investing, purchasing, selling or trading in securities of more than one issuer and not of its own issue and that has total assets in excess of $5,000,000 as of the end of its latest fiscal year; (i) a small business investment company licensed by the Small Business Administration under the Small Business Investment Act of 1958; and (j) any other institutional buyer.

Connecticut ..... Any bank and trust company, national banking association, savings bank, savings and loan association, federal savings and loan association, federal savings bank, credit union, federal credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

Delaware..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or

other financial institution or institutional buyer, or a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

The term "institutional buyer" includes: (1) an "accredited investor" as defined in SEC Rule 501(a)(1)-(4), (7) and (8), excluding, however, any self-directed employee benefit plan with investment decisions made solely by persons that are "accredited investors" as defined in Rule 501(a)(5)-(6); (2) any "qualified institutional buyer" as that term is defined in SEC Rule 144A(a)(1); and (3) a corporation, partnership, trust, estate or other entity (excluding individuals) having a net worth of not less than $5,000,000 or a wholly-owned subsidiary of such entity, as long as the entity was not formed for the purpose of acquiring the specific securities.

District of Columbia..... Any financial institution or institutional investor, or a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

The term "financial or institutional investor" means any of the following, whether acting for itself or others in a fiduciary capacity: (a) a depository institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company registered under the Investment Company Act of 1940; (e) a "business development company" as defined in the Investment Company Act of 1940; (f) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $5,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution, or an insurance company; (g) a "qualified institutional buyer" as defined in SEC Rule 144A; (h) a broker-dealer; (i) an "accredited investor" as defined in SEC Rule 501(a); or (j) a limited liability company with net assets of at least $500,000.

Florida ..... Any bank, or trust company, savings institution, insurance company, dealer, investment company as defined by the Investment Company Act of 1940, or pension or profit-sharing trust, or qualified institutional buyer as defined by rule of the Financial Services Commission in accordance with Rule 144A, whether any of such entities is acting in its

individual or fiduciary capacity; provided that such offer or sale of securities is not for the direct or indirect promotion of any scheme or enterprise with the intent of violating any provision of the Florida Securities and Investor Protection Act.

Georgia ..... Any institutional investor, a person registered under the Investment Advisors Act of 1940 or any other person exempted by rule adopted or order issued under the Georgia Uniform Securities Act of 2008 (the "Act").

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (A) A depository institution or international banking institution; (B) An insurance company; (C) A separate account of an insurance company; (D) An investment company as defined in the Investment Company Act of 1940, 15 U.S.C. Section 80a-1, et seq.; (E) A broker-dealer registered under the Securities Exchange Act of 1934, 15 U.S.C. Section 78a, et seq.; (F) An employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of $10 million or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, 29 U.S.C. Section 1001, et seq. (ERISA), that is a broker-dealer registered under the Securities Exchange Act of 1934, 15 U.S.C. Section 78a, et seq., an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, 15 U.S.C. Section 80b-1, et seq., an investment adviser registered under the Act, a depository institution, or an insurance company; (G) A plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees if the plan has total assets in excess of $10 million or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the ERISA, that is a broker-dealer registered under the Securities Exchange Act of 1934, 15 U.S.C. Section 78a, et seq., an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, 15 U.S.C. Section 80b-1, et seq., an investment adviser registered under the Act, a depository institution, or an insurance company; (H) A trust if it has total assets in excess of $10 million, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (F) or (G) of this paragraph, regardless of the size of their assets, except

a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (I) An organization that is not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10 million, including an organization described in subsection 501(c)(3) of the Internal Revenue Code, 26 U.S.C. Section 501(c)(3), a corporation, a Massachusetts trust or similar business trust, a limited liability company, or a partnership; (J) A small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958, 15 U.S.C. Section 681(c), with total assets in excess of $10 million; (K) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, 15 U.S.C. Section 80b-2(a)(22), with total assets in excess of $10 million; (L) A federal covered investment adviser acting for its own account; (M) A qualified institutional buyer as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(H),17 C.F.R. 230.144A, adopted under the Securities Act of 1933,15 U.S.C. Section 77a, et seq.; (N) A major United States institutional investor as defined in Rule 15a-6(b)(4)(I), 17 C.F.R. 240.15a-6, adopted under the Securities Exchange Act of 1934, 15 U.S.C. Section 78a, et seq.; (O) Any other person, other than an individual, of institutional character with total assets in excess of $10 million not organized for the specific purpose of evading the Act; or (P) Any other person specified by rule adopted or order issued under the Act.

The term "depository institution" means: a bank, savings institution, trust company, credit union, or similar institution that it organized or chartered under the laws of the United States, authorized to receive deposits, and supervised and examined by an official or agency or a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or a successor authorized by federal law.

Hawaii ..... Any institutional investor, a person registered under the Investment Advisors Act of 1940 or any other person exempted by rule adopted or order issued under the Hawaii Uniform Securities Act of 2002 (the "Act").

The term "institutional investor" means any of the following, whether acting for itself or for others in a

fiduciary capacity: (1) a depository institution or international banking institution; (2) an insurance company; (3) a separate account of an insurance company; (4) an investment company as defined in the Investment Company Act of 1940; (5) a broker-dealer registered under the Securities Exchange Act of 1934; (6) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974 ("ERISA"), that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (7) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (8) a trust, if it has total assets in excess of $10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in paragraph (6) or (7), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (9) an organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10,000,000; (10) a small business investment company licensed by the Small Business Administration under section 301(c) of the Small Business Investment Act of 1958 with total assets in excess of $10,000,000; (11) a private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of $10,000,000; (12) a federal covered investment adviser acting for its own account; (13) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933; (14) a "major U.S.

institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934; (15) any other person, other than an individual, of institutional character with total assets in excess of $10,000,000, not organized for the specific purpose of evading the Act; or (16) any other person specified by rule adopted or order issued under the Act.

The term "depository institution" means: (1) a bank; or (2) a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law.

The term "insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

The term "international banking institution" means an international financial institution of which the United States is a member and whose securities are exempt from registration under the Securities Act of 1933.

Idaho..... Any institutional investor, a person registered under the Investment Advisors Act of 1940 or any other person exempted by rule adopted or order issued under the Idaho Uniform Securities Act of 2004 (the "Act").The term "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) depository institution, trust company organized or chartered under the laws of the State of Idaho, or an international banking institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act of 1940; (e) a broker-dealer registered under the Securities Exchange Act of 1934; (f) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974 ("ERISA"), that is

a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (h) a trust, if it has total assets in excess of $10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (f) or (g) above, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10,000,000; (j) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 with total assets in excess of $10,000,000; (k) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of $10,000,000; (l) a federal covered investment adviser acting for its own account; (m) a "qualified institutional buyer" as defined in Rule 144A(a)(1); (n) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934; (o) any other person, other than an individual, of institutional character with total assets in excess of $10,000,000 not organized for the specific purpose of evading the Act; or (p) any other person specified by rule adopted or order issued under the Act.

The term "depository institution" means a bank or a savings institution, trust company, credit union or similar institution that is organized or chartered under the laws of a state or of the United States that is authorized to receive deposits, and

that is supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund or a successor authorized by federal law.

The term "insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

The term "international banking institution" means an international financial institution of which the United States is a member and whose securities are exempt from registration under the Securities Act of 1933.

Illinois..... Any corporation, bank, savings bank, savings institution, savings and loan association, trust company, insurance company, building and loan association, or dealer; pension fund, pension trust, employees' profit-sharing trust, other financial institution (including, but not limited to, a manager of investment accounts on behalf of other than natural persons, who, with affiliates, exercises sole investment discretion with respect to such accounts, and provided such accounts exceed 10 in number and have a fair market value of not less than $10,000,000 at the end of the calendar month preceding the month during which the transaction occurred for which the exemption is utilized) or institutional investor (including, but not limited to: (a) investment companies, universities and other organizations whose primary purpose is to invest its own assets or those held in trust by it for others; (b) trust-accounts and individual or group retirement accounts in which a bank, trust company, insurance company or savings and loan institution acts in a fiduciary capacity; and (c) foundations and endowment funds exempt from taxation under the Internal Revenue Code, a principal business function of which is to invest funds to produce income in order to carry out the purpose of the foundation or fund), any government or political subdivision or instrumentality thereof, whether the purchaser is acting for itself or in some fiduciary capacity; any partnership or other association engaged as a substantial part of its business or operations in purchasing or holding securities; any trust in respect of which a bank or trust company is a trustee or co-

trustee; any entity in which at least 90% of the equity is owned by specified persons described in the Illinois Securities Law of 1953; any employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") if (i) the investment decision is made by a plan fiduciary as defined in Section 3(21) of ERISA and such plan fiduciary is either a bank, savings and loan association, insurance company, registered investment adviser or an investment adviser registered under the Investment Advisers Act of 1940, or (ii) the plan has total assets in excess of $5,000,000, or (iii) in the case of a self-directed plan, investment decisions are made solely by specified persons that are described in the Illinois Securities Law of 1953; any plan established and maintained by, and for the benefit of the employees of, any state or political subdivision or agency or instrumentality thereof if such plan has total assets in excess of $5,000,000; or any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, any Massachusetts or similar business trust, or any partnership, if such organization, trust or partnership has total assets in excess of $5,000,000.

Indiana..... An institutional investor; a person registered under the Investment Advisers Act of 1940; or any other person exempted by rule adopted or order issued under the Indiana Uniform Securities Act (the "Act").

The term "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (A) a depository institution or international banking institution; (B) an insurance company; (C) a separate account of an insurance company; (D) an investment company as defined in the Investment Company Act of 1940; (E) a broker-dealer registered under the Securities Exchange Act of 1934; (F) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974 ("ERISA"), that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (G) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its

employees, if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (H) a trust, if it has total assets in excess of $10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clause (F) or (G), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (I) an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10,000,000; (J) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 with total assets in excess of $10,000,000; (K) a private business development company, as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of $10,000,000; (L) a federal covered investment adviser acting for its own account; (M) a "qualified institutional buyer", as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933; (N) a "major U.S. institutional investor", as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934 (17 CFR 240.15a-6); (O) any other person, other than an individual, of institutional character with total assets in excess of $10,000,000 not organized for the specific purpose of evading the Act; or (P) any other person specified by rule adopted or order issued under the Act.

The term "depository institution" means: (A) a bank; or (B) a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National

Credit Union Share Insurance Fund, or a successor authorized by federal law.

The term "insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

The term "international banking institution" means an international financial institution of which the United States is a member and whose securities are exempt from registration under the Securities Act of 1933.

Iowa..... An institutional investor, a person registered under the Investment Advisors Act of 1940, any other person exempted by rule adopted or order issued under the Iowa Uniform Securities Act (the "Act"), or a person or class of persons who are granted this exemption by the Commissioner of Insurance or the deputy appointed pursuant to the Act, based upon factors of financial sophistication, net worth, and the amount of assets under investment.

The term "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) a depository institution or international banking institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act of 1940; (e) a broker-dealer registered under the Securities Exchange Act of 1934; (f) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $5,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974 ("ERISA"), that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of $5,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as

defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (h) a trust, if it has total assets in excess of $5,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (f) or (g) above, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000; (j) a small business investment company licensed by the Small Business Administration under Section 301(c) the Small Business Investment Act of 1958, with total assets in excess of $5,000,000; (k) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, with total assets in excess $5,000,000; (l) a federal covered investment adviser acting for its own account; (m) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H) adopted under the Securities Act of 1933; (n) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934; (o) any other person, other than an individual, of institutional character with total assets in excess of $5,000,000 not organized for the specific purpose of evading the Act; and (p) any other person specified by rule adopted or order issued under the Act.

The term "depository institution" means a bank, or savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund or a successor authorized by federal law.

The term "insurance company" means a company organized as an insurance company whose primary

business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

The term "international banking institution" means an international financial institution of which the United States is a member and whose securities are exempt from registration under the Securities Act of 1933.

Kansas ..... An institutional investor, a person registered under the Investment Advisors Act of 1940 or any other person exempted by rule adopted or issued under the Kansas Uniform Securities Act (the "Act").

The term "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) a depository institution or international banking institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act of 1940; (e) a broker-dealer registered under the Securities Exchange Act of 1934; (f) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974 ("ERISA"), that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (h) a trust, if it has total assets in excess of $10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (f) or (g) above, regardless of the size of their assets, except a trust that includes as participants self-

directed individual retirement accounts or similar self-directed plans; (i) an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10,000,000; (j) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 with total assets in excess of $ 10,000,000; (k) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of $10,000,000; (l) a federal covered investment adviser acting for its own account; (m) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H) adopted under the Securities Act of 1933; (n) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934; (o) any other person, other than an individual, of institutional character with total assets in excess of $10,000,000 not organized for the specific purpose of evading the Act; or (p) any other person specified by rule adopted or order issued under the Act.

The term "depository institution" means a bank, or a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund or a successor authorized by federal law.

The term "insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

The term "international banking institution" means an international financial institution of which the United States is a member and whose securities are exempt from registration under the Securities Act of 1933.

Kentucky.....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.
Louisiana	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, real estate investment trust, small business investment corporation, pension or profit-sharing plan or trust, other financial institution, or a dealer, whether the purchaser is acting for itself or in some fiduciary capacity.
Maine.....	An institutional investor, a person registered under the Investment Advisors Act of 1940 or any other person exempted by routine technical rule adopted or order issued under the Maine Uniform Securities Act (the "Act"). The term "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) a depository institution or international banking institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act of 1940; (e) a broker-dealer registered under the Securities Exchange Act of 1934; (f) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974 ("ERISA"), that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (g) a plan established and maintained by a state, a political subdivision of a state or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance

company; (h) a trust, if it has total assets in excess of $10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (f) or (g) above, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) an organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts trust or similar business trust, a limited liability company or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10,000,000; (j) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 with total assets in excess of $5,000,000; (k) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of $5,000,000; (l) a federal covered investment adviser acting for its own account; (m) a "qualified institutional buyer" as defined in Rule 144A(a)(1), except as defined in Rule 144A(a)(1)(i)(H) adopted under the Securities Act of 1933; (n) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934; (o) any other person, other than an individual, of institutional character with total assets in excess of $10,000,000 not organized for the specific purpose of evading the Act; or (p) any other person specified by rule adopted or order issued under the Act.

A "depository institution" means a bank, or a savings institution, trust company, credit union or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund or a successor authorized by federal law.

The term "insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

The term "international banking institution" means an international financial institution of which the United States is a member and whose securities are exempt from registration under the Securities Act of 1933.

Maryland..... Any investment company as defined in the Investment Company Act of 1940, an investment adviser with assets under management of not less than $1,000,000, a broker-dealer, a bank, trust company, savings and loan association, insurance company, employee benefit plan with assets of not less than $1,000,000, or governmental agency or instrumentality, whether acting for itself or as a trustee or a fiduciary with investment control, or other institutional investor (including an "Accredited Investor" as defined in SEC Regulation D and a "Qualified institutional buyer" as defined in SEC Rule 144A) as designated by rule or order of the securities commissioner of the Division of Securities.

Massachusetts ..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

The definition of "institutional buyer" includes, but is not limited to: (1) a small business investment company licensed by the Small Business Administration under the Small Business Investment Act of 1958; (2) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940; (3) a business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940; (4) an entity with total assets in excess of $5,000,000 and which is either (a) a company (whether a corporation, a Massachusetts or similar business trust, partnership, limited liability company or limited liability partnership) not formed for the specific purpose of acquiring the securities offered, a substantial part of whose business activities consists of investing, purchasing, selling or trading in securities issued by others and whose investment decisions made by persons who are reasonably believed by the seller to have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investment, or (b) an organization described in Section 501(c)(3) of the Internal Revenue Code; and (5) a qualified institutional buyer as defined under Rule 144A.

The definition of "pension or profit-sharing trust" includes: (1) any entity with total assets in excess of $5,000,000 and which is (a) an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA"), or (b) a self-directed employee benefit plan within the meaning of ERISA, with investment decisions made by a person that is an accredited investor as defined in Section 501(a) of SEC Regulation D; or (2) any employee benefit plan within the meaning of ERISA with investment decisions made by a plan fiduciary, as defined in Section 2(21) of ERISA, which is either a bank, savings and loan association, insurance company or registered investment adviser; or (3) an employee benefit plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions.

Michigan..... Any institutional investor; accredited investor; a person registered under the Investment Advisers Act of 1940; or any other person exempted by rule adopted or order issued under the Michigan Securities Act (the "Act").

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (i) A depository institution or international banking institution; (ii) An insurance company; (iii) A separate account of an insurance company; (iv) An investment company as defined in the investment company act of 1940; (v) A broker-dealer registered under the securities exchange act of 1934; (vi) An employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of $10,000,000.00 or its investment decisions are made by a named fiduciary, as defined in the employee retirement income security act of 1974 (ERISA), that is a broker-dealer registered under the securities exchange act of 1934, an investment adviser registered or exempt from registration under the investment advisers act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (vii) A plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of $10,000,000.00 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the ERISA, that is a broker-dealer registered under the securities exchange act of 1934, an investment adviser registered or exempt from registration under the

investment advisers act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company ;(viii) A trust, if it has total assets in excess of $10,000,000.00, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (vi) or (vii), regardless of size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (ix) An organization described in section 501(c)(3) of the internal revenue code, 26 USC 501, a corporation, Massachusetts or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10,000,000.00; (x) A small business investment company licensed by the small business administration under section 301(c) of the small business investment act of 1958, 15 USC 681, with total assets in excess of $10,000,000.00; (xi) A private business development company as defined in section 202(a)(22) of the investment advisers act of 1940, 15 USC 80b-2, with total assets in excess of $10,000,000.00; (xii) A federal covered investment adviser acting for its own account; (xiii) A "qualified institutional buyer" as defined in rule 144A(a)(1), other than rule 144A(a)(1)(i)(H), adopted under the securities act of 1933, 17 CFR 230.144A; (xiv) A "major U.S. institutional investor" as defined in rule 15a-6(b)(4)(i) adopted under the securities exchange act of 1934, 17 CFR 240.15a-6(b)(4)(i); (xv) Any other person, other than an individual, of institutional character with total assets in excess of $10,000,000.00 not organized for the specific purpose of evading the Act; (xvi) Any other person specified by rule or order under the Act.

"Depository institution" means a bank; or a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by federal statute by the federal deposit insurance corporation, the national credit union share insurance fund, or a successor authorized by federal law; or a bank that does not receive deposits because of a limitation in its charter, articles of incorporation, or articles of association.

"Insurance company" means a company organized as an insurance company whose primary business is writing

insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Minnesota ..... Any institutional investor; accredited investor; a person registered under the Investment Advisers Act of 1940; or any other person exempted by rule adopted or order issued under the Minnesota Securities Act (the "Act").

The term "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (A) a depository institution or international banking institution; (B) an insurance company; (C) a separate account of an insurance company; (D) an investment company as defined in the Investment Company Act of 1940; (E) a broker-dealer registered under the Securities Exchange Act of 1934; (F) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974 ("ERISA"), that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (G) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (H) a trust, if it has total assets in excess of $10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (F) or (G), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (I) an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the

specific purpose of acquiring the securities offered, with total assets in excess of $10,000,000; (J) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 with total assets in excess of $10,000,000; (K) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of $10,000,000; (L) a federal covered investment adviser acting for its own account; (M) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933; (N) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934; (O) any other person, other than an individual, of institutional character with total assets in excess of $10,000,000 not organized for the specific purpose of evading the Act; or (P) any other person specified by rule adopted or order issued under the Act.

The term "depository institution" means: (A) a bank; or (B) a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law.

The term "accredited investor" means an accredited investor as the term is defined in Rule 501(a) of Regulation D adopted pursuant to the Securities Act of 1933.

The term "insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

The term "international banking institution" means an international financial institution of which the United States is a member and whose securities are exempt from registration under the Securities Act of 1933.

Mississippi..... Any institutional investor; accredited investor; a person registered under the Investment Advisers Act of 1940; or

any other person exempted by rule adopted or order issued under the Mississippi Securities Act of 2010 (the "Act").

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (A) A depository institution or international banking institution; (B) An insurance company; (C) A separate account of an insurance company; (D) An investment company as defined in the Investment Company Act of 1940; (E) A broker-dealer registered under the Securities Exchange Act of 1934; (F) An employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of Ten Million Dollars ($10,000,000.00) or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974 (ERISA), that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (G) A plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of Ten Million Dollars ($10,000,000.00) or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the ERISA, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (H) A trust, if it has total assets in excess of Ten Million Dollars ($10,000,000.00), its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (F) or (G), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (I) An organization described in Section 501(c)(3) of the Internal Revenue Code (26 USC Section 501(c)(3)), corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of Ten Million Dollars ($10,000,000); (J) A small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 (15 USC Section 681(c)) with total

assets in excess of Ten Million Dollars ($10,000,000.00); (K) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 (15 USC Section 80b-2(a)(22)) with total assets in excess of Ten Million Dollars ($10,000,000.00); (L) A federal covered investment adviser acting for its own account; (M) A "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933 (17 CFR 230.144A); (N) A "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934 (17 CFR 240.15a-6); (O) Any other person, other than an individual, of institutional character with total assets in excess of Ten Million Dollars ($10,000,000.00) not organized for the specific purpose of evading the Act; or (P) Any other person specified by rule adopted or order issued under the Act.

"Depository institution" means: (A) A bank; or (B) A savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Missouri..... Any institutional investor, a person registered under the Investment Advisors Act of 1940, or any other person exempted by rule adopted by order issued under the Missouri Uniform Securities Act of 2003 (the "Act").

The term "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) a depository institution, trust company organized or chartered under the laws of the State of Missouri, or an international banking institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act of 1940; (e) a broker-dealer

registered under the Securities Exchange Act of 1934; (f) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employment Retirement Income Security Act of 1974 ("ERISA"), that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment advisor registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (h) a trust, if it has total assets in excess of $10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (f) or (g) above, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10,000,000; (j) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 with total assets in excess of $10,000,000; (k) a private business development company as defined in Section 202(a)(2) of the Investment Advisers Act of 1940 with total assets in excess of $10,000,000; (l) a federal covered investment adviser acting for its own account, (m) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(H) adopted under the Securities Act of 1933; (n) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934; (o) any other person, other than an individual, of institutional character with total assets in excess of $10,000,000 not organized for the specific purpose of evading the Act; or (p)

any other person specified by rule adopted or order issued under the Act.

The term "depository institution" includes: a bank, or a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund or a successor authorized by federal law.

The term "insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

The term "international banking institution" means an international financial institution of which the United States is a member and whose securities are exempt from registration under the Securities Act of 1933.

Montana..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, including a qualified institutional buyer as defined in Rule 144A, or a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

Nebraska..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, an individual accredited investor, or a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity. Also included are the following: (1) any "bank" as defined in Section 3(a)(2) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity, (2) an "insurance company" as defined in Section 2(13) of the Securities Act of 1933, (3) a "business development company" as defined in Section 2(a)(48) of the Investment Company Act of 1940, (4) a small business investment company licensed by the Small Business Administration

pursuant to Sections 301(c) or (d) of the Small Business Investment Company Act of 1958. The term "individual accredited investor" means: (a) any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of the issuer; (b) any manager of a limited liability company that is the issuer of the securities being offered or sold; (c) any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of the purchase, exceeds $1,000,000; or (d) any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

The term "pension or profit-sharing trust" means an employee benefit plan, as defined in Title I of the Employee Retirement Income Security Act of 1974 ("ERISA"), if the (1) investment decisions are made by a "plan fiduciary" as defined in Section 3(21) of ERISA, which is either a bank, insurance company or registered investment adviser, or (2) employee benefit plan has total assets in excess of $5,000,000.

Nevada..... Any financial or institutional investor or a broker-dealer.

The term "financial or institutional investor" means any of the following, whether acting for itself or others in a fiduciary capacity other than as an agent: (1) a depository institution; (2) an insurance company; (3) a separate account of an insurance company; (4) an investment company as defined in the Investment Company Act of 1940; (5) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $5,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution or an insurance company; and (6) any other institutional buyer.

The term "depository institution" means (a) a person that is organized, chartered or holding an authorization certificate under the laws of a state or of the United States which authorizes the person to receive deposits, including a savings, share, certificate or deposit account, and that is

supervised and examined for the protection of depositors by an official or agency of a state or the United States, and (b) a trust company or other institution that is authorized by federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the comptroller of the currency and is supervised and examined by an official or agency of a state or the United States.

New Hampshire ..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, venture capital company which operates a small business investment company under the Small Business Investment Act of 1958, or other financial institution, or institutional buyer, or a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

The term "institutional buyer" means an organization or person with net worth (defined as the excess of assets over liabilities, as determined by generally accepted accounting principles) of more than $25,000,000.

New Jersey..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

The term "savings institution" means any savings and loan association or building and loan association operating pursuant to the New Jersey "Savings and Loan Act (1963)" and any federal savings and loan association and any association or credit union organized under the laws of the United States or any state whose accounts are insured by a federal corporation or agency.

New Mexico ..... Any institutional investor; accredited investor; a person registered under the Investment Advisers Act of 1940; or any other person exempted by rule adopted or order issued under the New Mexico Uniform Securities Act (the "Act").

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (1) a depository institution or international banking institution; (2) an insurance company; (3) a separate account of an insurance company; (4) an investment company as defined in the Investment Company Act of 1940; (5) a broker-dealer registered under the

Securities Exchange Act of 1934; (6) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of Ten Million Dollars ($10,000,000) or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974 (ERISA), that is a broker-dealer registered pursuant to the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration pursuant to the Investment Advisers Act of 1940, an investment adviser registered pursuant to the Act, a depository institution, or an insurance company; (7) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of Ten Million Dollars ($10,000,000) or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the ERISA, that is a broker-dealer registered pursuant to the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration pursuant to the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (8) a trust, if it has total assets in excess of Ten Million Dollars ($10,000,000), its trustee is a depository institution and its participants are exclusively plans of the types identified in subparagraph (6) or (7), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (9) an organization described in Section 501(c)(3) of the Internal Revenue Code (26 USC Section 501(c)(3)), corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of Ten Million Dollars ($10,000,000); (10) a small business investment company licensed by the Small Business Administration pursuant to Section 301(c) of the Small Business Investment Act of 1958 (15 USC Section 681(c)) with total assets in excess of Ten Million Dollars ($10,000,000); (11) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 (15 USC Section 80b-2(a)(22)) with total assets in excess of Ten Million Dollars ($10,000,000); (12) a federal covered investment adviser acting for its own account; (13) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933 (17 CFR 230.144A); (14) a "major U.S. institutional investor" as defined in Rule 15a-

6(b)(4)(i) adopted under the Securities Exchange Act of 1934 (17 CFR 240.15a-6); (15) any other person, other than an individual, of institutional character with total assets in excess of Ten Million Dollars ($10,000,000) not organized for the specific purpose of evading the Act; or (16) any other person specified by rule adopted or order issued under the Act.

"Depository institution" means: (A) a bank; or (B) a savings institution, trust company, credit union or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law, or a receiver, conservator or other liquidating agent of such institutions or entities.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

New York ..... Any state or national bank, trust company or savings institution incorporated under the laws and subject to the examination, supervision and control of any state or of the United States or of any insular possession thereof, a dealer or broker, or any syndicate, corporation or group formed for the specific purpose of acquiring the securities for resale to the public directly or through other syndicates or groups, if the seller is engaged in the business of effecting securities transactions with or through such persons (provided that if the offered securities are subject to the requirements of Section 352-e of the State's General Business Law an exemption is available from the applicable requirements and the appropriate filing is made with the State's Department of Law).

North Carolina ..... Any entity which has a net worth in excess of $1,000,000 as determined by generally accepted accounting principles, a bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, a pension or profit-sharing trust, or

other financial institution or institutional buyer, or a dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

The term "entity" includes a corporation, joint-stock company, limited liability company, business trust, limited partnership or other partnership in which the interests of the partners are evidenced by a security, trust in which the interests of the beneficiaries are evidenced by a security, any other unincorporated organization in which two or more persons have a joint or common economic interest evidenced by a security, and governmental or political subdivision of a government.

North Dakota ..... Any institutional investor; accredited investor; a person registered under the Investment Advisers Act of 1940; or any other person exempted by rule adopted or order issued under the North Dakota Securities Act of 1951 (the "Act").

"Depository institution" means: a. A bank; or b. A savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the federal deposit insurance corporation, the national credit union shares insurance fund, or a successor authorized by federal law.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: a. A depository institution or international banking institution; b. An insurance company; c. A separate account of an insurance company; d. An investment company as defined in the Investment Company Act of 1940; e. A broker-dealer under the Securities Exchange Act of 1934; f. An employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974 (ERISA), that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under this Act, a depository institution, or an insurance company; g. A plan established and

maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the ERISA, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; h. A trust, if it has total assets in excess of ten million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subdivision f or g, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; i. An organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars; j. A small business investment company licensed by the small business administration under section 301(c) of the Small Business Investment Act of 1958 with total assets in excess of ten million dollars; k. A private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of ten million dollars; l. A federal covered investment adviser acting for its own account; m. A qualified institutional buyer as defined in rule 144A(a)(1), other than rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933; n. A major United States institutional investor as defined in rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934; or o. Any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading the Act.

Ohio..... Any institutional investor or dealer.

The term "institutional investor" means: any corporation, bank, insurance company, pension fund or pension fund trust, employees' profit-sharing fund or employees' profit sharing trust, any association engaged, as a substantial part of its business or operations, in purchasing or holding securities, or any trust in respect of which a bank is trustee or co-trustee.

Oklahoma ..... Any institutional investor, person registered under the Investment Advisors Act of 1940 or any other person exempted by rule or order issued under the Oklahoma Uniform Securities Act of 2004 (the "Act").

The term "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) a depository institution or international banking institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act of 1940; (e) a broker-dealer registered under the Securities Exchange Act of 1934; (f) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974 ("ERISA"), that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess $10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (h) a trust, if it has total assets in excess of $10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (f) or (g) above, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10,000,000; (j) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 with total assets in excess of

$10,000,000; (k) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess $10,000,000; (l) a federal covered investment adviser acting for its own account; (m) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H) adopted under the Securities Act of 1933; (n) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934; (o) any other person, other than an individual, of institutional character with total assets in excess of $10,000,000 not organized for the specific purpose of evading the Act; or (p) any other person specified by rule adopted or order issued under the Act.

A "depository institution" means a bank, or a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund or a successor authorized by federal law.

The term "insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

The term "international banking institution" means an international financial institution of which the United States is a member and whose securities are exempt from registration under the Securities Act of 1933.

Oregon..... Any bank, savings institution, trust company, insurance company, investment company, pension or profit-sharing trust, or other financial institution or institutional buyer (including, but not limited to, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the United States Department of Veterans' Affairs and the Government National Mortgage Association), or a broker-dealer, mortgage broker or mortgage banker, whether the purchaser is acting for itself or in a fiduciary capacity when

the purchaser has discretionary authority to make investment decisions.

Pennsylvania ..... Any institutional investor or broker-dealer, whether the buyer is acting for itself or in some fiduciary capacity.

The term "institutional investor" includes: (1) a bank, insurance company, pension or profit-sharing plan or trust (except a municipal pension plan or system), investment company as defined in the Investment Company Act of 1940, or any person, other than an individual, which controls any of the foregoing, the federal government, state or any agency or political subdivision thereof, except public school districts of Pennsylvania, or any other person so designated by regulation of the Pennsylvania Securities Commission; (2) a corporation, business trust or a wholly-owned subsidiary of the person which has been in existence for 18 months and which has a tangible net worth on a consolidated basis, as reflected in its most recent audited financial statements, of $10,000,000 or more; (3) a college, university or other public or private institution which has received exempt status under Section 501(c)(3) of the Internal Revenue Code and which has a total endowment or trust funds, including annuity and life income funds, of $5,000,000 or more according to its most recent audited financial statements; provided that the aggregate dollar amount of securities being sold to the person under this exemption may not exceed 5% of its endowment or trust funds; (4) a wholly-owned subsidiary of a bank; (5) a person, except an individual or an entity whose security holders consist entirely of one individual or group of individuals who are related, which is organized primarily for the purpose of purchasing, in non-public offerings, securities of corporations or issuers engaged in research and development activities in conjunction with a corporation and which complies with one of the following: (i) has purchased $5,000,000 or more of the securities excluding both of the following: (A) a purchase of securities of a corporation in which the person directly or beneficially owns more than 50% of the corporation's voting securities, but securities purchased under a leveraged buy-out financing in which the person does not intend to provide direct management to the issuer, is not excluded, (B) a dollar amount of a purchase of securities of a corporation which investment represents more than 20% of the person's net worth, (ii) is capitalized at $2,500,000 or more and is controlled by an individual controlling a person which meets the criteria contained in (i), (iii) is capitalized at

$10,000,000 or more and has purchased $500,000 or more of the securities, excluding a purchase of securities of a corporation in which the person directly or beneficially owns more than 50% of the corporation's voting securities, (iv) is capitalized at $250,000 or more and is a side-by-side fund as defined under the Pennsylvania Securities Act of 1972 (the "Act"); (6) a Small Business Investment Company as defined in Section 103 of the Small Business Investment Act of 1958, which either (i) has a total capital of $1,000,000 or more, or (ii) is controlled by institutional investors; (7) a Seed Capital Fund, as defined in the Pennsylvania Small Business Incubators Act; (8) a Business Development Credit Corporation, as authorized by the Pennsylvania Business Development Credit Corporation Law; (9) a person whose securityholders consist solely of institutional investors or broker-dealers; (10) a person as to which the issuer reasonably believed qualified as an institutional investor under the Act at the time of the offer or sale of the securities on the basis of written representations made to the issuer by the purchaser; and (11) a qualified institutional buyer as defined in Rule 144A of the Securities Exchange Act of 1934 (relating to private resales of securities to institutions), or any successor rule thereto.

The term "bank" means a bank, savings bank, savings institution, savings and loan association, thrift institution, trust company or similar organization which is organized or chartered under the laws of a state or of the United States, is authorized to and receives deposits and is supervised and examined by an official or agency of a state or by the United States if its deposits are insured by the FDIC or a successor authorized by federal law.

Puerto Rico ..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Companies Act of Puerto Rico, pension or profit-sharing trust, or other financial institution or institutional buyer, or qualified institutional buyer under SEC Rule 144, or broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

Rhode Island ..... Any financial or institutional investor or broker-dealer; or any other transaction exempt by rule of the director of the Department of Business Regulation.

The term "financial or institutional investor" means any of the following, whether acting for itself or another in a

fiduciary capacity: a depository institution; an insurance company; a separate account of an insurance company; an investment company as defined in the Investment Company Act of 1940; an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $5,000,000, or if investment decisions are made by a plan fiduciary, as defined in the Employee Retirement Income Security Act of 1974, which is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution, or an insurance company, and any other institutional buyer.

The term "depository institution" means (i) a person which is organized, chartered, or holding an authorization certificate under the laws of a state or of the United States which authorizes the person to receive deposits, including a savings, share, certificate or deposit account, and which is supervised and examined for the protection of depositors by an official or agency of a state or the United States and (ii) a trust company or other institution that is authorized by federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the comptroller of the currency and is supervised and examined by an official or agency of a state or the United States.

South Carolina ..... An institutional investor, a person registered under the Investment Advisors Act of 1940, or any other person exempted by rule adopted or order issued under the South Carolina Uniform Securities Act of 2005 (the "Act").

An "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) depository institution or international banking institution; and (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act of 1940; (e) a broker-dealer registered under the Securities Exchange Act of 1934; (f) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974 ("ERISA"), that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository

institution, or an insurance company; (g) a plan established and maintained by a State, a political subdivision of a State, or an agency or instrumentality of a State or a political subdivision of a State for the benefit of its employees, if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (h) a trust, if it has total assets in excess of $10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (f) or (g) above, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10,000,000; (j) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 with total assets in excess of $10,000,000; (k) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of $10,000,000; (l) a federal covered investment adviser acting for its own account; (m) a "qualified institutional buyer as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933; (n) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934; (o) any other person, other than an individual, of institutional character with total assets in excess of $10,000,000 not organized for the specific purpose of evading the Act; or (p) any other person specified by rule adopted or order issued under the Act.

A "depository institution" means: a bank, or a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute

by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law.

The term "insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

The term "international banking institution" means an international financial institution of which the United States is a member and whose securities are exempt from registration under the Securities Act of 1933.

South Dakota ..... An institutional investor, a person registered under the Investment Advisors Act of 1940, or any other person exempted by rule adopted or order issued under the South Dakota Uniform Securities Act of 2002 (the "Act").

An "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) depository institution or international banking institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act of 1940; (e) a broker-dealer registered under the Securities Exchange Act of 1934; (f) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974 ("ERISA"), that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (g) a plan established and maintained by a State, a political subdivision of a State, or an agency or instrumentality of a State or a political subdivision of a State for the benefit of its employees, if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a

depository institution, or an insurance company; (h) a trust, if it has total assets in excess of $10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (f) or (g) above, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10,000,000; (j) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 with total assets in excess of $10,000,000; (k) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of $10,000,000; (l) a federal covered investment adviser acting for its own account; (m) a "qualified institutional buyer as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933; (n) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934; (o) any other person, other than an individual, of institutional character with total assets in excess of $10,000,000 not organized for the specific purpose of evading the Act; or (p) any other person specified by rule adopted or order issued under the Act.

A "depository institution" means: a bank, or a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund or a successor authorized by federal law.

The term "insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

The term "international banking institution" means an international financial institution of which the United States is a member and whose securities are exempt from registration under the Securities Act of 1933.

Tennessee ..... Any institutional investor or broker-dealer.

The term "institutional investor" means any bank (unless the bank is acting as a broker-dealer), trust company, insurance company, investment company registered under the Investment Company Act of 1940, as amended, a holding company which controls any of the foregoing, a trust or fund over which any of the foregoing has or shares investment discretion, a pension or profit sharing plan, an institutional buyer (as the commissioner of Commerce and Insurance may further define by rule), or any other person engaged as a substantial part of its business in investing in securities unless such other person is within the definition of a broker-dealer found in the Tennessee Securities Act of 1980; provided however, that each of the forgoing have a net worth in excess of $1,000,000.

Texas ..... Any bank, trust company, building and loan association, insurance company, surety or guaranty company, savings institution, investment company as defined in the Investment Company Act of 1940, small business investment company as defined in the Small Business Investment Act of 1958, or any registered dealer actually engaged in buying and selling securities.

The term "savings institution" includes any federally chartered credit union, savings and loan association, or federal savings bank and any credit union or savings and loan association chartered under the laws of any state.

The preceding applies only to financial institutions or other institutional investors acting for its own account or as a bona fide trustee of a trust organized and existing other than for the purpose of acquiring the specific securities for which the seller is claiming an exemption (i.e., not acting only as agent for another purchaser that is not a financial institution or other institutional investor listed above).

Additionally, sales to: (1) an "accredited investor" (as defined in Rule 501(a)(1)-(4), (7) and (8) promulgated by the Securities and Exchange Commission under the Securities Act of 1933) excluding, however, any self-directed employee benefit plan with investment decisions

made solely by persons that are "accredited investors" as defined in Rule 501(a)(5)-(6); (2) any "qualified institutional buyer" (as defined in SEC Rule 144A(a)(1)); and (3) a corporation, partnership, trust, estate, or other entity (excluding individuals) having net worth of not less than $5,000,000, or a wholly-owned subsidiary of such entity, as long as the entity was not formed for the purpose of acquiring the specific securities.

Utah..... Any depository institution; trust company; insurance company; an investment company as defined in the Investment Company Act of 1940; a pension or profit-sharing trust; other financial institution or institutional investor; or a broker-dealer.

"Depository institution" means a bank, savings and loan association, savings bank, industrial bank, credit union, or other institution that: (a) holds or receives deposits, savings, or share accounts; (b) issues certificates of deposit; or (c) provides to its customers other depository accounts that are subject to withdrawal by checks, drafts, or other instruments or by electronic means to effect third party payments.

Vermont..... An institutional investor, a person registered under the Investment Advisors Act of 1940 or any other person exempted by rule adopted or order issued under the Vermont Uniform Securities Act of 2002 (the "Act").

An "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) depository institution or international banking institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act of 1940; (e) a broker-dealer registered under the Securities Exchange Act of 1934; (f) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974 ("ERISA"), that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (g) a plan established and maintained by a State, a political subdivision of a State, or an agency or instrumentality of a State or a political

subdivision of a State for the benefit of its employees, if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in ERISA, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Act, a depository institution, or an insurance company; (h) a trust, if it has total assets in excess of $10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (f) or (g) above, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10,000,000; (j) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 with total assets in excess of $10,000,000; (k) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of $10,000,000; (l) a federal covered investment adviser acting for its own account; (m) a "qualified institutional buyer as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933; (n) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934; (o) any other person, other than an individual, of institutional character with total assets in excess of $10,000,000 not organized for the specific purpose of evading the Act; or (p) any other person specified by rule adopted or order issued under the Act.

A "depository institution" means: a bank, or a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law.

The term "insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

The term "international banking institution" means an international financial institution of which the United States is a member and whose securities are exempt from registration under the Securities Act of 1933.

Virginia..... Any corporation, investment company or pension or profit-sharing trust or broker-dealer.

Washington..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust (excluding IRA and Keogh accounts), or other financial institution or institutional buyer, or qualified institutional buyer under SEC Rule 144A or a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

The term "institutional buyer" includes the following: (1) a corporation, business trust, or partnership or wholly owned subsidiary of such an entity, which has been operating for at least 12 months and which has a net worth on a consolidated basis of at least $10,000,000 as determined by the entity's most recent audited financial statements, such statements to be dated within 16 months of the transaction made in reliance upon the exemption; (2) any entity which has been granted exempt status under Section 501(c)(3) of the Internal Revenue Code and which has a total endowment or trust funds of $5,000,000 or more according to its most recent audited financial statements, such statements to be dated within 16 months of the transaction made in reliance upon the exemption; (3) any wholly owned subsidiary of a bank, savings institution, insurance company, or investment company as defined in the Investment Company Act of 1940; and (4) any other entity (excluding a natural person, individual retirement account, Keogh account, or other self-directed pension plan), as specified by the Administrator of the Washington Securities Act, of sufficient expertise and financial strength to bear the risks of purchasing unregulated securities.

West Virginia.....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust or other financial institution or institutional buyer, or a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.
Wisconsin	Any institutional investor; a person registered under the Investment Advisors Act of 1940; any other person exempted by rule adopted or order issued under the Wisconsin Uniform Securities Law (the "Act"); accredited investor, as defined in Rule 501(a) adopted under the Securities Act of 1933, provided that prior to the sale in Wisconsin to an accredited investor described in Rule 501(a)(5) or (6) adopted under the Securities Act of 1933, the seller files a consent to service of process with the administrator in the form required under s. 551.611 (Failure to file the consent as required is a cause for administrative action by the administrator under s. 551.604 but does not result in the loss of this exemption.) This consent is not required to be filed if any of the following apply: the issuer of the securities to be sold has its principal place of business or a majority of its full-time employees located in Wisconsin, the issuer or seller of the securities files or has previously filed a consent to service of process with the administrator, the seller is a broker-dealer or agent of the issuer registered under the Act. "Depository institution" means any of the following: (a) A bank; (b) A savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law. "Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) A depository institution or international banking institution. (b) An insurance company. (c) A separate account of an insurance company. (d) An investment company as defined in the Investment Company Act of 1940. (e) A broker–dealer registered under the Securities Exchange Act of 1934. (f) An employee pension, profit–sharing, or benefit plan if the plan has total assets in

excess of $10,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974 (ERISA), that is a broker–dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under this chapter, a depository institution, or an insurance company. (g) A plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the ERISA, that is a broker–dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under this chapter, a depository institution, or an insurance company. (h) A trust, if it has total assets in excess of $10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in par. (f) or (g), regardless of the size of their assets, except a trust that includes as participants self–directed individual retirement accounts or similar self–directed plans. (i) An organization described in section 501(c)(3) of the Internal Revenue Code (26 USC 501(c)(3)), corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10,000,000. (j) A small business investment company licensed by the Small Business Administration under section 301(c) of the Small Business Investment Act of 1958 (15 USC 681(c)) with total assets in excess of $10,000,000. (k) A private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940 (15 USC 80b–2(a)(22)) with total assets in excess of $10,000,000. (L) A federal covered investment adviser acting for its own account. (m) A qualified institutional buyer, as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933 (17 CFR 230.144A). (n) A major U.S. institutional investor, as defined in Rule 15a–6 (b)(4)(i) adopted under the Securities Exchange Act of 1934 (17 CFR 240.15a–6). (o) Any other person, other than an individual, of institutional character with total assets in excess of $10,000,000 not organized for the specific

purpose of evading this chapter. (p) Any other person specified by rule adopted or order issued under this chapter.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

"International banking institution" means an international financial institution of which the United States is a member and whose securities are exempt from registration under the Securities Act of 1933.

Wyoming ..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer (including "qualified institutional buyers" as defined by SEC Rule 144A), or a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

HAWKINS DELAFIELD & WOOD LLP

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

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 29, 2014

	Moody's	S&P
Expected Ratings:	*Aa1*	*AA+*

(See "Ratings" herein)

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Offered Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code except that no opinion is expressed as to the exclusion from gross income of interest on any Offered Bond for any period during which the Offered Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the Offered Bonds or a "related person", and (ii) interest on the Offered Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for the purpose of calculating the alternative minimum tax. For more information concerning the tax treatment of the interest on the Offered Bonds, see "Tax Matters" herein.

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

$8,900,000*
VIRGINIA HOUSING DEVELOPMENT AUTHORITY
Rental Housing Bonds
2014 Series B-Non-AMT

Maturity Date (October 1)	Principal Amount	Serial or Term	Interest Rate	CUSIP
. . .	. . .	. . .	. . . %	. . .

Price of all Offered Bonds: . . .%

Dated Date: Date of Delivery

Principal on the Offered Bonds is payable at maturity or prior redemption. Interest on the Offered Bonds commences to accrue on the date of delivery thereof and is payable semi-annually on each April 1 and October 1, commencing April 1, 2015. The Offered Bonds are subject to redemption, without premium, prior to maturity as described herein. The Offered Bonds are issuable in $5,000 denominations and in integral multiples thereof although, as described herein, redemptions of less than all of a maturity of the Offered Bonds are expected to be made on a pro rata pass-through distribution of principal basis. The Offered Bonds will be initially issued and may be purchased only in book-entry form through the facilities of DTC. U.S. Bank National Association, Minneapolis, Minnesota, is the Trustee.

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

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

The Offered Bonds are offered when, as and if issued, subject to prior sale, or withdrawal or modification of the offer without notice. The Offered Bonds are offered subject to the receipt of the Approving and Tax Opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority, as more fully described in "Legal Matters" and "Tax Matters" herein. It is expected that the Offered Bonds will be available for delivery through DTC in New York, New York on or about October 28, 2014.

. . .

October . . ., 2014

* Preliminary, subject to change.

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

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

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OFFICIAL STATEMENT

PART I – THE OFFERED BONDS

INTRODUCTION

Capitalized terms used in this Official Statement, unless otherwise herein defined, shall have the meanings set forth in a resolution adopted by the Virginia Housing Development Authority (the "Authority") on March 24, 1999, as amended to the date of delivery of the Offered Bonds (the "Current Resolution") authorizing the issuance and sale of the Rental Housing Bonds. The Current Resolution, as hereafter modified, amended or supplemented from time to time, is referred to herein as the "Resolution." See "Definitions" in "Summary of Certain Provisions of the Current Resolution" for definitions of certain of such capitalized terms in the Current Resolution. The following terms are used in this Official Statement to refer to the Rental Housing Bonds listed below.

Term	Referenced Bonds
"Rental Housing Bonds"	Currently Outstanding Bonds, the Offered Bonds and any Rental Housing Bonds hereafter issued
"Currently Outstanding Bonds"	Bonds previously issued under the Resolution and presently Outstanding as of the date of this Official Statement
"Offered Bonds"	Rental Housing Bonds, 2014 Series B-Non-AMT
"Taxable Bonds"	Bonds on which interest is included in gross income for federal income tax purposes
"Tax Exempt AMT Bonds"	Tax Exempt Bonds on which the interest is treated as a preference item in determining the tax liability of individuals, corporations and other taxpayers subject to the alternative minimum tax imposed by Section 55 of the Code
"Tax Exempt Bonds"	Bonds, including the Offered Bonds, on which interest is not included in gross income for federal income tax purposes pursuant to Section 103 of the Code
"Tax Exempt Non-AMT Bonds"	Tax Exempt Bonds, including the Offered Bonds, on which the interest is not treated as a preference item in determining the tax liability of individuals, corporations and other taxpayers subject to the alternative minimum tax imposed by Section 55 of the Code and is not included in the adjusted current earnings of corporations for purposes of the alternative minimum tax
"Transitioned 1954 Code Tax Exempt Non-AMT Bonds"	Tax Exempt Bonds on which the interest is not treated as a preference item in determining the tax liability of individuals, corporations and other taxpayers subject to the alternative minimum tax imposed by Section 55 of the Code and is included in the adjusted current earnings of corporations for purposes of the alternative minimum tax

This Official Statement is being distributed by the Authority to furnish pertinent information in connection with the initial offering of the Offered Bonds. The Offered Bonds are being offered hereby pursuant to the Virginia Housing Development Authority Act (the "Act"), the Current Resolution, the Bond Limitations Resolution adopted by the Authority on April 8, 2014 and the Written Determinations as to the terms of the Offered Bonds. In connection with prior series of Rental Housing Bonds, the Authority has adopted Bond Limitations Resolutions and has executed Written Determinations. The Current Resolution, as so amended, modified and supplemented to the date of delivery of the Offered Bonds by such Bond Limitations Resolutions and Written Determinations, is referred to herein as the "Rental Housing Bonds Resolution."

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

The Offered Bonds are Tax Exempt Non-AMT Bonds. The Code imposes substantial requirements with respect to Tax Exempt Non-AMT Bonds, Tax Exempt AMT Bonds, Transitioned 1954 Code Tax Exempt Non-AMT Bonds, and the Mortgage

Loans financed, in whole or in part, with proceeds of such Bonds which must be satisfied for the interest on such Tax Exempt Bonds to be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. The Authority has established procedures under which the Authority expects such Code requirements can be met (see "Federal Taxes" in "Tax Matters," and "Requirements Applicable to Developments Financed by Tax Exempt AMT Bonds and Tax Exempt Non-AMT Bonds" in "The Multi-Family Program").

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

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

DESCRIPTION OF THE OFFERED BONDS

All of the proceeds of the Offered Bonds are expected to be used to finance one or more Mortgage Loans for each of the following development(s):

Development	Location	Mortgage Loan Amount	Program	Type of Occupancy	Total Units
Victoria Park Woodbridge Seniors	Prince William County	$8,900,000*	Tax Credit	Elderly	110

Notwithstanding such expectation, the Authority reserves the right to apply the proceeds of the Offered Bonds in any manner consistent with the provisions of the Resolution and the Code. See footnotes to Appendix E for an explanation of the program identified for each development above.

The Offered Bonds shall be issued in the aggregate principal amount and shall mature in the amounts and on the dates set forth on the front cover hereof. The Offered Bonds are issuable in $5,000 denominations and in integral multiples thereof although, as described herein, redemptions of less than all of a maturity of the Offered Bonds are expected to be made on a pro rata pass-through distribution of principal basis. The Authority may establish other authorized denominations for any one or more maturities of the Offered Bonds to apply if DTC (or a successor securities depository) is no longer the Owner of the Offered Bonds. Interest on the Offered Bonds shall commence to accrue on their date of delivery and shall be payable semi-annually on the dates and at the interest rates set forth on the front cover hereof, calculated on the basis of a 360-day year consisting of twelve 30-day months.

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

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

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

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

Special Redemption*

The Offered Bonds are subject to special redemption, at the option of the Authority, either in whole or in part, at a Redemption Price equal to 100% of the principal amount thereof on any one or more dates from (i) prepayments, in whole or in part, of the outstanding principal balances on Mortgage Loans, (ii) original proceeds from the issuance and sale of Rental Housing Bonds that the Authority determines will not be used to make, purchase, finance or refinance Mortgage Loans or Authority Property or that will not be used to acquire and finance Investment Obligations on other than a temporary basis, (iii) the net proceeds from the sale or other disposition (including foreclosure) of Mortgage Loans or Authority Property, and (iv) proceeds received by the Authority from mortgage insurance, title insurance or hazard insurance with respect to Mortgage Loans or Authority Property. The amounts set forth in the previous sentence include amounts derived from the Offered Bonds, Currently Outstanding Bonds and any additional Rental Housing Bonds hereafter issued (as well as the Mortgage Loans and

* Preliminary, subject to change

Authority Property now or hereafter financed under the Resolution), except as otherwise agreed by the Authority. Accrued interest, if any, to the date of redemption will be paid upon redemption.

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

Certain Factors That May Affect Special Redemptions

The Authority has closed, or issued binding commitments for, one or more new Mortgage Loans in an aggregate principal amount equal to or greater than the amount of the proceeds of the Offered Bonds to be disbursed to finance such Mortgage Loans. In the event that such Mortgage Loan or Mortgage Loans shall fail to close or to be fully disbursed pursuant to the terms thereof, the Authority may, but is not required to, apply the unused proceeds of the Offered Bonds to fund another Mortgage Loan or Loans if such Mortgage Loan or Loans were previously identified by public notice and approved by the Governor prior to the issuance of the Offered Bonds in accordance with the requirements of the Code. No assurance can be given that the Authority would be able to so apply any unused proceeds of the Offered Bonds.

The Authority expects that the terms of all of the Mortgage Loans to be financed, in whole or in part, with the proceeds of the Offered Bonds will not permit prepayment without the consent of the Authority until dates which are on or after the April 1, 2024 Optional Redemption Date (see "Optional Redemption"). The Authority may, however, consent to the prepayment of such Mortgage Loan or Mortgage Loans prior to the April 1, 2024 Optional Redemption Date.

Mortgage Loans currently financed by Rental Housing Bonds usually have terms that prohibit prepayment without the Authority's consent for a specified period of time, which is generally (i) 10 years, in the case of Mortgage Loans not financed in whole or in part by Tax Exempt Bonds or (ii) the time period (referred to as the "Qualified Project Period") during which restrictions under the Code apply, in the case of Mortgage Loans financed, in whole or in part, by Tax Exempt Bonds. For some Mortgage Loans, the time period during which the Mortgage Loan may not be prepaid without the Authority's consent has expired. Certain Mortgage Loans (including principally the Mortgage Loans that were originated prior to 1986 to finance Developments assisted under the federal Section 8 Program (see Appendix F)), may not be prepaid prior to their maturity without the Authority's consent, which has been given on a case by case basis. Prior to the April 1, 2024 Optional Redemption Date, the Authority may offer the refinancing of Mortgage Loans with new mortgage loans financed by proceeds of Rental Housing Bonds or other bonds of the Authority hereafter issued or other funds, which may result in the special redemption of then Outstanding Rental Housing Bonds (possibly including Offered Bonds) prior to the April 1, 2024 Optional Redemption Date. The Authority can give no assurance that it will not do so. For more information on multi-family loan terms (including a discussion of the "Qualified Project Period"), see "The Multi-Family Program."

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

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

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

Factors which may affect the demand for Mortgage Loans and the amount of prepayments on Mortgage Loans and consequently the Authority's ability to use the proceeds of Rental Housing Bonds and any prepayments on the Mortgage Loans (as well as any proceeds of any sale or other disposition of a Mortgage Loan or Authority Property) for the financing of Mortgage Loans include not only general economic conditions but also the relationship between alternative mortgage loan

interest rates (including rates on mortgage loans insured or guaranteed by agencies of the federal government, rates on conventional mortgage loans and the rates on other mortgage loans available from the Authority) and the interest rates being charged on the Mortgage Loans by the Authority. Accordingly, lower interest rates on such alternative mortgage loans could cause a lack of demand for Mortgage Loans, could result in prepayments when permitted by the terms of the applicable Mortgage Loans, and could necessitate the exercise by the Authority of its right to apply such portions of the proceeds of Rental Housing Bonds and prepayments on Mortgage Loans (as well as any proceeds of any disposition of a Mortgage Loan or Authority Property) to redeem Rental Housing Bonds, including Offered Bonds, to the extent permitted by the Code.

Optional Redemption*

The Offered Bonds maturing on or after October 1, 2024, are subject to redemption, at the election of the Authority, either in whole or in part on any date on or after April 1, 2024 (the "April 1, 2024 Optional Redemption Date"), at a Redemption Price equal to the principal amount, without premium, of the Offered Bonds to be so redeemed. Accrued interest, if any, to the date of redemption will be paid upon redemption.

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

Sinking Fund Redemption*

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

Offered Bonds Maturing . . .		Offered Bonds Maturing . . .	
Sinking Fund Installment Date (. . .)	Principal Amount	Sinking Fund Installment Date (. . .)	Principal Amount
. . .	. . .	. . .	. . .

** Maturity Date

Selection of Bonds for Redemption

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

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

* Preliminary, subject to change

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

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

Notice to Owners

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

Purchase

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

SECURITY

Pledge of Assets

Payment of the principal of and interest on the Currently Outstanding Bonds, the Offered Bonds and additional Rental Housing Bonds hereafter issued, as well as payment of other Bond Amounts, are secured, to the extent and as provided in the Rental Housing Bonds Resolution, by a pledge of the Assets. In addition to interest and principal, Compounded Amount, Redemption Price and Purchase Price due on any Rental Housing Bonds, "Bond Amount" includes any payment required to be made by the Authority pursuant to an Exchange Agreement (including a payment upon termination thereof) or an Enhancement Agreement, in each case to the extent such payment is payable from Assets. (See "Exchange Agreements and Enhancement Agreements.") "Assets" consist of Mortgage Loans, Authority Property (including the office building and property where the Authority has its principal offices, located at 601 South Belvidere Street, Richmond, Virginia), Revenues and Investment Obligations, and, to the extent made subject to the pledge or lien of the Resolution, Enhancement Agreements and Exchange Agreements (see "Summary of Certain Provisions of the Current Resolution"). The Rental Housing Bonds Resolution imposes no requirements on the Authority as to a minimum amount or type of Assets.

The Rental Housing Bonds Resolution permits the Authority to (i) purchase, sell, exchange, transfer and modify Assets, (ii) apply Assets to the payment of Expenses, and (iii) withdraw Assets from the Rental Housing Bonds Resolution, thereby releasing such Assets from the lien and pledge created by the Rental Housing Bonds Resolution, subject only to the satisfaction of the Revenue Test (see "Withdrawal of Assets; Limited Operating Covenants"). The Authority may contribute multi-family mortgage loans to the Resolution that become Mortgage Loans (and also Assets) following such contribution. Since the date of the most recent financial statements (audited or unaudited) in Appendix A, the Authority has withdrawn no Assets from the Resolution and has contributed no multi-family loans to the Resolution. On September 1, 2014, the Authority used $35,000,000 drawn on the Bank of America Agreement (described in "General Fund and Other Net Assets" in "General Information About the Authority") to redeem certain then outstanding Rental Housing Bonds. The Authority can give no assurances that it will or will not make any future withdrawals or contributions.

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

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

Mortgage Loans

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

Investment Obligations

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

Exchange Agreements and Enhancement Agreements

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

Sources of Payment

The scheduled payments of Bond Amounts, including the principal of and the interest on the Offered Bonds and any Enhancement Agreements or any Exchange Agreements that are payable from Assets, have been or are expected to be based upon the assumed receipt by the Authority of principal and interest or other payments on or with respect to Mortgage Loans and Investment Obligations, any Revenue with respect to Authority Property (excluding such income to be applied to the payment of operating expenses or to be deposited into reserve or escrow funds for such Authority Property), payments with respect to any Enhancement Agreement or any Exchange Agreement pledged as Assets, and net assets of the Authority, including net assets pledged under the Resolution. In so scheduling such payments of Bond Amounts, the Authority has assumed or expects to assume that no prepayments of principal will be received with respect to the Mortgage Loans; accordingly, scheduled payments of Bond Amounts are not expected to be dependent upon the receipt of prepayments of principal with respect to the Mortgage Loans.

The ability of the Authority to pay Bond Amounts, including principal and interest on the Offered Bonds, may be adversely affected by many factors that could impact the sources of payment for the Bond Amounts, including, but not limited to, the following: (i) failure to receive principal and interest or other payments when due or any time thereafter with respect to Mortgage Loans, Investment Obligations and any Enhancement Agreements and any Exchange Agreements pledged as Assets, (ii) receipt of income with respect to Authority Property (net of amounts to be applied to the payment of operating expenses or to be deposited into reserve or escrow funds for such Authority Property) in amounts less than expected by the Authority, (iii) Mortgage Loans, Authority Property and Investment Obligations and other Authority assets not being made, financed or acquired at the times, interest rates or prices, as applicable, contemplated by the Authority or not being made, financed or acquired at all and (iv) receipt of net proceeds from the sale or other disposition of Assets in amounts less than expected by the Authority. The ability of certain Mortgagors to make principal and interest payments on their Mortgage Loans may be adversely affected by reductions (or the failure to receive adequate increases) in any federal subsidy payments with respect to their Developments financed pursuant to the Resolution and assisted by such subsidy payments (see "Adjustments of Contract Rents" and "Renewal Contracts" in "Section 8 Programs" in Appendix F), as well as by general economic and housing conditions or other factors impacting their Developments.

On the basis of the foregoing facts and assumptions, the Revenues and other income to be received with respect to the Offered Bonds and the Currently Outstanding Bonds are expected by the Authority to be in excess of the scheduled debt service thereon. In reaching such expectation, the Authority has not considered the issuance of additional Rental Housing Bonds or the application or investment of the proceeds thereof. The Authority believes its assumptions regarding the Offered Bonds and the Currently Outstanding Bonds to be reasonable, but the Authority can give no assurance that the actual receipt of Revenues will correspond with its estimates of available money to pay debt service on the Offered Bonds and the Currently Outstanding Bonds.

Amendments to Resolution; Rental Housing Bonds Acquired by the Authority

The Current Resolution authorizes amendments to certain provisions therein by supplemental resolution of the Authority without the consent of Owners. Pursuant to such authorization, the Authority may, subject to the Revenue Test, amend the Current Resolution in any respect, except as described in subsection (7) in "Amendments" in "Summary of Certain Provisions of the Current Resolution." The Current Resolution, including the Revenue Test, also may be amended with the consent of the Owners of more than fifty percent (50%) of the Bond Obligation. Any of the foregoing amendments may adversely affect the security for the Rental Housing Bonds (see "Amendments" in "Summary of Certain Provisions of the Current Resolution").

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

General Obligations of the Authority

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

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

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

Other Bond Resolutions

At present, the principal source of funds for the Authority's single family loan programs described in "The Single Family Programs" are bonds ("Commonwealth Mortgage Bonds") issued and to be issued under the general bond resolution adopted by the Authority on July 15, 1986, as amended and supplemented to the date hereof (the "Commonwealth Mortgage Bonds Resolution"). The Commonwealth Mortgage Bonds Resolution authorizes the Authority to apply assets thereunder to make, purchase, finance or refinance single family mortgage loans. Upon the financing of single family mortgage loans with the proceeds of Commonwealth Mortgage Bonds, such mortgage loans or property are pledged by the Authority as security under the Commonwealth Mortgage Bonds Resolution. The other assets attributable to the Commonwealth Mortgage Bonds are also pledged under the Commonwealth Mortgage Bonds Resolution as security for the Commonwealth Mortgage Bonds. The Commonwealth Mortgage Bonds are general obligations of the Authority.

The Authority also has financed single family mortgage loans under another resolution (the "Homeownership Mortgage Bonds Resolution") authorizing the issuance of the Authority's Homeownership Mortgage Bonds in connection with the New Issuance Bond Program of the U. S. Department of the Treasury, all as more fully described in "New Issuance Bond Program and Homeownership Mortgage Bonds" in "The Single Family Programs." The Homeownership Mortgage Bonds

Resolution pledges the mortgage loans and assets attributable to the Homeownership Mortgage Bonds as security for the payment of such Bonds. The Homeownership Mortgage Bonds are general obligations of the Authority.

The scheduled payments of principal and interest on the Commonwealth Mortgage Bonds and Homeownership Mortgage Bonds have been based upon the assumed receipt by the Authority of principal and interest or other payments on or with respect to the assets pledged thereto. In establishing the payments of principal and interest on the Commonwealth Mortgage Bonds and the Homeownership Mortgage Bonds, the Authority has assumed certain levels of prepayments of the single family mortgage loans, a substantial portion of which will be used to pay such principal amounts. Based upon such assumptions, the Authority believes that the principal and interest or other payments on or with respect to the respective assets pledged to the Commonwealth Mortgage Bonds and Homeownership Mortgage Bonds will be sufficient to pay, when due, the scheduled debt service on such respective Bonds, but the Authority can give no assurance that the actual receipt of payments will correspond to the Authority's assumptions.

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

Any excess funds under the Commonwealth Mortgage Bonds Resolution or the Homeownership Mortgage Bonds Resolution may be used to redeem (if then permitted by the terms of such resolution) Commonwealth Mortgage Bonds or Homeownership Mortgage Bonds, respectively, to finance mortgage loans or to acquire investments to be held under such resolution. At present, excess funds or assets may be withdrawn from the lien and pledge of such resolution, subject to satisfaction of a revenue test in each such resolution which has the same terms as the Revenue Test. No assurance can be given that in the future any such excess funds or assets can or will be so withdrawn by the Authority from the lien and pledge of either the Commonwealth Mortgage Bonds Resolution or the Homeownership Mortgage Bonds Resolution or will be available for payment of principal or interest on the Rental Housing Bonds.

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

WITHDRAWAL OF ASSETS; LIMITED OPERATING COVENANTS

Except for the Revenue Test, the Rental Housing Bonds Resolution imposes no restrictions on the Authority's ability to transfer Assets to the Authority (thereby releasing such Assets from the lien and pledge of the Resolution), nor does it impose on the Authority any requirements as to the minimum amount or type of Assets or any requirements with respect to annual income or net worth. The Rental Housing Bonds Resolution requires that certain actions, including transfer of all or any portion of any Asset to the Authority (thereby releasing such Asset or portion from the lien and pledge of the Resolution), be undertaken only upon satisfaction of the Revenue Test. See the definition of Revenue Test in "Summary of Certain Provisions of the Current Resolution."

SUMMARY OF CERTAIN PROVISIONS OF THE CURRENT RESOLUTION

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

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

Definitions

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

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

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

"Authority Property" means real property and improvements thereon or an ownership share in a cooperative housing association or a leasehold interest under a lease and any personal property attached to or used in connection with any of the foregoing owned by the Authority and either financed pursuant to the Current Resolution or acquired by the Authority by purchase or foreclosure of a Mortgage Loan or by deed in lieu thereof.

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

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

"Bond Limitations Resolution" means a resolution adopted by the Authority setting forth the limitations required by the Current Resolution and such other limitations and matters as may be deemed appropriate by the Authority.

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

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

"Capital Appreciation Bond" means a Rental Housing Bond the interest on which is payable only at maturity or prior redemption as a component of its Compounded Amount.

"Chairman" means the Chairman of the Authority.

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

"Commonwealth" means the Commonwealth of Virginia.

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

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

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

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

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

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

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

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

"DTC" means The Depository Trust Company.

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

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

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

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

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

"External Trustee" means a Trustee other than the Authority.

"General Counsel" means the General Counsel of the Authority.

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

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

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

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

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

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

(E) bonds, debentures, participation certificates or notes or other obligations (including asset backed securities) issued by any one or any combination of the following: Federal Financing Corporation, Federal Farm Credit Banks (Bank for Cooperatives and Federal Intermediate Credit Banks), Federal Home Loan Bank System, Federal National Mortgage Association, World Bank, Export-Import Bank of the United States, Student Loan Marketing Association, Farmer's Home Administration, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Inter-American Development Bank, International Bank for Reconstruction and Development, Small Business Administration, Washington Metropolitan Area Transit Authority, Resolution Funding Corporation, Tennessee Valley Authority, or any other agency or corporation which has been or may after the date of the Current Resolution (March 24, 1999) be created by or pursuant to an Act of the Congress of the United States as an agency or instrumentality thereof the bonds, debentures, participation certificates or notes or other obligations (including asset backed securities) of which are unconditionally guaranteed by the United States of America or bear a Rating;

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

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

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

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

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

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

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

"Mortgage Loan" means each of the following financed or pledged pursuant to the Current Resolution and the Act: (1) a loan evidenced by an interest bearing obligation secured by a Mortgage for financing the acquisition, construction, rehabilitation and/or ownership of multi-family residential housing (which housing may be an economically mixed development) and any non-housing buildings or portions of buildings as authorized by the Act, (2) an obligation, certificate or instrument for which such a loan secured by a Mortgage is the security or the source of payment, or (3) a participation or other ownership interest in either a loan described in (1) or an obligation, certificate or instrument described in (2) with another party or parties or with another source of funds of the Authority not pledged under the Current Resolution. The terms "economically mixed project" and "nonhousing building" have the meanings set forth in the Act.

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

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

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

"Owner" means the party set forth in the Registration Books as the owner of a Rental Housing Bond or any other party due a Bond Amount.

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

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

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

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

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

"Redemption Price" means the principal or Compounded Amount of a Rental Housing Bond or portion thereof to be redeemed plus the applicable redemption premium, if any, payable upon redemption thereof.

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

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

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

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

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

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

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

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

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

"Vice Chairman" means the Vice Chairman of the Authority.

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

Assets and the Pledge Thereof

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

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

Authorization

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

Application of Assets for Payment of Bond Amounts

On any day on which a Bond Amount is due and payable (or, if such day is not a Business Day, the next Business Day thereafter), the Authority shall pay such Bond Amount from Assets or other funds of the Authority to either, at the Authority's

option, the Trustee or to the Owner of such Bond Amount. No such payment shall be made unless the Authority shall pay, in full, all Bond Amounts due and payable on such date. Any such payment to the Trustee shall be in the form of cash or Investment Obligation which is a cash equivalent and the Trustee shall make payment of such Bond Amount to the Owner thereof in accordance with the immediately succeeding paragraph. Any such payment to the Trustee shall, pending disbursement thereof to the Owner thereof, be deposited into a Payment Account.

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

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

Withdrawal, Transfer, Sale, Exchange and Modification of Assets

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

The Authority shall be authorized to sell or exchange any Asset to or with any party (including the Authority) at a price and/or for other assets equal to such Asset's fair market value, or subject to satisfaction of the Revenue Test, at any price and/or for any assets. For purposes of the Current Resolution, a sale to or exchange with the Authority includes any transaction in which cash or assets of the Authority not included in the Assets are used to pay the sales price of or are exchanged for the Assets.

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

Revenue Test

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

Investment of Funds

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

Covenants

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

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

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

Incurrence of Additional Obligations Payable from Assets

The Current Resolution permits the issuance of additional Rental Housing Bonds and the execution of Exchange Agreements and Enhancement Agreements payable from Assets. The Rental Housing Bonds and any Exchange Agreement or Enhancement Agreement payable from Assets, regardless of the time or times of their issuance, execution or maturity, shall be of equal rank without preference, priority or distinction, except as otherwise expressly provided in or determined pursuant to a Supplemental Bond Resolution in accordance with subparagraph (8) in "Amendments" below.

Amendments

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

(1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Current Resolution;

(2) To include such provisions as are deemed by an Authorized Officer to be necessary or desirable and are not contrary to or inconsistent with the Current Resolution as theretofore in effect;

(3) To add other covenants, agreements, limitations, or restrictions to be observed by the Authority which are not contrary to or inconsistent with the Current Resolution as theretofore in effect;

(4) To add to the rights or privileges of the Owners;

(5) To surrender any right, power or privilege reserved to or conferred upon the Authority by the Current Resolution;

(6) To comply with any provision of the Code or federal or state law or regulation;

(7) To modify or amend the Current Resolution in any respect, subject to satisfaction of the Revenue Test; provided, however, that no such modification or amendment pursuant to this Subsection (7) shall modify or delete, or shall authorize or permit any deletion or modification of, any of the following: (i) any of the covenants, rights or remedies pursuant to the Tax Covenant or the provisions of the Current Resolution relating to default and remedies on default, (ii) the definition of Revenue Test, (iii) any requirement for satisfaction of the Revenue Test, (iv) the definition of Defeasance Obligation, (v) the provisions of the Current Resolution relating to the constitution of the Current Resolution as a contract, the general obligation of the Authority, the pledge of Assets, and Assets held in trust (vi) the provisions of the Current Resolution which set forth those provisions permitting amendments effective upon filing to the Current Resolution, (vii) the provisions of the Current Resolution relating to the removal of the Trustee, (viii) the provisions of the Current Resolution relating to defeasance, (ix) any requirement for notice to or consent, approval or direction of Owners, or (x) the terms of redemption or the due date or amount of payment of any Bond Amount without the consent of the Owner of such Bond Amount; or

(8) To set forth the amendments to the Current Resolution necessary or desirable to provide for the issuance of Rental Housing Bonds or the execution of Exchange Agreements or Enhancement Agreements payable from Assets, (i) on which the payment of the Bond Amounts may be subordinate to the payment of the Bond Amounts with respect to other Rental Housing Bonds or Exchange Agreements or Enhancement Agreements payable from Assets, (ii) which may have the payment of their Bond Amounts conditional upon the happening of certain events, (iii) which may not be general obligations of the Authority, (iv) which may not be secured by all or any of the Assets, or (v) whose Owners do not have all of the rights or benefits of the other Owners.

Other Supplemental Bond Resolutions may become effective only if (1) on the date such Resolution becomes effective, no Rental Housing Bond issued prior to the adoption of such Resolution remains Outstanding and no Exchange Agreement or Enhancement Agreement in existence prior to the adoption of such Resolution remains payable from Assets, or (2) with consent of the Owners of at least fifty percent (50%) of the Bond Obligation responding to the request for consent within the time period as shall be established (and as may be extended) by the Trustee. If, however, such Resolution will, by its terms, not take effect so long as certain Rental Housing Bonds shall remain Outstanding or shall not affect certain Owners, the consent of such Owners shall not be required or recognized, and such Rental Housing Bonds shall not be deemed to be Outstanding for the purpose of any calculation of the Bond Obligation described in this paragraph. No such Resolution shall permit a change in the terms of redemption or in the due date or amount of payment of any Bond Amount without the consent of the Owner of such Bond Amount or lower the percentage of percentage of the Owners required to effect any such amendment.

Defeasance

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

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

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

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

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

Trustee

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

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

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

Events of Default

The Current Resolution provides that each of the following is an Event of Default: (i) a Bond Amount shall become due on any date and shall not be paid by the Authority to either the Trustee or party due such Bond Amount on said date; or (ii) a default shall be made in the observance or performance of any covenant, contract or other provision of the Rental Housing Bonds or Current Resolution, and such default shall continue for a period of ninety (90) days after written notice to the Authority from Owners of ten percent (10%) of the Bond Obligation or from the Trustee specifying such default and requiring the same to be remedied; or (iii) there shall be filed by or against the Authority as debtor a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) under any applicable law or statute now or hereafter in effect.

Remedies

Upon the occurrence and continuance of an Event of Default described in clause (i) in the prior paragraph entitled "Events of Default," the Trustee may, after notice to the Authority, and upon the written request of the Owners of not less than 25% of the Bond Obligation with respect to which such Event of Default has happened, shall, proceed to protect and enforce its rights and the rights of the Owners under applicable law or the Current Resolution. Pursuant to the Act, in the event that the Authority shall default in the payment of principal of or interest on any issue of the Rental Housing Bonds and such default shall otherwise continue for 30 days or in the event that the Authority shall fail to comply with the provisions of the Current Resolution, the Owners of 25% in aggregate principal amount of such issue of Rental Housing Bonds may appoint a trustee to represent the Owners of such issue of Rental Housing Bonds, and such trustee may, and upon written request of the Owners of 25% in aggregate principal amount of such issue of Rental Housing Bonds shall, in its name declare all such issue of Rental Housing Bonds due and payable.

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

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

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

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

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

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

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

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

good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to Owners not parties to such direction.

Record Dates

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

Registration

The Authority and the Trustee may deem and treat the party in whose name any Rental Housing Bond shall be registered upon the Registration Books on an applicable Record Date as the absolute Owner of such Rental Housing Bond, whether such Rental Housing Bond shall be overdue or not, for the purpose of receiving payment of any Bond Amount due and payable during the time period such person is the Owner of said Rental Housing Bond, and for all other purposes, and all such payments so made to any such Owner or upon his order shall be valid and effectual to satisfy and discharge the liability with respect to such Rental Housing Bond to the extent of the Bond Amount(s) so paid, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

Law Applicable

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

TAX MATTERS

Federal Taxes

In the opinion of Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance by the Authority with certain tax covenants described herein, (i) interest on the Offered Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to the exclusion from gross income of interest on any Offered Bond for any period during which the Offered Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the Offered Bonds or a "related person", and (ii) interest on the Offered Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code, and is not included in the adjusted current earnings of corporations for the purpose of calculating the alternative minimum tax. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Offered Bonds, and Bond Counsel has assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Offered Bonds from gross income under Section 103 of the Code.

Bond Counsel expresses no opinion as to any other matter with respect to the exemption of interest on the Offered Bonds from federal income taxation or as to the treatment of any such Bonds for tax purposes by any state, city, county or other jurisdiction. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action thereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Offered Bonds, or under state and local tax law.

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Offered Bonds in order that interest on the Offered Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, occupancy and use limitations on the financing by the Authority of residential rental developments, residential real property for family units and governmental property, requirements relating to use and expenditure of gross proceeds of the Offered Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Offered Bonds to become included in gross income for federal income tax purposes retroactive to the date interest began to accrue, irrespective of the date on which such noncompliance occurs or is discovered. (See "Requirements Applicable to Developments Financed by Tax Exempt AMT Bonds and Tax Exempt Non-AMT Bonds" and "Requirements Applicable to Developments Financed by Transitioned 1954 Code Tax Exempt Non-AMT Bonds", both in "The Multi-Family Program").

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

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

The Authority's Tax Certification, which will be delivered concurrently with the delivery of the Offered Bonds, will contain provisions and procedures relating to compliance with the requirements of the Code. The Authority, in executing its Tax Certification, will certify to the effect that it expects to be able to and will comply with the provisions and procedures set forth therein. The Authority has also covenanted in the Current Resolution that it shall at all times do and perform all acts required by law in order to assure that interest paid on the Offered Bonds is not included in the gross incomes of the owners thereof pursuant to the Code. In furtherance thereof, if and to the extent necessary to comply with the Code, the Authority has required or will require each Mortgagor with respect to each Mortgage Loan to be financed from the proceeds of the Offered Bonds to make certain covenants in the Mortgage Loan documents (the form of which is subject to the review of Bond Counsel) in order to satisfy the above described requirements of the Code. However, no assurance can be given that in the event of a breach of any such provisions, procedures and covenants, the remedies available to the Authority and/or owners of the Offered Bonds can be judicially enforced in such manner as to assure compliance with the requirements of applicable federal tax law and therefore to prevent the loss of the exclusion of interest on the Offered Bonds pursuant to the Code. Furthermore, with respect to any Mortgage Loan insured by the Federal Housing Administration (the "FHA") which may be financed with the proceeds of the Offered Bonds, such provisions, procedures and covenants will be subordinate to the rights of FHA under the Mortgage Loan documents, and the enforcement of such provisions, procedures and covenants will be subject to FHA approval; however, the Code provides that the above described requirements shall cease to apply to the Development if (i) any action of the FHA prevents the Authority from enforcing such provisions, procedures and covenants, and (ii) the Offered Bonds issued to finance the FHA Mortgage Loan are retired within a reasonable time. Any loss of the exclusion of interest on the Offered Bonds may be retroactive to the date the Offered Bonds began to accrue interest, irrespective of when an event of noncompliance may occur or be ascertained.

Backup Withholding and Information Reporting

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

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

Virginia Taxes

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

Proposed Legislation and Other Matters

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax exempt status of interest on the Offered Bonds under federal or state law or otherwise prevent beneficial owners of the Offered Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Offered Bonds. For example, the Fiscal Year 2015 Budget proposed on March 4, 2014, by the Obama Administration recommends a 28% limitation on "all itemized deductions, as well as other tax benefits" including "tax-exempt interest." The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt bond. Similarly, on February 26, 2014, Congressman Dave Camp, Chairman of the United States House Ways and Means Committee, released a discussion draft of a proposed bill which would significantly overhaul the Code, including the repeal of many deductions; changes to the marginal tax rates; elimination of tax-exempt treatment of interest for certain bonds issued after 2014; and a provision similar to the 28% limitation on tax-benefit items described above (at 25%) which, as to certain high

income taxpayers, effectively would impose a 10% surcharge on their "modified adjusted gross income," defined to include tax-exempt interest received or accrued on all bonds, regardless of issue date.

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

CONTINUING DISCLOSURE

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

The specific nature of the information to be contained in the Annual Financial Information or the required event notices and other terms of the Continuing Disclosure Agreement are summarized in Appendix H. These covenants have been made in order to assist the Underwriters to comply with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"). The Authority has never failed to comply in all material respects with any previous undertakings with respect to the Rule to provide annual financial information or required event notices.

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

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

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

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Offered Bonds and the federal income tax treatment of interest on the Offered Bonds will be the subject of the approving and tax opinion (the "Approving and Tax Opinion") of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority. The proposed form of the Approving and Tax Opinion is attached hereto as Appendix I. Bond Counsel has not been engaged to investigate the financial resources of the Authority or its ability to provide for payment of the Offered Bonds, and the Approving and Tax Opinion will not make any statement as to such matters or as to the accuracy or completeness of this Official Statement generally. Certain legal matters will be passed on for the Authority by its General Counsel, Paul M. Brennan, Esquire.

UNDERWRITING

The Offered Bonds are being purchased by one or more underwriters listed on the front cover of this Official Statement as delivered in its final form (the "Underwriters"). The Underwriters have agreed, pursuant to certain terms and conditions with respect to the Offered Bonds, to purchase at the prices set forth on the front cover hereof all of the Offered Bonds if any are purchased. In connection with said purchase and underwriting, the Underwriters are to receive a fee of $. . ..

The information regarding initial public offering prices or yields set forth on the front cover of this Official Statement as delivered in its final form has been provided by the Underwriters. In connection with the offering of the Offered Bonds, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Offered Bonds, including transactions to (i) overallot in arranging the sales of the Offered Bonds and (ii) make purchases and sales of the Offered Bonds, for long or short account, on a when-issued or other basis at such prices, in such amounts and such manner as the Underwriters may determine.

The Underwriters and their respective affiliates may have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Authority, for which they received or will receive customary fees and expenses.

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

RATINGS

As noted on the front cover, the Offered Bonds are expected to receive long-term ratings of "Aa1" from Moody's and "AA+" from Standard & Poor's. It is a condition to the Underwriters' obligation to purchase the Offered Bonds that Moody's and Standard & Poor's shall have assigned such long term ratings and that neither rating agency shall have lowered, withdrawn or suspended its rating prior to the Date of Delivery.

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

LITIGATION

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

LEGAL INVESTMENT

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

MISCELLANEOUS

The Authority has furnished all information in this Official Statement relating to the Authority. The financial statements of the Authority in Appendix A as of June 30, 2014 and for the year then ended have been examined by KPMG LLP, independent certified public accountants, to the extent set forth in their report, without further review to the date hereof. KPMG LLP has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

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

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

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

PART II – SUMMARY OF PROGRAMS

THE SINGLE FAMILY PROGRAMS

The information that follows is provided to explain the Authority's current programs of making or purchasing single family mortgage loans pursuant to the Authority's bond resolutions (including the Commonwealth Mortgage Bonds Resolution), from net assets and through the issuance of Ginnie Mae and Fannie Mae securities or the sales of single family mortgage loans to Fannie Mae, all as described herein. The types, terms, security (including mortgage insurance), origination procedures, underwriting criteria and servicing (including loan modifications) of and for the Authority's single family mortgage loans are generally as described herein. Also described are the Authority's obligation to make timely payment of principal and interest on the single family mortgage loans included in the pools of such loans represented by Ginnie Mae securities for which the Authority acts as servicer, the Authority's obligation to repurchase certain single family mortgage loans included in the pools represented by Fannie Mae securities, and the Authority's potential liability for its failure to deliver Ginnie Mae or Fannie Mae securities to purchasers. This information should not be considered to be comprehensive or definitive. The limits, amounts of financial reserves, rules and criteria described herein are not required by any bond resolution and at any time may be modified, changed or waived by the Authority, in whole or in part, and with respect to any particular single family mortgage loan.

General Description of Single Family Programs

Under its single family programs, the Authority has made and purchased single family mortgage loans for financing and/or refinancing (including the refinancing of any existing single family mortgage loan and any equity in the single family residential housing in excess of any such existing single family mortgage loan) the ownership or rehabilitation, or ownership and rehabilitation, of owner-occupied single family residential housing consisting of not more than four dwelling units, including condominium units, intended for occupancy by persons and households of low and moderate income. As discussed below, effective April 1, 2008, the Authority suspended the financing of certain rehabilitation and improvement costs. Also, effective April 1, 2008, the Authority suspended its then existing program for the financing of single family mortgage loans that refinance single family homes; however, the Authority currently refinances single family mortgage loans as discussed in "Fannie Mae Financing" and "FHA and VA Streamline Refinance Programs" below and from July 1, 2013 through September 30, 2013 offered refinancing of Interest Only Mortgage Loans as discussed in "Single Family Mortgage Loan Terms" below.

Summary of Types of Single Family Mortgage Loans

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

Type of Single Family Mortgage Loan	Description
First Mortgage Loan	A single family mortgage loan which is secured by a lien which is not subordinate to a lien for another mortgage loan. All single family mortgage loans, except Second Mortgage Loans, are First Mortgage Loans. First Mortgage Loans may be Insured Mortgage Loans or Self-Insured Mortgage Loans.
Second Mortgage Loan	A single family mortgage loan which is secured by a lien which is subordinate to a lien securing another single family mortgage loan (including an Authority single family mortgage loan). FHA Plus Second Mortgage Loans, Homebuyer Tax Credit Plus Mortgage Loans and Home Stride Second Mortgage Loans are Second Mortgage Loans. All Second Mortgage Loans are Self-Insured Mortgage Loans.
FHA Plus Second Mortgage Loan	A Second Mortgage Loan which is originated in conjunction with a FHA insured First Mortgage Loan.
Homebuyer Tax Credit Plus Mortgage Loan	A Second Mortgage Loan which is originated in conjunction with a FHA insured First Mortgage Loan and which has a 0% interest rate and no monthly payments for the initial 12 months.
Home Stride Second Mortgage Loan	A Second Mortgage Loan, in the maximum principal amount of $25,000, which is originated in conjunction with an Authority financed First Mortgage Loan in certain high cost areas and which has a 0% interest rate and no monthly payments for the initial three years.
Insured Mortgage Loan	A single family mortgage loan which is insured or guaranteed by a federal government entity or private mortgage insurance company.

Type of Single Family Mortgage Loan	Description
Self-Insured Mortgage Loan	A single family mortgage loan which is not insured or guaranteed by a federal government entity or private mortgage insurance company. All Interest Only Mortgage Loans (and the single family mortgage loans that refinance such Interest Only Mortgage Loans), FHA Plus Second Mortgage Loans, Homebuyer Tax Credit Plus Mortgage Loans, and Home Stride Second Mortgage Loans are Self-Insured Mortgage Loans. Any Fannie Mae Mortgage Loan (as defined below in "Fannie Mae Financing") that is purchased by the Authority but has not yet been securitized through Fannie Mae or is repurchased by the Authority pursuant to the Authority's agreement with Fannie Mae is or will be a Self-Insured Mortgage Loan. The Authority has previously financed other single family mortgage loans which are Self-Insured Mortgage Loans. The Authority has previously financed and currently finances single family mortgage loans having a loan to value ratio at or below 80% without requiring that the loan be insured or guaranteed.
Level Payment Mortgage Loan	A single family mortgage loan which has substantially equal monthly principal and interest payments for the entire or remaining term of the mortgage loan. Level Payment Mortgage Loans include single family mortgage loans that were originally Non-Level Payment Mortgage Loans but which now have substantially equal principal and interest payment schedules for their remaining terms.
Non-Level Payment Mortgage Loan	A single family mortgage loan which has future monthly principal and interest payments which are not substantially equal. Interest Only Mortgage Loans, Step Rate Mortgage Loans, Homebuyer Tax Credit Plus Mortgage Loans and Home Stride Second Mortgage Loans are Non-Level Payment Mortgage Loans on the date of their origination.
Interest Only Mortgage Loan	A single family mortgage loan which has scheduled interest only payments for the initial seven years and is thereafter a Level Payment Mortgage Loan for the remaining 23 years of the loan term. The interest rate is fixed for the life of the mortgage loan. Interest Only Mortgage Loans are Self-Insured Mortgage Loans.
Step Rate Mortgage Loan	A single family mortgage loan which has an interest rate that increases by 1.0% at the end of the first year and by another 1.0% at the end of the second year and remains at such interest rate for the balance of the term of the mortgage loan. Typically, the initial interest rate was set at 1.50% below the interest rate on the Authority's standard Level Payment Mortgage Loans.

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

Single Family First Mortgage Loans Currently and Previously Financed

The Authority has used and currently uses proceeds of its bonds and other funds (such as net assets) to finance single family mortgage loans that are secured by first liens ("First Mortgage Loans") and that finance single family homes in amounts not to exceed (i) 97% of the lesser of (a) the sales price (if applicable) or (b) the appraised value of the single family homes or (ii) in the case of single family mortgage loans insured or guaranteed by the Federal Housing Administration ("FHA"), Veterans Administration or Department of Veterans' Affairs ("VA") or Rural Development ("RD"), such amounts (which may exceed 100% of the sales price or appraised value) as are permitted by FHA, VA or RD. The Authority has adopted changes to its regulations that permit the Authority to establish a lower percentage to be financed by its First Mortgage Loans if necessary to protect its financial interests or enable it to effectively and efficiently allocate its current and anticipated financial resources. The Authority has not established any such lower percentages but can give no assurance that it will not do so in the future. The Authority has previously financed First Mortgage Loans in amounts not to exceed 104% of the lesser of (a) or (b) above. See "FHA and VA Streamline Refinance Programs" below for a discussion of FHA insured and VA guaranteed First Mortgage Loans that may be financed by the Authority in amounts in excess of the above described limits. See also "Single Family Mortgage Loan Terms" below for a discussion of the Authority's program that offered the refinancing of its Interest Only Mortgage Loans in amounts that could exceed the above described limits.

Single Family Second Mortgage Loans Currently and Previously Financed

The Authority has used and currently uses proceeds of its bonds and other funds (such as net assets) to finance single family mortgage loans which are secured by second liens ("Second Mortgage Loans"). Second Mortgage Loans are not insured or guaranteed by the federal government or private mortgage insurance companies. One type of Second Mortgage Loan provides financing, in conjunction with the origination of an Authority financed First Mortgage Loan insured by FHA, to fund part of the mortgagors' down payment and closing costs not financed by the related FHA insured First Mortgage Loans. Such type of Second Mortgage Loan is referred to as the "FHA Plus Second Mortgage Loan." Each FHA Plus Second Mortgage Loan

may, when combined with the related FHA insured First Mortgage Loan, be in a principal amount not to exceed 103.25% of the lesser of the sales price or the appraised value of the single family home and is secured by the lien of a deed of trust subordinate to the lien of the deed of trust securing the FHA insured First Mortgage Loan. The maximum principal amount described in the preceding sentence changes whenever FHA changes the maximum up-front mortgage insurance premium that FHA allows the FHA insured First Mortgage Loan to fund. The term and the interest rate on the FHA Plus Second Mortgage Loans are the same as those on the related FHA insured First Mortgage Loan. Pursuant to changes to the Authority's regulations, FHA Plus Second Mortgage Loans are permitted to be financed in conjunction with the origination of a first mortgage loan financed by a lender other than the Authority; however, the Authority has not financed, and has no plans to finance such FHA Plus Second Mortgage Loans, but no assurance can be given that the Authority will not commence the financing of such FHA Plus Second Mortgage Loans.

Effective June 2009, the Authority began originating another type of Second Mortgage Loan which provided financing, in conjunction with the origination of an Authority financed First Mortgage Loan insured by FHA and in anticipation of the eligibility of the mortgagors for the federal first-time homebuyer tax credit, to fund part of the mortgagors' down payment and closing costs not financed by the related FHA insured First Mortgage Loan. Such type of Second Mortgage Loan is referred to as the "Homebuyer Tax Credit Plus Mortgage Loan." Each Homebuyer Tax Credit Plus Mortgage Loan could, when combined with the related FHA insured First Mortgage Loan, be in a principal amount not to exceed 104% of the lesser of the sales price or the appraised value of the residence and is secured by the lien of a deed of trust subordinate to the lien of the deed of trust securing the FHA insured First Mortgage Loan. Each Homebuyer Tax Credit Plus Mortgage Loan bore a 0% interest rate and did not require any monthly payments for the initial 12 months, after which the term and interest rate were the same as those on the related FHA insured First Mortgage Loan. Because of the expiration of the federal first-time homebuyer tax credit, the Authority suspended originating Homebuyer Tax Credit Plus Mortgage Loans on September 30, 2010 and, in the case of such loans to certain qualified members of the military, on January 31, 2011; however, no assurance can be given whether the Authority will recommence the financing of such Homebuyer Tax Credit Plus Mortgage Loans if a similar federal tax credit is made available to homebuyers.

Prior to July 1, 2008, the Authority also financed another type of Second Mortgage Loan which was a Subsidized Mortgage Loan (as defined in "General Fund and Other Net Assets" in "General Information About The Authority"), was only made in conjunction with an Authority financed First Mortgage Loan, and had a maximum principal amount of $25,000. Such type of Second Mortgage Loan was referred to as the "Home Stride Second Mortgage Loan." Home Stride Second Mortgage Loans were available only in certain high costs areas identified by the Authority. For the initial three years, the Home Stride Second Mortgage Loans had a 0% interest rate and no monthly payments were due during such three years. Following the initial three years, the interest rate changed to 5% and monthly payments commenced at a level that will fully amortize such mortgage loan over its remaining 27 years. The combined amounts of the First Mortgage Loan and the Home Stride Second Mortgage Loan typically exceeded both the sales price and the appraised value of the single family home. Effective July 1, 2008, the Authority suspended the financing of Home Stride Second Mortgage Loans. No assurance can be given whether the Authority will recommence the financing of Home Stride Second Mortgage Loans.

Other Single Family Mortgage Loan Financings Prior to April 1, 2008

Prior to April 1, 2008, the Authority financed mortgage loans that refinanced single family homes. In the case of such mortgage loans, the loan amount (plus all subordinate debt secured by the property after closing of such mortgage loan) could not exceed the lesser of the then current appraised value of the single family home or the sum of (i) the payoff (if any) of the applicant's or applicants' existing first mortgage loan; (ii) the payoff (if any) of applicant's or applicants' subordinate mortgage loans (provided such loans did not permit periodic advancement of loan proceeds) closed for not less than 12 months preceding the date of the closing of the Authority mortgage loan and the payoff (if any) of applicant's or applicants' home equity line of credit loan (i.e. loan which permitted periodic advancement of proceeds) with no more than $2,000 in advances within the 12 months preceding the date of the closing of the Authority mortgage loan, excluding funds used for the purpose of documented improvements to the residence; (iii) the cost of improvements which were performed to the property after the closing of the Authority mortgage loan and for which loan proceeds were escrowed at closing; (iv) closing costs, discount points, fees and escrows payable in connection with the origination and closing of the Authority mortgage loan; and (v) up to $500 to be payable to the applicant or applicants at closing. In addition, if the applicant or applicants requested to receive loan proceeds at closing in excess of the limit set forth in (v) above, the loan amount (plus all subordinate debt secured by the property after closing of the Authority mortgage loan) could be increased to finance such excess cash up to a loan amount not in excess of 95% of the current appraised value. If the applicant's or applicants' existing mortgage loan to be refinanced was an Authority mortgage loan, the applicant or applicants could request a streamlined refinance of such existing mortgage loan in which the Authority required less underwriting documentation (e.g. verification of employment) and charged reduced points and fees. For such streamlined refinances, the loan amount (plus all subordinate debt secured by the property after closing of the new Authority mortgage loan) was limited to (i) the payoff of the existing mortgage loan and (ii) required closing costs, discount points, fees and escrows payable in connection with the origination and closing of the new Authority mortgage loan; provided, however, that the loan amount (plus all subordinate debt to be secured by the property after closing of the new Authority mortgage loan) could not exceed 100% of the greatest of original appraised value, current real estate tax assessment, current appraised value or other alternative valuation method approved by the Authority. Such mortgage loans are First Mortgage Loans. Effective April 1, 2008, the Authority suspended the financing of mortgage loans that refinance single family homes as described above. No assurance can be given whether the Authority will recommence the financing of any such loans (see "Fannie Mae Financing" below for a discussion of the single family mortgage loans that are being financed through Fannie Mae, including mortgage

loans that refinance existing single family mortgage loans; see "FHA and VA Streamline Refinance Programs" below for a discussion of the refinancings by the Authority of its FHA insured and VA guaranteed single family mortgage loans; and see "Single Family Mortgage Loan Terms" below for a discussion of the refinancing by the Authority of its Interest Only Mortgage Loans).

Prior to April 1, 2008, the Authority also financed single family mortgage loans that included (a) costs of rehabilitation and improvements completed subsequent to the closing of such mortgage loan, subject to a maximum loan-to-value ratio of 105% of the lesser of the sales price (in the case of mortgage loans that financed the acquisition of a single family home) or appraised value and (b) costs of retrofitting or adding accessibility features to accommodate the needs of disabled occupants up to an additional 5% of the lesser of the sales price (in the case of mortgage loans that financed the acquisition of a single family home) or the appraised value. The Authority would also finance the costs of rehabilitation not in excess of 50% of the as-completed appraised value, provided that the principal amount of the single family mortgage loan did not exceed 100% of (a) in the case of a mortgage loan that financed the acquisition of a single family home, the lesser of the sum of the sales price plus the rehabilitation costs or the as-completed appraised value or (b) in the case of a mortgage loan that refinanced a single family home, the lesser of the sum of the outstanding principal balance thereof plus the rehabilitation costs or the as-completed appraised value. The single family mortgage loans that include the financing of costs described in this paragraph are First Mortgage Loans. Effective April 1, 2008, the Authority suspended the financing of the single family mortgage loans that include the financing of the above described costs. No assurance can be given whether the Authority will recommence the financing of such costs.

Single Family Mortgage Loan Insurance

The Authority's bond resolutions do not require that single family mortgage loans be insured or guaranteed. The Authority's program guidelines currently require that First Mortgage Loans financed, in whole or in part, with the proceeds of Tax Exempt Bonds and having a loan to value ratio in excess of 80% be either (i) subject to private mortgage insurance, or (ii) insured or guaranteed by the VA, FHA, RD or other entity of the federal government. However, the Authority's program guidelines do not require any mortgage insurance or guaranty for (i) Interest Only Mortgage Loans or the single family mortgage loans that have refinanced such Interest Only Mortgage Loans, (ii) single family mortgage loans financed solely with the proceeds of Taxable Bonds (except for mortgage loans with loan to value ratios in excess of 80% that finance manufactured housing) or Authority net assets, or (iii) Second Mortgage Loans. Such mortgage loans described in the preceding sentence that are not insured or guaranteed are referred to herein as "Self-Insured Mortgage Loans." The Authority's program guidelines also do not require any mortgage insurance or guarantee for Fannie Mae Mortgage Loans (as defined in "Fannie Mae Financing" below). The Authority's bond resolutions permit the Authority to modify its program guidelines with regard to mortgage insurance at its discretion.

The federal Homeowners Protection Act of 1998 (the "1998 Act") permits a borrower to cancel private mortgage insurance (for which the borrower pays the premium) on the date on which the principal balance of the single family mortgage loan is scheduled to reach 80% of the original value of the residence or on the date on which the principal balance actually reaches 80% of the original value of the residence. The original value is the lesser of the sales price or the appraised value at the time the single family mortgage loan transaction was consummated. In order to effect such cancellation, the borrower must request in writing that the cancellation be initiated, must have a good payment history with respect to the mortgage loan (i.e., no mortgage payment was, during the year beginning two years prior to cancellation, 60 or more days delinquent, and no mortgage payment was, during the year beginning one year prior to cancellation, 30 or more days delinquent), and must satisfy any requirements of the lender for evidence that the value of the residence has not declined below its original value and for certification that the borrower's equity in the residence is not encumbered by a subordinate loan. The 1998 Act further provides for automatic termination of private mortgage insurance on the date on which the principal balance of the single family mortgage loan is scheduled to reach 78% of the original value of the residence, or if the borrower is not then current on his mortgage loan payments, on the date on which the borrower subsequently becomes current on such payments. These termination and cancellation provisions do not apply to single family mortgage loans characterized as high risk loans. Even if the private mortgage insurance is not canceled or terminated as described above, private mortgage insurance must be terminated on the first day of the month immediately following the date that is the midpoint of the amortization period of the mortgage loan if the mortgagor is then current on his mortgage loan payments. The 1998 Act also requires that borrowers be provided with certain disclosures and notices regarding termination and cancellation of private mortgage insurance. The 1998 Act applies to single family mortgage loans closed on or after July 29, 1999. The Authority provides the same right to borrowers whose single family mortgage loans closed prior to such effective date. The Authority has also previously provided the same rights to borrowers of FHA-insured mortgage loans, however, on February 1, 2013, FHA announced that, in the case of new mortgage loans assigned an FHA case number after June 3, 2013, the mortgage insurance premium for FHA mortgage insurance must continue to be collected until the earlier of the end of the mortgage term or (i) 11 years in the case of a mortgage loan having an original loan-to-value ratio not greater than 90%, or (ii) 30 years in the case of a mortgage loan having an original loan-to-value ratio of greater than 90%, and as a result, the Authority will not be permitting the cancellation of FHA mortgage insurance prior to the termination of the applicable period for collection of the premium. The Authority also permits the cancellation of mortgage insurance if the balance of the single family mortgage loans (other than FHA-insured mortgage loans described in the preceding sentence) is equal to or less than 80%, or such lesser percentage determined by the Authority, of the current property value, subject to the satisfaction of such criteria, requirements and conditions as the Authority may impose for such cancellation. The Authority cannot currently predict what will be the effect, if any, on future losses incurred on single family mortgage loans as a result of this Act or as a result of its application of the 1998 Act to mortgage loans closed prior to

July 29, 1999 or to FHA-insured single family mortgage loans (when permitted by FHA) or of the cancellation of mortgage insurance described in the preceding sentence.

The Authority has previously financed and currently finances Self-Insured Mortgage Loans having a loan-to-value ratio at or below 80%. Prior to April 1, 2008, the Authority also financed Self-Insured Mortgage Loans with loan to value ratios above 80% but not in excess of 100%. The Authority's regulations authorize the financing of an additional 5% for closing costs and fees (but the Authority has not provided such financing for closing costs and fees) and for rehabilitation and improvements to be completed after the closing of the Self-Insured Mortgage Loan as described above and an additional 5% may be financed for costs of retrofitting or adding accessibility features to accommodate the needs of a disabled occupant as described above. Effective April 1, 2008, the Authority suspended the financing of Self-Insured Mortgage Loans, except FHA Plus Second Mortgage Loans, Homebuyer Tax Credit Plus Mortgage Loans (see "Single Family Second Mortgage Loans Currently and Previously Financed" above regarding the subsequent suspension of the financing of such Homebuyer Tax Credit Plus Mortgage Loans) and mortgage loans having a loan-to-value ratio at or below 80%. However, the mortgage loans that are being financed through Fannie Mae, including those having a loan-to-value ratio above 80%, are not insured or guaranteed by a federal government entity or private mortgage insurance company, and such mortgage loans if repurchased by the Authority from Fannie Mae would be Self-Insured Mortgage Loans (see "Fannie Mae Financing" below). In addition, the single family mortgage loans that have refinanced the Authority's Interest Only Mortgage Loans as described in "Single Family Mortgage Loan Terms" below are Self-Insured Mortgage Loans. No assurance can be given whether the Authority again will expand the financing of other Self-Insured Mortgage Loans.

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

Single Family Mortgage Loan Terms

Substantially all existing single family mortgage loans have, and future single family mortgage loans are expected to have, original terms of approximately 30 years and bore or are expected to bear, interest at fixed rates. The Authority has previously financed Homebuyer Tax Credit Plus Mortgage Loans and Home Stride Second Mortgage Loans which bore a 0% interest rate during an initial period of 12 months and three years, respectively, and no monthly payments were due during such initial periods. The Authority has suspended the financing of Homebuyer Tax Credit Plus Mortgage Loans and Home Stride Second Mortgage Loans. Also, the Authority has previously financed Step Rate Mortgage Loans which bore interest rates approximately one and one-half percentage points below the customary fixed rates and such initial interest rate increased by one percentage point at the end of the first year of the Step Rate Mortgage Loan and by another percentage point at the end of the second year of the Step Rate Mortgage Loan and remain at that rate for the remaining life of the Step Rate Mortgage Loan. However, effective April 1, 2008, the Authority suspended the financing of such Step Rate Mortgage Loans. No assurance can be given whether the Authority will recommence the financing of such Step Rate Mortgage Loans.

In September 2004, the Authority implemented a program to finance single family mortgage loans on which interest only will be payable for seven years and which will thereafter be fully amortized over the remainder of the 30-year term of the mortgage loan (each an "Interest Only Mortgage Loan"). The interest rate on each such Interest Only Mortgage Loan is fixed during its term. The maximum principal amount of each Interest Only Mortgage Loan is 100% of the lesser of the sales price or the appraised value of the single family home. Interest Only Mortgage Loans are Self-Insured Mortgage Loans. Effective April 1, 2008, the Authority suspended the financing of Interest Only Mortgage Loans. No assurance can be given whether the Authority will recommence the financing of Interest Only Mortgage Loans in the future. The Authority made restructuring offers to all mortgagors of Interest Only Mortgage Loans which were scheduled to commence principal payments in 2011, which was the first year that any Interest Only Mortgage Loans were scheduled to commence principal payments. Such restructuring offers, if accepted by the mortgagors, modified their Interest Only Mortgage Loans and resulted in Level Payment Mortgage Loans with new full 30 year terms or extensions of the periods during which interest only is payable. The Authority has offered and anticipates continuing to offer, on a case-by-case basis, similar restructuring on Interest Only Mortgage Loans that were or are scheduled to commence principal payments in the years 2012 and later. As of June 30, 2014, approximately $43.0 million of outstanding principal balance of Interest Only Mortgage Loans which were scheduled to commence principal payments in 2011, 2012, 2013 and 2014 had been restructured. In addition, the Authority commenced on July 1, 2013, the implementation of a program that offered to the mortgagors of Interest Only Mortgage Loans new single family mortgage loans that would refinance the principal balance (regardless of the loan-to-value ratio) of their Interest Only Mortgage Loans (plus an amount not to exceed $5,000 to be applied to no more than $3,000 of closing costs and no more than two months of delinquent monthly payments, if any) at lower fixed interest rates and for amortization terms of 30 years. Such refinancing mortgage loans are Self-Insured Mortgage Loans. On September 30, 2013, the Authority terminated this refinancing program but can give no assurance that it will not recommence such program in the future. The Authority funded such refinancing mortgage loans with assets of the Commonwealth Mortgage Bonds Resolution and proceeds of Commonwealth Mortgage Bonds. The approximate outstanding principal balance (in millions of dollars and as of June 30, 2014) of Interest Only Mortgage Loans scheduled to commence principal payments are shown below by calendar year in which such principal payments will commence (excluding those restructured into Level Payment Mortgage Loans and including those restructured with extensions of the periods during which interest only is payable):

Year	Outstanding Principal Balance
2014	$19.2
2015	4.3
2016 and later	8.9
Total	$32.4

See Appendix B for the amount of Non-Level Payment Mortgage Loans (including Interest Only Mortgage Loans and other single family mortgage loans that were modified to provide for a period during which interest only is payable) that the Authority has outstanding. All of the Interest Only Mortgage Loans are financed by Commonwealth Mortgage Bonds.

The Authority requires the applicant to pay, at the time of closing, between 0 and 3 points, with each point being equal to 1% of the principal amount of the First Mortgage Loan. The number of points depends on the interest rate option selected by the applicant (the applicants have the option of paying less or more points in exchange for having a higher or lower interest rate on the mortgage loan). The yield that the Authority realizes on First Mortgage Loans is affected by the amount of points paid and the rate of prepayments of such First Mortgage Loans. If the First Mortgage Loan is originated by an Originating Lender (as defined in "Single Family Mortgage Loan Origination Procedures and Underwriting" below) and the applicant pays less than 1 point, the Authority will pay the difference between 1 point and the amount paid by the applicant to the Originating Lender so that such Originating Lender receives the equivalent of 1 point.

Some single family mortgage loans are funded entirely from a single source of funding (e.g., proceeds of Tax Exempt Bonds, Taxable Bonds or net assets of the Authority) and other single family mortgage loans are funded from a combination of such sources. The interest rate (or, if multiple sources of funding, the blended interest rate) on any single family mortgage loan is expected to be higher than the interest rate cost (or, if multiple sources of funding, the blended interest rate costs) of the corresponding source or sources of funds. The Code imposes limits on the interest rates that can be charged on single family mortgage loans that are funded, in whole or in part, with the proceeds of Tax Exempt Bonds (see Appendix D).

Security for Single Family Mortgage Loans

In addition to the requirements described above, the Authority requires every loan in the single family program to be secured with a mortgage. The mortgages which are to secure the single family mortgage loans made or purchased by the Authority are to be in the form of deeds of trust, in accordance with Virginia practice, and are to constitute and create first liens (except in the case of Second Mortgage Loans that are secured by second liens) on single family residential housing.

Financing of Single Family Mortgage Loans

The Authority's single family mortgage loan program has financed single family mortgage loans with net assets of, and proceeds from bonds issued under, the Commonwealth Mortgage Bonds Resolution and the Homeownership Mortgage Bonds Resolution described in "New Issuance Bond Program and Homeownership Mortgage Bonds" below. The Authority also has financed, and expects to continue to finance, single family mortgage loans through the issuance of securities securitized by Ginnie Mae (see "Ginnie Mae Financing" below). Beginning June 16, 2012, the Authority commenced the financing of single family mortgage loans to be sold to, or securitized through, Fannie Mae, as hereinafter defined, for which the Authority will have certain repurchase obligations as hereinafter described (see "Fannie Mae Financing" below). The mortgage loans so financed with net assets of, and proceeds from bonds issued under, the Commonwealth Mortgage Bonds Resolution and the mortgage loans securitized through Ginnie Mae securities held under the Commonwealth Mortgage Bonds Resolution are referred to herein as the "Commonwealth Bond Mortgage Loans". The single family mortgage loans so financed with net assets of, and proceeds from bonds issued under, the Homeownership Mortgage Bonds Resolution are referred to herein as the "Homeownership Bond Mortgage Loans."

The Authority has financed, and expects to continue to finance, single family mortgage loans using net assets in the General Fund.

New Issuance Bond Program and Homeownership Mortgage Bonds

From December 2009 through September 27, 2011, the Authority issued Homeownership Mortgage Bonds under its Homeownership Mortgage Bonds Resolution in connection with the New Issuance Bond Program ("NIBP") of the U.S. Department of the Treasury (the "Treasury") by which Fannie Mae and the Federal Home Loan Mortgage Corporation ("Freddie Mac") (collectively, the "GSEs") accepted bonds (the "GSE Bonds") from state and local housing agencies.

On December 23, 2009, the Authority issued the Homeownership Mortgage Bonds, 2009 Series B Taxable (the "2009 B Bonds") in the principal amount of $482,960,000 as GSE Bonds. Under the NIBP, in connection with releases of proceeds of the GSE Bonds from escrow, fixed rate bonds were issued in the total principal amount of $321,980,000 and sold to the general public (the "Market Bonds").

All of the proceeds of the 2009 B Bonds have been released from escrow and the initial short-term interest rates on all of the 2009 B Bonds have been converted to permanent rates. Although no additional GSE Bonds or Market Bonds will be issued under the NIBP, the Authority can issue and has issued other bonds under the Homeownership Mortgage Bonds Resolution.

The proceeds of the 2009 B Bonds and the Market Bonds have been used to finance single family mortgage loans that were eligible to be financed with Tax Exempt Bonds. Such proceeds of the 2009 B Bonds and the Market Bonds have been so used to finance such single family mortgage loans alone or in combination with any net assets in the Homeownership Mortgage Bonds Resolution and proceeds of other bonds. All of the 2009 B Bonds have been redeemed.

Ginnie Mae Financing

In 2009, the Authority commenced the financing of single family mortgage loans through the issuance of Ginnie Mae securities backed by single family mortgage loans originated or purchased by the Authority and insured or guaranteed by FHA, VA or RD. Such securities are held under the Commonwealth Mortgage Bonds Resolution and/or in the General Fund or are sold at market prices in order to provide funds for the origination of such single family mortgage loans or for other programs and operations of the Authority. If held under the Commonwealth Mortgage Bonds Resolution, the securities are pledged as security under such Resolution.

Each Ginnie Mae security represents an undivided ownership interest in a pool of single family mortgage loans. The Authority has no ownership interest in the single family mortgage loans represented by Ginnie Mae securities that the Authority sells to third parties. The Authority expects to retain the servicing rights on all the single family mortgage loans securitized by the Ginnie Mae securities the Authority originates. As the servicer of the mortgage loans, the Authority guarantees the timely payment of principal and interest on the mortgage loans so financed. All of the total outstanding principal balance of such loans are insured or guaranteed by federal government entities such as FHA, VA, and RD, as defined above.

For information concerning single family mortgage loans financed by Ginnie Mae securities held by the Authority under the Commonwealth Mortgage Bonds Resolution, see "Data on Single Family Mortgage Loans" below.

As of June 30, 2014, the Authority had financed single family mortgage loans in the approximate outstanding principal amount of $111.5 million through the issuance of Ginnie Mae securities held by the General Fund. For information concerning single family mortgage loans financed by Ginnie Mae securities held by the Authority in the General Fund, see "General Fund and Other Net Assets" in "General Information About The Authority."

As of June 30, 2014, approximately $658.5 million aggregate principal amount of single family mortgage loans financed by Ginnie Mae securities sold to third parties and not held by the Authority was outstanding, of which approximately $18.9 million aggregate principal balance was more than two months delinquent in monthly payments, and approximately $1.3 million aggregate principal balance was in foreclosure, representing 2.9% and 0.2%, respectively, of the aggregate principal balance of such mortgage loans.

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

Fannie Mae Financing

Pursuant to agreements with Fannie Mae, beginning June 16, 2012, the Authority commenced the financing of single family mortgage loans to be sold to Fannie Mae or securitized through Fannie Mae's issuance of Fannie Mae guaranteed certificates ("Fannie Mae Mortgage Loans").

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

Pursuant to the Authority's agreements with Fannie Mae, the Authority may sell Fannie Mae Mortgage Loans to Fannie Mae under Fannie Mae's whole loan purchase program or may securitize such loans through Fannie Mae's Mortgage Backed Securities ("MBS") program. Once sold to, or securitized through, Fannie Mae, the Fannie Mae Mortgage Loans are not assets of the Authority and are not pledged under the Commonwealth Mortgage Bonds Resolution or the Homeownership Mortgage Bonds Resolution. The sale or securitization of a Fannie Mae Mortgage Loan, in either case, is subject to a repurchase agreement in the event the mortgage loan becomes delinquent within certain parameters (generally four full months delinquent during the repurchase obligation period, which is six to seven months unless a default exists at the end of that period in which case it is extended until the loan is no longer delinquent). In addition Fannie Mae may require the Authority to repurchase any Fannie Mae Mortgage Loan, at any time such loan is outstanding, if the Authority is in breach of any covenant, representation or warranty by the Authority with respect to such loan. Any Fannie Mae Mortgage Loan repurchased by the Authority would be a Self-Insured Mortgage Loan. The Authority expects to retain the servicing rights on all Fannie Mae Mortgage Loans.

Such agreements permit the Authority to apply income limits for the borrowers that do not exceed the income limits applicable to single family mortgage loans financed by Tax Exempt Bonds and requires that at least fifty percent (50%) of the single family mortgage loans sold to Fannie Mae pursuant to the agreement meet at least one of the then current housing goals for loans to low and moderate income households, as established for Fannie Mae by its regulator which are subject to change

from time to time. Such agreements do not establish maximum sales prices. The Authority limits the principal amount of the Fannie Mae Mortgage Loans to the maximum loan amount permitted by Fannie Mae but does not apply any maximum sales prices.

The original agreement, which expired on June 30, 2013, was for the sale or securitization of a maximum of $100 million in principal amount of Fannie Mae Mortgage Loans, plus or minus 5%. The Authority's second agreement with Fannie Mae expired on June 30, 2014 and was for the sale or securitization of a maximum of $125 million in principal amount of Fannie Mae Mortgage Loans, plus or minus 5%. The Authority entered into a new agreement with Fannie Mae that will expire on June 20, 2015, for the sale or securitization of a maximum of $150 million in principal amount of Fannie Mae Mortgage Loans, plus or minus 5%. Pursuant to such agreements, the Authority purchased, and accepted loan reservations for, Fannie Mae Mortgage Loans. As of June 30, 2014, the Authority had not sold any Fannie Mae Mortgage Loans to Fannie Mae. However, as of June 30, 2014, there was outstanding approximately $142.7 million aggregate principal balance amount of single family mortgage loans that were securitized by the Authority through the issuance of Fannie Mae securities that were sold to third parties and not held by the Authority. The Authority expects to continue to sell any such future Fannie Mae securities to third parties and not to retain and hold any such securities under any bond resolutions or the General Fund, but the Authority can give no assurance that it will not so retain and hold such securities in the future. As of June 30, 2014, none of such Fannie Mae Mortgage Loans was one or more months delinquent or had been repurchased by the Authority because of delinquency or breach of any covenant, representation or warranty as described above. No assurance can be given as to whether the Authority will continue the financing of Fannie Mae Mortgage Loans or, if continued, as to the amount of such financings. The Authority may also sell or securitize single family mortgage loans through Fannie Mae under the standard Fannie Mae programs available to mortgage lenders.

FHA and VA Streamline Refinance Programs

Effective September 24, 2012, the Authority commenced the financing of FHA insured First Mortgage Loans that refinance existing Authority FHA insured First Mortgage Loans pursuant to FHA's guidelines (each such refinancing FHA insured First Mortgage Loan is referred to herein as a "FHA Streamline Refinance Loan"). FHA Streamline Refinance Loans may be made by the Authority without regard to the current loan-to-value ratio of the properties (if there is no subordinate financing) or the credit score and maximum debt-to-income ratios otherwise applicable to FHA insured mortgage loans if such borrowers have not been delinquent on their mortgage loan payments in the prior three months nor more than once in the prior 12 months. However, if subordinate financing is to remain in place, the maximum combined loan-to-value ratio (CLTV) applicable to FHA Streamline Refinance Loans is 125% based on the original appraised value of the properties. The Authority's maximum income limits for FHA Streamline Refinance Loans range from $115,350 to $161,250. On February 8, 2013, the Authority implemented a similar VA program that provides refinancing of existing Authority VA guaranteed First Mortgage Loans (each such refinancing VA guaranteed First Mortgage Loan is referred to herein as a "VA Streamline Refinance Loan"). The Authority expects to finance FHA Streamline Refinance Loans and VA Streamline Refinance Loans primarily by securitizations through Ginnie Mae.

Data on Single Family Mortgage Loans

The following data on Commonwealth Bond Mortgage Loans and Homeownership Bond Mortgage Loans, as well as single family mortgage loans financed through the issuance of Ginnie Mae and Fannie Mae securities that were sold to investors or that were held in the General Fund, are set forth in Appendix B:

a. Outstanding balance, delinquency and foreclosure statistics;

b. Data on single family real estate owned;

c. Distribution by lien status and by program status;

d. Distribution by year of origination;

e. Distribution by Level Payment Mortgage Loans and Non-Level Payment Mortgage Loans;

f. Distribution by types of mortgage insurance;

g. Distribution and delinquency and foreclosure status by calendar year of origination;

h. Distribution by credit score and by type of mortgage insurer or guarantor; and

i. Outstanding balances and delinquency and foreclosure status for each Metropolitan Statistical Area of the Commonwealth.

Future Funding of Single Family Programs

The Authority is considering a number of alternative means of funding its single family programs. If conditions in the tax exempt bond market and mortgage market will permit the financing of single family mortgage loans at interest rates and on other terms superior to or competitive with mortgage loans offered by other lenders, the Authority would expect to continue to

finance its single family programs primarily through the sale and issuance of Tax Exempt Bonds. If such conditions do not exist, the Authority expects to continue the financing of single family mortgage loans primarily through the issuance of Ginnie Mae securities as described above and the financing of Fannie Mae Mortgage Loans as described above. The Authority is also considering the issuance of federal Mortgage Credit Certificates ("MCCs") authorized by the Code. As required by the Code, such MCCs would use a portion of the Authority's Tax Exempt Bond issuance allocation, thereby reducing the allocation available to issue Tax Exempt Bonds. MCCs provide recipients with a credit against federal income tax liability for a portion of their home mortgage interest and would be available to individuals meeting the eligibility requirements for mortgage loans financed by Tax Exempt Bonds, whether or not their loan was financed by the Authority; however, MCCs may not be issued to borrowers if their mortgage loans are financed with proceeds of Tax Exempt Bonds. Because of future uncertainties about the foregoing financing methods, the Authority can give no assurance as to whether or not any of such financing methods will be available to the Authority or will enable the Authority to finance the single family programs or as to the amount of funding that such financing method will provide.

Single Family Mortgage Loan Origination Procedures and Underwriting Criteria

Single family mortgage loans have been and are expected to be, except as noted below, originated for the Authority by commercial banks, savings and loan associations, private mortgage bankers and local redevelopment and housing authorities approved by the Authority to act as its originating lenders ("Originating Lenders"). The Originating Lenders originate and close the single family mortgage loans in their own names and with their own funds, and pursuant to purchase agreements ("Purchase Agreements") the Authority purchases such single family mortgage loans upon compliance with the terms and conditions of the Purchase Agreements.

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

Under the origination system, a prospective mortgagor submits a single family mortgage loan application to an Originating Lender or the Authority. In the case of a single family mortgage loan to finance the purchase of a residence, the application is submitted after the prospective mortgagor has contracted for the purchase of the residence. If a preliminary review indicates that the prospective mortgagor and single family mortgage loan will qualify under the Authority's underwriting criteria and the Code, the Authority allows the originating lender to lock the interest rate on the loan (i.e., the Authority commits to purchase the loan at par with such interest rate from the originating lender) for a period of 60 days, although extensions may be granted by the Authority. The Authority expects to continue to allow such loan rate lock requests on a first-come, first-served basis up to pre-authorized limits. The Authority has allocated, and may in the future allocate, funds in a manner other than as described above.

The Authority establishes maximum sales price limits (except in the case of Fannie Mae Mortgage Loans, the FHA Streamline Refinance Loans, the VA Streamline Refinance Loans and the single family mortgage loans that have refinanced the Authority's Interest Only Mortgage Loans) and maximum annual gross income limits which vary depending principally upon location within the Commonwealth. The maximum sales price limits currently range from $251,900 to $500,000, and the maximum annual gross income limits currently range from $73,600 to $142,300 (except the limits range from $115,350 to $161,250 in the case of the FHA Streamline Refinance Program discussed above). In certain federally designated Targeted Areas (see Appendix D), the Authority has established (as permitted by the Code) maximum sales price limits that range from $307,800 to $500,000 and maximum annual gross income limits that range from $88,300 to $142,300. All of the Authority's current maximum sales price limits and maximum annual gross income limits that are applicable to single family mortgage loans financed by Tax Exempt Bonds comply with the limits currently established by the Internal Revenue Service pursuant to the Code for single family mortgage loans financed by Tax Exempt Bonds. The maximum sales price limits so established by the Internal Revenue Service are currently calculated based on the maximum principal amounts of mortgage loans that FHA will insure. Any future reductions in maximum sales prices could have a material adverse impact on the Authority's single family programs then financed with proceeds of Tax Exempt Bonds. For the Fannie Mae Mortgage Loans, the Authority applies the above described maximum income limits and limits the principal amount of such loans to the maximum loan amount permitted by Fannie Mae but does not apply any maximum sales prices. For single family mortgage loans previously financed, in whole, by Taxable Bonds or Authority net assets, the Authority established maximum annual gross incomes equal to 150% of the applicable median family incomes, had no maximum sales prices, and established a maximum principal amount equal to the maximum loan amount permitted by Fannie Mae and the Federal Home Loan Mortgage Corporation. However, effective April 1, 2008, the financing of such single family mortgage loans, all of which are Self-Insured Mortgage Loans, was suspended by the Authority. In the case of single family mortgage loans that have refinanced the Authority's Interest Only Mortgage Loans, the mortgagors were not required to meet the Authority's current income limits but were deemed eligible based on their incomes and the Authority's income limits at the time of the origination of the Interest Only Mortgage Loan. The Authority's regulations permit the Executive Director to establish the maximum sales prices and maximum annual gross incomes that will enable the Authority to effectively and efficiently allocate its current and anticipated financial resources. The Authority can currently give no assurance as to whether or when the Executive Director may in the future approve increases or decreases in such limits or as to the amount of any such increases or decreases, subject to compliance with the limits, if applicable, established by the Internal Revenue Service pursuant to the Code.

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

The Authority has delegated to certain of its Originating Lenders the loan underwriting functions described below. Loans underwritten by the Originating Lenders pursuant to such delegation are referred to herein as "Delegated Loans." Currently approximately 93% of the single family loans being originated are Delegated Loans. In the case of Delegated Loans, the Authority will, subsequent to the closing of the single family mortgage loans, review the loan applications and documentation and determine compliance of the mortgage loans with the Code and, on a test basis, with the Authority's underwriting requirements and criteria. For loans other than Delegated Loans, applications for single family mortgage loans are submitted to the Authority for review and approval prior to loan approval.

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

The single family mortgage loans are underwritten based on income eligibility, credit and other criteria relating to the proposed mortgagor's ability to meet payments and compliance with the Code, the Act and the Authority's regulations. The Authority requires the applicants to provide usual and customary documentation in support of their applications. The Originating Lender and, in the case of loans other than Delegated Loans, the Authority's staff review the loan application, credit report, verifications of employment, bank deposits, the appraisal and other characteristics of the individual dwelling unit proposed to be financed as security for such loan. In the case of single family mortgage loans to be insured or guaranteed by FHA, VA or Rural Development, the application and documentation are reviewed for compliance with the credit and property standards of FHA, VA or Rural Development; however, in the case of FHA Streamline Refinance Loans and VA Streamline Refinance Loans, certain underwriting criteria and documentation normally applicable to FHA insured and VA guaranteed First Mortgage Loans are not required by FHA or VA, as applicable. FHA Plus Second Mortgage Loans are (and Homebuyer Tax Credit Plus Mortgage Loans as described above were prior to the suspension thereof) processed and underwritten in conjunction with the related FHA insured First Mortgage Loan and in accordance with applicable FHA credit and property standards, as well as certain higher standards set by the Authority from time to time. Single family mortgage loans to be insured by private mortgage insurance are underwritten to comply with the standards of the private mortgage insurance companies. Fannie Mae Mortgage Loans are required to be underwritten in accordance with Fannie Mae's requirements. In the case of single family mortgage loans that have refinanced the Authority's existing Interest Only Mortgage Loans, the Authority required that the mortgagors be the occupants of the property and current (or no more than 2 months delinquent) in their monthly payments, but the Authority did not otherwise underwrite the credit or income of the mortgagors or require an appraisal of the property.

In the case of the above-described Step Rate Mortgage Loans bearing interest during the first and second years of the mortgage loans at interest rates two percentage points and one percentage point, respectively, lower than the final interest rate at the beginning of the third year of the Step Rate Mortgage Loan, the Authority required that the interest rate to be charged during the second year (or the first year in the case of Step Rate Mortgage Loans that have a loan to value ratio below 80% or Step Rate Mortgage Loans insured by private mortgage insurance or FHA) of the Step Rate Mortgage Loan be used in underwriting the proposed mortgagor's ability to meet payments on the Step Rate Mortgage Loan. In the case of Interest Only Mortgage Loans on which interest only will be payable during the initial seven (7) years, the Authority required the underwriting of the proposed mortgagor on the basis of his ability to make the interest only payments. For Home Stride Second Mortgage Loans, the Authority required the underwriting of the mortgagor on his ability to make payments on the Authority financed First Mortgage Loan without regard to the payments of principal and interest on the Home Stride Second Mortgage Loan that commence three years thereafter. As stated above, effective July 1, 2008, the Authority suspended the financing of Step Rate Mortgage Loans, Interest Only Mortgage Loans, and Home Stride Second Mortgage Loans. No assurance can be given whether the Authority will recommence the financing of Step Rate Mortgage Loans, Interest Only Mortgage Loans or Home Stride Second Mortgage Loans.

Prior to August 1, 2009, the Authority did not impose a minimum credit score requirement for proposed mortgagors. Effective as of August 1, 2009, the Authority established a minimum credit score of 620 for proposed mortgagors to be eligible for FHA Plus Second Mortgage Loans and Homebuyer Tax Credit Plus Mortgage Loans. Effective as of December 1, 2009, the Authority established a minimum credit score of 620 for proposed mortgagors to be eligible for all mortgage loans. Effective as of May 1, 2010, the Authority established a minimum credit score of 680 for proposed mortgagors to be eligible for the maximum principal amount of FHA Plus Second Mortgage Loans and Homebuyer Tax Credit Plus Mortgage Loans (until the suspension thereof as described above), and proposed mortgagors with credit scores between 620 and 679 are eligible for reduced maximum principal loan amounts of such loans. The minimum credit score for proposed mortgagors for Fannie Mae Mortgage Loans is 660. No minimum credit score is required for FHA Streamline Refinance Loans and VA Streamline Refinance

Loans, and no minimum credit score was required for single family mortgage loans that refinanced the Authority's existing Interest Only Mortgage Loans.

The maximum ratios of debt to income vary depending on whether the single family mortgage loan is insured and depending upon the requirements of the mortgage insurer, if any. The ratios are of two types. The first type is the ratio of the total monthly payment on the single family mortgage loan to the monthly income of the applicant (this ratio is referred to as the "front end ratio"). The total monthly payment on the single family mortgage loan includes principal, interest, homeowner's association dues, if applicable, and escrows for real estate taxes, hazard insurance, mortgage insurance, if applicable, and flood insurance, if applicable. The second type is the ratio of all monthly debt payments (including such total monthly payment on the single family mortgage loan) to monthly income (this ratio is referred to as the "back end ratio"). The VA loans have only a back end ratio. The current maximum front end ratio, if applicable, and back end ratio are as follows, respectively: FHA- 31% and 43%; VA- 41%; RD- 31% and 43%; private mortgage insurance- 32% and 40% and Fannie Mae Mortgage Loans - 35% and 45%. The Authority may permit higher back end ratios in the event the application receives approval through an automated underwriting system (e.g., Fannie Mae's Desktop Underwriter system) subject to a cap adjusted by the Authority from time to time. No maximum ratios of debt to income are required for FHA Streamline Refinance Loans and VA Streamline Refinance Loans, and no maximum ratios of debt to income were required for single family mortgage loans that refinanced the Authority's existing Interest Only Mortgage Loans.

When an application is approved, a mortgage loan approval is issued to the applicant. Upon compliance with the terms and conditions of the mortgage loan approval, the single family mortgage loan is closed. The mortgagor is responsible for the payment of the closing costs; provided, however, that, in the case of a single family mortgage loan that has refinanced an existing Interest Only Mortgage Loan, the mortgagor received a 1% lender's credit (paid from Authority funds) that was applied to the closing costs, and the mortgagor was responsible for payment of the balance of the closing costs (the Authority financed up to $3,000 of such closing costs in the principal amount of such single family mortgage loan). The Originating Lender disburses the proceeds of the single family mortgage loan at closing, and upon compliance by the Originating Lender with the terms and conditions of the Purchase Agreement, the Authority purchases the single family mortgage loan from the Originating Lender.

Servicing of Single Family Mortgage Loans

Each single family mortgage loan is serviced by the Authority. Fannie Mae Mortgage Loans are required to be serviced in accordance with Fannie Mae's requirements. Single family mortgage loans which are insured or guaranteed by third parties are required to be serviced in accordance with the applicable insurer or guarantor's requirements. The Authority collects monthly payments of principal and interest and escrows. All such funds are deposited in segregated trust or custodial accounts or other accounts approved by the Authority in state or national banks or savings and loan associations, the deposits in which are fully collateralized. From the funds so deposited the Authority pays to the proper parties, when and if due, mortgage insurance premiums, real estate taxes and special assessments and hazard insurance premiums. The Authority remits the balance to the applicable resolution, in accordance with agreements with Ginnie Mae or Fannie Mae, or to the General Fund, as applicable. The hazard and casualty insurance policies which are required by the Authority to be maintained on the mortgaged premises insure the Authority as mortgagee to the full extent of its interest in the mortgaged premises.

Effective June 5, 2009, the Authority's single family mortgage loans are assumable only if permitted by the Authority. An exception is provided for loans (such as mortgage loans insured or guaranteed by FHA and VA) that are assumable in accordance with insurer or guarantor guidelines or applicable law.

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

Loan Modifications

In the case of delinquencies of single family mortgage loans insured or guaranteed by FHA, VA or Rural Development or by any private insurance companies, the Authority modifies the terms of such mortgage loans in accordance with the requirements of the mortgage insurer or guarantor. Such modifications may include the deferral of monthly payments of principal and interest, the extension of the maturity dates and re-amortization of the outstanding principal balances of the mortgage loans, and, in the case of FHA insured mortgage loans, the payment by FHA of partial insurance claims. In the case of delinquencies of Self-Insured Mortgage Loans, the Authority modifies the terms of the Self-Insured Mortgage Loans generally in accordance with the guidelines applicable to FHA insured mortgage loans (other than the guidelines for partial insurance claims) and, in certain cases, may reduce the interest rate for all or part of the remaining term of the Self-Insured Mortgage Loan to mitigate any potential losses. Any modification of Fannie Mae Mortgage Loans must be made by the Authority in accordance with Fannie Mae requirements.

Since September 23, 2009, FHA has required lenders holding FHA insured mortgage loans in default to modify such mortgage loans by reducing the interest rates to current market rates and by extending the term to a full 30 years from the date of loan modification. The Authority has received a letter from FHA waiving such requirement with respect to FHA insured mortgage loans financed by bonds; however, no assurance can be given as to whether FHA will continue such waiver or, if not continued, what the impact will be on the Authority as a result of any such modifications of the Authority's FHA insured mortgage loans.

The Authority offers modifications of First Mortgage Loans that are Self-Insured Mortgage Loans (each a "Self-Insured First Mortgage Loan") to mortgagors experiencing hardship who cannot refinance their Self-Insured First Mortgage Loans because the outstanding balances exceed the current fair market values of their single family properties. Each such loan modification may include an extension of the term, a reduction in the interest rate for all or a portion of the term and/or, if it is an Interest Only Loan, a delay in the commencement of principal payments. The Authority does not offer the loan modifications to potentially eligible mortgagors by direct solicitations but may do so in the future. As of June 30, 2014, under the current and prior loan modification programs, the Authority has modified Self-Insured First Mortgage Loans with an approximate aggregate principal balance, as of the respective dates of modification, of $103.7 million. The implementation of such loan modifications may negatively impact the revenues of the Authority but may reduce potential losses on the Self-Insured Mortgage Loans that are so modified; however, at this time the Authority can not give any assurance as to any potential impact on revenues and losses as a result of such loan modifications.

Declining Markets; Risk of Loss

Since 2007, the residential mortgage loan market in Virginia has experienced higher levels of delinquencies, defaults, and losses than the levels typically seen in prior years. The House Price Index of the Federal Housing Finance Agency (such Index measures average price changes on single family properties whose mortgages have been purchased or securitized by Fannie Mae and Freddie Mac) indicates that home values in Virginia are substantially below their peak in the second quarter of 2007 despite some gains reported in recent quarters. This decline has resulted and may continue to result in additional increases in delinquencies, defaults and losses on residential mortgage loans generally, particularly with respect to residential mortgage loans whose aggregate loan amounts (including any subordinate liens) are close to or greater than the related property values. Upon a default on a single family mortgage loan, a decline in property value will affect the Authority's risk of loss depending upon the type of mortgage loan. In the case of a FHA insured mortgage loan, any loss to the Authority is usually limited to approximately 2-3% of the principal balance of the mortgage loan, regardless of any decline in property value. However, the Authority may suffer greater losses on FHA insured single family mortgage loans if the Authority is required by FHA to indemnify FHA for losses on FHA insured single family mortgage loans because of failure by the Authority to comply with FHA requirements relating to the origination or servicing of such FHA insured single family mortgage loans. To date, the Authority has paid approximately $1.8 million to FHA in reimbursement for losses on FHA insured single family mortgage loans because of failure by the Authority to comply with FHA servicing requirements; however, the Authority received repayment from FHA of approximately $1.5 million of such $1.8 million reimbursement. In addition, on April 14, 2014, FHA requested $499,503.76 based upon a pre-foreclosure claims audit that they completed in 2012. The Authority submitted a response to this demand indicating a lesser amount is due, to which FHA has not yet responded. In the case of a mortgage loan insured by VA, RD or a private mortgage insurance company, the Authority experiences minimal loss due to any such decline in property value, except to the extent that the amount owed on such mortgage loan exceeds the value of the property by an amount greater than the maximum insurance amount (generally 20-25% of the original loan amount). In the case of a Self-Insured Mortgage Loan that is a FHA Plus Second Mortgage Loan or a Homebuyer Tax Credit Plus Mortgage Loan, the Authority will usually suffer a full loss of the amount owed on such FHA Plus Second Mortgage Loan or Homebuyer Tax Credit Plus Mortgage Loan. In the case of a Self-Insured Mortgage Loan that is a Home Stride Second Mortgage Loan, the Authority will suffer a loss to the extent that the value of the property minus the amount owed on the Authority financed First Mortgage Loan is less than such Home Stride Second Mortgage Loan; therefore, any decline in property value may increase the risk of loss on such Home Stride Second Mortgage Loan. In the case of any other Self-Insured Mortgage Loan, the Authority will suffer a loss to the extent that the value of the property is less than the amount owed on such Loan and, as a result, any decline in property value may increase the risk of loss on such Self-Insured Mortgage Loan.

The Authority conducts quarterly analyses of the risk of loan loss on its portfolio of single family mortgage loans in order to determine the amount to be included in the calculation of the Authority's allowance for loan loss (the "Authority's Allowance for Loan Loss") for anticipated losses on single family mortgage loans under the single family programs of the Authority. As of June 30, 2014, the amount included in the Allowance for Loan Loss for the single family mortgage loans that are insured by private mortgage insurance companies was $18.8 million, which is equal to 5% of the principal balances of such single family mortgage loans. As of June 30, 2014, the amount included in the Allowance for Loan Loss for the Self Insured Mortgage Loans was $103.1 million, which is equal to 7.25% of the principal balances of such single family mortgage loans. As of June 30, 2014, the amount included in the Allowance for Loan Loss for single family mortgage loans that are insured or guaranteed by agencies of the federal government, including FHA, VA and RD, was $15.6 million, which is equal to .7% of the principal balances of such single family mortgage loans (such amount includes estimated liability for reimbursements that would be paid by the Authority to such agencies for their losses on such single family mortgage loans because of any failure by the Authority to comply with their requirements relating to the origination or servicing of such loans). As of June 30, 2014 the Authority included in the Allowance for Loan Loss $6.7 million which is equal to .7% of the principal balances of the single family mortgage loans financed through the issuance of Ginnie Mae securities and Fannie Mae Securities. The total of all of the foregoing amounts that were included in the Authority's Allowance for Loan Loss as of June 30, 2014 is $144.2 million (the

Authority's total Allowance for Loan Loss which includes such total amount and amounts for possible losses on multi-family mortgage loans financed by the Authority was $199.9 million as of June 30, 2014).

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

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

See Appendix B for the outstanding balances and delinquency and foreclosure status of single family mortgage loans for each Metropolitan Statistical Area of the Commonwealth financed under the two general bond resolutions and through issuance of Ginnie Mae and Fannie Mae securities that have been sold to investors or held in the General Fund.

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

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

THE MULTI-FAMILY PROGRAM

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

New mortgage loans to be originated under the Authority's multi-family program are expected to be financed primarily with the proceeds of Rental Housing Bonds and pursuant to the program described below. The Authority also expects to utilize other moneys of the Authority to finance other mortgage loans under its multi-family program as set forth in "General Fund and Other Net Assets" in "General Information About The Authority." The underwriting, terms and requirements for multi-family mortgage loans financed by other moneys of the Authority are substantially the same as they are for mortgage loans financed by Rental Housing Bonds, if and to the extent applicable as described below.

General

Substantially all of the multi-family mortgage loans currently financed by the Authority are secured by first liens, and the Authority expects that the multi-family mortgage loans hereafter financed by the Authority will be secured by first liens; however, the Authority may, in its discretion, finance mortgage loans secured by liens that are not first liens and cannot, therefore, provide any assurance that such mortgage loans will always be secured by first liens. It is the policy of the Authority that the security for the multifamily mortgage loans be a full fee simple ownership interest; however, under the Act the Authority may finance a leasehold estate if the term of the lease is at least twice the term of the multi-family mortgage loan. The Authority has financed, and may in the future finance, multi-family mortgage loans secured by leasehold estates of the land and/or the development if the landlord is unwilling or unable to convey its interest as security for the multi-family mortgage loan.

Generally, the multi-family mortgage loans bear interest at fixed interest rates (although the multi-family mortgage loan may bear interest at a variable rate during the construction period, if any) and are fully amortizing over the term of the multi-family mortgage loan, although the Authority has occasionally structured the mortgage loan (and may do so in the future) to have a balloon principal payment due on the maturity date of the mortgage loan if the amount of such balloon principal payment is expected to be less than the projected value of the development on the maturity date of such mortgage loan.

Federal Programs and Requirements

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

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

The Housing Assistance Payments Contracts ("Payments Contracts") providing the federal subsidies for the multi-family developments under the Section 8 Program described in Appendix F have original terms of approximately 30 or 40 years and have expired or are scheduled to expire on or about the maturity dates of their original mortgage loans, the latest of which is in 2022. Under current federal policy, upon such expiration, the mortgagor and a Section 8 contract administrator designated by HUD may, with the approval of HUD, enter into new Payments Contracts with terms not exceeding 20 years, but the annual funding of the subsidy under such new Payments Contracts will be subject to annual appropriations by the federal government. The appropriations for Renewal Contracts were affected adversely during the 2013 federal fiscal year by the federal spending cuts known as the sequester, and no assurance can be given as to the levels of annual appropriations that will be available for funding Renewal Contracts in the future. If the mortgagor enters into such new Payments Contract, the Authority may provide a new multi-family mortgage loan to finance the development, including the costs of any rehabilitation. Because the continuation of the subsidy under the new Payments Contract is subject to annual federal appropriations, the Authority underwrites such new multi-family mortgage loans using the lesser of the contract rents under the new Payments Contract or the estimated market rents for the multi-family development. The Authority has financed, and expects to finance in the future, such new multi-family mortgage loans. In addition, for certain of the Section 8 assisted multi-family developments, the Authority has provided, prior to the expiration of the original Payments Contract, additional mortgage loan financing that will mature after the scheduled expiration of such original Payments Contract, and in certain cases the monthly payments of principal and interest on such additional mortgage loan financing may not commence until the maturity date of the original mortgage loan or the expiration of the original Payments Contract. In underwriting such additional multi-family mortgage loan financing, the Authority uses the lesser of the contract rents under the original Payments Contract or the estimated market rents for the multi-family development for the period that the additional mortgage loan will be outstanding after the expiration of the original Payments Contract. The Authority may provide, and expects to provide in the future, such additional multi-family mortgage loan financing for other multi-family developments.

The agreements that provide monthly payments of interest to the Authority under the Section 236 Program Interest Reduction Payments Program, as described in Appendix F, have original terms of 40 years that expire on or about the maturity dates of the mortgage loans. In the case of the multi-family mortgage loans that originally financed the multi-family developments assisted under the Section 236 Program Interest Reduction Payments Program, the terms of these agreements will expire at various times, the latest of which is in 2018, as and when the multi-family mortgage loans are fully paid. However, in the case of certain other multi-family developments assisted under the Section 236 Program Interest Reduction Payments Program, the Authority has refinanced the mortgage loans of other lenders that originally financed such multi-family developments, and the interest reduction payments for those multi-family developments will terminate upon the maturity dates of the multi-family mortgage loans that were so refinanced. These terminations will occur in years 2015 through 2018. In the case of a multi-family development financed by such a mortgage loan, the interest reduction payments will, prior to such termination date, be applied to pay principal and interest on a portion of the original principal amount of the mortgage loan, and the remaining portion of the original principal amount of the multi-family mortgage loan and interest on such portion will be payable over its 30-year term. Also, in those cases, all or substantially all of the units in each of the multi-family developments are assisted under the Low Income Housing Tax Credit Program, and except for one such multi-family development the rental assistance payments described in Appendix F are replaced by rental subsidies under the Section 8 Program pursuant to Payment Contracts having terms of 20 years, subject to annual federal appropriations, for all or most of the units in such multi-family developments.

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

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

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

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

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

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

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

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

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

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

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

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

Authority Income Limits

The Authority has established income limits for the admission of families and persons to multi-family developments. Under the Authority's current rules and regulations (which are subject to change), the adjusted family income as defined by the Authority for admission to a rental unit in a multi-family development may not exceed 150% of the area median gross income, except that certain multi-family developments financed by mortgage loans approved by the Authority prior to November 15, 1991 are subject to a maximum income limit of seven times the total annual rent for such unit (including all utilities, except telephone) and except as described below regarding "economically mixed" multi-family developments. In addition, the Authority's rules and regulations authorize the establishment of lower income limits with respect to a multi-family development in the resolution of the Board of Commissioners of the Authority (the "Board") approving, or in the commitment for, the mortgage loan of such multi-family development. In the case of certain multi-family developments financed in whole with Tax Exempt Bonds after March 27, 2002, and prior to January 21, 2004, the Authority established an income limit of 50% of the area median gross income for 50% of the units and an income limit of 100% (150% if the multi-family development is located in a rural area) of the area median gross income for the remaining 50% of the units. In the case of certain multi-family developments financed or to be financed by Subsidized Mortgage Loans described in "General Fund and Other Net Assets" in "General Information About The Authority," the Authority has established an income limit between 50% and 100% (50% or 60% in the case of most multi-family developments) of the area median gross income for all or a portion (any such portion generally being 40% or 50%) of the units with any remaining units in such developments subject to an income limit of 150% of area median gross income, except that all of the units in such multi-family developments located in rural areas are subject to an income limit of 150% of the area median gross income. In the case of multi-family developments financed by such Subsidized Mortgage Loans and assisted under the federal Low-Income Housing Tax Credit Program, the Authority will apply the income limits that are applicable under such Program. See "Requirements Applicable to Developments Financed by Tax Exempt AMT Bonds and Tax Exempt Non-AMT Bonds" and "Requirements Applicable to Developments Financed by Transitioned 1954 Tax Exempt Non-AMT Bonds" above for income limitations under the Code or predecessor federal tax law, and see Appendix F for income limitations under certain federal programs.

"Economically Mixed" Multi-Family Developments

The Authority has financed and expects to finance in the future, "economically mixed" multi-family developments in which a portion of the units (not to exceed 80%) will not be subject to the Authority's income limits. The Authority is also authorized to finance in such multi-family developments non-housing buildings or portions thereof for manufacturing, industrial, commercial, governmental, educational, entertainment, community development, healthcare or nonprofit enterprises or undertakings. The Authority has developed the following guidelines that govern the financing of such "economically mixed" multi-family developments under the program: (i) in the case of multi-family developments receiving mortgage loans financed by Taxable Bonds or net assets of the Authority, (1) for multi-family developments that are 15,000 square feet or larger, the multi-family development must be in a revitalization area determined by the locality, at least 60% of its income must be derived from the residential portion of the multi-family development, 20% of the units must target households earning income of 80% or less of area median income, 20% of the units must target households earning income of 120% or less of area median income, and the remaining 60% of the units have no income restriction; (2) for multi-family developments under 15,000 square feet, the multi-family development must be in a revitalization area determined by the locality, and the percentage of income that must be derived from the residential portion and the incomes targeted will be determined by the Authority on a case-by-case basis; and (3) for multi-family developments receiving mortgage loans financed by Subsidized Mortgage Loans, 30% of the units must target households earning income of 80% or less of area median income, 20% of the units must target households earning income of 120% or less of area median income, and the remaining 50% of the units have no income restriction; and (ii) in the case of multi-family developments receiving mortgage loans financed by Tax Exempt Bonds, 20% of the units must target households earning income of 50% or less of area median income, 20% of the units must target households earning income of 120% or less of area median income, and the remaining 60% of the units have no income restriction.

Underwriting

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

After the above-described evaluation and review, the sponsor must submit additional information, including an analysis of the multi-family development's costs and operating expenses, marketing and management information and information about the sponsor and the development team. An analysis of the economic feasibility of the multi-family development, including estimates of construction cost and rental and other income necessary to cover mortgage loan

amortization and operating expenses, is made. The Authority's Development Officer evaluates overall market conditions, makes a site evaluation, identifies and analyzes competitive projects, and gives an opinion on the present and projected demand for the multi-family development in the market area. The analysis of overall market conditions includes trends and projections of housing production, employment and population for the market area. The site evaluation includes access and topography of the site, the neighborhood environment of the site, facilities serving the site and present and proposed uses of nearby land.

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

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

During its feasibility review, the Authority must determine that, based on the actual or projected interest rate and amortization schedule on the mortgage loan and an operating expense budget, the mortgage loan amount will not result in rents which adversely affect feasibility. Construction costs are reviewed and analyzed by the Authority's staff to determine whether such costs are reasonable based on costs of similar developments. An appraisal of the land is obtained from an independent real estate appraiser. For the purpose of analyzing the feasibility of the multi-family development, the Authority's underwriting policies provide that (i) the loan-to-value ratio may not exceed 90%, in the case of for-profit mortgagors, and 100%, in the case of non-profit mortgagors, (ii) the term of the mortgage loan may not exceed 35 years, and (iii) the debt service coverage, which is calculated as the net operating income (i.e., the rental income less operating expenses) divided by the debt service on the mortgage loan, may not be less than 110%; however, the foregoing policies may be waived or modified by the Authority at any time. If upon completion of these analyses the Executive Director approves the multi-family development, a commitment for a mortgage loan is issued with any terms or conditions specified by the Executive Director.

Commitment and Initial Closing

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

Construction

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

- A holdback equal to 10% of construction disbursements until completion;
- Unconditional, irrevocable letters of credit (generally 10-15% of construction costs) to secure completion of construction; and
- Letters of credit to secure correction of latent construction defects (generally 2.5% of construction costs).

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

Final Closing and Certifications

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

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

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

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

Permanent Financing

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

Regulation and Management

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

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

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

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

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

Delinquencies and Foreclosures; Risk of Loss

As of June 30, 2014, all bond financed multi-family mortgage loans in the Authority's multi-family program were current in their payments, except 7 mortgage loans having an aggregate principal balance of approximately $2.9 million. Since the inception of the Authority's multi-family program in 1974, the Authority has acquired by foreclosure or deed in lieu of foreclosure 35 developments financed, in whole or in part, with proceeds of bonds (including Rental Housing Bonds). The Authority owns 7 of such developments (the "Owned Developments") and has sold 28 of such developments to third parties. All of such Owned Developments are currently financed and pledged under the Rental Housing Bonds Resolution. Also, since the inception of the multi-family program, the Authority has foreclosed on an additional 20 bond financed developments that were

purchased by third parties at foreclosure, and the Authority has assigned four FHA insured multi-family mortgage loans to the U.S. Department of Housing and Urban Development. The rental and other income of the Owned Developments is, in many instances, insufficient to provide a market rate return to the Authority on its capital investment in such Owned Developments. For multi-family developments experiencing financial difficulties, the Authority may also restructure the timing of the receipt of the principal and interest payments on the multi-family mortgage loan or reduce the interest rate on a temporary or permanent basis. See "General Fund and Other Net Assets" in "General Information About The Authority" for a discussion of the Authority's experience with multi-family mortgage loans the Authority has financed with other sources.

The Authority conducts quarterly analyses of the risk of loan loss on its portfolio of multi-family mortgage loans in order to determine the amount to be included in the calculation of the Authority's Allowance for Loan Loss for estimated losses on multi-family mortgage loans. For this analysis, the Authority develops a list of the multi-family developments that are identified as being at risk of foreclosure and assigns one of four levels of risk ("high risk," "medium risk," "low risk" or "possible") to each of those at risk multi-family developments based upon a number of factors, including its mortgage loan payment status and record, its debt service coverage from rental income, the willingness and ability of the mortgagor to fund mortgage loan payment deficiencies, its physical condition, the mortgagor's operation and management of the development, the financial status of any other multi-family developments that the principals in the mortgagor have financed with the Authority and such other factors as the Authority determines to be related to the risk of loss. In addition, the Authority estimates the potential loss for each of the at-risk multi-family developments calculated as the difference between the outstanding principal balance of the mortgage loan and the value of the development financed by such mortgage loan as determined by the Authority based upon the amount of debt financing (assumed to be fully amortizing over 30 years with level payments and at the lesser of the existing interest rate on the Authority's mortgage loan or the average of the multi-family interest rates then being offered by the Authority) which could be supported by the net operating income of the multi-family development. Reductions are made in the potential loss for any operating and replacement reserves of the multi-family development and for the value of federal low-income housing tax credits, if any, that may be taken over the balance of the initial 10 years of the operation of the multi-family development. Based on such level of risk and potential loss, the Authority includes an amount for each such at-risk multi-family development in the Authority's Allowance for Loan Loss. Set forth below is a chart that lists, as of June 30, 2014, the number of such at-risk multi-family developments at each level of risk, the aggregate principal balance of the mortgage loans financing such developments, and the amount included in the Authority's Allowance for Loan Loss for the multi-family developments at such risk level.

Foreclosure Risk Level	Number of Developments	Principal Balance (in millions)	Amount Included in Allowance for Loan Loss (in millions)
High	15	$23.5	$14.4
Medium	8	39.6	4.9
Low	30	143.7	6.1
Possible	53	223.3	1.3
TOTAL	106	$430.1	$26.7

The Authority also includes in the Allowance for Loan Loss additional amounts for all other multi-family developments based upon percentages (ranging from 1% to 2%) of the outstanding principal balances of the mortgage loans financing such other developments and may include other additional amounts in the Allowance for Loan Loss to cover risks on multi-family developments not otherwise covered by the above described amounts. The total of all of the foregoing amounts that were included in the Authority's Allowance for Loan Loss as of June 30, 2014 is $55.7 million. The Authority's total Allowance for Loan Loss which includes such total amount and amounts for possible losses on single family mortgage loans financed by the Authority was $199.9 million as of June 30, 2014. The Authority may at any time modify the above described analysis and calculations as it shall determine to reflect its risk of loan loss.

MISCELLANEOUS PROGRAMS

The Authority makes certain single family and multi-family mortgage loans supported or financed by net assets of the Authority (see "General Fund and Other Net Assets" below for a description of mortgage loan programs effected with assets in the General Fund). The Authority also administers the federal low income housing tax credit program under Section 42 of the Code and federal grant or subsidy programs and assists the Commonwealth's Department of Housing and Community Development in the administration of the federal HOME loan and grant program and state loan and grant programs. Mortgage loans and other assets financed or acquired by money from federal or state grant or subsidy programs are not pledged or available for the payment of any of the Authority's bonds or other obligations.

CERTAIN PROGRAMMATIC CONSIDERATIONS

Geographic Concentration in Virginia

Different geographic regions of the United States from time to time will experience weaker regional economic conditions and housing markets, and, consequently, may experience higher rates of loss and delinquency on mortgage loans generally. Any concentration of the mortgage loans in a region may present risk considerations in addition to those generally

present for similar securities without that concentration. If the mortgage loans are concentrated in one or more regions, a downturn in the economy in these regions of the country would more greatly affect the mortgage portfolio than if the mortgage portfolio were more diversified. In particular, all of the Authority's multi-family mortgage loans and single family mortgage loans are secured by mortgaged properties in Virginia.

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

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

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

Changes in Federal or State Law and Programs

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which contains provisions affecting the Authority's single family programs, was signed into law. Included in the Dodd-Frank Act are provisions that: (i) establish the Consumer Financial Protection Bureau (the "CFPB") within the Federal Reserve with broad authority to protect consumers from unfair or deceptive financial products, acts or practices and reassign to the CFPB responsibility for enforcement of the major federal consumer financial protection laws; (ii) require entities that securitize mortgage loans to retain at least 5% of the credit risk in the assets that they securitize, except for certain "qualified residential mortgages" to be defined by regulations to be promulgated under the Dodd-Frank Act and except for mortgage loans insured or guaranteed by the federal government; (iii) prohibit compensation to loan originators based on the terms of the loan, including the interest rate but excluding the principal amount of the loan, and prohibit compensation to loan originators from any person other than the consumer, subject to certain exceptions; (iv) prohibit a creditor from making a mortgage loan unless the creditor makes a good faith determination, based on verified and documented information, that the applicant has a reasonable ability to repay the loan; (v) prohibit steering of loan applicants to loans that the applicants lack a reasonable ability to repay or that have predatory characteristics or effects and prohibit steering from a "qualified mortgage" (defined as a mortgage loan that satisfies certain requirements as to loan terms and underwriting set forth in regulations issued by the CFPB which took effect January 10, 2014) for which the applicant is qualified to a loan that is not a "qualified mortgage;" (vi) prohibit acts or practices that violate appraiser independence; (vii) establish new loan servicing standards, including requirements for periodic mortgage statements, requirements for interest rate adjustment notices, time requirements for the prompt crediting of mortgage loan payments and for the provision of payoff statements, requirements for force-placed insurance that is obtained by the loan servicer upon termination of hazard insurance, and requirements regarding error resolution and information requests; and (viii) authorize various damages for violations by loan originators and creditors of the Dodd-Frank Act.

With regard to the requirement for retention of 5% of the credit risk described in (ii) above, the Dodd-Frank Act authorizes a total or partial exemption by regulation for asset-backed securities issued by public instrumentalities of states that are exempt under Section 3(a)(2) of the Securities Act of 1933, and the federal regulatory agencies responsible for issuance of regulations under the Dodd-Frank Act have, pursuant to such authorization, issued proposed regulations that provide a total exemption for asset-backed securities that are issued or guaranteed by any state or any political subdivision or instrumentality of a state. Under such proposed regulations, the bonds issued by the Authority to finance single family and multi-family housing would be exempt from the risk retention requirement described in (ii) above. In addition, the proposed regulations would exempt from such risk retention requirement securities (a) that are secured by mortgage loans insured or guaranteed by FHA, VA or RD or are secured by "Qualified Residential Mortgages" (defined as "qualified mortgages" under the Truth in Lending Act, which are mortgage loans that finance one-to-four family property and that satisfy certain requirements as to loan terms and underwriting, including no negative amortization, interest only periods or balloon payments, terms of 30 years or less, points and fees no more than 3% of the loan amount, and debt-to-income ratios of 43% or less) and (b) that are guaranteed by Fannie Mae or Freddie Mac while in conservatorship. As a result, the Authority does not anticipate, based on current facts and circumstances, that the proposed regulations in their present form, if enacted, implementing the risk retention requirement will have a material impact on the Authority or its current programs and operations.

On January 10, 2013, the CFPB issued its final regulations implementing the requirement that the applicant have a reasonable ability to repay the loan, as described in (iv) above. These final regulations, which took effect January 10, 2014, require the lender to make a reasonable good faith determination of the borrower's ability to repay and to consider and verify

certain factors, such as (i) income or assets (other than real estate securing the loan), (ii) current employment status, (iii) monthly payment on the covered transaction, (iv) monthly payment on any simultaneous loan, (v) monthly payment for mortgage-related obligations, (vi) current debt obligations, alimony and child support, (vii) monthly debt-to-income ratio or residual income, and (viii) credit history. These final regulations provide for a rebuttable presumption of compliance with the ability to repay requirement if the loan meets certain requirements, including full amortization over a period not to exceed 30 years, a debt-to income ratio equal to or less than 43%, and points and fees of 3% or less and further provide that, if the annual percentage rate (referred to as the "APR") does not exceed 1.5 percentage points above the average prime offer rate for first lien loans, the loan is deemed to comply with the ability to repay requirement. (The final regulations include a temporary exception to the 43% limitation for up to seven years for loans that are eligible for purchase by Fannie Mae or Freddie Mac while in conservatorship or that are insured or guaranteed by FHA, VA or RD pending issuance of their own ability to repay regulations.) On May 29, 2013, the CFPB issued a final regulation which exempted the Authority and other state housing finance agencies from the ability to repay regulations described above. On December 11, 2013, FHA issued final regulations defining the standards that FHA-insured loans have to meet to be considered "qualified mortgages" for purposes of meeting the ability to repay requirement of the Dodd-Frank Act. New loans that do not meet the proposed definition will no longer be eligible for FHA-insurance as of January 10, 2014. The final FHA regulations provide for a rebuttable presumption of compliance with the ability to repay requirement if the loan meets FHA underwriting requirements and has points and fees that do not exceed 3% of the total loan amount, and further provide that, if the APR does not exceed the average prime offer rate by more than the combined annual mortgage insurance premium and 1.15 percentage points for a first-lien mortgage, the loan is deemed to comply with the ability to repay requirement. As part of these final regulations, FHA exempted the Authority and other state housing finance agencies from the ability to repay requirements described above. On January 10, 2013, the CFPB issued its final regulations regarding high-cost mortgages, but the regulations exempt from their application all loans originated by state housing finance agencies. On January 17, 2013, the CFPB issued its final regulations regarding loan servicing standards, as described in (vii) above. Such servicing regulations exempt the Authority and other state housing finance agencies from the provisions therein, except the requirement for notices of interest rate changes of adjustable rate mortgage loans, the requirements for the prompt crediting of payments by the borrower and for the prompt provision of payoff statements requested by the borrower, the restrictions on force-placed insurance purchased by lenders upon a failure to maintain the hazard insurance on the property, the procedures for resolution of errors by lenders and for responses to information requests by borrowers, and the prohibitions against foreclosure if the borrower is less than 120 days delinquent or if the borrower is performing pursuant to the terms of a loss mitigation agreement. Because of its loan underwriting and servicing practices, the Authority does not anticipate, based on current facts and circumstances, that compliance with the final CFPB and FHA regulations described above will have a material impact on the Authority or its current programs and operations. However, no assurance can be given that the Dodd-Frank Act and any future regulations to be promulgated thereunder or the consideration or enactment of any other such legislation or regulations will not have an adverse effect on the Authority's single family programs, its financial condition, the value of, the timing or amount of payments of, or the security for the Commonwealth Mortgage Bonds or the Homeownership Mortgage Bonds or other risks to the Authority or the owners of such Bonds.

In recent years, a number of financial institutions and related entities have announced large losses as a result of their mortgage activities and the increasing number of defaults and foreclosures on such mortgages. The United States Congress may pass additional consumer protection and bankruptcy legislation (including legislation that would allow bankruptcy courts to reduce or "cram down" the principal amounts and/or interest rates on mortgage loans on principal residences) as a result of the adverse effects of certain existing mortgages, mortgage origination, and mortgage servicing on individuals and families in the United States. Likewise, the Virginia General Assembly may enact consumer protection legislation relating to mortgage loan origination and servicing. Such legislation, if enacted, could have an adverse effect on the Authority's single family mortgage programs, including its ability to originate new single family mortgage loans, to collect payments under single family mortgage loans and to foreclose on property securing single family mortgage loans.

Legislation or regulations may be enacted or promulgated or governmental programs may be implemented or enhanced that would facilitate the refinancing of single family mortgage loans at lower interest rates, particularly in situations in which the principal balance of the existing single family mortgage loan is greater than the market value of the residence being financed. Under two such programs, described herein, the Authority finances FHA Streamline Refinance Loans and VA Streamline Refinance Loans. Such refinancing programs and any other programs authorized by future legislation or regulation could result in substantial prepayments of the mortgage loans, including the single family mortgage loans financed by the Authority. Except to the extent that such prepayments are the result of the refinancing by the Authority of its single family mortgage loans, such prepayments will have the effect of reducing the outstanding principal balance of the Authority's single family loan portfolio and thereby adversely affect the Authority's revenues. The failure to receive full payment of the principal balances on any of the Authority's mortgage loans in connection with any such refinancings (if acceptance of less than full payment is required by any such legislation, regulations or programs) would result in losses on such mortgage loans and would have an adverse impact on the Authority's revenues. No assurance can be given as to whether or not any such legislation or regulations will be enacted or promulgated or as to the impact on the Authority's revenues.

A number of federal and state regulatory authorities have recently taken action against certain loan originators and servicers for alleged violations of federal and state laws. Certain of those actions prohibit those servicers from pursuing foreclosure actions. In response to alleged abusive lending and servicing practices, the federal government or the Commonwealth of Virginia could enact legislation or implement regulatory requirements that impose limitations on the ability of mortgage loan servicers to take actions (such as pursuing foreclosures) that may be essential to service and preserve the

value of the single-family loans. Any such limitations that applied to the Authority's single-family loans could adversely affect the Authority's ability to collect amounts due on such loans and could impair the value of such loans.

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

Prepayments

A decline in mortgage interest rates will generally result in an increase in prepayments on mortgage loans. Such prepayments on the mortgage loans may have the effect of reducing the outstanding principal balances of the Authority's mortgage loan portfolio and thereby adversely affecting the Authority's revenues. No assurances can be given as to future changes in mortgage interest rates or prepayments or the financial impact of such prepayments on the Authority's revenues. See "Changes in Federal or State Law and Programs" above for a discussion of possible legislation or regulations that also may have an impact on prepayments.

PART III – GENERAL INFORMATION ABOUT THE AUTHORITY

History and Location

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

Commissioners

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

Name	Position	Term Expires June 30	Occupation
Kermit E. Hale	Commissioner and Chairman	2015	General Manager, MKB Realtors, Roanoke
Timothy M. Chapman	Commissioner and Vice Chairman	2018*	Managing Member, Chapman Development LLC, Reston
Charles McConnell	Commissioner	2015	Retired, Executive Director, Wise County Redevelopment and Housing Authority, Abingdon
H. Richard Ashe	Commissioner	2016	Owner of American Eastern Inc., a Real Estate Development Company, Yorktown
Douglas R. Fahl	Commissioner	2016	Retired, Executive Vice President, Dewberry Consultants LLC, Leesburg
Marjorie N. Leon	Commissioner	2016	Program Associate, Family and Consumer Sciences, Virginia Cooperative Extension Partnership, Warrenton
Sarah Stedfast	Commissioner	2017	Sales Manager, New Towne Mortgage, Norfolk
Lamella Y. Carrington	Commissioner	2018*	Section 8 Housing Choice Voucher assisted tenant, Environment Service Specialist, Bon Secours Health Care, Richmond
Manju Ganeriwala	Commissioner	ex-officio	Treasurer, Commonwealth of Virginia, Richmond
William C. Shelton	Commissioner	ex-officio	Director, Virginia Department of Housing and Community Development, Richmond
James Hyland	Commissioner	ex-officio	Member, Virginia Board of Housing and Community Development, Vienna

* Subject to confirmation by the Virginia General Assembly.

Management Structure; Principal Staff Officers

The Executive Director is appointed by the Board of Commissioners and implements the policies of such Board and manages the operations of the Authority. The Authority has one business unit for multi-family loan origination, servicing and compliance and one business unit for single family loan origination, servicing and compliance. Listed below are the Authority's principal officers directly involved in the single family lending programs and the multi-family lending programs and their responsibilities.

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

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

Paul M. Brennan. General Counsel. Mr. Brennan joined the Authority in 1990 as Assistant Counsel and served as Deputy General Counsel from January 2006 to July 2012. Prior to joining the Authority, Mr. Brennan was engaged in the practice of law in Richmond, Virginia. Mr. Brennan is a member of the Virginia State Bar and is a graduate of the University of Notre Dame and the University of Notre Dame Law School.

Arthur N. Bowen, III. Managing Director of Rental Housing. Mr. Bowen joined the Authority in 2000 as Public Policy Director and served as Managing Director of Finance and Administration from January 2003 to July 2012. Prior to joining the Authority, Mr. Bowen was employed as Deputy Secretary of Transportation for the Commonwealth of Virginia, and prior to that he served as Deputy Treasurer. Mr. Bowen is a graduate of the University of North Carolina, Chapel Hill.

Janet Wiglesworth. Managing Director of Homeownership. Ms. Wiglesworth joined the Authority in 1998 as Director of Business Systems. Prior to joining the Authority, Ms. Wiglesworth was employed as Senior Vice President for First Chesapeake Financial Corporation.

Program Funds

The funds for the Authority's mortgage loan programs are derived from the proceeds of its notes and bonds, prepayments and repayments on mortgage loans, excess revenues and net assets. Certain information on such notes and bonds is set forth in footnote 7 of the Authority's financial statements attached hereto as Appendix A. The amount of notes and bonds which the Authority may issue or have outstanding is limited only by the provisions in the Code which restrict the amount of tax exempt bonds which may be issued and by the provision of the Code of Virginia which limits the outstanding principal amount of Authority obligations secured by a capital reserve fund to $1.5 billion, excluding certain refunding transactions. The Authority is currently in compliance with such limits in the Code and the Code of Virginia. The Authority pays its expenses from the income generated from its operations and has received no funds from the Commonwealth other than an initial advance, which the Authority has repaid.

Summary of Revenues, Expenses, and Net Position

The following is a summary of the Authority's revenues, expenses and net position at year end for each of the fiscal years from 2010 through 2014. Pursuant to accounting regulations, beginning with fiscal year 2013 the Authority's financial statements use the term net position where the term net assets was used previously. The net position of certain funds is restricted and is subject to varying valuation methodologies pursuant to contracts with bond owners. The totaling of the accounts does not indicate that the combined net position is available for the payment of principal of or interest on the Commonwealth Mortgage Bonds, Homeownership Mortgage Bonds or Rental Housing Bonds, for the payment of the Authority's operating expenses or for any other purpose. The summary should be read in conjunction with the financial statements and notes appearing in Appendix A. The amounts in the summary for each year ended June 30 are derived from the audited financial statements for each such year.

	Year Ended June 30 (in millions)				
	2010	2011	2012	2013*	2014*
	(Not included in independent accountants' report)				
Memorandum Only – Combined totals					
Revenues:					
Interest on mortgage loans	$513	$505	$489	$464	$440
Investment income	18	15	17	20	11
Pass-through grants received	128	158	120	128	120
Housing Choice Voucher program	69	72	37	7	10
Other	32	27	44	54	32
Total revenues	760	777	707	673	613
Expenses:					
Interest	336	321	296	266	223
Pass-through grants disbursed	128	158	120	128	120
Housing Choice Voucher program	70	69	39	8	9
Total administrative expenses, etc	124	133	165	172	128
Total expenses	658	681	620	574	480
Excess of revenues over expenses	102	96	87	99	133
Net position at beginning of period	2,119	2,221	2,317	2,404	2,510
Net position at end of period	$2,221	$2,317	$2,404	$2,510	$2,643
Net position of the General Fund at end of period	$167	$154	$99	$134	$127

* These figures include changes required by GASB 65.

The decrease in the net position of the General Fund at the end of the period between June 30, 2011 and June 30, 2012 was due primarily to the Authority paying most of its general operating expenses from the General Fund and, unlike prior fiscal years, not transferring amounts from non-General Fund accounts necessary to offset such expenses. In future years, the Authority expects to continue to pay its general operating expenses from the General Fund and to maintain the General Fund's net position position at a level determined to be appropriate by the Authority.

Selected Figures Excluding Effects of GASB 31

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

	Year ended June 30 (in millions)				
	2010	2011	2012	2013*	2014*
	(Not included in independent accountants' report)				
Memorandum Only – Combined totals					
Excess of revenues over expenses excluding GASB 31 adjustments	$61	$85	$78	$97	$128
Net position at end of period excluding GASB 31 adjustments	$2,239	$2,324	$2,402	$2,506	$2,634
Net position of the General Fund at end of period excluding GASB 31 adjustments	$183	$166	$107	$142	$133

* These figures include changes required by GASB 65.

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

Prior and Anticipated Financings of the Authority

As of June 30, 2014 the Authority had approximately $4.7 billion of notes and bonds outstanding (see Appendix A). Subsequent to such date, the Authority issued (or currently expects to issue) the following notes and bonds, if any, in addition to the Offered Bonds:

Issue	Par Amount	Issuance Date
Rental Housing Bonds, 2014 Series A-Non-AMT	$12,625,000	August 19, 2014
Rental Housing Bonds, 2014 Series C-Taxable	$120,000,000*	November 20, 2014*
Commonwealth Mortgage Bonds, 2014 Series A-Taxable (Pass-Through)	$140,000,000*	December 11, 2014*
Rental Housing Bonds, 2014 Series D-Non-AMT	$7,000,000*	December 11, 2014*

* Expected

Investments

Moneys in the General Fund may be invested by the Authority in (i) obligations or securities which are lawful investments for fiduciaries as set forth in Section 26-40 of the Code of Virginia, 1950, as amended, (ii) any investments and deposits authorized by Sections 2.1-327 through 2.1-327.13 of the Code of Virginia 1950, as amended, permitting the investment of the funds of the Commonwealth and its political subdivisions, such as the Authority, in certain other types of investments, and (iii) any other investments permitted under any bond resolution or trust indenture of the Authority which, when acquired, have, or are general obligations of issuers who have, long-term ratings of at least AA or Aa or the highest short-term ratings, as applicable, by two rating agencies, one of which shall be Moody's or Standard & Poor's or any successor thereto. Moneys pledged pursuant to a bond resolution or trust indenture of the Authority may be invested in any manner permitted by such bond resolution or trust indenture. Investment decisions are made by the Authority's staff. It is the Authority's current investment policy not to (i) invest long-term those moneys expected to be utilized in the short-term or (ii) effect leverage transactions (e.g. reverse repurchase agreements or other borrowings) for the principal purpose of profiting from changes in interest rates. The Authority reserves the right to modify its investment policy from time to time.

As of June 30, 2014, the Authority's current investment portfolio consists principally of direct or indirect obligations of the United States of America or of its agencies and instrumentalities, including but not limited to organizations such as Fannie Mae and Ginnie Mae (collectively, "Federal Obligations"), corporate notes, bonds (including municipal bonds) and debentures, asset backed securities, certificates of deposit, repurchase agreements and commercial paper, all of which satisfy the requirements in the above referenced Sections of the Code of Virginia (see footnote 5 of the Authority's financial statements attached hereto as Appendix A). The secondary market for investments which are not Federal Obligations has been in the past and may be in the future very illiquid. No assurances can be given that such investments can be sold prior to maturity or, if sold, can be sold at a price which is not materially less than the Authority's capital investment in such investment.

Footnote 5(b) of the Authority's financial statements attached hereto as Exhibit A sets forth a combined statement of the credit risk of the Authority's investments in the General Fund and under its bond resolutions, which overall is concentrated in the Money Market Securities category. As of June 30, 2014, the Authority's counterparties in the Money Market Securities category were as follows:

Counterparty	CUSIP	Principal Amount
US Bank Commercial Paper Fund	02961021	$105,070,700
Toyota Motor Credit CP	89233HJ2	39,989,500
General Electric CAP Corp CP	36959JK1	44,983,900
Federated Govt Oblg Inst MM Fund	31499652	500,000
TOTAL		$190,544,100

The Common Fund

The Authority operates a non-regulated, internal only, pooled investment fund (the "Common Fund") consisting at present of various investments with maturity dates generally not later than 366 days from the date any such investment is allocated to the Common Fund; provided, however, that investments that have variable interest rates which are subject to mandatory market rate adjustment not less frequently than quarterly are permitted if their maturity dates at the time of allocation to the Common Fund do not exceed three years and if such investments do not exceed 10% of the Common Fund at the time of purchase. At present, all of such investments are investments permitted by the Commonwealth Mortgage Bonds Resolution, the Rental Housing Bonds Resolution, and the Homeownership Mortgage Bonds Resolution.

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

General Fund and Other Net Assets

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

the Offered Bonds, although it is not specifically pledged to secure the Offered Bonds. Moneys comprising the General Fund's net assets may be used for any lawful purpose of the Authority. The Authority expects to continue to pay its general operating expenses from the General Fund and to maintain the General Fund's net asset position at a level determined to be appropriate by the Authority. No assurance can be given that moneys will be available in the General Fund for payment of debt service on the Offered Bonds at any particular time.

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

Prior to July 1, 2005, the Authority made available the amount of $275.7 million for Subsidized Mortgage Loans, principally for the elderly, disabled, homeless and other low income persons. The Authority implemented, beginning July 1, 2005, a new methodology for determining the amount of its net assets that will be used to provide reduced interest rates for Subsidized Mortgage Loans and to provide grants and otherwise subsidize its programs (the "Subsidized Programs"). Under this methodology as currently in effect, the annual amount of the Authority's net assets to be dedicated, on a present value basis as determined by the Authority, to provide reduced interest rates or other support for Subsidized Mortgage Loans or to otherwise provide housing grants and subsidies under its programs, including bond financed programs, shall be equal to 20% of the average of the Authority's excess revenue (as unadjusted for the effect of GASB 31 and 53) for the preceding five fiscal years (the "Percentage Amount"). Annual allocations that are unused are carried forward for use in subsequent fiscal years. Such annual amounts will, in effect, represent the present values of the costs to the Authority to finance (at interest rates below the Authority's capital costs as described above) or otherwise support the Subsidized Mortgage Loans and to provide grants and other housing subsidies. This use of net assets is expected to reduce the amount available to the Authority for payment of its obligations (including Bond Amounts) or for other purposes permitted by the Act. The principal amount of Subsidized Mortgage Loans that will be available at reduced interest rates under this methodology will vary depending on such factors as the amount of the interest rate reductions and the expected lives of the Subsidized Mortgage Loans. Furthermore, the use of such annual amounts for grants or other subsidies will affect such principal amount of the Subsidized Mortgage Loans. The amounts to be made available under this methodology in the future will be subject to review by the Authority of the impact thereof on its financial position. The Authority has financed and expects to finance some, but not all, of such Subsidized Mortgage Loans, in whole or in part, with funds under its various bond resolutions. The Authority may, in its discretion, apply net assets in excess of the Percentage Amount for its Subsidized Programs or may change the Percentage Amount or methodology for calculating the amount of net assets to be made available for Subsidized Mortgage Loans, grants and other subsidies. In 2007 the Authority increased the amount of net assets in excess of the Percentage Amount for fiscal year 2007 Subsidized Programs by approximately $3.1 million in order to provide additional funds for multi-family rental developments to be financed by the Authority. The total of the annual amounts used or expected to be made available for Subsidized Programs under this methodology from fiscal year 2005 through fiscal year 2015 is $171 million.

As of June 30, 2014, approximately $70 million aggregate principal balance of multi-family mortgage loans financed by General Fund net assets was outstanding. As of June 30, 2014, all of such multi-family mortgage loans were current in their payments, except six mortgage loans having an aggregate principal balance of approximately $1.8 million that were delinquent. As of June 30, 2014, the Authority had acquired by foreclosure 13 multi-family developments that were financed, in whole or in part, by General Fund net assets, owned one of such developments and had sold 12 of such developments to third parties. In addition, as of such date, the Authority had foreclosed on three developments that were purchased by third parties at the foreclosure sales. Two of the developments acquired by foreclosure and owned by the Authority and one of the developments purchased by third parties at the foreclosure sales were also financed, in part, with the proceeds of bonds and are included in the developments described in "Delinquencies and Foreclosures; Risk of Loss" in "The Multi-Family Program." The rental and other income of such owned developments is, in many instances, insufficient to provide a market rate return to the Authority on its capital investment in such owned developments. As of June 30, 2014, approximately $148.5 million aggregate principal balance of single family mortgage loans financed by General Fund net assets (including approximately $111.5 million of such loans financed through the issuance of Ginnie Mae securities held in the General Fund) was outstanding; 6.8% of such single family mortgage loans having an aggregate principal balance of approximately $10.1 million were two or more months delinquent in monthly payments; and 3.3% of such single family mortgage loans having an aggregate principal balance of approximately $4.9 million were in foreclosure.

The Authority has a $100 million revolving credit agreement (the "Bank of America Agreement") with Bank of America, N.A. ("Bank of America") to provide a source of immediately available funds for the general corporate purposes of the Authority, including, at the option of the Authority, the payment of the purchase price of bonds which are tendered but are not remarketed. Upon submission of a completed and duly executed request for advance, the Authority may draw funds under the Bank of America Agreement up to the maximum outstanding amount of $100 million, provided that no default by the Authority under the Bank of America Agreement shall have occurred and be continuing. Defaults include (1) failure by the Authority to pay any amounts due under the Bank of America Agreement; (2) any representation or warranty made by the Authority in or pursuant to the Bank of America Agreement being incorrect or untrue in any material respect as of the date of the Bank of

America Agreement or as of the date of any extension thereof; (3) any default by the Authority under any mortgage, indenture, contract, agreement, undertaking or instrument evidencing debt of the Authority that is not remedied within 30 days notice by the Authority to Bank of America and that could reasonably be expected to have a material adverse effect on the Authority or the ability of the Authority to perform its obligations under the Bank of America Agreement; (4) the bankruptcy of the Authority, certain acts of insolvency by the Authority, or the rendering of any final judgment against the Authority that remains unsatisfied for 60 days; (5) the assignment to the Authority of a rating by Moody's or Standard & Poor's below Baa or BBB, respectively, or a withdrawal by Moody's or Standard & Poor's of their applicable rating of the Authority; (6) failure by the Authority to comply with certain of its covenants in the Bank of America Agreement requiring the Authority (a) not to invest its own funds in a manner which could reasonably be expected to result in a material adverse effect on the Authority or the ability of the Authority to perform its obligations under the Bank of America Agreement, (b) to submit financial records and information, including the Authority's official statements, to Bank of America, (c) to provide notice to Bank of America of any default by the Authority under the Bank of America Agreement or any default or other event under any instrument evidencing the Authority's debt that may result in the accelerating of the maturity of such debt and could have a material adverse effect on the Authority, (d) to provide notice to Bank of America of any material litigation pending or threatened against the Authority or of any initiative, referendum, or similar events reasonably expected to have any material adverse effect on the Authority, (e) to maintain adequate and proper books and records, (f) to use best efforts to maintain the Authority's existence and the Authority's rights and privileges material to its ability to repay obligations under the Bank of America Agreement, and (g) to comply with laws and regulations of the Commonwealth of Virginia and the United States; and (7) merger, consolidation or disposition of all or a substantial part of the Authority's property reasonably expected to result in any material adverse effect on the Authority. In the event of any default by the Authority under the Bank of America Agreement, Bank of America may terminate such Agreement and may demand immediate payment of any and all amounts drawn and outstanding thereunder. Any such demand may adversely affect the financial condition of the Authority, including its ability to use General Fund and other net assets to pay Bond Amounts, to the extent Assets and income therefrom are not sufficient to pay such Bond Amounts. Unless extended by Bank of America and the Authority, the Bank of America Agreement will terminate on December 1, 2015, subject to any notice of termination by Bank of America due to default or by the Authority. All outstanding amounts are due and payable on the termination date. As of June 30, 2014, $44 million was outstanding under the Bank of America Agreement. On September 1, 2014, $35 million was drawn on the Bank of America Agreement and used to redeem certain then outstanding Rental Housing Bonds.

The Authority from time to time issues notes to the Federal Home Loan Bank of Atlanta (the "FHLB") under an Advances, Specific Collateral Pledge and Security Agreement for Nonmember Mortgagees dated September 27, 1995 (the "FHLB Agreement"). The proceeds of the notes issued to the FHLB or other qualifying assets are deposited with the FHLB and serve as collateral for the notes. Any such other collateral is periodically marked to market, and the Authority may be required to post additional collateral if the market value falls below thresholds specified in the FHLB Agreement. Each note may be redeemed at par at any time. The proceeds of notes have generally been used to refund tax exempt bonds, and the Authority may refund the notes in the future with tax exempt bonds. The Authority has also previously issued, and may from time to time hereafter issue, notes to the FHLB and utilize the proceeds thereof for any valid corporate purpose. Events of default under the FHLB Agreement include (1) any failure to pay when due the amounts owed under the notes or to perform any other obligation of the Authority under the FHLB Agreement; (2) any failure to maintain adequate qualifying collateral free of encumbrances; (3) bankruptcy and certain other acts of insolvency by the Authority; and (4) any material adverse change in the Authority's financial condition. In the event of any default by the Authority under the FHLB Agreement, the FHLB may demand immediate payment of any and all amounts outstanding under the notes and may take possession of and sell the collateral. If the collateral shall be insufficient to repay all amounts due under the FHLB Agreement, any such demand may adversely affect the financial condition of the Authority, including its ability to use General Fund and other net assets to pay Bond Amounts, to the extent that Assets and income therefrom are not sufficient to pay such Bond Amounts.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the Commonwealth of Virginia)

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

June 30, 2014 and 2013

(With Independent Auditors' Reports Thereon)

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

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

Management's Discussion and Analysis (unaudited)

June 30, 2014 and 2013

Management of the Virginia Housing Development Authority (the Authority) offers readers of its financial report this overview and analysis of the Authority's financial performance for the years ended June 30, 2014 and 2013. Readers are encouraged to consider this information in conjunction with the Authority's basic financial statements, accompanying notes, and supplementary information, which follow this section.

Organization Overview

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

In addition to its major mortgage loan programs, the Authority also administers, on a fee basis, various other programs related to its lending activities. Such programs include the Housing Choice Voucher program, which provides rental subsidies from federal funds, and the federal Low Income Housing Tax Credit program, which awards income tax credits for the purpose of developing low-income multi-family housing projects. The Authority also funds Resources Enabling Affordable Community Housing in Virginia (REACH) initiatives, in which grants are made or the interest rates on loans are subsidized by the Authority, principally for the elderly, disabled, homeless, and other low-income persons. The amount of net position used to provide such grants or reduced interest rates on mortgage loans or otherwise subsidize its programs is equal to 20% of the average of the Authority's change in net position, as unadjusted for the effect of Governmental Accounting Standards Board (GASB) No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, for the preceding five fiscal years. The Authority may use a higher amount if determined to be appropriate. The amounts made available to provide reduced interest rates on mortgage loans or otherwise provide housing subsidies, including grants, under its programs are subject to review by the Authority of the impact on its financial position. The Authority finances some, but not all, of such subsidized mortgage loans, in whole or in part, with funds under its various bond resolutions.

Financial Statements

The Authority adopted GASB statement No. 65 effective July 1, 2013, which changed the accounting for certain loan origination fees and costs of bond issuance. As a consequence, the Authority has restated net position as of June 30, 2012 by approximately $7.0 million to reflect the accounting changes. Additionally, the financial activity for the year ending June 30, 2013 has also been modified to reflect the changes in accounting to allow comparability.

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

The *Statements of Net Position* report all of the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, presented in order of liquidity and using the accrual

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

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

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

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

Financial Highlights

Overview

The Authority has successfully sustained its loan programs and services and improved its financial condition despite prolonged federal intervention in the housing and capital markets, higher than normal levels of delinquencies, foreclosures and loan losses, and nominal investment earnings. Net position has increased by approximately 5% for 2014 and 4% for both 2013 and 2012, bringing total net position as of June 30, 2014 to $2,643.6 million, or more than one-quarter of the total assets held by the Authority. Cited for key indicators consisting of its strong financial position, sound financial practices and experienced management, both Standard & Poor's Ratings Services (Standard & Poor's) and Moody's Investors Services (Moody's) rating agencies continue to rate the Authority with an AA+ issuer credit rating and Aa1 general obligation credit rating, respectively.

In its single family homeownership loan program, the Authority has been able to offer loans at low interest rates and down-payment assistance for qualified first time homebuyers through the issuance of taxable bonds and through securitization of federally insured and guaranteed loans by the issuance of Government National Mortgage Association (GNMA) and Federal National Mortgage Association (FNMA) securities. The Authority also offers through GNMA securitization, Federal Housing Administration (FHA) insured and Veterans Administration (VA) guaranteed single family loans that refinanced existing FHA insured and VA guaranteed loans under the FHA and VA streamline refinance programs. The Authority also participates in the FNMA Housing Finance Agency (HFA) Preferred Risk Sharing Program that has allowed the Authority to finance $146.0 million of single family mortgage loans without mortgage insurance and, unlike tax-exempt bonds, permits the funding of refinancing loans and loans to borrowers who are not first time homebuyers. Additionally, the Authority developed a Rapid Refinance product which allowed borrowers with interest only loans totaling $188.5 million to refinance their loans into fixed rate 30

year mortgages. In its multi-family loan program, the Authority has continued to fund developments through the issuance of tax-exempt and taxable bonds.

The Authority's servicing efforts for its single family loan portfolio have been focused on working with troubled single family borrowers and mitigating potential foreclosure losses. The Authority has continued to offer various options, including loan modifications, to prevent foreclosure for otherwise responsible single family borrowers encountering financial hardships. As long as employment levels, wages, and housing values remain slow to recover in Virginia, challenges for the Authority's single family borrowers are expected to continue. Additionally, the Authority has provided substantial support to the Commonwealth's foreclosure prevention taskforce and housing policy initiatives, and its homeownership education, underwriting and loss mitigation practices continue to help lessen delinquencies and foreclosures to levels below those for Virginia and the nation.

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

Due to the low interest rate conditions in the market, the Authority has experienced reduced income on its nonmortgage investments. The Authority's investments are principally in high quality, short-term securities that bear low yields. As long as the market interest rates on such investments remain low, the Authority's investment revenues will be adversely impacted.

In summary, the Authority continues to face a challenging housing and economic environment yet has been able, through capital acquisition initiatives and loss mitigation practices, to continue its lending programs and improve its financial condition despite that environment.

Year Ended June 30, 2014

Single family loan originations totaled 4,398 in FY 2014 compared to 4,341 for the same period last year, an increase of 1.3%. The amount of single family mortgage loan production was $756.6 million, an increase of $60.6 million, or 8.7%. Much of the increase was related to the new Rapid Refinance product and the FNMA HFA Preferred Risk Sharing product.

As of June 30, 2014, the Authority serviced 56,181 first and second single family mortgage loans with outstanding balances totaling $5.0 billion. The number of loans serviced, increased since June 30, 2013 by 628 or 1.1%, primarily in the form of FHA guaranteed mortgages with corresponding second mortgages. The outstanding loan balances also increased by $36.2 million or 0.7% as of the same date.

In FY 2014, there were 690 foreclosures valued at $84.4 million or 2.1% of the single-family loan portfolio, compared to a year ago with 652 foreclosures valued at $71.2 million or 1.6% of loan amounts. Recovery rates averaging 59.0% somewhat mitigated the impact of loan losses. Total delinquency rates on the servicing portfolio based on loan count averaged 12.2% for the current fiscal year, compared to 13.2% a year ago. Total delinquency rates on the servicing portfolio based on outstanding loan balances averaged 11.7% and 12.8% in the year ended June 30, 2014 and 2013, respectively. Delinquencies consist of first mortgage loans over 30 days past due, and foreclosures and bankruptcies.

Financing commitments for 3,663 rental housing units were made during the fiscal year, totaling $223.2 million, compared to 4,321 units totaling $370.8 million for the same period a year ago. Rehabilitation of properties within the Authority's multi-family portfolio using taxable and tax-exempt funding and REACH funds and preservation of existing mortgage loans through extended period re-financings provided the majority production. The federal intervention in the housing market has continued to hamper the Authority's multi-family housing production.

As of June 30, 2014, the Authority serviced 1,378 multi-family mortgage loans with outstanding balances totaling $3.4 billion. Compared to June 30, 2013, the number of loans in the portfolio decreased by 55 while loan balances increased by $48.7 million or 1.5%. Delinquency rates based on portfolio loan count averaged 1.4% and 1.4% in the year ended June 30, 2014 and 2013, respectively. The average delinquency rates based on outstanding loan balances were 0.3% or $8.9 million for the year ended June 30, 2014 compared to 0.3% or $9.5 million for the same period a year ago.

Year Ended June 30, 2013

Single family loan originations totaled 4,341 in FY 2013 compared to 2,866 for the same period last year, an increase of 51.5%. The amount of single family mortgage loan production was $696.0 million, an increase of $262.0 million, or 60.4%. Mortgage loan production increased year over year, despite a prolonged economic downturn, as Virginia recovered lost jobs at a much greater rate than the nation as a whole. Much of the increase was related to the new FNMA HFA Preferred Risk Sharing product and the FHA and VA streamline refinancing products.

As of June 30, 2013, the Authority serviced 55,553 first and second single family mortgage loans with outstanding balances totaling $5.0 billion. The number of loans serviced, increased since June 30, 2012 by 734 or 1.3%, primarily in the form of FHA guaranteed mortgages with corresponding second mortgages. By contrast, the outstanding loan balances decreased by $47.2 million or 0.9% as of the same date.

In FY 2013, there were 652 foreclosures valued at $71.2 million or 1.6% of the single family loan portfolio, compared to a year ago with 724 foreclosures valued at $93.6 million or 1.87% of loan amounts. Recovery rates averaging 60.3% somewhat mitigated the impact of loan losses. Total delinquency rates on the servicing portfolio based on loan count averaged 13.2% for the fiscal year, compared to 12.5% a year ago. Total delinquency rates on the servicing portfolio based on outstanding loan balances averaged 12.8% and 12.1% in the year ended June 30, 2013 and 2012, respectively. Delinquencies consist of first mortgage loans over 30 days past due, and foreclosures and bankruptcies.

Financing commitments for 4,321 rental housing units were made during the year, totaling $370.8 million, compared to 4,504 units totaling $338.7 million for the prior year. Rehabilitation of properties within the Authority's rental portfolio using taxable and tax-exempt funding and REACH funds and preservation of existing mortgage loans through extended period re-financings provided the majority production. The federal intervention in the housing market continued to hamper the Authority's multi-family housing production.

As of June 30, 2013, the Authority serviced 1,433 multi-family mortgage loans with outstanding balances totaling $3.3 billion. Compared to June 30, 2012, the number of loans in the portfolio decreased by 44 while loan balances decreased $7.1 million or 0.2%. Delinquency rates based on portfolio loan count averaged 1.4% in both FY 2013 and FY 2012. The average delinquency rates based on outstanding loan balances were 0.3% or $9.5 million in FY 2013 compared to 0.61% or $20.2 million in FY 2012.

Financial Analysis of the Authority

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

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

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

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

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

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

Condensed Statements of Net Position

(In millions)

		June 30,		
		2014	**2013 (as restated)**	**2012 (as restated)**
Cash and cash equivalents	$	501.0	1,132.8	681.7
Investments		256.3	272.0	197.4
Mortgage loans held for sale		31.2	18.2	—
Mortgage and other loans receivable, net		7,097.6	7,138.1	7,707.3
Other assets		128.9	138.1	168.6
Total assets		8,015.0	8,699.2	8,755.0
Notes and bonds payable, net		5,089.0	5,876.0	6,020.9
Other liabilities		282.4	312.4	322.0
Total liabilities		5,371.4	6,188.4	6,342.9
Net investment in capital assets		6.4	6.1	6.0
Restricted by bond indentures		2,509.9	2,370.4	2,318.9
Unrestricted		127.3	134.3	87.2
Total net position	$	2,643.6	2,510.8	2,412.1

June 30, 2014 Compared to June 30, 2013

Total assets decreased $684.2 million, or 7.9% from the prior year. Cash and cash equivalents, and investments, combined, decreased $647.5 million, or 46.1% from the prior year. Mortgage and other loans receivables, net, decreased by $40.5 million, or 0.6%, primarily as a result of securitization of loans through GNMA and FNMA and transfers of loans to Real Estate Owned (REO) status.

Total liabilities decreased $817.0 million, or 13.2% from the prior year. Notes and bonds payable decreased $787.0 million or 13.4%, due primarily to bond redemptions. For the fiscal year, the Authority issued $90.8 million in rental housing bonds, and $183.6 million in commonwealth housing bonds; and $310.0 million in short term escrow mode (STEM) commonwealth housing bonds converted to fixed rates. Additionally, $279.5 million of draws and $273.5 million in repayments were made on the notes and lines of credit to net to $6.0 million used for the fiscal year. Bond principal pay downs and redemptions totaled $1.1 billion, and included bond redemptions of $784.8 million. Proceeds from the rental housing bond group and the commonwealth mortgage bond group and GNMA and FNMA mortgage loan securitizations were the principal source of funding for mortgage loan originations.

Total assets exceeded total liabilities by $2,643.6 million, representing an increase in net position of $132.8 million, or 5.3% from the prior year. As of June 30, 2014, net position invested in capital assets, net of related debt, was $6.4 million. Net position restricted by bond resolutions totaled $2,509.9 million, an increase of $139.5 million, or 5.9% from the prior year. Unrestricted net position totaled $127.3 million, a decrease of $7.0 million, or 5.2%.

June 30, 2013 Compared to June 30, 2012

Total assets decreased $55.8 million, or 0.6% from the prior year. Cash and cash equivalents, and investments, combined, increased $525.7 million, or 59.8% from the prior year. Mortgage and other loans receivables, net, decreased by $569.2 million, or 7.4%, primarily as a result of securitization of loans through GNMA and FNMA and transfers of loans to Real Estate Owned (REO) status.

Total liabilities decreased $154.5 million, or 2.4% from the prior year. Notes and bonds payable decreased $144.9 million or 2.4%, due primarily to bond redemptions. For the year, the Authority issued $656.2 million in rental housing bonds, $160 million in single family mortgage bonds, and $891.4 million in commonwealth mortgage bonds, of which $560.0 million was short term escrow mode (STEM) bonds in which the interest rates thereon will convert to long-term fixed rates within a year. A net amount of $41.5 million on notes and lines of credit was used for the year. Bond principal pay downs and redemptions totaled $1.9 billion, and included bond redemptions of $1.6 billion. Proceeds from the rental housing bond group and the commonwealth mortgage bond group and GNMA and FNMA mortgage loan securitizations were the principal source of funding for mortgage loan originations.

Total assets exceeded total liabilities by $2,510.8 million, representing an increase in net position of $98.7 million, or 4.1% from the prior year. As of June 30, 2013, net position invested in capital assets, net of related debt, was $6.1 million. Net position restricted by bondholders totaled $2,370.4 million, an increase of $51.5 million, or 2.2% from the prior year. Unrestricted net position totaled $134.3 million, an increase of $47.1 million, or 54.0%.

Condensed Statements of Revenues, Expenses and Changes in Net Position

(In millions)

		Year ended June 30,		
		2014	**2013 (as restated)**	**2012 (as restated)**
Operating revenues:				
Interest on mortgage and other loans	$	439.9	464.5	491.1
Pass-through grants received		119.7	127.7	119.6
Housing Choice Voucher program income		9.8	6.6	36.6
Other operating revenues		32.1	54.3	44.5
Total operating revenues		601.5	653.1	691.8
Operating expenses:				
Interest on notes and bonds payable		222.9	266.5	292.1
Pass-through grants disbursed		119.7	127.7	119.6
Housing Choice Voucher program expense		8.7	8.7	39.4
Other operating expenses		128.5	171.9	171.9
Total operating expenses		479.8	574.8	623.0
Operating income		121.7	78.3	68.8
Nonoperating revenues (expenses):				
Investment income, net		13.7	17.9	17.8
Other nonoperating expenses (revenues)		(2.6)	2.5	(0.5)
Total nonoperating revenues, net		11.1	20.4	17.3
Change in net position	$	132.8	98.7	86.1

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

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

Fiscal Year 2014 Compared to Fiscal Year 2013

Operating revenues decreased $51.6 million or 7.9% from the prior year. The decrease was primarily attributable to interest on mortgage and other loans, which decreased by $24.6 million or 5.3%. Contributing factors included lower single family mortgage loan rates, which averaged 5.2% compared to 5.4% the previous year, and lower mortgage loan balances resulting from loan securitizations and lower gains from the sale of MBS securities.

Operating expenses decreased $95.0 million or 16.5% from the prior year due primarily to interest expense on notes and bonds payable which decreased $43.6 million or 16.3% from the prior year, due to a lower average interest rate on the notes and bonds outstanding. Other operating expenses decreased $43.4 million or 25.5% over the prior year, primarily due to reductions in the provision for loan losses.

Nonoperating revenues, net, decreased $9.2 million from the prior year, due to lower investment income and to unrealized losses on investment derivatives.

Fiscal Year 2013 Compared to Fiscal Year 2012

Operating revenues decreased $38.7 million or 5.6% from the prior year. The decrease was primarily attributable to a $30.0 million decrease in federal funding of the Housing and Urban Development HCV program and reduced interest on mortgage and other loans which decreased $26.6 million or 5.4%. Single family mortgage loan rates averaged 5.4% compared to 5.6% the previous year.

Operating expenses decreased $48.2 million or 7.7% from the prior year due primarily to pass through grant disbursements in the HCV program expense which decreased $30.7 million and interest expense on notes and bonds payable which decreased $25.6 million or 8.8% from the prior year, due to a lower average interest rate on the notes and bonds outstanding.

Nonoperating revenues, net, increased $3.1 million from the prior year, due to the recovery of previously written off security of $9.5 million.

Other Economic Factors

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

The Authority's main sources of revenues include mortgage loan interest and investment interest income. Short-term investment rates in the United States have declined sharply from a peak of approximately 5.0% in February 2007 to 0.02% in both June 2014 and June 2013.

Delinquency and foreclosure rates in the single family loan portfolio, and to a lesser extent the multi-family loan portfolio, are influenced by unemployment and underemployment. Virginia's seasonally adjusted unemployment rate was 5.3% and 5.5% in June 2014 and 2013, respectively. Virginia underemployment rates, which include those no longer seeking employment and those employed only part-time who desire full-time work, were 11.1% and 11.6% in the twelve months ended June 30, 2014 and 2013, respectively.

Additional Information

If you have questions about this report or need additional information, please visit the Authority's Web site, www.vhda.com, or contact the Finance Division of the Virginia Housing Development Authority.

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

Independent Auditors' Report

The Board of Commissioners
Virginia Housing Development Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the Virginia Housing Development Authority (the Authority), a component unit of the Commonwealth of Virginia, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Virginia Housing Development Authority as of June 30, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

Emphasis of Matter

As discussed in Note 1(v) to the financial statements, in fiscal year 2014, the Authority retrospectively adopted new accounting guidance in Government Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management Discussion and Analysis and Schedule of Funding Progress by the Plan Valuation Date on pages 1-10 and 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The accompanying supplementary information included in Schedules 2 through 5 on pages 49 through 54 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules 2 through 5 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2014 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KPMG LLP

September 15, 2014

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

Statements of Net Position

June 30, 2014 and 2013

Assets	**2014**	**2013** (as restated, note 1v)
Current assets:		
Cash and cash equivalents (note 5)	$ 501,019,953	1,132,830,809
Investments (note 5)	4,327,835	2,641,341
Derivative instruments (note 9)	—	1,831,652
Interest receivable – investments	705,052	910,913
Mortgage loans held for sale (note 1)	31,167,900	18,228,326
Mortgage and other loans receivable, net (note 4)	185,168,945	179,008,673
Interest receivable – mortgage and other loans	32,136,351	34,325,891
Other real estate owned (note 1)	50,437,024	57,104,450
Other assets	7,948,123	10,541,162
Total current assets	812,911,183	1,437,423,217
Noncurrent assets:		
Investments (note 5)	251,945,031	269,323,930
Mortgage and other loans receivable (note 4)	7,152,763,225	7,187,276,286
Less allowance for loan loss	199,902,332	190,942,569
Less net loan discounts	40,429,055	37,235,116
Mortgage and other loans receivable, net	6,912,431,838	6,959,098,601
Property, furniture, and equipment, less accumulated depreciation and amortization of $31,770,833 and $28,447,677 respectively (note 6)	24,577,676	24,327,792
Other assets	13,076,458	9,016,835
Total noncurrent assets	7,202,031,003	7,261,767,158
Total assets	$ 8,014,942,186	8,699,190,375
Liabilities and Net Position		
Current liabilities:		
Notes and bonds payable (note 7)	$ 428,209,601	453,826,537
Accrued interest payable on notes and bonds	64,393,000	74,720,188
Housing Choice Voucher contributions payable	188,369	85,334
Escrows (note 8)	43,299,931	46,913,410
Derivative instruments (note 9)	787,672	—
Accounts payable and other liabilities (note 10)	23,622,572	21,642,151
Total current liabilities	560,501,145	597,187,620
Noncurrent liabilities:		
Bonds payable, net (note 7)	4,660,772,600	5,422,155,084
Project reserves (notes 8 and 14)	126,070,113	132,915,870
Other liabilities (notes 10, 12, and 14)	24,007,266	36,118,415
Total noncurrent liabilities	4,810,849,979	5,591,189,369
Total liabilities	5,371,351,124	6,188,376,989
Net position (notes 1 and 11):		
Net investment in capital assets	6,403,910	6,148,792
Restricted by bond indentures	2,509,869,543	2,370,371,839
Unrestricted	127,317,609	134,292,755
Total net position	2,643,591,062	2,510,813,386
Total liabilities and net position	$ 8,014,942,186	8,699,190,375

See accompanying notes to basic financial statements.

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

Statements of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2014 and 2013

	2014	2013 (as restated, note 1v)
Operating revenues:		
Interest on mortgage and other loans receivable	$ 439,872,258	464,503,657
Pass-through grants income (note 1)	119,708,711	127,749,666
Housing Choice Voucher program income (note 1)	9,846,526	6,613,190
Other real estate owned income	8,863,552	10,812,861
Gains and recoveries on sale of other real estate owned	6,328,885	6,480,302
(Losses) gains on sale of single family mortgage loans	(640,561)	21,746,714
Other	17,557,943	15,268,327
Total operating revenues	601,537,314	653,174,717
Operating expenses:		
Interest on notes and bonds payable	222,938,257	266,503,668
Salaries and related employee benefits (notes 12 and 13)	36,778,212	35,384,061
General operating expenses	25,294,205	21,320,657
Note and bond expenses	1,198,171	441,638
Bond issuance expenses	3,585,076	10,711,657
Pass-through grants expenses (note 1)	119,708,711	127,749,666
Housing Choice Voucher program expenses (note 1)	8,693,653	8,678,837
Servicing release premiums and guaranty fees	8,753,967	8,499,632
Other real estate owned expenses	8,879,967	12,067,640
Losses on other real estate owned (note 1)	21,103,427	34,328,820
Provision for loan losses (note 1)	22,953,133	49,146,201
Total operating expenses	479,886,779	574,832,477
Operating income	121,650,535	78,342,240
Nonoperating revenues (expenses):		
Investment income (note 10)	13,748,592	17,887,569
Unrealized (loss) gain on derivative instruments (note 9)	(2,619,324)	2,468,039
Other, net	(2,127)	(8,746)
Total nonoperating revenues, net	11,127,141	20,346,862
Change in net position	132,777,676	98,689,102
Total net position, beginning of year, restated	2,510,813,386	2,412,124,284
Total net position, end of year	$ 2,643,591,062	2,510,813,386

See accompanying notes to basic financial statements.

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

Statements of Cash Flows

Year ended June 30, 2014 and 2013

	2014	2013 (as restated, note 1v)
Cash flows from operating activities:		
Cash payments for mortgage and other loans	$ (1,099,261,207)	(1,073,242,701)
Principal repayments on mortgage and other loans	856,956,142	1,054,049,284
Sale of mortgage loans	185,292,094	530,364,341
Interest received on mortgage and other loans	439,041,460	428,752,485
Pass-through grants received	119,708,711	127,749,666
Pass-through grants disbursed	(119,708,711)	(127,749,666)
Housing Choice Voucher payments received	9,949,561	6,191,773
Housing Choice Voucher payments disbursed	(8,543,496)	(8,474,350)
Escrow and project reserve payments received	283,410,188	289,197,265
Escrow and project reserve payments disbursed	(293,511,886)	(293,647,996)
Other operating revenues	25,472,094	38,918,161
Cash received for loan origination fees	4,609,976	4,344,177
Cash paid for loan premiums	(8,277,063)	(6,855,929)
Cash payments for salaries and related benefits	(37,050,616)	(34,517,658)
Cash payments for general operating expenses	(43,062,442)	(34,712,777)
Cash payments for servicing release premiums and guaranty fees	(9,969,035)	(8,112,365)
Proceeds from sale of other real estate owned	22,249,522	25,342,256
Disposition of other real estate owned property	38,898,350	28,865,530
Net cash provided by operating activities	366,203,642	946,461,496
Cash flows from noncapital financing activities:		
Proceeds from issuance of notes and bonds	554,013,112	1,910,160,587
Principal payments on notes and bonds	(1,341,650,211)	(2,056,629,795)
Interest payments on notes and bonds	(232,627,766)	(278,778,543)
Cash payments for bond issuance expenses	(3,523,366)	(10,802,067)
Net cash used in noncapital financing activities	(1,023,788,231)	(436,049,818)
Cash flows from capital and related financing activities:		
Purchases of property, furniture, and equipment	(3,909,953)	(2,411,402)
Net cash used in capital and related financing activities	(3,909,953)	(2,411,402)
Cash flows from investing activities:		
Purchases of investments	(6,846,258)	(201,649,542)
Proceeds from sales or maturities of investments	27,595,846	136,909,084
Interest received on investments	8,934,098	7,910,407
Net cash provided by (used in) investing activities	29,683,686	(56,830,051)
Net (decrease) increase in cash and cash equivalents	(631,810,856)	451,170,225
Cash and cash equivalents, at beginning of year	1,132,830,809	681,660,584
Cash and cash equivalents, at end of year	$ 501,019,953	1,132,830,809

(Continued)

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

Statements of Cash Flows

Year ended June 30, 2014 and 2013

		2014	2013
			(as restated, note 1v)
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	121,650,535	78,342,240
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation of property, furniture, and equipment		3,635,067	3,514,491
Bond issuance costs		3,585,076	10,711,657
Interest on notes and bonds payable		222,938,257	266,503,668
Increase in mortgage loans held for sale		(12,939,574)	(18,228,326)
Decrease in mortgage and other loans receivable		28,352,789	539,213,316
Increase in allowance for loan loss		8,959,763	31,603,858
Increase (decrease) in net loan discounts		3,193,939	(1,629,366)
Decrease in interest receivable – mortgage and other loans		2,189,540	2,390,968
Decrease in other real estate owned		6,667,426	39,298,590
Increase (decrease) in Housing Choice Voucher contributions		103,035	(414,102)
Decrease in other assets		(1,528,295)	(9,843,643)
(Decrease) increase in accounts payable and other liabilities		(10,130,728)	9,660,105
Decrease in escrows and project reserves		(10,473,188)	(4,661,960)
Net cash provided by operating activities	$	366,203,642	946,461,496
Supplemental disclosure of noncash activity:			
Increase in other real estate owned as a result of loan foreclosures	$	42,371,157	32,525,792

See accompanying notes to basic financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

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

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

(b) Measurement Focus and Basis of Accounting

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

(c) Use of Estimates

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

(d) Investments

Investments are reported at fair market value on the Statements of Net Position, with changes in fair market value recognized in investment income in the Statements of Revenues, Expenses, and Changes in Net Position. Fair market value, obtained from third party pricing services and reviewed by management, is based on quoted market prices when available or on adjusted value in relation to observable prices on similar investments.

(e) Derivative Instruments

Forward sales securities commitments are utilized to hedge changes in fair value of mortgage loan inventory and commitments to originate mortgage loans. At June 30, 2014, the Authority had outstanding 36 forward sales transactions with an $87.7 million notional amount with four counterparties with concentrations and ratings (Standard & Poor's, Moody's Investors Service) as

shown in note 9. The forward sales will settle by September 18, 2014. These contracts are treated as investment derivative instruments in accordance with Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

(f) Mortgage Loans Held for Sale

Loans originated or acquired with the intent to sell on the secondary market are carried at the lower of cost or fair value. Any gains or losses on loan sales are reported on the Statements of Revenues, Expenses, and Changes in Net Position.

(g) Mortgage and Other Loans Receivable

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

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

(h) Allowance for Loan Losses

The Authority provides for losses when a specific need for an allowance is identified. The provision for loan losses charged or credited to operating expense is the amount necessary, in management's judgment, to maintain the allowance at a level it believes sufficient to cover losses in collection of loans. Estimates of future losses involve the exercise of management's judgment and assumptions with respect to future conditions. The principal factors considered by management in determining the adequacy of the allowance are the composition of the loan portfolio, historical loss experience and delinquency statistics, economic conditions, the value and adequacy of collateral, and the current level of the allowance. The provision for loan losses was $22,953,133 and $49,146,201 for the years ended June 30, 2014 and 2013, respectively.

(i) Mortgage servicing rights

The Authority pays servicing release premiums when purchasing loans from participating lenders. These premiums are capitalized at cost and amortized over the estimated life of the related mortgage loans, if those mortgage loans are sold to either GNMA or FNMA while the Authority remains the servicer of the loans. Unamortized mortgage servicing right costs were included in other assets and totaled $3,212,092 and $2,492,957 as of June 30, 2014 and 2013, respectively.

(j) Other Real Estate Owned

Other real estate owned represents current investments in single family dwellings and multi-family property, acquired primarily through foreclosure, and is stated at the lower of cost or fair value less estimated disposal costs. Gains and losses from the disposition of other real estate owned are reported separately in the Statements of Revenues, Expenses, and Changes in Net Position.

(k) Property, Furniture, and Equipment

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

Certain costs associated with internally generated computer software are treated as capital assets in accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The capitalization threshold for internally generated computer software is $1,000,000. Once the software is ready for its intended use, these costs are amortized on a straight-line basis over the software's expected useful life of 3 to 5 years.

(l) Bond Issuance Expense

The Authority has adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which no longer allows the capitalization of costs related to issuing bonds. Therefore, bond issuance costs are expensed in the period incurred. Net position has been restated to reflect the effect of the accounting change as shown in note 1(v) below.

(m) Notes and Bonds Payable

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

(n) Retirement Plans

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

The Authority also provides postretirement healthcare benefits under a defined benefit plan to all employees who have met the years of service requirement and who retire from the Authority on or after attaining age 55 or become permanently disabled.

(o) Compensated Absences

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

(p) Pass-Through Revenues and Expenses

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

The Authority serves as an administrator for the U.S. Department of Housing and Urban Development's (HUD) Section 8 Housing Choice Voucher program, consisting of the voucher program as well as other tenant-based assistance programs. The Authority requisitions Section 8 funds, makes disbursements of funds to eligible participants, and recognizes administrative fee income. Program income and program expenses that are recognized as pass-through grants, based upon the amount of allowable Housing Assistance Payments (HAP) disbursements, totaled $64,899,652 and $67,878,852 during the years ended June 30, 2014 and 2013, respectively. Additionally, the Authority disbursed other administrative costs totaling $7,836,149 and $7,825,083 during the years ended June 30, 2014 and 2013, respectively.

Excess HAP or administrative funds disbursed to the Authority were also recorded as revenue and unrestricted net position in the Statements of Net Position. Cumulative excess HAP funds totaled $2,475,958 and $1,344,308, respectively as of June 30, 2014 and 2013. Cumulative excess administrative funds totaled $3,808 as of June 30, 2014 and a deficit of $17,414 as of June 30, 2013. HUD monitors the utilization of these excess funds and adjusts funding levels prospectively to assure all funds are being used to serve as many families up to the number of vouchers authorized by the program.

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

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

The Authority received and disbursed pass-through grants totaling $52,954,015 and $59,159,680 during the years ended June 30, 2014 and 2013, respectively.

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

The Authority serves as an administrator for 32 HUD-approved Housing Counseling Agencies in Virginia. The Housing Counseling Assistance Program provides counseling to consumers on seeking, financing, maintaining, renting, or owning a home. The Authority received and disbursed pass-through grants totaling $726,365 and $240,400 during the years ended June 30, 2014 and 2013, respectively.

National Foreclosure Mitigation Counseling

The Authority is a grantee of NeighborWorks America, a national nonprofit organization created by the U.S. Congress to provide financial support, technical assistance, and training for community-based revitalization efforts. As a grantee in the National Foreclosure Mitigation Counseling program, the Authority assists nonprofit agencies by distributing NeighborWorks funds administered by the Authority. The Authority received and disbursed pass-through grants totaling $107,666 and $250,720 during the years ended June 30, 2014 and 2013, respectively.

Emergency Homeowners Loan Program

The Authority is also a grantee of NeighborWorks America, for the Emergency Homeowners Loan Program which provides mortgage payment relief to eligible homeowners experiencing a decrease in income of at least 15%, directly resulting from involuntary unemployment or underemployment due to adverse economic conditions and/or a medical emergency. The Authority received and disbursed assistance of $17,385 and $19,333 during the years ended June 30, 2014 and 2013, respectively.

(q) Commonwealth Priority Housing Fund & Housing Trust Fund

The Commonwealth Priority Housing Fund, established by the 1988 Session of the Virginia General Assembly, uses funds provided by the Commonwealth in that Session to make loans and grants for a wide variety of housing initiatives. The Department of Housing and Community Development develops the program guidelines and the Authority acts as administrator for the Fund. The balances associated with the Commonwealth Priority Housing Fund are recorded in assets and liabilities in the amounts of $7,197,692 and $7,390,842 as of June 30, 2014 and 2013, respectively.

The Housing Trust Fund, established by the 2013 Session of the Virginia General Assembly, uses funds provided by the Commonwealth in that Session to make loans and grants for a wide variety of housing initiatives. The Department of Housing and Community Development develops the program guidelines and the Authority acts as administrator for the Fund. The balances associated with the Housing Trust Fund are recorded in assets and liabilities in the amounts of $1,010,765 as of June 30, 2014.

(r) Cash Equivalents

For purposes of the Statements of Cash Flows, cash equivalents consist of investments with original maturities of three months or less from the date of purchase.

(s) Rebatable Arbitrage

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

(t) Statements of Net Position

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

(u) Operating and Nonoperating Revenues and Expenses

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

(v) New Accounting Standards and Restatement of Net Position

The Authority adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2013; and has applied it retroactivity to the financial statements for all periods presented. GASB 65 requires that (1) debt issuance costs are to be recognized as an expense in the period incurred and can no longer be deferred and amortized over the life of the debt and (2) loan origination fees, net of costs, are to be recognized in the period incurred and can no longer be deferred and amortized over the life of the loans.

The retroactive application of GASB 65 has resulted in the cumulative adjustment to the opening balance of net position as of July 1, 2012. The cumulative effect of implementation of GASB 65 related to bond financing costs and the deferment of origination fees and costs and their effect on select financial statement line items before and after the application at June 30, 2012 is as follows:

Statement of Net Position - June 30, 2013	As Previously Reported	Restatement/ Adjustment	As Restated
Noncurrent assets:			
Mortgage and other loans receivable net deferred loan costs	$ 17,976,519	19,258,597	37,235,116
Unamortized bond issuance expenses	2,931,814	(2,931,814)	-
Other assets	9,911,961	(895,126)	9,016,835
Noncurrent liabilities:			
Bonds payable, net	5,439,908,808	17,753,724	5,422,155,084
Net position	$ 2,516,145,199	(5,331,813)	2,510,813,386

The following table illustrates the cumulative effect of all components due to change in accounting principle as of June 30, 2012 and June 30, 2013:

July 1, 2012, net position, as originally reported	$ 2,405,148,085
Cumulative effect of changes in accounting principle at July 1, 2012	6,976,199
July 1, 2012 net position, as restated	2,412,124,284
Change in net position for the year ended June 30, 2013, as originally reported	110,997,114
Cumulative effect of changes in accounting principle at June 30, 2013	(12,308,012)
Change in net position for the year ended June 30, 2013, as restated	98,689,102
June 30, 2013, net position, as restated	$ 2,510,813,386

The effect of implementation of GASB 65 on select statement line items of the statement of revenues, expenses, and changes in net position before and after the application for the year ended June 30, 2013:

Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2013	As Previously Reported	Restatement/ Adjustment	As Restated
Operating revenues:			
Interest on mortgages and other loans	$ 456,158,885	8,344,772	464,503,657
Operating expenses:			
Interest on notes and bonds payable	261,052,874	5,450,794	266,503,668
Amortization of bond issuance expenses	2,000,106	(2,000,106)	-
Bond issuance expenses	-	10,711,657	10,711,657
External mortgage servicing expenses	2,009,193	6,490,439	8,499,632
Change in net position	$ 110,997,114	(12,308,012)	98,689,102

The reconciliation of operating income to net cash provided by operating activities for the year ended June 30, 2013 has been restated to reflect the revenue and expense restatements presented above. There were no changes to the net cash provided by operating activities or to the net increase in cash and cash equivalents in the Statement of Cash Flows for the year ended June 30, 2013.

(w) Reclassifications

Certain reclassifications have been made in the June 30, 2013 financial statements to conform to the June 30, 2014 presentation.

(2) Basis of Presentation

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

(a) General Operating Accounts

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

(b) Rental Housing Bond Groups

The proceeds of the Rental Housing Bonds are used to finance construction and permanent loans on multi-family housing development projects, as well as, temporary financing for other owned real estate.

(c) VHDA General Purpose Bond Group

All outstanding bonds in the VHDA General Purpose Bond Group were redeemed in January 2013. There are no anticipated future bond issuances to be made from the VHDA General Purpose Bond Group. Substantially all of the residual assets of the VHDA General Purpose Bond Group were transferred to the General Operating Accounts or the Rental Housing Bond Group where they are available for funding related housing projects.

Prior to January 2013, the proceeds of the VHDA General Purpose Bonds were used to finance construction and permanent loans on multi-family housing projects, loans on single-family dwellings.

(d) Commonwealth Mortgage Bond Group

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

(e) Homeownership Mortgage Bond Group

The Homeownership Mortgage bond group was established to encompass the Authority's participation in the U.S. Department of the Treasury's New Issue Bond Program, which was created to assist state

and local housing finance agencies in acquiring cost-effective mortgage loan capital. The proceeds of Homeownership Mortgage Bonds are used to purchase or make long-term loans to owner occupants of single family dwellings.

(3) Restricted Assets

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

Restricted assets as of June 30, 2014 and 2013 were as follows:

	June 30, 2014	June 30, 2013 (as restated)
Current assets:		
Cash and cash equivalents	$ 495,751,774	1,121,217,031
Interest receivable – investments	229,226	393,763
Mortgage loans held for sale	31,167,900	18,228,326
Mortgage and other loans receivable	181,741,017	175,913,686
Interest receivable – mortgage and other loans	31,824,462	33,527,036
Other real estate owned	50,437,024	56,932,315
Other assets	1,902,278	2,400,904
Total current assets	793,053,681	1,408,613,061
Noncurrent assets:		
Investments	107,351,474	108,900,144
Mortgage and other loans receivable	7,056,887,583	7,100,089,586
Less allowance for loan loss	180,876,589	177,963,306
Less net loan discounts	40,040,819	37,181,230
Mortgage and other loans receivable, net	6,835,970,175	6,884,945,050
Property, furniture, and equipment, less accumulated depreciation and amortization of $16,628,039 and $15,931,410 respectively	13,192,354	13,888,983
Total noncurrent assets	6,956,514,003	7,007,734,177
Total restricted assets	$ 7,749,567,684	8,416,347,238

(4) Mortgage and Other Loans Receivable

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

Loan program/bond group	Interest rates	Initial loan terms
General Operating Accounts	0% to 8.30%	Thirty to forty years
Rental Housing Bond Group	0% to 13.11%	Thirty to forty years
Commonwealth Mortgage Bond Group	1.13% to 10.84%	Thirty years
Homeownership Mortgage Bond Group	2.00% to 5.88%	Thirty years

Commitments to fund new loans were as follows at June 30, 2014:

	Committed
General Operating Loan Programs	$ 19,691,657
Rental Housing Bond Group	339,751,818
Commonwealth Mortgage Bond Group	126,962,744
Total	$ 486,406,219

(5) Cash, Cash Equivalents, and Investments

Cash includes cash on hand and amounts in checking accounts, which are insured by the Federal Depository Insurance Corporation or are collateralized under provisions of the Virginia Security for Public Deposits Act. At June 30, 2014 and 2013, the carrying amount of the Authority's deposits was $63,264,200 and $207,234,546, respectively. The associated bank balance of the Authority's deposits was $60,800,553 and $200,969,227 at June 30, 2014 and 2013, respectively. The difference between the carrying amount and the bank balance is due to outstanding checks, deposits in transit, and other reconciling items.

Cash equivalents include investments with original maturities of three months or less from date of purchase. Investments consist of U.S. government and agency securities, municipal tax-exempt securities, corporate notes, reverse repurchase agreements and various other investments for which there are no securities as evidence of the investment. Investments in the bond funds consist of those permitted by the various resolutions adopted by the Authority. At June 30, 2014 and 2013, total cash equivalents were $437,755,753 and $925,596,263, respectively.

Investments as of June 30, 2014 and 2013 are classified in the statements of net position as follows:

	June 30	
	2014	2013
Current investments	$ 4,327,835	2,641,341
Noncurrent investments	251,945,031	269,323,930
Total investments	$ 256,272,866	271,965,271

The Investment of Public Funds Act of the Code of Virginia as well as the various bond resolutions establishes permitted investments for the Authority. Within the permitted statutory framework, the Authority's investment policy is to fully invest all moneys and maximize the return thereon, by investing and managing investments in a prudent manner that will enable the Authority to fulfill its financial commitments. Approved investments include but are not limited to: direct obligations of the United States of America, direct obligations of any state or political subdivision of the United States of America, obligations unconditionally guaranteed by the United States of America or other political subdivision, bonds, debentures, certificates of deposit, repurchase agreements, swap contracts, futures contracts, forward contracts. No more than 3.5% of the Authority's total assets may be invested in any one entity and no more than 10% of the Authority's total assets can be invested in repurchase agreement transactions maturing in less than one month. Such agreements must be collateralized with U.S. Treasury and or Agency securities with a market value at least equal to 102% of the principal amount of the agreement.

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

(a) Interest Rate Risk

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

As of June 30, 2014, the Authority had the following investments (including cash equivalents) and maturities:

Investment type	Less than 1 year	1 – 5 years	6 – 10 years	Over 10 years	Fair value
Reverse repurchase agreements	$ 240,000,000	—	—	—	240,000,000
Municipal securities	9,922,835	3,872,235	—	—	13,795,070
Asset-backed securities	—	—	—	27,129,546	27,129,546
Agency-mortgage backed securities	—	—	570,488	170,550,511	171,120,999
Money market securities	190,544,100	—	—	—	190,544,100
Corporate notes	—	49,822,250	—	—	49,822,250
Other interest-bearing securities	1,616,654	—	—	—	1,616,654
Total investments	$ 442,083,589	53,694,485	570,488	197,680,057	694,028,619

As of June 30, 2013, the Authority had the following investments (including cash equivalents) and maturities:

Investment type	Less than 1 year	1 – 5 years	6 – 10 years	Over 10 years	Fair value
Repurchase agreements	$ 355,000,000	—	—	—	355,000,000
Municipal securities	10,774,722	6,348,700	—	—	17,123,422
Asset-backed securities	—	—	—	28,163,312	28,163,312
Agency-mortgage backed securities	—	—	736,038	184,368,630	185,104,668
Commercial paper	562,434,650	—	—	—	562,434,650
Corporate notes	—	49,707,250	—	—	49,707,250
Other interest-bearing securities	28,232	—	—	—	28,232
Total investments	$ 928,237,604	56,055,950	736,038	212,531,942	1,197,561,534

(b) Credit Risk

Credit risk is the risk that an issuer or other counterparties to an investment will not fulfill its obligations. The Authority places emphasis on securities of high credit quality and marketability. The following table presents investment exposure to credit risk by investment type as of June 30, 2014:

Investment type	Amount	S & P/ Moody's rating	Percentage of total investments
Repurchase Agreements	$ 240,000,000	BBB-	34.58%
Money Market Securities	190,044,100	P-1	27.38
Agency Mortgage Backed Securities	171,120,999	Aaa	24.66
Corporate Notes	24,995,250	Aa2	3.60
Corporate Notes	24,827,000	A1	3.58
Asset Backed Securities	16,598,194	B2	2.39
Municipal Securities	5,595,000	NR	0.81
Municipal Securities	3,224,987	Aa2	0.47
Asset Backed Securities	3,128,686	Caa1	0.45
Municipal Securities	2,627,903	Aaa	0.38
Asset Backed Securities	2,516,882	Ca	0.36
Asset Backed Securities	2,509,454	Caa3	0.36
Municipal Securities	1,935,867	Aa1	0.28
Other Interest Bearing Instruments	1,616,654	Aaa	0.23
Asset Backed Securities	1,223,117	Caa2	0.18
Asset Backed Securities	766,074	A1	0.11
Money Market Securities	500,000	Aaa	0.07
Municipal Securities	411,313	AA+	0.06
Asset Backed Securities	387,139	Baa2	0.05
Total investments	$ 694,028,619		100.00%

(6) Property, Furniture, and Equipment

Activity in the property, furniture, and equipment accounts for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Additions	Disposals	Transfers	Balance June 30, 2014
Land	$ 2,935,815	—	—	—	2,935,815
Building	31,118,900	—	—	—	31,118,900
Furniture and equipment	17,354,945	1,218,231	(336,913)	1,374,346	19,610,609
Motor vehicles	504,786	—	—	—	504,786
Construction in progress	861,023	2,691,722	—	(1,374,346)	2,178,399
	$ 52,775,469	3,909,953	(336,913)	—	56,348,509

Activity in the related accumulated depreciation and amortization accounts during the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Additions	Disposals	Balance June 30, 2014
Building	$ (15,976,229)	(777,933)	—	(16,754,162)
Furniture and equipment	(12,060,050)	(2,818,243)	311,911	(14,566,382)
Motor vehicles	(411,398)	(38,891)	—	(450,289)
	$ (28,447,677)	(3,635,067)	311,911	(31,770,833)

Activity in the property, furniture, and equipment accounts for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Additions	Disposals	Transfers	Balance June 30, 2013
Land	$ 2,935,815	—	—	—	2,935,815
Building	31,118,900	—	—	—	31,118,900
Furniture and equipment	16,047,324	1,134,930	(834,445)	1,007,136	17,354,945
Motor vehicles	487,065	17,721	—	—	504,786
Construction in progress	609,408	1,258,751	—	(1,007,136)	861,023
	$ 51,198,512	2,411,402	(834,445)	—	52,775,469

Activity in the related accumulated depreciation and amortization accounts during the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Additions	Disposals	Balance June 30, 2013
Building	$ (15,198,296)	(777,933)	—	(15,976,229)
Furniture and equipment	(10,192,535)	(2,690,548)	823,033	(12,060,050)
Motor vehicles	(365,388)	(46,010)	—	(411,398)
	$ (25,756,219)	(3,514,491)	823,033	(28,447,677)

(7) Notes and Bonds Payable

Notes and bonds payable at June 30, 2013 and June 30, 2014 and changes for the year ended June 30, 2014 were as follows:

Description	Balance at June 30, 2013	Issued	Retired	Balance at June 30, 2014
	(Amounts shown in thousands)			
General operating accounts:				
Revolving line of credit:				
Bank of America floating daily rate (rate of 1.203250% at June 30, 2014) termination date of December 1, 2015	$ 27,500	43,000	26,500	44,000
Federal Home Loan Bank floating daily rate (rate of 0.2300% at June 30, 2014) no fixed maturity	123,547	236,547	247,094	113,000
Total general operating accounts	$ 151,047	279,547	273,594	157,000

Description	Balance at June 30, 2013	Issued	Retired	Balance at June 30, 2014
	(Amounts shown in thousands)			
Rental housing bond group:				
2003 Series F/G, dated December 23, 2003, 4.91% effective interest rate, final due date April 1, 2030	$ 14,960	—	14,960	—
2004 Series F/G, dated September 2, 2004, 5.75% effective interest rate, final due date September 1, 2030	47,605	—	47,605	—
2004 Series H/I/J, dated December 16, 2004, 5.28% effective interest rate, final due date December 1, 2029	31,960	—	31,960	—
2005 Series A, dated April 26, 2005, 5.55% effective interest rate, final due date May 1, 2030	32,440	—	32,440	—
2005 Series B/C, dated April 26, 2005, 4.57% effective interest rate, final due date May 1, 2031	49,010	—	49,010	—
2005 Series D, dated June 14, 2005, 5.19% effective interest rate, final due date September 1, 2033	36,695	—	1,035	35,660
2005 Series E/F, dated June 14, 2005, 4.60% effective interest rate, final due date September 1, 2039	41,035	—	845	40,190
2005 Series G, dated October 20, 2005, 5.46% effective interest rate, final due date December 1, 2030	78,080	—	2,825	75,255
2005 Series H/I, dated October 20, 2005, 4.48% effective interest rate, final due date December 1, 2030	32,910	—	1,395	31,515
2005 Series J/K, dated December 14, 2005, 5.30% effective interest rate, final due date February 1, 2035	35,150	—	1,060	34,090

Description	Balance at June 30, 2013	Issued	Retired	Balance at June 30, 2014
	(Amounts shown in thousands)			
2006 Series A, dated May 23, 2006, 4.89% effective interest rate, final due date April 1, 2033	$ 7,635	—	240	7,395
2006 Series B, dated October 31, 2006, 4.65% effective interest rate, final due date November 1, 2038	21,730	—	455	21,275
2006 Series C, dated December 12, 2006, 5.80% effective interest rate, final due date January 1, 2039	42,345	—	735	41,610
2006 Series D/E/F, dated December 12, 2006, 4.53% effective interest rate, final due date January 1, 2039	75,930	—	1,660	74,270
2007 Series A, dated June 12, 2007, 6.03% effective interest rate, final due date July 1, 2039	114,365	—	1,665	112,700
2007 Series B/C, dated September 20, 2007, 6.16% effective interest rate, final due date November 1, 2038	22,120	—	435	21,685
2009 Series A, dated February 26, 2009, 6.80% effective interest rate, final due date March 1, 2039	69,635	—	1,190	68,445
2009 Series B, dated March 26, 2009, 5.54% effective interest rate, final due date June 1, 2043	27,835	—	430	27,405
2009 Series C/D, dated March 30, 2009, 5.81% effective interest rate, final due date February 1, 2021	278,010	—	29,970	248,040
2009 Series E, dated September 24, 2009, 4.74% effective interest rate, final due date October 1, 2044	48,745	—	785	47,960
2009 Series F, dated November 25, 2009, 4.87% effective interest rate, final due date December 1, 2044	47,410	—	755	46,655

Description	Balance at June 30, 2013	Issued	Retired	Balance at June 30, 2014
	(Amounts shown in thousands)			
2010 Series A, dated March 23, 2010, 4.79% effective interest rate, final due date April 1, 2045	$ 20,130	—	230	19,900
2010 Series B, dated April 27, 2010, 4.74% effective interest rate, final due date June 1, 2045	22,140	—	370	21,770
2010 Series C, dated July 28, 2010, 4.61% effective interest rate, final due date August 1, 2045	11,620	—	190	11,430
2010 Series D, dated August 26, 2010, 4.31% effective interest rate, final due date September 1, 2040	32,280	—	725	31,555
2010 Series E, dated October 7, 2010, 4.19% effective interest rate, final due date October 1, 2045	37,700	—	715	36,985
2010 Series F, dated December 2, 2010, 4.85% effective interest rate, final due date January 1, 2041	19,525	—	405	19,120
2011 Series A, dated May 24, 2011, 4.92% effective interest rate, final due date May 1, 2041	11,470	—	235	11,235
2011 Series B, dated September 27, 2011, 4.27% effective interest rate, final due date October 1, 2041	17,480	—	2,680	14,800
2011 Series C, dated December 8, 2011, 4.24% effective interest rate, final due date December 1, 2038	19,500	—	300	19,200
2011 Series D, dated December 8, 2011, 4.93% effective interst rate, final due date January 1, 2039	154,300	—	3,650	150,650
2011 Series E, dated December 22, 2011, 4.40% effective interest rate, final due date March 1, 2028	148,905	—	7,560	141,345
2012 Series A, dated February 28, 2012, 3.60% effective interest rate, final due date March 1, 2042	35,000	—	400	34,600
2012 Series B, dated August 21, 2012, 3.64% effective interest rate, final due date August 1, 2042	114,075	—	—	114,075

Description	Balance at June 30, 2013	Issued	Retired	Balance at June 30, 2014
	(Amounts shown in thousands)			
2012 Series D dated October 30, 2012, 4.02% effective interest rate, final due date October 1, 2042	$ 221,925	—	—	221,925
2012 Series E dated November 2, 2012, 3.16% effective interest rate, final due date November 1, 2042	10,700	—	—	10,700
2013 Series A/B dated April 11, 2013, 3.95% effective interest rate, final due date April 1, 2043	35,105	—	575	34,530
2013 Series C dated May 2, 2013, 3.82% effective interest rate, final due date February 1, 2043	163,025	—	—	163,025
2013 Series D dated May 30, 2013, 4.06% effective interest rate, final due date June 1, 2043	111,330	—	—	111,330
2013 Series E dated July 11, 2013, 4.15% effective interest rate, final due date July 1, 2043	—	20,750	—	20,750
2013 Series F dated October 10, 2013, 4.98% effective interest rate, final due date October 1, 2043	—	58,435	—	58,435
2013 Series G dated December 3, 2013, 4.27% effective interest rate, final due date December 1, 2043	—	11,650	—	11,650
	2,341,815	90,835	239,490	2,193,160
Unamortized premium	2,450			2,549
Total rental housing bonds	$ 2,344,265			2,195,709
Commonwealth mortgage bonds group:				
2002 Series B, dated March 20, 2002, 6.20% effective interest rate, final due date August 25, 2030	$ 15,701	—	2,162	13,539
2002 Series E/F/G, dated December 17, 2002, 5.17% effective interest rate, final due date December 25, 2032	14,172	—	2,298	11,874

Description	Balance at June 30, 2013	Issued	Retired	Balance at June 30, 2014
	(Amounts shown in thousands)			
2003 Series C, dated October 1, 2003, 5.11% effective interest rate, final due date August 25, 2033	$ 1,088	—	91	997
2004 Series B, dated June 10, 2004, 5.66% effective interest rate, final due date June 25, 2034	3,404	—	293	3,111
2005 Series A, dated April 21, 2005, 4.51% effective interest rate, final due date October 1, 2031	239,710	—	169,600	70,110
2005 Series C/D/E, dated November 3, 2005, 4.44% effective interest rate, final due date April 1, 2028	282,870	—	110,385	172,485
2006 Series A/B, dated April 27, 2006, 5.88% effective interest rate, final due date March 25, 2036	5,616	—	773	4,843
2006 Series C, dated June 8, 2006, 6.17% effective interest rate, final due date June 25, 2034	24,681	—	4,881	19,800
2006 Series D/E/F, dated July 13, 2006 4.60% effective interest rate, final due date October 1, 2032	377,110	—	119,400	257,710
2007 Series A/B/C/D, dated May 18, 2007 4.86% effective interest rate, final due date January 1, 2036	703,165	—	133,230	569,935
2008 Series A, dated March 25, 2008, 6.07% effective interest rate, final due March 25, 2038	47,997	—	6,578	41,419
2008 Series B, dated April 10, 2008, 6.11% effective interest rate, final due date March 25, 2038	71,371	—	13,133	58,238
2008 Series C, dated November 18, 2008, 6.41% effective interest rate, final due date June 25, 2038	28,309	—	4,109	24,200

Description	Balance at June 30, 2013	Issued	Retired	Balance at June 30, 2014
	(Amounts shown in thousands)			
2008 Series D/E, dated December 16, 2008, 6.10% effective interest rate, final due date January 1, 2036	$ 137,900	—	137,900	—
2009 Series A, dated November 25, 2009, 4.33% effective interest rate, final due date April 1, 2027	51,750	—	13,000	38,750
2012 Series A, dated December 20, 2012, 2.10% effective interest rate, final due date July 1, 2026	74,490	—	—	74,490
2012 Series B/C, dated December 20, 2012, 3.62% effective interest rate, final due date July 1, 2039.	715,510	—	3,800	711,710
2013 Series B, dated May 21, 2013 2.75% effective interest rate, final due date April 25, 2042	99,605	—	10,940	88,665
2013 Series C, dated October 24, 2013 4.25% effective interest rate, final due date October 25, 2043	—	101,914	1,865	100,049
2013 Series D, dated December 19, 2013 4.30% effective interest rate, final due date December 25, 2043	—	81,717	1,700	80,017
	2,894,449	183,631	736,138	2,341,942
Unamortized premium	(3,290)			(2,752)
Total commonwealth mortgage bonds group	$ 2,891,159			2,339,190
Homeownership mortgage bonds group:				
2009 Series B-1, dated February 10, 2010, 4.42% effective interest rate, final due date November 1, 2041	$ 6,190	—	6,190	—
2010 Series A, dated February 10, 2010, 3.64% effective interest rate, final due date September 1, 2021	84,430	—	10,200	74,230

Description	Balance at June 30, 2013	Issued	Retired	Balance at June 30, 2014
	(Amounts shown in thousands)			
2009 Series B-2, dated October 29, 2010, 3.16% effective interest rate, final due date November 1, 2041	$ 21,300	—	21,300	—
2010 Series B, dated October 29, 2010, 3.10% effective interest rate, final due date March 1, 2022	55,300	—	6,300	49,000
2009 Series B-3, dated June 14, 2011, 3.71% effective interest rate, final due date November 1, 2041	16,500	—	16,500	—
2011 Series A, dated June 14, 2011, 3.30% effective interest rate, final due date March 1, 2024	62,700	—	5,100	57,600
2009 Series B-4, dated September 27, 2011, 2.68% effective interest rate, final due date November 1, 2041.	15,070	—	15,070	—
2011 Series B, dated September 27, 2011, 3.16% effective interest rate, final due date September 1, 2024	69,650	—	5,300	64,350
2013 Series A, dated March 27, 2013, 3.25% effective interest rate, final due date August 25, 2042	158,371	—	6,468	151,903
Total homeownership mortgage bonds group	489,511			397,083
Total	$ 5,875,982			5,088,982

Notes and bonds payable at June 30, 2012 and June 30, 2013 and changes for the year ended June 30, 2013 were summarized as follows (as restated) (amounts in thousands):

	June 30, 2012	Issued	Retired	Change in unamortized premium (discount) and compound interest payable	June 30, 2013
General operating accounts	$ 109,500	202,647	(161,100)	—	151,047
Rental housing bond group	2,215,851	656,160	(528,615)	869	2,344,265
Homeownership mortgage group	781,240	160,000	(451,729)	—	489,511
VHDA General purpose group	261,825	—	(261,825)	—	—
Commonwealth mortgage bond group	2,652,511	1,451,354	(1,213,362)	656	2,891,159
Total	$ 6,020,927	2,470,161	(2,616,631)	1,525	5,875,982

Current and noncurrent amounts of notes and bonds payable at June 30, 2014 and 2013 were as follows:

	June 30	
	2014	2013 (as restated)
	(Amount in thousands)	
Notes and bonds payable – current	$ 428,209	453,827
Bonds payable – noncurrent	4,660,773	5,422,155
Total	$ 5,088,982	5,875,982

From time to time, the Authority has participated in refundings, in which new debt is issued and the proceeds are used to redeem, generally within ninety days, previously issued debt. Related discounts or premiums previously deferred are recognized in income or expense, respectively. There were no refundings during the years ended June 30, 2014 and 2013. The Authority had redemptions of $784,840,000 and $1,585,430,000 during the years ended June 30, 2014 and 2013, respectively.

The principal payment obligations and associated interest related to all note and bond indebtedness (excluding the effect of unamortized discounts and premium) commencing July 1, 2014 and thereafter are as follows:

Year ending June 30	Original principal	Current interest	Total debt service
2015	$ 412,174,601	343,051,370	755,225,971
2016	223,075,000	197,617,919	420,692,919
2017	233,340,000	189,665,553	423,005,553
2018	217,105,000	180,953,023	398,058,023
2019	228,660,000	172,692,280	401,352,280
2020 – 2024	976,945,000	729,174,936	1,706,119,936
2025 – 2029	682,770,000	554,642,513	1,237,412,513
2030 – 2034	670,067,564	406,952,612	1,077,020,176
2035 – 2039	711,181,705	246,653,013	957,834,718
2040 – 2044	715,041,812	92,062,727	807,104,539
2045 – 2049	18,825,000	1,156,734	19,981,734
Total	$ 5,089,185,682	3,114,622,680	8,203,808,362

The Authority has a $100 million revolving credit agreement with Bank of America to provide funds for general corporate purposes. The agreement was renewed on December 1, 2013 and will terminate on December 1, 2015 unless extended by Bank of America and the Authority. All amounts outstanding are due and payable on the termination date. Under the original terms, prior to December 1, 2013, interest on any advances is charged at a rate equal to the daily floating LIBOR rate for deposits with one month maturity plus a margin ranging from 95 to 125 basis points per annum based upon the Authority's long-term credit ratings. Under the new terms starting December 1, 2013, interest on any advances is charged at a rate equal to the daily floating LIBOR rate for deposits with one month maturity plus a margin ranging from 105 to 135 basis points per annum based upon the Authority's long-term credit ratings. As of June 30, 2014 the borrowing rate was 1.20%. The Authority is in compliance with all debt covenant requirements. At June 30, 2014 and 2013, there were $44.0 million and $27.5 million outstanding, respectively.

The Authority maintains a credit agreement with the Federal Home Loan Bank (FHLB) of Atlanta, whereby FHLB of Atlanta may advance funds that are secured by government agency securities held in FHLB of Atlanta. Interest on any advance can be charged either under a floating daily rate or a fixed rate with a stated maturity not to exceed either 1 year for daily rate or twenty years for fixed rate loans. As of June 30, 2014 there was one 90 day fixed rate borrowing at 0.23%. The Authority is in compliance with all debt covenant requirements. At June 30, 2014 and 2013, there were $113.0 million and $123.5 million outstanding, respectively.

(8) Escrows and Project Reserves

Escrows and project reserves represent amounts held by the Authority as escrows for insurance, real estate taxes and completion assurance, and as reserves for replacement and operations (note 14). The Authority invests these funds and, for project reserves, allows earnings to accrue to the benefit of the mortgagor.

At June 30, 2014 and 2013, these escrows and project reserves were presented in the Authority's Statements of Net Position as follows:

	June 30	
	2014	2013
Escrows – current	$ 43,299,931	46,913,410
Project reserves – noncurrent	126,070,113	132,915,870
Total	$ 169,370,044	179,829,280

(9) Derivative Instruments

The Authority enters into forward sales contracts for the delivery of GNMA and FNMA securities in order to lock in the sales price for the securitization of certain single-family mortgage loans. The contracts offset changes in interest rates between the time of the loan reservations and the securitization of such loans into GNMA and FNMA securities. These contracts are considered investment derivative instruments, such that their change in fair value is reported as investment derivative gains or losses on the Statement of Revenues, Expenses, and Changes in Net Position.

The outstanding forward contracts, summarized by counterparty rating as of June 30, 2014, were as follows:

Counterparty rating	Count	Par	Concentration	Notional amount	Market value	Fair value asset (liability)
A-1/A	12	$ 36,600,000	42.6%	$ 37,169,730	37,611,406	(441,676)
A-1/A+	16	31,100,000	36.2	31,739,117	31,960,266	(221,149)
Baa3/BBB	5	10,100,000	11.8	10,424,254	10,532,531	(108,277)
A-1+/AA-	3	8,100,000	9.4	8,361,414	8,377,984	(16,570)
	36	$ 85,900,000	100.0%	$ 87,694,515	88,482,187	(787,672)

The outstanding forward contracts, summarized by counterparty as of June 30, 2013, were as follows:

Counterparty rating	Count	Par	Concentration	Notional amount	Market value	Fair value asset (liability)
A-1/A	2	$ 2,100,000	4.9%	$ 2,118,965	2,056,625	62,340
A-1/A+	3	8,500,000	19.8%	8,847,234	8,367,734	479,500
Bbb3/BBB	9	12,200,000	28.4	12,616,004	12,203,766	412,238
A-1+/AA-	9	20,100,000	46.9	20,882,793	20,005,219	877,574
	23	$ 42,900,000	100.0%	$ 44,464,996	42,633,344	1,831,652

(10) Investment Income and Arbitrage Liabilities

The amount of investment income the Authority may earn with respect to certain tax-exempt bond issues in the Commonwealth Mortgage Bond Group, Homeownership Bond Group, Rental Housing Bond Group, and VHDA General Purpose Bond Group is limited by certain federal legislation. Earnings in excess of the

allowable amount must be rebated to the U.S. Department of the Treasury. These excess earnings are recorded in accounts payable and other liabilities. No rebates were paid in the year ended June 30, 2014 and 2013, respectively. Remaining liability balances were $51,557 and $49,316 at June 30, 2014 and 2013, respectively.

(11) Net Position

Net investment in capital assets, represents property, furniture, and equipment, and vehicles, less the current outstanding applicable debt. Restricted net position represents those portions of the total net position in trust accounts established by the various bond resolutions for the benefit of the respective bond owners. Restricted net position is generally mortgage loans and funds held for placement into mortgage loans, investments, and funds held for scheduled debt service.

Unrestricted net position represents those portions of the total net position set aside for current utilization and tentative plans for future utilization of such net position. As of June 30, 2014 and 2013, such plans included funds to be available for other loans and loan commitments; for over commitments and over allocations in the various bond issues; for support funds and contributions to bond issues; support for REACH Virginia initiatives and tenant-based housing assistance payments, and for working capital and future operating and capital expenditures. Additional unrestricted net position commitments include maintenance of the Authority's obligation with regard to the general obligation pledge on its bonds; contributions to future bond issues other than those scheduled during the next year; coverage on the uninsured, unsubsidized multi-family conventional loan program and any unanticipated losses in connection with the uninsured portions of the balance of the single-family and multi-family loans; coverage on the liability exposure of commissioners and officers; the cost of holding foreclosed property prior to resale; costs incurred with the redemption of bonds; single-family loan prepayment shortfalls; and other risks and contingencies.

(12) Employee Benefits Plans

The Authority incurs employment retirement savings expense under two defined contribution plans equal to between 8%-11% of full-time employees' compensation. Total retirement savings expense for the year ended June 30, 2014 and 2013 was $2,858,725 and $2,826,678, respectively.

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

As of June 30, 2014 and 2013, included in other liabilities is an employee compensated absences accrual of $4,335,802 and $4,267,174, respectively (note 14).

(13) Other Post-Employment Benefits

At the sole discretion of the Authority, eligible employees may participate in the Virginia Housing Development Authority Retiree Health Care Plan (RHC), a single-employer defined benefit plan. The Authority administers the RHC through the Virginia Housing Development Authority Retiree Health Care Plan Trust (RHC Trust), an irrevocable trust to be used solely for providing benefits to eligible participants

in the RHC. Assets of the RHC Trust are irrevocable and legally protected from creditors and dedicated to providing post-employment reimbursement of eligible medical and dental expenses to current and eligible future retirees and their spouses in accordance with the terms of the RHC. Employer contributions are recorded in the year in which they are earned and become measurable. Investments are reported at fair value and are based on published prices and quotations.

Effective January 1, 2006, eligible retirees must be at least 55 years of age with 15 years of service, (or at least 55 years of age with 10 years of service if employed by the Authority prior to such date). RHC participants receive an annual benefit based on age and years of service at retirement and based on a matrix, updated annually for cost-of-living plus 2% not to exceed 150% of the annual premium for preferred provider organization medical plan offered that year if the participant under age 65 or not to exceed 75% or the annual premium if the participant is age 65 or over. The annual benefit may be used to pay for health insurance purchased through the Authority's group plan or elsewhere, and for other eligible medical and dental expenses. For the year ended June 30, 2014, there were approximately 71 participating retirees and spouses and 316 active employees earning service credits in the RHC.

The Authority currently contributes amounts to the RHC Trust sufficient to fully fund the annual required contribution (ARC), an actuarially determined rate in accordance with GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year plus an amortized amount of unfunded actuarial liabilities (or fund excess) over a period not to exceed thirty years. The ARC for the fiscal year ended June 30, 2014 of $310,203 is approximately 1.18% of covered payroll.

The actuarially determined values for disclosure in accordance with GASB 45 are as follows:

Fiscal year-end	Beginning net OPEB obligation (asset)	ARC	Interest on OPEB liability	ARC adjustment	Amortization factor	Annual OPEB cost
June 30, 2009	$ (29,738)	895,410	(2,082)	2,316	12.84	895,644
June 30, 2010	(106,007)	964,000	(6,625)	5,038	21.04	962,413
June 30, 2011	(39,238)	980,913	(2,452)	1,865	21.04	980,326
June 30, 2012	(8,913)	504,032	(557)	437	21.04	503,912
June 30, 2013	(559,731)	447,428	(34,983)	(26,599)	21.04	385,846
June 30, 2014	(1,237,131)	310,203	(77,321)	60,600	21.04	293,482

The OPEB cost to the Authority and its contributions and changes in the RHC plan for fiscal years 2009 through 2014 are as follows:

Fiscal year-end	Beginning net OPEB obligation (asset)	Annual OPEB cost	Contribution	Change in net OPEB obligation (asset)	Net OPEB obligation (asset) balance
June 30, 2009	$ (29,738)	895,644	(971,913)	(76,269)	(106,007)
June 30, 2010	(106,007)	962,413	(895,644)	66,769	(39,238)
June 30, 2011	(39,238)	980,325	(950,000)	30,325	(8,913)
June 30, 2012	(8,913)	503,912	(1,054,730)	(550,818)	(559,731)
June 30, 2013	(559,731)	439,044	(1,116,444)	(677,400)	(1,237,131)
June 30, 2014	(1,237,131)	293,482	(1,184,964)	(891,482)	(2,128,613)

For the year ended June 30, 2014, the Authority's Annual OPEB cost was $293,482; the percentage of Annual OPEB Cost Contribution was 404%; and the ending Net OPEB asset was $2,128,613. For the year ended June 30, 2013, the Authority's Annual OPEB cost was $439,044; the percentage of Annual OPEB Cost Contribution was 254%; and the ending Net OPEB asset was $1,237,131.

As of December 31, 2013, the unfunded actuarial accrued liability (UAAL) for benefits was ($3,682,045). The covered payroll (annual payroll of active employees covered by the RHC) was $26,235,656 and the ratio of the UAAL to the covered payroll was (14.0%). As of December 31, 2013, the actuarial value of net assets held by the RHC Trust was $20,374,633, the actuarial accrued liability was $16,692,588, and the funded ratio was 122.1%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about mortality and healthcare cost trends. Actuarially determined amounts are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and are subject to continual revisions as actual results are compared with past expectations and revised estimates are made about the future. In the actuarial valuation, the entry age-cost method was used. The actuarial assumptions include a 6.25% long term investment rate of return per annum (compounded annually, that includes a 4.5% inflation rate, 2.5% real rate of return, 4.5% salary scale and a 3.5% salary growth). The projected healthcare cost trend is 7.5% initially for 2014, reduced by decrements to an ultimate rate of 5.0% after 5 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The unfunded actuarial accrued liability was amortized over 30 years in calculating the 2013-14 fiscal year annual required contribution.

The required schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(14) Other Long-Term Liabilities

Activity in the Authority's noncurrent liability accounts, other than bonds payable, for the year ended June 30, 2014 was as follows:

	Balance at June 30, 2013	Additions	Decreases	Balance at June 30, 2014
Project reserves	$ 132,915,870	41,804,496	48,650,253	126,070,113
Commonwealth Priority Housing Fund liability	7,222,209	42,242	203,626	7,060,825
Other liabilities	24,629,032	15,398,958	27,417,351	12,610,639
Compensated absences payable	4,267,174	1,842,981	1,774,353	4,335,802
Total	$ 169,034,285	59,088,677	78,045,583	150,077,379

Activity in the Authority's noncurrent liability accounts, other than bonds payable, for the year ended June 30, 2013 was as follows:

	Balance at June 30, 2012	Additions	Decreases	Balance at June 30, 2013
Project reserves	$ 139,385,475	49,510,279	55,979,884	132,915,870
Commonwealth Priority Housing Fund liability	7,835,136	94,695	707,622	7,222,209
Other liabilities	20,593,289	23,341,208	19,305,465	24,629,032
Compensated absences payable	4,261,506	1,729,938	1,724,270	4,267,174
Total	$ 172,075,406	74,676,120	77,717,241	169,034,285

(15) Troubled Debt Restructuring

Restructuring a debt constitutes a troubled debt restructuring if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider. The Authority makes every effort to work with borrowers and grants concessions to debtors if the probability of payment from the debtor increases. As of June 30, 2014 and 2013, the Authority has granted the following concessions to debtors, which are considered troubled debt restructuring. There are no commitments to lend additional resources to debtors who had a trouble debt restructuring.

Single family loans	Year ended June 30 2014	Year ended June 30 2013
Aggregated recorded balance	$ 36,054,804	35,142,883
Number of loans	237	206
Gross interest revenue if loans had been current	$ 2,076,338	2,152,925
Interest revenue included in changes in net position	$ 1,496,317	1,489,004

Multi family loans	Year ended June 30 2014	Year ended June 30 2013
Aggregated recorded balance	$ 1,562,385	3,688,700
Number of loans	3	3
Gross interest revenue if loans had been current	$ 66,083	208,341
Interest revenue included in changes in net position	$ —	80,136

(16) Contingencies and Other Matters

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

The Authority participates in several Federal financial assistance programs, principal of which are the HUD loan guarantee programs. Although the Authority's administration of Federal grant programs has been audited in accordance with the provisions of the United States Office of Management and Budget Circular A-133, these programs are still subject to financial and compliance audits. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time, although the Authority does not expect such amounts, if any, to be material in relation to its basic financial statements.

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

(17) Subsequent Events

In addition to scheduled issuances and redemptions, the Authority made issuances and redemptions of notes and bonds payable subsequent to June 30, 2014 as follows:

	Issuance/ redemption date		Amount
Issues:			
Rental Housing Bonds 2014 Series A-Non-AMT	August 19, 2014	$	12,625,000
Redemptions:			
Commonwealth Mortgage Bonds 2005 A	July 1, 2014		7,275,000
Commonwealth Mortgage Bonds 2007 A	July 1, 2014		18,000,000
Homeownership Mortgage Bonds 2010 A	July 1, 2014		10,400,000
Rental Housing Bonds 2005 D-Taxable	September 1, 2014		34,580,000
Rental Housing Bonds 2005 E-AMT	September 1, 2014		39,310,000

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Schedule 1

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

Required Supplementary Information (unaudited)

Retiree Healthcare Plan – Schedule of Funding Progress by Plan Valuation Date

Year ended June 30, 2014

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability	Unfunded actuarial accrued liability (funded asset)	Funded ratio	Covered payroll	Unfunded (funded) as a percent of covered payroll
December 31, 2008	$ 7,880,680	$ 12,016,655	$ 4,135,975	65.6	$ 21,830,868	18.9%
December 31, 2009	10,333,985	16,280,849	5,946,864	65.6	22,527,041	26.4
December 31, 2010	12,337,427	17,797,668	5,460,241	69.3	22,973,051	23.8
December 31, 2011	13,653,900	15,158,055	1,504,155	90.1	24,701,597	6.1
December 31, 2012	16,224,392	16,302,613	78,221	99.5	25,286,960	0.3
December 31, 2013	20,374,633	16,692,588	(3,682,045)	122.1	26,235,656	(14.0)

The required schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

As of December 31, 2013, the unfunded actuarial accrued liability (UAAL) for benefits was ($3,682,045). The covered payroll (annual payroll of active employees covered by the RHC) was $26,235,656 and the ratio of the UAAL to the covered payroll was (14.0%). As of December 31, 2013, the actuarial value of net assets held by the RHC Trust was $20,374,633, the actuarial accrued liability was $16,692,588, and the funded ratio was 122.1%. As of June 30, 2014, the RHC Trust had $21,362,213 in net assets. As of June 30, 2013, the RHC Trust had $17,337,066 in net assets.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about mortality and healthcare cost trends. Actuarially determined amounts are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and are subject to continual revisions as actual results are compared with past expectations and revised estimates are made about the future. In the actuarial valuation, the entry age-cost method was used. The December 31, 2013 actuarial assumptions include a 6.25% long term investment rate of return per annum and a 3.5% payroll growth rate. The projected healthcare cost trend is 7.5% initially, reduced by decrements to an ultimate rate of 5.0% after 6 years. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The UAAL was amortized over 30 years in calculating the fiscal year 2014 ARC.

See accompanying independent auditors' report.

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

Combining Schedule of Net Position

June 30, 2014

Assets	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home-ownership Bond Group	Total
Current assets:					
Cash and cash equivalents	$ 180,715,630	95,752,025	205,320,537	19,231,761	501,019,953
Investments	4,327,835	—	—	—	4,327,835
Interest receivable – investments	477,650	20,831	203,529	3,042	705,052
Mortgage loans held for sale	—	—	31,167,900	—	31,167,900
Mortgage and other loans receivable, net	3,427,928	78,315,936	91,280,818	12,144,263	185,168,945
Interest receivable – mortgage and other loans	338,317	17,372,679	13,124,321	1,301,034	32,136,351
Other real estate owned	—	36,847,395	13,088,876	500,753	50,437,024
Other assets	5,993,469	198,050	1,713,186	43,418	7,948,123
Total current assets	195,280,829	228,506,916	355,899,167	33,224,271	812,911,183
Noncurrent assets:					
Investments	168,097,801	10,804,727	70,886,020	2,156,483	251,945,031
Mortgage and other loans receivable	107,915,736	3,187,185,258	3,440,714,995	416,947,236	7,152,763,225
Less allowance for loan loss	19,025,743	44,716,669	128,595,995	7,563,925	199,902,332
Less net loan discounts	388,236	34,532,646	5,012,526	495,647	40,429,055
Mortgage and other loans receivable, net	88,501,757	3,107,935,943	3,307,106,474	408,887,664	6,912,431,838
Property, furniture, and equipment, less accumulated depreciation and amortization of $31,770,833	11,385,322	13,192,354	—	—	24,577,676
Other assets	13,076,458	—	—	—	13,076,458
Total noncurrent assets	281,061,338	3,131,933,024	3,377,992,494	411,044,147	7,202,031,003
Total assets	$ 476,342,167	3,360,439,940	3,733,891,661	444,268,418	8,014,942,186

(Continued)

Schedule 2

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

Combining Schedule of Net Position

June 30, 2014

Liabilities and Net Position	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home-ownership Bond Group	Total
Current liabilities:					
Notes and bonds payable	$ 157,000,000	78,050,000	151,832,755	41,326,846	428,209,601
Accrued interest payable on notes and bonds	10,107	31,562,260	29,925,726	2,894,907	64,393,000
Derivative instruments	—	—	787,672	—	787,672
Housing Choice Voucher contributions payable	188,369	—	—	—	188,369
Escrows	43,299,931	—	—	—	43,299,931
Accounts payable and other liabilities	16,838,886	204,417	6,579,269	—	23,622,572
Total current liabilities	217,337,293	109,816,677	189,125,422	44,221,753	560,501,145
Noncurrent liabilities:					
Bonds payable, net	—	2,117,658,491	2,187,357,634	355,756,475	4,660,772,600
Project reserves	126,070,113	—	—	—	126,070,113
Other liabilities	(5,627,300)	29,283,607	350,959	—	24,007,266
Total noncurrent liabilities	120,442,813	2,146,942,098	2,187,708,593	355,756,475	4,810,849,979
Total liabilities	337,780,106	2,256,758,775	2,376,834,015	399,978,228	5,371,351,124
Net position:					
Net (deficit) investment in capital assets	11,244,452	(4,840,542)	—	—	6,403,910
Restricted by bond indentures	—	1,108,521,707	1,357,057,646	44,290,190	2,509,869,543
Unrestricted	127,317,609	—	—	—	127,317,609
Total net position	138,562,061	1,103,681,165	1,357,057,646	44,290,190	2,643,591,062
Total liabilities and net position	$ 476,342,167	3,360,439,940	3,733,891,661	444,268,418	8,014,942,186

See accompanying independent auditors' report.

Schedule 3

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

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

Year ended June 30, 2014

	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home-ownership Bond Group	Total
Operating revenues:					
Interest on mortgage and other loans receivable	$ 19,155,088	214,024,551	187,403,013	19,289,606	439,872,258
Pass-through grants income	119,708,711	—	—	—	119,708,711
Housing Choice Voucher program income	9,846,526	—	—	—	9,846,526
Other real estate owned income	—	8,863,552	—	—	8,863,552
Gains and recoveries on sale of other real estate owned	1,592,421	111,817	4,587,531	37,116	6,328,885
Losses on sale of single family mortgage loans	—	—	(640,561)	—	(640,561)
Other	14,437,849	2,963,750	156,344	—	17,557,943
Total operating revenues	164,740,595	225,963,670	191,506,327	19,326,722	601,537,314
Operating expenses:					
Interest on notes and bonds payable	767,936	105,663,611	103,840,252	12,666,458	222,938,257
Salaries and related employee benefits	36,778,212	—	—	—	36,778,212
General operating expenses	25,294,205	—	—	—	25,294,205
Note and bond expenses	253,204	433,283	467,852	43,832	1,198,171
Bond issuance expenses	20,500	692,994	2,871,582	—	3,585,076
Pass-through grants expenses	119,708,711	—	—	—	119,708,711
Housing Choice Voucher program expenses	8,693,653	—	—	—	8,693,653
Servicing release premiums and guaranty fees	3,028,386	—	5,725,581	—	8,753,967
Other real estate owned expenses	—	8,879,967	—	—	8,879,967
Losses and expenses on other real estate owned	70,052	3,664,476	16,921,895	447,004	21,103,427
Provision for loan losses	6,381,585	(5,321,188)	20,483,518	1,409,218	22,953,133
Total operating expenses	200,996,444	114,013,143	150,310,680	14,566,512	479,886,779
Operating income (expense)	(36,255,849)	111,950,527	41,195,647	4,760,210	121,650,535
Nonoperating revenues (losses):					
Investment income	9,910,976	285,375	3,530,187	22,054	13,748,592
Unrealized loss on derivative instruments	—	—	(2,619,324)	—	(2,619,324)
Other, net	(2,127)	—	—	—	(2,127)
Total nonoperating revenues, net	9,908,849	285,375	910,863	22,054	11,127,141
Income (loss) before transfers	(26,347,000)	112,235,902	42,106,510	4,782,264	132,777,676
Transfers between funds	21,744,912	(2,154,819)	(18,304,403)	(1,285,690)	—
Change in net position	(4,602,088)	110,081,083	23,802,107	3,496,574	132,777,676
Total net position, beginning of year (as restated)	143,164,149	993,600,082	1,333,255,539	40,793,616	2,510,813,386
Total net position, end of year	$ 138,562,061	1,103,681,165	1,357,057,646	44,290,190	2,643,591,062

See accompanying independent auditors' report.

Schedule 4

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

Combining Schedule of Net Position (as restated)

June 30, 2013

Assets	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home-ownership Bond Group	Total
Current assets:					
Cash and cash equivalents	$ 198,888,063	181,932,256	682,185,154	69,825,336	1,132,830,809
Investments	2,641,341	—	—	—	2,641,341
Derivative instruments	—	—	1,831,652	—	1,831,652
Interest receivable – investments	519,489	28,146	354,629	8,649	910,913
Mortgage loans held for sale	—	—	18,228,326	—	18,228,326
Mortgage and other loans receivable, net	3,094,987	79,673,045	84,149,527	12,091,114	179,008,673
Interest receivable – mortgage and other loans	829,711	17,673,609	14,337,241	1,485,330	34,325,891
Other real estate owned	194,603	45,298,603	11,531,344	79,900	57,104,450
Other assets	8,692,972	342,969	1,505,221	—	10,541,162
Total current assets	214,861,166	324,948,628	814,123,094	83,490,329	1,437,423,217
Noncurrent assets:					
Investments	172,620,777	5,156,263	87,780,605	3,766,285	269,323,930
Mortgage and other loans receivable	99,171,867	3,133,757,480	3,500,811,975	453,534,964	7,187,276,286
Less allowance for loan loss	12,979,263	50,037,857	121,173,236	6,752,213	190,942,569
Less net loan discounts	53,886	27,702,550	8,939,767	538,913	37,235,116
Mortgage and other loans receivable, net	86,138,718	3,056,017,073	3,370,698,972	446,243,838	6,959,098,601
Property, furniture, and equipment, less accumulated depreciation and amortization of $28,447,677	8,871,394	15,456,398	—	—	24,327,792
Other assets	9,016,835	—	—	—	9,016,835
Total noncurrent assets	276,647,724	3,076,629,734	3,458,479,577	450,010,123	7,261,767,158
Total assets	$ 491,508,890	3,401,578,362	4,272,602,671	533,500,452	8,699,190,375

(Continued)

Schedule 4

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

Combining Schedule of Net Position (as restated)

June 30, 2013

Liabilities and Net Position	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home-ownership Bond Group	Total
Current liabilities:					
Notes and bonds payable	$ 151,046,767	71,375,000	142,556,770	88,848,000	453,826,537
Accrued interest payable on notes and bonds	9,698	31,382,074	40,133,276	3,195,140	74,720,188
Housing Choice Voucher contributions payable	85,334	—	—	—	85,334
Escrows	46,913,410	—	—	—	46,913,410
Accounts payable and other liabilities	13,902,404	255,066	7,484,681	—	21,642,151
Total current liabilities	211,957,613	103,012,140	190,174,727	92,043,140	597,187,620
Noncurrent liabilities:					
Bonds payable, net	—	2,272,889,882	2,748,601,506	400,663,696	5,422,155,084
Project reserves	132,915,870	—	—	—	132,915,870
Other liabilities	3,471,258	32,076,258	570,899	—	36,118,415
Total noncurrent liabilities	136,387,128	2,304,966,140	2,749,172,405	400,663,696	5,591,189,369
Total liabilities	348,344,741	2,407,978,280	2,939,347,132	492,706,836	6,188,376,989
Net position:					
Net investment in capital assets	8,871,394	(2,722,602)	—	—	6,148,792
Restricted by bond indentures	—	996,322,684	1,333,255,539	40,793,616	2,370,371,839
Unrestricted	134,292,755	—	—	—	134,292,755
Total net position	143,164,149	993,600,082	1,333,255,539	40,793,616	2,510,813,386
Total liabilities and net position	$ 491,508,890	3,401,578,362	4,272,602,671	533,500,452	8,699,190,375

See accompanying independent auditors' report.

Schedule 5

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

Combining Schedule of Revenues, Expenses, and Changes in Net Position (as restated)

Year ended June 30, 2013

	General Operating Accounts	Rental Housing Bond Group	VHDA General Purpose Bond Group	Commonwealth Mortgage Bond Group	Home-ownership Bond Group	Total
Operating revenues:						
Interest on mortgage and other loans	$ 4,030,980	218,015,253	11,260,500	200,154,072	31,042,852	464,503,657
Pass-through grants income	127,749,666	—	—	—	—	127,749,666
Housing Choice Voucher program income	6,613,190	—	—	—	—	6,613,190
Other real estate owned income	—	10,812,861	—	—	—	10,812,861
Gains and recoveries on sale of other real estate	12,281	1,864,199	52,529	4,551,293	—	6,480,302
Gains on sale of single family mortgage loans	—	—	—	10,708,851	11,037,863	21,746,714
Other	12,269,855	2,047,491	850,196	100,785	—	15,268,327
Total operating revenues	150,675,972	232,739,804	12,163,225	215,515,001	42,080,715	653,174,717
Operating expenses:						
Interest on notes and bonds	816,855	113,526,921	4,300,175	123,940,979	23,918,738	266,503,668
Salaries and related employee benefits	35,384,061	—	—	—	—	35,384,061
General operating expenses	21,320,657	—	—	—	—	21,320,657
Note and bond expenses	441,638	—	—	—	—	441,638
Bond issuance expenses	79,214	3,393,223	—	6,351,451	887,769	10,711,657
Pass-through grants expenses	127,749,666	—	—	—	—	127,749,666
Housing Choice Voucher program expenses	8,678,837	—	—	—	—	8,678,837
Servicing release premiums and guaranty fees	1,408,281	376	456	7,090,519	—	8,499,632
Other real estate owned expenses	—	12,067,640	—	—	—	12,067,640
Losses and expenses on other real estate owned	194,528	15,135,900	716,608	18,257,260	24,524	34,328,820
Provision for loan losses	8,207,881	5,545,763	(10,737,571)	42,383,786	3,746,342	49,146,201
Total operating expenses	204,281,618	149,669,823	(5,720,332)	198,023,995	28,577,373	574,832,477
Operating income (expense)	(53,605,646)	83,069,981	17,883,557	17,491,006	13,503,342	78,342,240
Nonoperating revenues (losses):						
Investment income (loss)	12,087,640	9,825,369	50,939	(4,440,433)	364,054	17,887,569
Unrealized gain on derivative instruments	—	—	—	2,468,039	—	2,468,039
Other, net	(8,746)	—	—	—	—	(8,746)
Total nonoperating revenues (losses), net	12,078,894	9,825,369	50,939	(1,972,394)	364,054	20,346,862
Income (loss) before transfers	(41,526,752)	92,895,350	17,934,496	15,518,612	13,867,396	98,689,102
Transfers between funds	87,151,589	81,787,824	(202,597,320)	17,214,184	16,443,723	—
Change in net position	45,624,837	174,683,174	(184,662,824)	32,732,796	30,311,119	98,689,102
Total net position, beginning of year	99,004,504	800,774,874	183,359,435	1,303,904,695	18,104,577	2,405,148,085
Cumulative effect of change in accounting principle	(1,465,192)	18,142,034	1,303,389	(3,381,952)	(7,622,080)	6,976,199
Total net position, beginning of year, (as restated)	97,539,312	818,916,908	184,662,824	1,300,522,743	10,482,497	2,412,124,284
Total net position, end of year (as restated)	$ 143,164,149	993,600,082	—	1,333,255,539	40,793,616	2,510,813,386

See accompanying independent auditors' report.

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Commissioners
Virginia Housing Development Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Virginia Housing Development Authority (the Authority), a component unit of the Commonwealth of Virginia, which comprise the statement of net position as of June 30, 2014, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the basic financial statements, and have issued our report thereon dated September 15, 2014, which included a paragraph emphasizing that in fiscal year 2014, the Authority retrospectively adopted new accounting guidance in Government Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

September 15, 2014

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APPENDIX B

DATA ON SINGLE FAMILY MORTGAGE LOANS

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

Data on Commonwealth Bond Mortgage Loans

The outstanding balance, delinquency and foreclosure statistics for single family mortgage loans financed under the Authority's single family mortgage loan program (including single family mortgage loans which have been financed under the Commonwealth Mortgage Bonds Resolution since July 15, 1986) have been as set forth below. Commencing in 2008 such statistics include only the Commonwealth Bond Mortgage Loans. Such statistics on the Commonwealth Bond Mortgage Loans do not include single family mortgage loans (i) financed under the Homeownership Mortgage Bonds Resolution (see "New Issue Bond Program and Homeownership Mortgage Bonds" in the body of this Official Statement), (ii) financed through the issuance of Ginnie Mae and Fannie Mae securities sold by the Authority to third parties (see "Ginnie Mae Financing" and "Fannie Mae Financing" in the body of this Official Statement), or (iii) financed by the General Fund, including single family mortgage loans financed through the issuance of Ginnie Mae securities held in the General Fund (see "General Fund and Other Net Assets" in the body of this Official Statement). All loan balances are expressed in millions.

	Outstanding Balance of Single Family Mortgage Loans	Outstanding Balance of Delinquent* Single Family Mortgage Loans	Percentage of Single Family Mortgage Loans Delinquent*	Outstanding Balance of Single Family Mortgage Loans in Foreclosure	Percentage of Single Family Mortgage Loans in Foreclosure
June 1986	$1,195.9	$ 4.2	0.3%	$2.2	0.2%
June 1987	1,237.4	4.4	0.4	2.5	0.2
June 1988	1,537.4	5.4	0.4	3.5	0.2
June 1989	1,801.4	8.1	0.5	3.6	0.2
June 1990	1,905.6	10.3	0.5	3.5	0.2
June 1991	1,973.3	16.5	0.8	7.1	0.4
June 1992	2,029.4	22.8	1.1	7.0	0.3
June 1993	2,015.6	23.8	1.2	7.6	0.4
June 1994	1,877.9	20.7	1.1	6.4	0.3
June 1995	2,590.1	26.3	1.0	5.3	0.2
June 1996	2,926.0	45.8	1.6	10.9	0.4
June 1997	3,212.3	71.3	2.2	12.2	0.4
June 1998	3,306.2	72.6	2.2	14.1	0.4
June 1999	3,343.5	69.3	2.1	12.2	0.4
June 2000	3,467.7	77.8	2.2	11.9	0.3
June 2001	3,691.5	67.4	1.8	10.0	0.3
June 2002	3,688.1	67.3	1.8	10.3	0.3
June 2003	2,895.0	63.3	2.2	8.9	0.3
June 2004	2,443.5	52.2	2.1	6.2	0.3
June 2005	2,606.2	44.2	1.7	5.2	0.2
June 2006	3,276.3	44.5	1.4	2.8	0.1
June 2007	4,183.8	56.6	1.4	6.6	0.2
June 2008	4,690.2	92.1	2.0	17.2	0.4
June 2009	4,862.3	223.4	4.6	22.4	0.5
June 2010	4,599.3	254.7	5.5	50.0	1.1
June 2011	4,156.9	215.2	5.2	56.2	1.4
June 2012	3,830.6	207.2	5.4	43.3	1.1
June 2013	3,651.4	183.3	5.0	56.9	1.6
June 2014	$3,606.1	$145.9	4.0%	$46.8	1.3%

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

As of June 30, 2014 the Authority held title to 129 single family properties which were financed by Commonwealth Bond Mortgage Loans and had been foreclosed upon, but not yet sold. The aggregate principal balance of the mortgage loans that financed such properties was approximately $18 million as of their dates of foreclosure. During the preceding 12 months, the average period of time to sell such properties was approximately 240 days.

The following seven charts show the distribution of Commonwealth Bond Mortgage Loans in different ways. All seven charts are as of June 30, 2014, and loan balances are in millions of dollars. Certain amounts may not sum to the total due to rounding.

The following chart shows the distribution of the Commonwealth Bond Mortgage Loans by lien status and by program status.

Type of Single Family Mortgage Loan	Program Status	Outstanding Balance of Single Family Mortgage Loans	Percentage
First Mortgage Loans			
Insured Mortgage Loans	Active	$ 2,243.6	62.2%
Self-Insured Mortgage Loans*	Suspended - April 1, 2008[1]	1,286.0	35.7
Subtotal		3,529.6	97.9%
Second Mortgage Loans (all Self-Insured)			
FHA Plus Second Mortgage Loans	Active	65.4	1.8
Homebuyer Tax Credit Plus Mortgage Loans	Suspended - September 30, 2010[2]	1.2	0.0
Home Stride Second Mortgage Loans	Suspended - July 1, 2008	9.9	0.3
Subtotal		76.4	2.1
Total Single Family Mortgage Loans		$ 3,606.1	100.0%

* Includes single family mortgage loans that refinanced single family homes. Also, includes the portions of single family mortgage loans that financed costs of rehabilitation and improvements in conjunction with the financing of the acquisition or the refinancing of the single family home. Does not include Second Mortgage Loans.

The distribution of the outstanding balances of Commonwealth Bond Mortgage Loans in the above chart is further shown by year of origination in the below chart.

Type of Single Family Mortgage Loan	Calendar Year of Origination								
	Through 2007	2008	2009	2010	2011	2012	2013	Through June 30, 2014	Total
First Mortgage Loans									
Insured Mortgage Loans	$ 865.5	$289.5	$217.6	$ 88.4	$141.5	$ 88.9	$410.7	$150.5	$2,243.6
Self-Insured Mortgage Loans*[1]	957.8	58.1	14.0	4.4	3.2	3.4	214.1	31.0	1,286.0
Subtotal	1,814.4	347.6	231.5	92.9	144.7	92.3	624.8	181.5	3,529.6
Second Mortgage Loans (all Self-Insured)									
FHA Plus Second Mortgage Loans	10.6	8.9	13.1	2.2	3.6	10.4	12.9	3.7	65.4
Homebuyer Tax Credit Plus Mortgage Loans[2]	-	-	1.1	0.1	-	-	-	-	1.2
Home Stride Second Mortgage Loans**	7.6	2.2	0.1	-	-	-	-	-	9.9
Subtotal	18.2	11.1	14.3	2.3	3.6	10.4	12.9	3.7	76.4
Total Single Family Mortgage Loans	$1,832.5	$358.7	$245.8	$ 95.2	$148.3	$102.7	$637.7	$185.2	$3,606.1

* Includes single family mortgage loans that refinanced single family homes. Also, includes the portions of single family mortgage loans that financed costs of rehabilitation and improvements in conjunction with the financing of the acquisition or the refinancing of the single family home. Does not include Second Mortgage Loans.

** Suspended on July 1, 2008.

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The following chart shows the distribution of Commonwealth Bond Mortgage Loans shown by Level Payment Mortgage Loans and Non-Level Payment Mortgage Loans.

Type of Single Family Mortgage Loan	Outstanding Balance of Single Family Mortgage Loans	Percentage
Level Payment Mortgage Loans	$ 3,554.5	98.6%
Non-Level Payment Mortgage Loans *	51.6	1.4
Total Single Family Mortgage Loans	$ 3,606.1	100.0%

* Includes both Interest Only Mortgage Loans (as defined in "Single Family Mortgage Loan Terms" in "The Single Family Programs") and single family mortgage loans that were modified to provide for a period during which interest only is payable. Excludes single family mortgage loans which were initially Non-Level Mortgage Loans but currently have substantially equal principal and interest payments for the balance of the term of the single family mortgage loan. Such single family mortgage loans are included in Level Payment Mortgage Loans. The Authority has suspended the financing of Non-Level Payment Mortgage Loans.

The following chart shows the outstanding balances of Commonwealth Bond Mortgage Loans by type of mortgage insurance.

Type of Mortgage Insurance	Percentage of Outstanding Balance	Outstanding Balance of Single Family Mortgage Loans	Outstanding Balance of Delinquent* Single Family Mortgage Loans	Percentage of Single Family Mortgage Loans Delinquent*	Outstanding Balance of Single Family Mortgage Loans in Foreclosure	Percentage of Single Family Mortgage Loans in Foreclosure
Securitized by Ginnie Mae	1.2%	$ 44.6	$ 1.2	2.6%	$ 0.3	0.6%
FHA	42.6	1,535.7	81.0	5.3	29.9	1.9
VA	4.2	151.0	6.6	4.4	2.3	1.5
RD	4.3	153.9	8.1	5.2	1.6	1.1
Subtotal Government Insurance	52.3	1,885.2	96.9	5.1	34.1	1.8
MGIC Mortgage Insurance Co.	3.6	129.9	3.1	2.4	0.8	0.6
Republic Mortgage Insurance Co.[3]	1.5	53.4	1.8	3.5	0.4	0.7
Genworth Mortgage Insurance	1.4	50.4	1.4	2.9	0.4	0.9
PMI Mortgage Insurance Co.[4]	1.0	37.7	1.6	4.3	0.4	1.0
AIG United Guaranty	1.4	49.8	0.4	0.8	0.1	0.1
Radian Mortgage Insurance	0.3	10.4	0.8	7.4	0.2	1.8
Triad Guaranty Insurance Corp.[5]	0.7	26.5	0.5	2.0	0.2	0.6
Other companies	0.0	0.2	0.0	0.0	0.0	0.0
Subtotal Private Mortgage Ins.	9.9	358.4	9.7	2.7	2.4	0.7
Self-Insured[1]	37.8	1,362.4	39.3	2.9	10.3	0.8
Total Single Family Mortgage Loans	100.0%	$3,606.1	$145.9	4.0%	$ 46.8	1.3%

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

Many providers of private mortgage insurance, including the providers set forth above, are experiencing financial difficulties and have had their credit ratings downgraded, placed on watch for a future downgrade, suspended or withdrawn. The Authority makes no representations about the financial condition of any of the private mortgage insurance companies or their ability to make full and timely payment to the Authority of claims on the single family mortgage loans on which the Authority may experience losses. Pursuant to changes to the Authority's regulations, the Authority may impose minimum ratings on the issuers of private mortgage insurance policies for new single family mortgage loans; however, no assurance can be given whether the Authority will commence requiring such ratings.

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

Year of Origination	Outstanding Balance of Single Family Mortgage Loans	Percentage of Outstanding Balance	Outstanding Balance of Delinquent* Single Family Mortgage Loans	Percentage of Single Family Mortgage Loans Delinquent*	Outstanding Balance of Single Family Mortgage Loans in Foreclosure	Percentage of Single Family Mortgage Loans in Foreclosure
All Loans						
2007 and earlier	$ 1,831.8	50.8%	$ 80.5	4.4%	$ 29.8	1.6%
2008	359.1	10.0	24.0	6.7	8.1	2.2
2009	246.1	6.8	18.2	7.4	6.3	2.6
2010	95.2	2.6	4.9	5.1	0.4	0.4
2011	148.3	4.1	7.2	4.9	1.2	0.8
2012	102.7	2.8	2.7	2.6	0.4	0.4
2013	637.7	17.7	8.4	1.3	0.5	0.1
2014 to June 30	185.2	5.1	0.1	0.1	0.0	0.0
Total	$ 3,606.1	100.0%	$ 145.9	4.0%	$ 46.8	1.3%
Self-Insured[1] Only						
2007 and earlier	$ 975.2	71.6%	$ 31.0	3.2%	$ 9.5	1.0%
2008	69.7	5.1	2.7	3.9	0.6	0.8
2009	28.5	2.1	1.5	5.3	0.0	0.0
2010	6.8	0.5	0.4	5.3	0.0	0.0
2011	6.8	0.5	0.3	4.4	0.0	0.0
2012	13.8	1.0	0.3	2.0	0.0	0.0
2013	227.0	16.7	3.0	1.3	0.2	0.1
2014 to June 30	34.7	2.5	0.1	0.4	0.0	0.0
Total	$ 1,362.4	100.0%	$ 39.3	2.9%	$ 10.3	0.8%

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

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

Credit Score as of June 1, 2014*	Outstanding Balance of FHA Insured Single Family Mortgage Loans	Outstanding Balance of VA Insured Single Family Mortgage Loans	Outstanding Balance of RD Insured Single Family Mortgage Loans	Outstanding Balance of PMI Insured Single Family Mortgage Loans	Outstanding Balance of Self Insured Single Family Mortgage Loans	Outstanding Balance of All Single Family Mortgage Loans
300 through 539	$ 193.4	$ 13.4	$ 16.8	$ 15.6	$ 49.1	$ 288.3
540 through 579	119.9	8.0	11.0	14.2	40.2	193.3
580 through 619	138.2	13.4	13.2	14.3	62.6	241.6
620 through 659	219.3	18.8	18.5	23.8	92.8	373.2
660 through 699	242.8	21.1	22.7	35.9	134.8	457.3
700 through 739	181.7	17.1	24.1	52.6	161.0	436.5
740 through 779	180.2	20.7	22.6	76.5	219.4	519.4
780 through 850	134.0	21.3	20.7	91.4	307.8	575.2
Not available**	164.6	17.1	10.6	34.2	294.6	521.2
Total	$1,574.1	$151.0	$160.1	$358.4	$1,362.4	$3,606.1

* Or credit score at origination for loans originated after this date.
** Current credit score not available.

The following chart shows, for each Metropolitan Statistical Area ("MSA") of the Commonwealth, the outstanding balances and delinquency and foreclosure status of Commonwealth Bond Mortgage Loans.

Metropolitan Statistical Area	Outstanding Balance of Single Family Mortgage Loans	Outstanding Balance of Delinquent* Single Family Mortgage Loans	Percentage of Single Family Mortgage Loans Delinquent*	Outstanding Balance of Single Family Mortgage Loans in Foreclosure	Percentage of Single Family Mortgage Loans in Foreclosure
Big Stone Gap	$ 13.8	$ 0.4	3.3%	$ 0.1	1.1%
Blacksburg Christiansburg-Radford	23.0	0.7	2.9	0.2	1.0
Bluefield	6.5	0.0	0.6	0.1	1.6
Charlottesville	63.9	1.5	2.4	1.0	1.6
Danville	41.9	2.1	4.9	0.4	0.9
Harrisonburg	59.9	2.1	3.5	0.7	1.2
Kingsport-Bristol-Bristol	6.9	0.3	4.8	0.2	2.4
Lynchburg	99.1	4.6	4.6	1.3	1.3
Martinsville	28.7	1.1	3.9	0.1	0.4
Richmond	921.8	42.5	4.6	14.4	1.6
Roanoke	125.9	5.4	4.3	1.4	1.1
Staunton-Waynesboro	77.5	4.1	5.3	1.3	1.6
Virginia Beach-Norfolk-Newport News	1,158.5	47.1	4.1	17.0	1.5
Washington-Arlington-Alexandria	810.2	26.1	3.2	6.2	0.8
Winchester	19.2	0.2	1.3	-	0.0
Balance of State	149.3	7.7	5.1	2.3	1.5
Total	$ 3,606.1	$ 145.9	4.0%	$ 46.8	1.3%

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

Data on Homeownership Bond Mortgage Loans

The outstanding balance, delinquency and foreclosure statistics for Homeownership Bond Mortgage Loans have been as set forth below. Such statistics on the Homeownership Bond Mortgage Loans do not include single family mortgage loans (i) financed under the Commonwealth Mortgage Bonds Resolution, (ii) financed through the issuance of Ginnie Mae and Fannie Mae securities sold by the Authority to third parties (see "Ginnie Mae Financing" and "Fannie Mae Financing" in the body of this Official Statement), or (iii) financed by the General Fund, including single family mortgage loans financed through the issuance of Ginnie Mae securities held in the General Fund (see "General Fund and Other Net Assets" in the body of this Official Statement). All loans balances are expressed in millions.

	Outstanding Balance of Single Family Mortgage Loans	Outstanding Balance of Delinquent* Single Family Mortgage Loans	Percentage of Single Family Mortgage Loans Delinquent*	Outstanding Balance of Single Family Mortgage Loans in Foreclosure	Percentage of Single Family Mortgage Loans in Foreclosure
June 2010	$236.7	$0.3	0.1%	$0.0	0.0%
June 2011	517.4	7.9	1.5	1.0	0.2
June 2012	716.6	21.5	3.0	3.4	0.5
June 2013	467.6	33.0	7.0	7.5	1.6
June 30, 2014	$429.1	$23.6	5.5%	$8.7	2.0%

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

As of June 30, 2014, the Authority held title to 5 single family properties which were financed by a Homeownership Bond Mortgage Loan and were foreclosed upon, but not yet sold. The outstanding balance on those mortgage loans was $652,898.

The following seven charts show the distribution of Homeownership Bond Mortgage Loans in different ways. All seven charts are as of June 30, 2014, and loan balances are in millions of dollars. Certain amounts may not sum to the total due to rounding.

The Authority has not financed any Home Stride Second Mortgage Loans, Step Rate Mortgage Loans, or Interest Only Mortgage Loans under the Homeownership Mortgage Bonds Resolution due to the suspension by the Authority of the financing of such loans as described above; therefore, such loans are not included in any of the charts below for the Homeownership Bond Mortgage Loans. None of the Homeownership Bond Mortgage Loans refinance single family homes or finance costs of rehabilitation and improvements in conjunction with the financing of the acquisition or the refinancing of the single family home.

The following chart shows the distribution of the Homeownership Bond Mortgage Loans by lien status and by program status.

Type of Single Family Mortgage Loan	Program Status	Outstanding Balance of Single Family Mortgage Loans	Percentage
First Mortgage Loans			
Insured Mortgage Loans	Active	$371.1	86.6%
Self-Insured Mortgage Loans*	Suspended – April 1, 2008[1]	38.1	8.9
Subtotal		409.6	95.5%
Second Mortgage Loans (all Self-Insured)			
FHA Plus Second Mortgage Loans	Active	18.6	4.3
Homebuyer Tax Credit Plus Mortgage Loans	Suspended – September 30, 2010[2]	0.9	0.2
Subtotal		20.0	4.5
Total Single Family Mortgage Loans		$438.3	100.0%

* Does not include Second Mortgage Loans.

The distribution of the outstanding balances of Homeownership Bond Mortgage Loans in the above chart is further shown by year of origination in the below chart.

Type of Single Family Mortgage Loan	Calendar Year of Origination				
	2009	2010	2011	2012	Total
First Mortgage Loans					
Insured Mortgage Loans	$2.5	$203.0	$104.9	$60.9	$371.4
Self-Insured Mortgage Loans*[1]	0.1	11.5	10.3	16.2	38.1
Subtotal	2.6	214.6	115.2	77.2	409.6
Second Mortgage Loans (all Self-Insured)					
FHA Plus Second Mortgage Loans	0.1	10.1	5.2	3.1	18.6
Homebuyer Tax Credit Plus Mortgage Loans[2]	0.0	0.9	-	-	0.9
Subtotal	0.1	11.1	5.2	3.1	19.5
Total Single Family Mortgage Loans	$2.8	$225.6	$120.4	$80.3	$429.1

* Does not include Second Mortgage Loans.

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The following chart shows the distribution of Homeownership Bond Mortgage Loans by Level Payment Mortgage Loans and Non-Level Payment Mortgage Loans.

Type of Single FamilyMortgage Loan	Outstanding Balance of Single Family Mortgage Loans	Percentage
Level Payment Mortgage Loans	$429.1	100%
Non-Level Payment Mortgage Loans	0	0
Total Single FamilyMortgage Loans	$429.1	100.0%

The following chart shows the distribution of Homeownership Bond Mortgage Loans by types of mortgage insurance.

Type of Mortgage Insurance	Percentage of Outstanding Balance	Outstanding Balance of Single Family Mortgage Loans	Outstanding Balance of Delinquent* Single Family Mortgage Loans	Percentage of Single Family Mortgage Loans Delinquent*	Outstanding Balance of Single Family Mortgage Loans in Foreclosure	Percentage of Single Family Mortgage Loans in Foreclosure
Securitized by Ginnie Mae	0.0%	$0.0	$0.0	0.0%	$0.0	0.0%
FHA	77.4	332.1	21.1	6.4	8.2	2.5
VA	1.6	6.8	0.2	3.5	0.2	2.9
RD	3.3	14.3	0.3	2.3	0.3	2.2
Subtotal Government Insurance	82.3	353.2	21.7	6.1	8.7	2.5
MGIC Mortgage Insurance Co.	1.7	7.3	0.0	0.0	0.0	0.0
Republic Mortgage Insurance Co.[3]	0.0	0.1	0.0	0.0	0.0	0.0
Genworth Mortgage Insurance	0.2	0.8	0.0	0.0	0.0	0.0
PMI Mortgage Insurance Co.[4]	0.0	0.0	0.0	0.0	0.0	0.0
AIG United Guaranty	1.4	5.8	0.0	0.0	0.0	0.0
Radian Mortgage Insurance	1.0	4.1	0.1	1.9	0.0	0.0
Other companies	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal Private Mortgage Ins.	4.3	18.2	0.1	.4	0.0	0.0
Self-Insured[1]	13.4	57.7	1.9	3.2	0.0	0.0
Total Mortgage Loans	100.0%	$429.1	$23.6	5.5%	$8.7	2.0%

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

Many providers of private mortgage insurance, including the providers set forth above, are experiencing financial difficulties and have had their credit ratings downgraded or placed on watch for a future downgrade. The Authority makes no representations about the financial condition of any of the private mortgage insurance companies or their ability to make full and timely payment to the Authority of claims on the mortgage loans on which the Authority may experience losses. Pursuant to changes to the Authority's regulations, the Authority may impose minimum ratings on the issuers of private mortgage insurance policies; however, no assurance can be given whether the Authority will commence requiring such ratings.

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

Year of Origination	Outstanding Balance of Single Family Mortgage Loans	Percentage of Outstanding Balance	Outstanding Balance of Delinquent* Single Family Mortgage Loans	Percentage of Single Family Mortgage Loans Delinquent*	Outstanding Balance of Single Family Mortgage Loans in Foreclosure	Percentage of Single Family Mortgage Loans in Foreclosure
All Loans						
2009	$2.8	0.6%	$0.0	0.3%	$0.2	6.0%
2010	225.6	52.6	14.1	6.3	6.4	2.8
2011	120.4	28.1	6.5	5.4	2.0	1.7
2012	80.3	18.7	2.9	3.7	0.2	0.3
Total	$429.1	100.0%	$23.6	5.5%	$8.7	2.0%
Self-Insured[1] Only						
2009	$0.2	0.4%	$0.0	3.0%	$0.0	0.0%
2010	22.6	39.1	1.1	4.8	0.0	0.0
2011	15.5	26.9	0.6	3.7	0.0	0.0
2012	19.4	33.6	0.2	1.0	0.0	0.0
Total	$57.7	100.0%	$1.9	3.2%	$0.0	0.0%

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

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

Credit Score as of June 1, 2014*	Outstanding Balance of FHA Insured Single Family Mortgage Loans	Outstanding Balance of VA Insured Single Family Mortgage Loans	Outstanding Balance of RD Insured Single Family Mortgage Loans	Outstanding Balance of PMI Insured Single Family Mortgage Loans	Outstanding Balance of Self Insured Single Family Mortgage Loans	Outstanding Balance of All Single Family Mortgage Loans
300 through 539	$ 53.8	$ 0.7	$ 1.5	$ 0.3	$ 4.3	$ 60.7
540 through 579	27.4	0.5	0.7	0.3	2.3	31.1
580 through 619	25.8	0.1	0.8	0.1	3.3	30.0
620 through 659	33.3	0.7	1.5	0.5	4.4	40.4
660 through 699	49.8	1.1	2.0	1.1	7.7	61.7
700 through 739	43.6	1.3	3.2	3.5	9.0	60.6
740 through 779	45.2	1.3	1.5	4.1	11.1	63.2
780 through 850	27.8	0.6	1.7	7.0	10.9	48.0
Not available**	25.4	0.4	1.4	1.3	4.6	33.3
Total	$332.1	$6.8	$14.3	$18.2	$57.7	$429.1

* Or credit score at origination for loans originated after this date.
** Current credit score not available.

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The following chart shows, for each Metropolitan Statistical Area ("MSA") of the Commonwealth, the outstanding balances and delinquency and foreclosure status of Homeownership Bond Mortgage Loans.

Metropolitan Statistical Area	Outstanding Balance of Single Family Mortgage Loans	Outstanding Balance of Delinquent* Single Family Mortgage Loans	Percentage of Single Family Mortgage Loans Delinquent*	Outstanding Balance of Single Family Mortgage Loans in Foreclosure	Percentage of Single Family Mortgage Loans in Foreclosure
Big Stone Gap	$ 0.8	$ 0.2	21.7%	$ 0.0	0.0%
Blacksburg Christiansburg-Radford	2.8	0.0	0.1	-	0.0
Bluefield	0.5	-	0.0	-	0.0
Charlottesville	5.5	0.4	6.7	-	0.0
Danville	3.1	-	0.0	-	0.0
Harrisonburg	4.6	0.1	3.1	-	0.0
Kingsport-Bristol-Bristol	1.7	-	0.0	-	0.0
Lynchburg	7.4	0.3	3.7	-	0.0
Martinsville	0.9	0.1	15.4	-	0.0
Richmond	108.0	7.2	6.7	1.6	1.5
Roanoke	16.6	1.6	9.8	0.3	1.6
Staunton-Waynesboro	5.0	0.0	0.6	0.2	3.8
Virginia Beach-Norfolk-Newport News	141.5	9.4	6.7	4.5	3.2
Washington-Arlington-Alexandria	116.4	3.6	3.1	1.6	1.3
Winchester	1.9	0.1	7.4	-	0.0
Balance of State	12.4	0.4	3.5	0.6	4.9
Total	$ 429.1	$ 23.6	5.5%	$ 8.7	2.0%

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

Data on Securitized Single Family Mortgage Loans Sold to Investors or held in the Authority's General Fund

The outstanding balance, delinquency and foreclosure statistics for securitized single family mortgage loans sold to investors or held in the General Fund have been as set forth below. All loan balances are expressed in millions. For additional information, see "Ginnie Mae Financing" and "Fannie Mae Financing" in "The Single Family Programs."

	Outstanding Balance of Single Family Mortgage Loans	Outstanding Balance of Delinquent* Single Family Mortgage Loans	Percentage of Single Family Mortgage Loans Delinquent*	Outstanding Balance of Single Family Mortgage Loans in Foreclosure	Percentage of Single Family Mortgage Loans in Foreclosure
June 2010	$171.2	$ 4.4	2.6%	$ 0.2	0.1%
June 2011	245.0	9.7	4.0	2.2	0.9
June 2012	270.5	12.9	4.8	2.1	0.8
June 2013	792.2	15.5	2.0	3.3	0.4
June 2014	$912.7	$21.5	2.4%	$2.7	0.3%

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

The following seven charts show the distribution of securitized single family mortgage loans sold to investors or held in the General Fund in different ways. All seven charts are as of June 30, 2014, and loan balances are in millions of dollars. Certain amounts may not sum to the total due to rounding.

The following chart shows the distribution of the securitized single family mortgage loans sold to investors or held in the General Fund by lien status and by program status.

Type of Single Family Mortgage Loan	Program Status	Outstanding Balance of Single Family Mortgage Loans	Percentage
First Mortgage Loans			
Insured Mortgage Loans	Active	$770.0	84.4%
Self-Insured Mortgage Loans*	Suspended – April 1, 2008[1]	142.7	15.6
Subtotal		912.7	100.0%
Second Mortgage Loans (all Self-Insured)			
FHA Plus Second Mortgage Loans	Active	-	0.0
Homebuyer Tax Credit Plus Mortgage Loans	Suspended – September 30, 2010[2]	-	0.0
Home Stride Second Mortgage Loans	Suspended – July 1, 2008	-	0.0
Subtotal		-	0.0
Total Single Family Mortgage Loans		$912.7	100.0%

* Includes single family mortgage loans that refinanced single family homes. Also, includes the portions of single family mortgage loans that financed costs of rehabilitation and improvements in conjunction with the financing of the acquisition or the refinancing of the single family home. Does not include Second Mortgage Loans.

The distribution of the outstanding balances of securitized single family mortgage loans sold to investors or held in the Authority's General Fund in the above chart is further shown by year of origination in the below chart.

Type of Single Family Mortgage Loan	Through 2007	2008	2009	2010	2011	2012	2013	Through June 30, 2014	Total
First Mortgage Loans									
Insured Mortgage Loans	$23.3	$6.4	$133.2	$96.5	$39.4	$ 329.8	$136.2	$5.4	$770.0
Self-Insured Mortgage Loans*[1]	-	-	-	-	-	28.2	88.0	26.5	142.7
Total Single Family Mortgage Loans	$23.3	$6.4	$133.2	$96.5	$39.4	$358.0	$224.2	$31.9	$912.7

* Includes single family mortgage loans that refinanced single family homes. Also, includes the portions of single family mortgage loans that financed costs of rehabilitation and improvements in conjunction with the financing of the acquisition or the refinancing of the single family home. Does not include Second Mortgage Loans.

The following chart shows the distribution of securitized single family mortgage loans sold to investors or held in the General Fund and broken down by Level Payment Mortgage Loans and Non-Level Payment Mortgage Loans.

Type of Single Family Mortgage Loan	Outstanding Balance of Single Family Mortgage Loans	Percentage
Level Payment Mortgage Loans	$912.7	100.0%
Non-Level Payment Mortgage Loans	0.0	0.0
Total Single Family Mortgage Loans	$912.7	100.0%

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The following chart shows the distribution of securitized single family mortgage loans sold to investors or held in the General Fund by types of mortgage insurance.

Type of Mortgage Insurance	Percentage of Outstanding Balance	Outstanding Balance of Single Family Mortgage Loans	Outstanding Balance of Delinquent* Single Family Mortgage Loans	Percentage of Single Family Mortgage Loans Delinquent*	Outstanding Balance of Single Family Mortgage Loans in Foreclosure	Percentage of Single Family Mortgage Loans in Foreclosure
FHA	77.3%	$705.4	$19.8	2.8%	$2.6	0.4%
VA	2.9	26.1	0.6	2.3	0.0	0.0
RD	4.2	38.5	1.1	2.9	0.1	0.2
Subtotal Government Insurance	84.4%	770.0	21.5	0.0	2.7	0.3%
Self-Insured[1]	15.6%	142.7	0.0	0.0	0.0	0.0%
Total Mortgage Loans	100.0%	$912.7	$21.5	2.4	$2.7	0.3%

The following chart shows the distribution and the delinquency and foreclosure status of securitized single family mortgage loans sold to investors or held in the General Fund by calendar year of origination.

Year of Origination	Outstanding Balance of Single Family Mortgage Loans	Percentage of Outstanding Balance	Outstanding Balance of Delinquent* Single Family Mortgage Loans	Percentage of Single Family Mortgage Loans Delinquent*	Outstanding Balance of Single Family Mortgage Loans in Foreclosure	Percentage of Single Family Mortgage Loans in Foreclosure
All Loans						
2007 and earlier	$23.3	2.5%	$0.6	2.7%	$0.2	0.8%
2008	6.4	0.7	0.2	3.9	0.0	0.0
2009	133.2	14.6	5.0	3.8	1.0	0.8
2010	96.5	10.6	2.5	2.6	0.5	0.5
2011	39.4	4.3	0.5	1.2	0.6	1.5
2012	358.0	39.2	11.3	3.1	0.4	0.1
2013	224.2	24.6	1.5	0.7	0.0	0.0
2014 to June 30	31.9	3.5	0.0	0.0	0.0	0.0
Total	$912.7	100.0%	$21.5	2.4%	$2.7	0.3%
Self-Insured[1] Only						
2012	$28.2	19.8%	$0.0	0.0%	$0.0	0.0%
2013	88.0	61.7	0.0	0.0	0.0	0.0
2014 to June 30	26.5	18.6	0.0	0.0	0.0	0.0
Total	$142.7	100.0%	$0.0	0.0%	$0.0	0.0%

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

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The following chart shows the distribution of outstanding balances of securitized single family mortgage loans sold to investors or held in the General Fund by credit score and mortgage insurer or guarantor.

Credit Score as of June 1, 2014*	Outstanding Balance of FHA Insured Single Family Mortgage Loans	Outstanding Balance of VA Insured Single Family Mortgage Loans	Outstanding Balance of RD Insured Single Family Mortgage Loans	Outstanding Balance of Self Insured Single Family Mortgage Loans	Outstanding Balance of All Single Family Mortgage Loans
300 through 539	$ 57.9	$1.4	$3.3	$ 0.3	$ 63.0
540 through 579	30.4	0.8	1.5	0.6	33.2
580 through 619	40.8	1.4	2.5	0.8	45.5
620 through 659	77.2	2.2	4.6	4.4	88.5
660 through 699	109.2	3.5	6.9	14.1	133.6
700 through 739	101.1	2.0	6.7	26.7	136.5
740 through 779	88.6	4.0	6.2	33.5	132.3
780 through 850	56.7	1.0	5.0	25.9	88.7
Not available**	143.6	9.8	1.6	36.5	191.4
Total	$705.4	$26.1	$38.5	$142.7	$912.7

* Or credit score at origination for loans originated after this date.
** Current credit score not available.

The following chart shows, for each Metropolitan Statistical Area ("MSA") of the Commonwealth, the outstanding balances and delinquency and foreclosure status of securitized single family mortgage loans sold to investors or held in the General Fund.

Metropolitan Statistical Area	Outstanding Balance of Single Family Mortgage Loans	Outstanding Balance of Delinquent* Single Family Mortgage Loans	Percentage of Single Family Mortgage Loans Delinquent*	Outstanding Balance of Single Family Mortgage Loans in Foreclosure	Percentage of Single Family Mortgage Loans in Foreclosure
Big Stone Gap	$ 2.2	$ 0.0	0.0%	$0.0	0.0%
Blacksburg Christiansburg-Radford	3.1	-	0.0	-	0.0
Bluefield	0.6	-	0.0	-	0.0
Charlottesville	7.9	0.1	1.4	-	0.0
Danville	3.5	0.2	4.8	-	0.0
Harrisonburg	8.1	0.4	4.5	-	0.0
Kingsport-Bristol-Bristol	1.4	-	0.0	0.1	6.5
Lynchburg	12.0	-	0.0	0.2	1.3
Martinsville	2.5	0.0	1.9	-	0.0
Richmond	259.3	8.0	3.1	0.6	0.2
Roanoke	29.7	0.7	2.3	0.2	0.7
Staunton-Waynesboro	12.1	0.4	3.0	-	0.0
Virginia Beach-Norfolk-Newport News	321.3	6.9	2.2	0.9	0.3
Washington-Arlington-Alexandria	223.2	4.3	1.9	0.5	0.2
Winchester	1.8	-	0.0	-	0.0
Balance of State	23.9	0.6	2.3	0.2	0.9
Total	$912.7	$21.5	2.4%	$2.7	0.3%

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

ENDNOTES

1 The Authority has suspended the financing of Self-Insured Mortgage Loans, except that the Authority continues to finance Self-Insured Mortgage Loans having an initial loan to value ratio at or below 80% and Fannie Mae Mortgage Loans. In addition, from July 1, 2013 to September 30, 2013, the Authority offered the mortgagors of Interest Only Mortgage Loans new Self-Insured Mortgage Loans that refinanced the principal balance of their Interest Only Mortgage Loans regardless of the loan to value ratio. See "Single Family Mortgage Loan Terms" in "The Single Family Programs" for a description of the terms and conditions of such program.

2 The Authority suspended originating Homebuyer Tax Credit Plus Mortgage Loans on September 30, 2010, except for such loans to certain qualified members of the military that the Authority continued to originate until January 31, 2011.

3 Republic Mortgage Insurance Company ("RMIC") informed all policyholders and beneficiaries that, on January 19, 2012, the North Carolina Department of Insurance issued an Order of Supervision (the "NCDOI Order") providing for its immediate administrative supervision of RMIC. The primary impact on policyholders and their beneficiaries was the NCDOI Order's requirement that RMIC was not permitted to pay more than fifty percent (the "Payment Percentage") of any claims allowed under any policy of insurance it has issued. The remaining fifty percent (the "Deferral Percentage") was to be deferred and credited to a temporary surplus account on the books of RMIC during an initial period not to exceed one year. Accordingly, all claim payments made on January 19, 2012 and thereafter were therefore to be made at the rate of fifty percent. On November 28, 2012, an order of a hearing officer of the North Carolina Department of Insurance was issued extending such one year period and, retroactively to January 19, 2012, changing the Payment Percentage to 60% and the Deferral Percentage to 40%. On June 27, 2014, such officer issued an order granting RMIC permission to, and on June 30, 2014 RMIC informed its policyholders that it would, pay the deferred portion of prior claims and to pay 100% of future settled claims.

4 PMI Mortgage Insurance Co. ("PMI Co.") has informed all policyholders, insureds, and servicers of mortgage loans insured by PMI Co. that the Arizona Department of Insurance obtained an "Order Directing Full and Exclusive Possession and Control of Insurer" (the "Interim Order") dated October 20, 2011 with respect to PMI Co. Under the Interim Order, the Arizona Department of Insurance took full possession, management and control of PMI Co. Pursuant to the Interim Order, the Director of the Arizona Department of Insurance instituted a partial claim payment plan, pursuant to which claim payments are to be made at 67% , with the remaining amount deferred as a policyholder claim. On November 23, 2011, The PMI Group Inc., parent of PMI Co., filed a Chapter 11 bankruptcy petition. PMI Co. has not commenced bankruptcy proceedings. On March 14, 2012, the Arizona Superior Court, Maricopa County, entered an Order for Appointment of a Receiver and Injunction, as requested by the Arizona Department of Insurance, appointing the Arizona Director of Insurance as receiver. This order placed PMI Co. into receivership and granted the receiver the sole discretion whether or not to continue, terminate or modify the aforementioned partial claim payment plan.

5 Effective June 1, 2009, the Illinois Division of Insurance (the "Department") directed Triad Guaranty Insurance Corporation, In Rehabilitation ("Triad"), to pay and satisfy each claim (the "Full Settlement Payment") as follows: (i) a cash payment equal to 60% of the Full Settlement Payment, and (ii) a deferred payment obligation (the "DPO") equal to 40% of the Full Settlement Payment. On December 11, 2012, the Circuit Court of Cook County, Illinois appointed a rehabilitator for Triad and such rehabilitator petitioned the court for approval of its plan of rehabilitation. On October 29, 2013, the Circuit Court of Cook County, Illinois approved the final rehabilitation plan for Triad. Under the plan, Triad will pay and satisfy each claim as follows: (i), to the extent monies are available, for new claims a cash payment equal to 75% of the claim amount and for prior claims an additional amount so that their aggregate claims payment amount would also equal 75% of the claim, and (ii) a deferred payment obligation equal to 25% percent of the claim amount.

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ADDITIONAL INFORMATION CONCERNING SINGLE FAMILY MORTGAGE INSURANCE POLICIES

Federal Housing Administration Mortgage Insurance

The United States Department of Housing and Urban Development administers the FHA mortgage insurance programs. In order to receive payment of insurance benefits (other than certain partial claim payments) a mortgagee must normally acquire title to the property, either through foreclosure or conveyance, and convey such title to FHA. Generally, the mortgagee must obtain a deed in lieu of foreclosure or commence foreclosure proceedings within six months after a mortgagor's default, subject to extension if the mortgagee pursued certain loss mitigation actions referred to below. Upon recordation of the deed conveying the property to FHA, the mortgagee notifies FHA of the filing and assigns, without recourse or warranty, all claims which it has acquired in connection with the mortgage. A mortgagee may also receive payment of insurance benefits in certain circumstances not involving conveyance of the property to FHA, such as if a pre-foreclosure sale to a third party at a required minimum price is arranged in accordance with FHA regulations and procedures.

Under some FHA programs, FHA has the option at its discretion to pay insurance claims in cash or in debentures, while under others FHA will pay insurance claims in cash unless the mortgagee requests payment in debentures. The current FHA policy, subject to change at any time, is to make insurance payments on mortgages covering less than five dwelling units in cash with respect to all programs covering such units as to which it has discretion to determine the form of insurance payment. FHA debentures issued in satisfaction of FHA insurance claims bear interest at the debenture interest rate in effect under FHA regulations on the date of the mortgage insurance commitment or of the initial insurance endorsement of the mortgage, whichever rate is higher.

When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance to FHA, the insurance payment is computed as of the institution of the foreclosure proceeding (or acquisition of possession otherwise), which will occur no earlier than 60 days after the due date of a mortgage payment, and the mortgagee generally is not compensated for mortgage interest accrued and unpaid prior to that date. Under such circumstances, the amount of insurance benefits generally paid by FHA is equal to the unpaid principal amount of the mortgage loan, adjusted to reimburse the mortgagee for certain tax, insurance and similar payments made by it and to deduct certain amounts received or retained by the mortgagee after default, plus reimbursement not to exceed a specified percentage of the mortgagee's foreclosure costs or costs of acquiring the property (such percentage, which under current FHA policy is periodically determined based upon a mortgagee's loss mitigation performance, currently is two-thirds in the case of the Authority). Unless the mortgagee has not observed certain FHA regulations, an insurance payment to be made in cash itself bears interest from the date of default to the date of payment of the claim at an interest rate equal to the monthly average yield, for the month in which the default occurred, on United States Treasury securities adjusted to a constant maturity of 10 years.

When any property to be conveyed to FHA has been damaged by fire, earthquake, flood or tornado, or the property has suffered damage because of the mortgagee's failure to take required action, it is required that such property be repaired prior to such conveyance.

FHA requires that, absent the consent of the mortgagor, at least three full monthly installments be due and unpaid before the mortgagee may initiate any action leading to foreclosure of the mortgage. FHA also requires a reasonable effort to arrange a face-to-face conference with the mortgagor and requires that the mortgagee consider, and undertake where appropriate, specified loss mitigation actions to avoid foreclosure, including loan modifications in some circumstances (see "Loan Modifications" in "The Single Family Programs").

Veterans Administration Mortgage Guaranty

The Veterans Administration permits a veteran (or in certain instances the spouse of a veteran) to obtain a mortgage loan guaranty by the VA covering mortgage financing of the purchase of a one-to-four family dwelling unit. The program has no mortgage loan limits and requires no down payment from the purchaser.

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

proceeds of a foreclosure sale of a mortgaged premises is greater than the original guaranty, as adjusted. The VA may, at its option and without regard to the guaranty, make full payment to a mortgagee of unsatisfied indebtedness on a mortgage upon its assignment to the VA. Under certain circumstances, a mortgagee is required to accept partial payments on a loan that is more than 30 days overdue, and the VA requires that the mortgagee consider, and undertake where appropriate, specified loss mitigation actions to avoid foreclosure, including loan modifications in some circumstances (see "Loan Modifications" in "The Single Family Programs").

Under the single family programs, a VA mortgage loan would be guaranteed in any amount which, together with the down payment by the mortgagor, will at least equal 25% of the lesser of the sales price or the appraised value of the single-family dwelling.

Rural Development Mortgage Guarantee

Rural Development (formerly known as the Farmers Home Administration and later as the Rural Economic and Community Development Service) permits a low or moderate income purchaser of a home in designated rural areas to obtain a mortgage loan guarantee from Rural Development. To qualify as a low or moderate income purchaser, a purchaser's income must not exceed the median income for the area in which the home is located. Loans may not exceed FHA 203(b)(2) loan limits. No down payment is required from the purchaser.

Under the Rural Development Guarantee Program, the mortgagee is entitled to payment of the guarantee only after (i) the property has been sold at foreclosure or otherwise sold to a third party in conformity with Rural Development requirements or (ii) six months have elapsed from the date the mortgagee acquired title to the property. Rural Development guarantees the first 35% of loss and 85% of any additional loss, not to exceed 90% of the loan amount. Loss is defined as (i) the outstanding principal balance and accrued interest of the mortgage loan as of the date of the loss claim settlement, plus reasonable liquidation costs, minus (ii) net proceeds, which are calculated based upon (A) a property's actual sale price, when the claim is made following sale to a third party, and (B) estimated market value, reduced by a credit for estimated holding costs, when no sale has been made within six months from the date the mortgagee acquired title to the property. A mortgagee seeking loss claim payment following sale of a property at foreclosure may be required to first pursue enforcement of any deficiency judgment obtained if there is a reasonable prospect of present recovery. A mortgagee that receives a loss claim payment based upon the estimated value of a property not sold within six months following acquisition may be required to pay Rural Development a proportionate share of future recovery if the property is later sold for more than the estimated value. Rural Development requires that, in the absence of the consent of the mortgagor, payment of the mortgage loan must be at least 90 days delinquent before the mortgagee may initiate foreclosure proceedings. The mortgagee must obtain prior Rural Development approval for any liquidation of the property other than by foreclosure or accepting a deed in lieu of foreclosure. Rural Development also requires that the mortgagee make a reasonable attempt to arrange an interview with the mortgagor before payment on the mortgage loan becomes 60 days delinquent, and requires that the mortgagee consider, and undertake where appropriate, specified loss mitigation actions to avoid foreclosure, including loan modifications in some circumstances with prior Rural Development approval (see "Loan Modifications" in "The Single Family Programs"). Rural Development does not accept assignment of property subject to its guarantee.

Private Mortgage Insurance

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

APPENDIX D

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

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

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

Residence Requirements

As required by the Code, all residences financed with Qualified Mortgage Bonds must be single family residences located within the Commonwealth, and both the Authority and the mortgagor must reasonably expect that the residence will become the mortgagor's principal residence within a reasonable time after the single family mortgage loan is executed or assumed. These requirements can normally be met by having each mortgagor execute an affidavit stating that the residence is within the Commonwealth and that the mortgagor intends to make the residence his principal residence within such reasonable time period, normally sixty days. The Authority has covenanted to require such an affidavit.

Absence of Prior Home Ownership

Except in the case of (i) a mortgagor acquiring a residence in a Targeted Area, or (ii) a mortgagor who is a qualified veteran the Code requires that 95% of net proceeds of the Qualified Mortgage Bond issue must be loaned to mortgagors who have had no present ownership interest in a principal residence within the three years preceding the date on which the single family mortgage loan is executed. The Code permits the Authority to rely on an affidavit of a mortgagor to the effect that such requirement has been satisfied and an examination of federal income tax returns for three years evidencing compliance with such requirement. In lieu of such tax returns, a mortgagor may provide a letter from the Internal Revenue Service to the effect that he or she filed Forms 1040A or 1040EZ for such three year period. The Authority has covenanted that it will procure and diligently examine each such affidavit and accompanying tax returns, when required.

Purchase Price Limitations

The Code requires that the purchase price of each residence being financed with the proceeds of Qualified Mortgage Bonds not exceed 90% (110% in the case of Targeted Areas) of the applicable average area purchase price. The Authority has adopted purchase price limitations which are not in excess of 90% (110% in the case of Targeted Areas) of the current "safe harbor average area purchase prices" published by the U.S. Treasury which may be relied upon for purposes of compliance with the Code. The Authority may adopt different purchase price limitations in the future in accordance with the Code.

Income Requirements

The Code requires that all of the single family mortgage loans made with the proceeds of certain Qualified Mortgage Bonds be provided to borrowers whose annual gross income does not exceed 115% (100% for households of fewer than three persons) of the applicable median family income. An exception is provided for loans made with respect to Targeted Area residences for which the Code requires two-thirds of such loans be provided to borrowers whose annual gross income does not exceed 140% (120% for households of fewer than three persons) of applicable median family income and one-third of such loans may be made without regard to any income limitation. The Authority has covenanted to verify compliance with these requirements by requiring each borrower to certify as to the amount of his or her annual gross income.

Targeted Areas

In order to comply with the Code, the Authority must, for at least one year after the date on which lendable proceeds of the Qualified Mortgage Bonds are first available for financing of single family mortgage loans, make available for single family mortgage loans in so-called Targeted Areas within the Commonwealth an amount equal to the lesser of 20% of the

proceeds of such Bonds (other than any refunding bonds as to which the original refunded bonds were issued after 1980) which are devoted to providing owner financing or 40% of the average annual aggregate principal amount of mortgages executed in the preceding three years for single family owner-occupied residences in Targeted Areas within the Commonwealth. The Authority's program includes sending periodic program announcements to Originating Agents and not-for-profit service providers serving the Targeted Areas advising them of the availability of such proceeds and including maps of the Targeted Areas in their region. The Authority's efforts to place single family mortgage loans in Targeted Areas includes advertising in pamphlets, brochures and handouts concerning the Program that mortgage funds are available for such areas. The Targeted Areas in which the Authority is to make the mortgage funds available include those census tracts in the Commonwealth in which 70% or more of the families have an income which is 80% or less of the statewide median family income based on the most recent "safe harbor" statistics published by the U.S. Treasury. Targeted Areas also include areas of chronic economic distress designated by the Commonwealth and approved by the Secretaries of Housing and Urban Development and the Treasury under criteria specified in the Code.

Other Single Family Mortgage Loan Eligibility Requirements

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

The Code requires that each mortgage loan financed with the proceeds of Qualified Mortgage Bonds may only be assumed if the requirements relating to principal residence, three year lack of prior ownership, income requirements and acquisition cost limitations are met with respect to the assumption. The determinations as to compliance with these requirements are to be made as of the date on which the mortgage loan is being assumed. Accordingly, the Authority must make the required statistical study or otherwise determine (e.g., by reliance on "safe harbor" statistics published by the U.S. Treasury) the relevant average area purchase prices for each statistical area within the Commonwealth on an annual basis, and must assure compliance with the other applicable requirements of the Code as long as a series of bonds is outstanding. The Authority has so covenanted in the Commonwealth Mortgage Bonds Resolution and the Homeownership Bonds Resolution and has required in the single family mortgage loan documents that no single family mortgage loan may be assumed unless the applicable requirements of the Code are satisfied.

Limitation on Mortgage Yield

Under the Code, the yield on single family mortgage loans or portion thereof financed by Qualified Mortgage Bonds may not exceed one and one-eighth percentage points over the yield on the related bonds.

Recapture

The Code provides for an increase in the federal income tax of certain mortgagors upon sale of their homes (the "Recapture Provision"). Under the Recapture Provision, an amount determined to be subsidy provided to the mortgagors by Qualified Mortgage Bond financing (but not in excess of 50 percent of the gain) is recaptured on disposition of the home. The recapture amount increases over the period of ownership, with full recapture occurring if the house is sold between four and five full years after the closing of the mortgage loan. The recapture amount declines ratably to zero with respect to sales between five and nine full years after the closing of the mortgage loan. An exception excludes from recapture part of all of the subsidy in the case of assisted individuals whose incomes are less than prescribed amounts at the time of the disposition. The Code requires that the issuer of Qualified Mortgage Bonds provide at settlement of each mortgage loan a written statement informing the mortgagor of the Recapture Provision and, within 90 days thereafter, a written statement specifying certain information needed by the mortgagor to compute the recapture amount. The Authority has included in its program documentation requirements that such information be provided in the time and manner required by the Code.

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

Other Requirements

For Qualified Mortgage Bonds, the Code requires the Authority to pay to the U.S. Treasury certain amounts earned on investments, which amounts must be computed in accordance with the applicable provisions of the Code. The Authority has covenanted to establish accounting procedures to determine the amount of such excess investment earnings. Such amount, if any, is not subject to the pledge or lien of the Current Resolution and Homeownership Bonds Resolution. This requirement also applies to certain Tax Exempt Non-AMT Bonds that are not otherwise subject to the requirements referenced in the first paragraph of this Appendix D.

The Code provides limits on the maximum amount of certain tax exempt bonds (including Qualified Mortgage Bonds) which may be issued in any state in each calendar year.

The Code requires retirement or redemption of Qualified Mortgage Bonds (other than certain refunding bonds) from unexpended proceeds required to be used to make mortgage loans which have not been used within 42 months from the date of issuance of the bonds, except for a $250,000 de minimis amount.

The Code permits repayments (including prepayments) of principal of mortgage loans financed with the proceeds of Qualified Mortgage Bonds to be used to make additional mortgage loans only for 10 years from the date of issuance of the bonds, after which date such amounts must be used to retire or redeem bonds (except for a $250,000 de minimis amount) (the "10-Year Rule"). In the case of refunded bonds, the 10 year period is measured from the date of issuance of the original refunded bonds. As a result, the Authority may be required by the Code to retire or redeem Qualified Mortgage Bonds from repayments (including prepayments) of principal of single family mortgage loans financed with proceeds allocable to the Qualified Mortgage Bonds.

Good Faith Effort

An issue of Qualified Mortgage Bonds which fails to meet the mortgage eligibility requirements will be treated as meeting all such requirements if:

(i) the issuer in good faith attempted to meet such requirements before the mortgages were executed;

(ii) 95% of the proceeds devoted to owner-financing were devoted to residences with respect to which (at the time the mortgages were executed) all such requirements were met; and

(iii) any failure to meet such requirements is corrected within a reasonable period after such failure is first discovered.

The good faith requirement described in (i) will be satisfied by the Authority's establishing reasonable procedures, including reasonable investigations, to ensure compliance with the requirements under the Code. The 95% requirement referred to in clause (ii) above will be considered to have been satisfied by the Authority's procuring and examining affidavits evidencing compliance from the mortgagors and sellers of residences and income tax returns filed by the mortgagors with the Internal Revenue Service for the preceding three years (or statements in the mortgagors' affidavits that one or more of such returns were not required to have been filed or letters from the IRS that Forms 1040A or 1040EZ were filed for such period). Calling the non-qualifying mortgage or replacing it with a qualifying mortgage will constitute the correction of such failure under clause (iii) above.

The failure to meet the arbitrage and other issue-related requirements will not affect the tax-exemption of an issue of Qualified Mortgage Bonds under the Code and the applicable regulations if:

(i) the issuer in good faith attempted to meet all such requirements; and

(ii) any failure to meet such requirements was due to inadvertent error after taking reasonable steps to comply with such requirements.

Monitoring for Compliance with the Code

Under the procedures which the Authority has established to comply with the Code, Originating Lenders will be responsible for reviewing each single family mortgage loan application and the accompanying documentation, including the affidavits and federal tax returns described above, for compliance with the requirements of the Code. Normal and appropriate measures are required to be undertaken to verify the information given, either independently or concurrently with credit reviews, when applicable. All documentation is to be cross-checked to assure that the information presented is complete and consistent.

Originating Lenders are required to represent as to each single family mortgage loan that, among other things, (1) the single family mortgage loan is in compliance with the Authority's processing guide setting forth the procedures and requirements with respect to the processing of single family mortgage loan, (2) the lender has reviewed the mortgagor's application, the affidavits described above, and the mortgagor's federal income tax returns for compliance with the provisions of the Code, and (3) the single family mortgage loan has been closed in accordance with the processing guide.

Prior to financing such single family mortgage loan, the Authority reviews the documents submitted to the Authority, including the mortgagor's application, the affidavits described above and the mortgagor's federal income tax returns, for compliance with the requirements of the Code. The Authority has delegated to certain of its Originating Lenders the review described in the preceding sentence and the Authority also performs such review subsequent to financing each single family mortgage loan originated by such Originating Lender.

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DEVELOPMENTS AND AUTHORITY PROPERTY FINANCED IN THE RENTAL HOUSING BONDS

Information as of June 30, 2014

Development (11)	Location	Original Mortgage Loan Amount (1)	Current Mortgage Loan Amount (13)	Program (12) (14)	Type of Occupancy	Total Units	Occupancy Rate (8)	Construction Complete
Developments with Mortgage Loans Funded by, or Scheduled to be Funded By, the Currently Outstanding Bonds								
Developments that have had final closing (permanent loans)								
1 West Jackson Street	Richmond City	$4,275,000	$4,238,391	MUMI (2)	General	54	96%	100%
101 East Madison Street	Fauquier County	$415,000	$288,351	Conventional	General	8	100%	100%
1011 Hull Street	Richmond City	$1,000,000	$925,946	MUMI (2)	General	10	60%	100%
10403 Layton Hall Drive	Fairfax City	$415,000	$376,044	Conventional	Supportive Hsg	4	n/a	100%
10452 Armstrong Street	Fairfax City	$121,000	$112,915	Conventional	Supportive Hsg	4	n/a	100%
106 Sixth Street	Pulaski County	$150,000	$127,788	Conventional	General	5	100%	100%
10843 Poacher's Run	Chesterfield County	$156,150	$29,803	Conventional	Supportive Hsg	3	n/a	100%
1131 North Kensington Street	Arlington County	$710,000	$535,321	Conventional	Supportive Hsg	8	100%	100%
115 Berkshire Place	Lynchburg City	$68,000	$57,383	Conventional	Supportive Hsg	1	100%	100%
1245 36th Street	Newport News City	$94,000	$87,543	Conventional	Supportive Hsg	1	n/a	100%
1314 West Johnson Street	Staunton City	$950,000	$858,502	MUMI (2)	Supportive Hsg	10	100%	100%
150 Goodman Street	Charlottesville City	$335,000	$257,802	Conventional	Supportive Hsg	4	100%	100%
1504 Waterside Drive	Chesapeake City	$470,000	$441,894	Conventional	Supportive Hsg	1	n/a	100%
1519-1525 North 22nd Street	Richmond City	$496,000	$473,705	Conventional	General	4	100%	100%
1705 East Main Street	Richmond City	$465,000	$382,536	MUMI (2)	General	4	100%	100%
1906 Charles Street	Fredericksburg City	$105,000	$67,370	Conventional	Supportive Hsg	1	100%	100%
1907 Charles Street	Fredericksburg City	$335,000	$328,513	Conventional	Supportive Hsg	2	100%	100%
1933 McCulloch Road	Hampton City	$317,000	$287,697	Conventional	Supportive Hsg	8	n/a	100%
2000 Riverside	Richmond City	$12,750,000	$10,831,175	Conventional	General	220	98%	100%
2001 East Broad Street	Richmond City	$8,150,000	$7,962,166	MUMI (2)	General	75	99%	100%
204 Kove Drive	Hampton City	$320,000	$314,949	Conventional	Supportive Hsg	4	n/a	100%
217 Paladin Drive	Virginia Beach City	$184,500	$161,744	Conventional	Supportive Hsg	4	n/a	100%
2208 Jolly Pond	James City County	$485,000	$454,616	Conventional	Supportive Hsg	6	n/a	100%
225 Baugh Lane	Washington County	$365,000	$335,412	Conventional	General	7	100%	100%
2329 Old Trail Drive	Fairfax County	$152,000	$58,938	Conventional	Supportive Hsg	5	n/a	100%
2401 Flint Hill Road	Powhatan County	$140,000	$64,975	Conventional	Supportive Hsg	3	n/a	100%
2604 Charles Street	Fredericksburg City	$264,500	$186,134	Conventional	Supportive Hsg	2	50%	100%
300 Randolph Street	Richmond City	$1,808,046	$205,813	Tax Credit, Section 8	Elderly	50	100%	100%
300 South Maple Street	Falls Church City	$190,000	$108,048	Conventional	General	4	100%	100%
303 Baron Boulevard	Suffolk City	$312,000	$285,203	Conventional	Supportive Hsg	4	n/a	100%
3548 Barry Street	Virginia Beach City	$177,000	$154,549	Conventional	Supportive Hsg	4	n/a	100%
3705 South George Mason Drive	Fairfax County	$157,500	$30,060	Conventional	Supportive Hsg	2	n/a	100%
400 West Main Street	Fauquier County	$170,000	$97,203	Conventional	General	4	100%	100%

401 Campbell Lofts	Roanoke City	$1,250,000	$1,205,663	MUMI (2)	General	23	87%	100%
4024 Hirst Drive	Fairfax County	$780,000	$699,580	Conventional	Supportive Hsg	8	n/a	100%
4378 Majestic Lane	Fairfax County	$340,000	$310,697	Conventional	Supportive Hsg	1	n/a	100%
4620 Ardmore Lane	Virginia Beach City	$285,000	$266,076	Conventional	Supportive Hsg	2	n/a	100%
5562 Neddleton Avenue	Prince William County	$129,200	$65,792	Conventional	Supportive Hsg	6	n/a	100%
5612 Dunn Loring Court	Virginia Beach City	$295,000	$242,449	Conventional	Supportive Hsg	3	n/a	100%
565 Old Post Road (10)	Virginia Beach City	$80,250	$27,333	Conventional	Supportive Hsg	4	100%	100%
6 Azalea Drive	Newport News City	$110,000	$99,715	Conventional	Supportive Hsg	1	n/a	100%
607 Notabene	Alexandria City	$348,050	$114,036	Conventional	Supportive Hsg	8	75%	100%
6115 Alexander Street	Norfolk City	$230,000	$171,336	Conventional	General	8	100%	100%
612 Notabene	Alexandria City	$351,050	$109,474	Conventional	Supportive Hsg	10	80%	100%
6301 Mockingbird Lane	Chesterfield County	$200,000	$178,544	Conventional	Supportive Hsg	4	100%	100%
6422 Centerville Road	James City County	$484,000	$447,292	Conventional	Supportive Hsg	1	n/a	100%
647 Stuart Street	Fredericksburg City	$80,000	$58,384	Conventional	Supportive Hsg	1	100%	100%
6515 Terry Drive	Fairfax County	$480,000	$435,877	Conventional	Supportive Hsg	8	n/a	100%
665 Bethune Drive	Virginia Beach City	$198,900	$174,368	Conventional	Supportive Hsg	4	n/a	100%
701 Saint James	Richmond City	$3,250,000	$3,138,768	Conventional	General	41	98%	100%
7031 Calamo Street	Fairfax County	$264,000	$183,829	Conventional	Supportive Hsg	4	n/a	100%
7803 Frances Drive (10)	Fairfax County	$269,158	$3,363	Conventional	Supportive Hsg	8	n/a	100%
802 Cynthianna Avenue	Charlottesville City	$345,000	$313,286	Conventional	General	6	100%	100%
811 Campbell Avenue	Roanoke City	$117,000	$55,200	Conventional	General	3	100%	100%
824 Madison Avenue	Roanoke City	$120,000	$56,942	Tax Credit	General	4	100%	100%
8919 Portner Avenue	Manassas City	$100,000	$56,697	Conventional	Supportive Hsg	1	100%	100%
909 Perry	Richmond City	$4,000,000	$3,930,086	Conventional	General	44	93%	100%
9525 Pampas Drive	Chesterfield County	$234,500	$190,235	Conventional	Supportive Hsg	5	n/a	100%
Abbey at South Riding	Loudoun County	$9,350,000	$6,984,557	Tax Credit	General	168	99%	100%
Abbington at Hampton Center	Hampton City	$9,550,000	$7,945,380	Conventional	General	176	95%	100%
Abbington at Northampton II	Hampton City	$10,024,500	$7,462,717	Conventional	General	146	96%	100%
Abbington at Northampton III	Hampton City	$7,006,500	$5,170,528	Conventional	General	120	96%	100%
Abby I	Fredericksburg City	$450,000	$333,041	Conventional	Supportive Hsg	6	67%	100%
Abby II	Fredericksburg City	$605,000	$474,038	Conventional	Supportive Hsg	8	100%	100%
Acorn Grove	Chesapeake City	$3,479,000	$1,665,293	Tax Credit	General	107	97%	100%
Addison at Crater Woods	Petersburg City	$25,500,000	$24,984,039	Conventional	General	234	94%	100%
Afton Gardens	Roanoke City	$2,250,000	$1,718,537	Tax Credit, Section 8	General	108	95%	100%
Alexaco	Norfolk City	$959,000	$430,078	Conventional	General	20	80%	100%
Alexandria Station	Alexandria City	$28,200,000	$27,275,988	Tax Credit	General	290	97%	100%
Alleghany Building	Alleghany County	$200,000	$113,230	Tax Credit	General	20	93%	100%
Amherst Acres I	Amherst County	$525,000	$438,565	Conventional	General	8	100%	100%
Amherst Acres II	Amherst County	$300,000	$250,608	Tax Credit	General	5	100%	100%
Amherst Acres III	Amherst County	$415,000	$376,361	Tax Credit	General	10	100%	100%
Amhurst	Virginia Beach City	$2,200,000	$48,451	Conventional	General	88	95%	100%
Angel Court	King George County	$1,425,000	$1,391,024	Tax Credit	General	24	100%	100%
Ann Wingfield Commons	Culpeper County	$750,000	$513,118	Tax Credit	General	33	91%	100%

Ansell Gardens	Portsmouth City	$2,060,000	$1,727,800	Tax Credit	General	78	99%	100%
Arbor Brook	Portsmouth City	$1,000,000	$853,256	Conventional	General	28	100%	100%
Arbor Glen	Chesapeake City	$13,645,000	$13,292,670	Tax Credit	General	240	95%	100%
Arbors	Richmond City	$4,566,000	$4,218,524	Tax Credit	Elderly	85	95%	100%
Arna Valley View	Arlington County	$8,420,000	$8,388,774	Tax Credit	General	101	99%	100%
Asbury Place (10)	Hampton City	$7,775,000	$5,335,221	Conventional	General	262	92%	100%
Ashburn Meadows I	Loudoun County	$11,340,000	$8,708,770	Tax Credit	General	176	90%	100%
Ashburn Meadows II	Loudoun County	$10,525,000	$9,024,973	Tax Credit	General	160	96%	100%
Ashland Woods I	Hanover County	$3,750,000	$2,833,397	Tax Credit	General	75	99%	100%
Ashland Woods II	Hanover County	$4,000,000	$3,562,056	Tax Credit	General	75	97%	100%
Ashley Oaks	Richmond City	$9,228,496	$4,428,065	Tax Credit, Section 236	General	250	95%	100%
Ashley Trace	Norfolk City	$3,100,000	$1,313,889	Conventional	General	132	95%	100%
Ashpone Tavern Village	Franklin County	$640,000	$555,431	Conventional	General	10	100%	100%
Ashton Hill (7)	Roanoke City	$5,912,000	$0	Conventional	General	0	n/a	100%
Ashton Square	Richmond City	$14,625,000	$11,040,213	Conventional	General	372	96%	100%
Aspen Club	Fauquier County	$6,100,000	$5,397,926	Tax Credit	General	108	97%	100%
Aspen South	Fauquier County	$7,875,897	$6,515,603	Conventional	General	100	96%	100%
Aspen Village	Fauquier County	$1,980,000	$1,728,105	Tax Credit	General	30	100%	100%
Atlantic at Brook Run	Henrico County	$7,000,000	$6,941,577	Tax Credit	Elderly	120	93%	100%
Atlantic at Charter Colony	Chesterfield County	$7,100,000	$6,544,340	Tax Credit	Elderly	113	99%	100%
Atrium Lofts at Cold Storage	Richmond City	$7,000,000	$6,980,653	Conventional	General	72	83%	100%
Auburn Pointe	Newport News City	$7,290,000	$4,384,125	Tax Credit	General	274	99%	100%
Audubon Village I	Henrico County	$8,250,000	$6,514,996	Tax Credit	General	160	94%	100%
Audubon Village II	Henrico County	$2,685,000	$2,259,435	Tax Credit	General	54	98%	100%
Autumn Lakes	Newport News City	$7,300,000	$6,034,096	Tax Credit	General	296	94%	100%
Autumn Ridge	Roanoke City	$683,000	$551,518	Tax Credit	General	72	96%	100%
Autumn Wind	Frederick County	$3,333,000	$2,965,963	Tax Credit	General	104	100%	100%
Autumnwood Heights	Charlotte County	$1,105,000	$1,076,603	Tax Credit, RD515	Elderly	40	95%	100%
Avondale at Kempsville	Virginia Beach City	$19,250,000	$17,978,740	Conventional	General	190	93%	100%
Bacon Retirement Community	Richmond City	$900,000	$517,099	Tax Credit	Elderly	58	90%	100%
Bailey's Ridge	Prince George County	$6,837,300	$5,226,787	Conventional	General	156	97%	100%
Bainbridge Alta Vista	Charlottesville City	$875,000	$715,469	Conventional	Supportive Hsg	11	100%	100%
Bainbridge Commons	Chesapeake City	$2,518,640	$1,077,368	Conventional	General	92	99%	100%
Baker's Home	Franklin City	$350,000	$31,369	Conventional	Supportive Hsg	32	n/a	100%
Barkalow	Arlington County	$1,000,000	$715,797	Conventional	General	14	86%	100%
Barrington	Prince William County	$10,275,000	$10,072,644	Conventional	General	124	97%	100%
Bath Street	Richmond City	$360,000	$315,376	Conventional	General	8	75%	100%
Battleground	Smyth County	$335,000	$288,048	Tax Credit, RD515	General	24	100%	100%
Bayberry I	Virginia Beach City	$950,000	$796,904	Conventional	General	14	93%	100%
Bayberry II	Virginia Beach City	$1,090,000	$909,171	Conventional	General	14	100%	100%
Bayberry III	Virginia Beach City	$881,000	$731,782	Conventional	General	10	80%	100%
Bayberry IV	Virginia Beach City	$788,000	$710,808	Conventional	General	8	88%	100%
Bayberry V	Virginia Beach City	$1,245,000	$1,142,307	Conventional	General	10	90%	100%

Bayberry VI	Virginia Beach City	$475,000	$433,814	Conventional	General	6	100%	100%
Beach Park	Virginia Beach City	$427,500	$190,787	Conventional	Supportive Hsg	18	94%	100%
Beach Park West	Virginia Beach City	$1,250,000	$1,183,938	Conventional	Supportive Hsg	18	100%	100%
Beachcomber I	Norfolk City	$750,000	$236,829	Conventional	General	32	94%	100%
Beachcomber I	Norfolk City	$291,683	$241,731	Conventional	General	32	94%	100%
Beasley Square	Alexandria City	$1,081,000	$1,027,820	Conventional	Elderly	8	88%	100%
Beaufont Oaks II	Richmond City	$5,700,000	$5,601,667	Conventional	General	128	96%	100%
Beaverdam Creek	Hanover County	$4,620,000	$3,596,560	Tax Credit	General	120	96%	100%
Belle Hall	Portsmouth City	$4,720,000	$4,539,547	Tax Credit	General	120	97%	100%
Belle Meadows	Bristol City	$780,000	$717,960	Conventional	General	26	96%	100%
Bellefonte	Alexandria City	$514,426	$153,599	Conventional	Supportive Hsg	12	92%	100%
Belleview Seniors	Orange County	$1,000,000	$630,856	Tax Credit	Elderly	48	100%	100%
Belleville Harbour	Suffolk City	$4,700,000	$4,082,665	Tax Credit	General	120	100%	100%
Ben Franklin House	Fairfax County	$700,000	$654,344	Conventional	Supportive Hsg	6	100%	100%
Bentley	Portsmouth City	$2,533,000	$1,682,307	Conventional	General	76	87%	100%
Berkley South	Newport News City	$4,485,753	$3,316,783	Conventional	Elderly	190	99%	100%
Berkshire	Virginia Beach City	$2,900,000	$1,860,192	Conventional	General	106	92%	100%
Beverly Park	Alexandria City	$3,505,000	$3,299,068	Tax Credit	General	33	100%	100%
Biznet Supervised	Virginia Beach City	$138,500	$128,986	Conventional	Supportive Hsg	2	n/a	100%
Biznet Village	Virginia Beach City	$648,000	$580,918	Conventional	Supportive Hsg	24	100%	100%
Blackstone Lofts	Nottoway County	$1,550,000	$1,513,426	Conventional	General	25	92%	100%
Blue Ridge Estates	Richmond City	$5,580,000	$5,124,793	Tax Credit, Section 8	General	182	98%	100%
Bluegrass	Pulaski County	$600,000	$436,542	Conventional	Elderly	40	98%	100%
Booker T. Washington Plaza	Richmond City	$1,940,000	$1,881,554	Tax Credit	Elderly	28	93%	100%
Bowe and Clay	Richmond City	$660,000	$624,988	Conventional	General	6	100%	100%
Bowler Retirement Community	Richmond City	$1,000,000	$516,769	Tax Credit	Elderly	62	94%	100%
Bradford Mews	Isle of Wight County	$8,675,000	$8,629,952	Tax Credit	General	120	93%	100%
Brandywine	Virginia Beach City	$7,274,646	$6,871,359	Conventional	General	172	90%	100%
Braywood Manor	Norfolk City	$7,579,911	$2,436,381	Conventional	Elderly	238	97%	100%
Breezy Point	Norfolk City	$9,700,000	$36,464,889	Conventional	General	640	91%	100%
Brentwood Forest	Norfolk City	$2,392,000	$1,616,328	Conventional	General	107	93%	100%
Brethren Scattered Sites	Manassas City	$275,000	$256,256	Conventional	General	3	n/a	100%
Brightwood Forest	Prince William County	$3,115,000	$714,986	Conventional	General	90	94%	100%
Broadwater I	Chesterfield County	$9,450,000	$7,899,820	Tax Credit	General	150	95%	100%
Broadwater II	Chesterfield County	$5,350,000	$4,552,968	Tax Credit	General	73	99%	100%
Brook Ridge I	Greensville County	$2,200,000	$1,897,508	Tax Credit	General	84	93%	100%
Brook Ridge II	Greensville County	$1,150,000	$902,552	Tax Credit	General	40	95%	100%
Brookcreek Crossing	Chesterfield County	$3,857,000	$3,857,000	Tax Credit	General	70	100%	100%
BrookeMeade Apartments	Montgomery County	$625,000	$578,124	Conventional	General	10	70%	100%
Brookfield	Virginia Beach City	$23,900,000	$20,439,239	Conventional	General	352	90%	100%
Brookside Square	Southampton County	$393,000	$295,384	Tax Credit, RD515	General	32	100%	100%
Brookwood	Washington County	$530,000	$383,182	Conventional	General	12	100%	100%
Brunswick Commons	Brunswick County	$660,000	$642,161	Tax Credit, RD515	Elderly	24	92%	100%

Brunswick Village	Brunswick County	$750,000	$585,560	Tax Credit, RD515	General	48	96%	100%
Buchanan Gardens	Arlington County	$7,690,000	$7,594,542	Tax Credit	General	111	89%	100%
Buckingham Village III	Arlington County	$6,800,000	$6,643,971	Tax Credit	General	92	98%	100%
Burnt Ordinary	James City County	$1,250,000	$1,109,863	Tax Credit, RD515	General	80	100%	100%
Burton Creek	Lynchburg City	$300,000	$2,296,748	Section 8	General	85	99%	100%
Bute Street Manor	Suffolk City	$195,000	$102,716	Conventional	General	8	12%	100%
Cambridge	Hampton City	$32,367,000	$29,975,017	Conventional	General	465	93%	100%
Cambridge Square	Montgomery County	$1,083,844	$327,354	Conventional	General	40	88%	100%
Cameron Commons	Arlington County	$1,500,000	$533,879	Conventional	General	16	94%	100%
Campostella Commons	Chesapeake City	$3,200,000	$3,604,245	Tax Credit	General	132	99%	100%
Cananche Creek	Norton City	$570,000	$532,325	Tax Credit, RD515	General	36	97%	100%
Cannery Row	Mecklenburg County	$140,000	$80,582	Tax Credit, RD515	General	9	100%	100%
Canterbury Commons	Waynesboro City	$110,500	$87,292	Conventional	Supportive Hsg	6	100%	100%
Canterbury Commons I	Staunton City	$225,000	$183,479	Conventional	Supportive Hsg	6	100%	100%
Canterbury Commons II	Staunton City	$211,000	$189,984	Conventional	Supportive Hsg	6	100%	100%
Canterbury Crossing	Chesapeake City	$195,000	$134,817	Tax Credit	General	30	100%	100%
Caroline and Stribling Avenues	Charlottesville City	$220,000	$86,179	Conventional	General, Elderly	8	100%	100%
Caroline Manor I	Caroline County	$356,000	$250,486	Tax Credit, RD515	General	24	96%	100%
Caroline Manor II	Caroline County	$135,000	$106,152	Tax Credit, RD515	General	17	100%	100%
Carousel Court	Fairfax County	$8,680,000	$8,173,077	Tax Credit	General	90	97%	100%
Carriage House	Petersburg City	$1,600,000	$1,877,637	Tax Credit, Section 8	Elderly	118	98%	100%
Carriage Run	Emporia City	$1,100,000	$1,072,070	Tax Credit, RD515	Elderly	40	100%	100%
Carroll House	Carroll County	$336,354	$145,221	Conventional	Supportive Hsg	12	92%	100%
Carter Woods I	Henrico County	$2,463,000	$2,062,924	Tax Credit, Section 8	Elderly	80	94%	100%
Carter Woods II	Henrico County	$2,250,000	$2,008,317	Tax Credit	Elderly	72	94%	100%
Cary 2000 II	Richmond City	$570,000	$171,041	Tax Credit	General	28	82%	100%
Cary 2000 III	Richmond City	$675,000	$356,434	Tax Credit	General	29	97%	100%
Carybrook	Hampton City	$7,600,000	$5,917,649	Conventional	General	182	73%	100%
Cavalier Park/Four Seasons	Fairfax County	$185,000	$105,665	Conventional	General	3	100%	100%
Cedar Creek	Portsmouth City	$3,686,251	$3,570,233	Conventional	General	104	97%	100%
Cedar Crest I	Montgomery County	$1,005,000	$672,869	Tax Credit	General	26	100%	100%
Cedar Crest II	Montgomery County	$790,000	$572,859	Tax Credit	General	24	100%	100%
Cedar Crest III	Montgomery County	$745,000	$577,109	Tax Credit	General	28	100%	100%
Cedar Grove	Virginia Beach City	$1,177,000	$1,168,002	Tax Credit	General	32	97%	100%
Cedar Street	Isle of Wight County	$440,000	$396,557	Tax Credit	General	24	92%	100%
Cedar Street	Richmond City	$5,200,000	$337,799	Conventional	General	20	85%	100%
Chantilly Crossing	Fairfax County	$26,000,000	$23,161,957	Tax Credit	General	360	98%	100%
Chantilly Mews	Fairfax County	$1,500,000	$1,207,275	Tax Credit	General	50	96%	100%
Charles Street Annex	Fredericksburg City	$78,000	$55,716	Conventional	Supportive Hsg	1	100%	100%
Charles Street Station II	Shenandoah County	$2,125,000	$1,611,481	Tax Credit	General	60	95%	100%
Charlottesville Hope House II (10)	Charlottesville City	$379,000	$186,679	Conventional	General	11	100%	100%
Checed Warwick	Newport News City	$1,350,000	$922,393	Tax Credit	Elderly	48	100%	100%
Chester Village Green	Chesterfield County	$11,020,000	$9,863,102	Tax Credit	Elderly	163	99%	100%

Chesterbrook Residences	Fairfax County	$11,000,000	$10,029,294	Conventional	Elderly	97	95%	100%
Chestnut Square	Newport News City	$1,250,000	$964,073	Tax Credit	General	40	98%	100%
Chicago Manor	Richmond City	$1,350,000	$1,066,164	Tax Credit	General	74	95%	100%
Chickahominy Bluff	Hanover County	$5,206,000	$3,911,295	Tax Credit	General	120	96%	100%
Chuckatuck Square	Suffolk City	$570,500	$528,568	Tax Credit, RD515	General	42	90%	100%
Church Hill/ Fairmount House	Richmond City	$15,561,630	$2,846,274	Tax Credit, Section 8	Elderly	297	97%	100%
Church Manor	Isle of Wight County	$650,000	$569,601	Tax Credit, Section 8	General	50	98%	100%
Citywide Homes 2001	Virginia Beach City	$1,032,000	$779,011	Tax Credit	General	32	90%	100%
Clarendon Court	Arlington County	$3,400,000	$2,269,307	Tax Credit	General	103	99%	100%
Clearfield	Colonial Heights City	$5,200,000	$4,150,985	Tax Credit	General	144	95%	100%
Cliffs Edge Lofts	Lynchburg City	$4,100,000	$4,011,510	MUMI (2)	General	52	100%	100%
Club Hill	Louisa County	$1,350,000	$1,149,210	Conventional	General	29	100%	100%
Cogbill Road Group Home	Chesterfield County	$260,000	$256,664	Conventional	Supportive Hsg	5	n/a	100%
Cole Harbour	Nottoway County	$600,000	$559,114	Tax Credit, RD515	General	36	97%	100%
College Green I	Richmond County	$330,000	$282,736	Tax Credit, RD515	Elderly	32	97%	100%
College Square	Suffolk City	$3,500,000	$1,335,287	Conventional	General	91	99%	100%
College Square Collins	Suffolk City	$950,000	$792,221	Conventional	General	20	90%	100%
College Square Investments	Suffolk City	$2,150,000	$1,792,922	Conventional	General	40	100%	100%
Colonial Heights	Fredericksburg City	$950,000	$885,223	Conventional	Supportive Hsg	14	100%	100%
Colonial Row	Richmond City	$600,000	$471,403	Conventional	General	18	78%	100%
Colonial Square	King William County	$1,450,000	$1,051,353	Conventional	General	32	94%	100%
Colonnades I	Harrisonburg City	$3,373,000	$3,277,199	MUMI (2)	General	6	66%	100%
Colonnades II	Harrisonburg City	$2,675,000	$2,614,511	Tax Credit	General	60	86%	100%
Columbia Grove	Arlington County	$14,755,000	$14,330,969	Tax Credit	General	208	91%	100%
Columns on Grove	Richmond City	$433,099	$225,886	Tax Credit	Elderly	28	89%	100%
Commons at Town Center	Virginia Beach City	$2,475,000	$2,101,930	Conventional	General	22	100%	100%
Community Alternatives I	Virginia Beach City	$212,973	$98,765	Conventional	Supportive Hsg	19	n/a	100%
Community Alternatives II	Virginia Beach City	$146,659	$67,483	Conventional	Supportive Hsg	11	n/a	100%
Community Alternatives III	Virginia Beach City	$106,841	$49,986	Conventional	Supportive Hsg	10	n/a	100%
Community Alternatives V	Virginia Beach City	$120,124	$57,180	Conventional	Supportive Hsg	11	n/a	100%
Community Alternatives VI	Virginia Beach City	$96,235	$45,809	Conventional	Supportive Hsg	12	n/a	100%
Community Alternatives VII	Virginia Beach City	$51,249	$24,393	Conventional	Supportive Hsg	6	n/a	100%
Community Alternatives VIII	Virginia Beach City	$42,985	$20,630	Conventional	Supportive Hsg	6	n/a	100%
Community Services Housing	Charlottesville City	$1,925,000	$1,549,031	Conventional	Supportive Hsg	32	97%	100%
Congress	Shenandoah County	$750,000	$502,702	Tax Credit	General	38	97%	100%
Coppermine Place II	Fairfax County	$2,500,000	$2,192,919	Tax Credit, Section 8	Elderly	66	100%	100%
Coralain Gardens	Fairfax County	$7,550,000	$7,108,449	Tax Credit	General	106	99%	100%
Cornerstone	Lynchburg City	$175,000	$132,611	Conventional	Supportive Hsg	11	80%	100%
Cottages at Great Bridge I	Chesapeake City	$3,300,000	$2,822,747	Tax Credit	Elderly	96	98%	100%
Cottages at Great Bridge II	Chesapeake City	$1,300,000	$1,156,313	Tax Credit	Elderly	32	100%	100%
Cotton Mill Lofts	Roanoke City	$8,200,000	$7,856,608	Conventional	General	108	98%	100%
Country Club	Henrico County	$2,850,000	$2,081,885	Tax Credit	General	97	94%	100%
Countryside	Richmond City	$1,775,000	$1,290,825	Tax Credit	General	59	98%	100%

Countryside	Fauquier County	$350,000	$194,142	Tax Credit	General	8	100%	100%
Countryside I	Madison County	$338,000	$24,538	Conventional	Elderly	17	n/a	100%
Countryside I and II	Madison County	$9,999	$9,999	Conventional	Elderly	36	n/a	100%
County Center Crossing	Prince William County	$17,500,000	$14,972,320	Tax Credit	General	224	94%	100%
Courthouse Commons I	Richmond County	$650,000	$505,277	Conventional	General	12	83%	100%
Courthouse Commons II	Richmond County	$750,000	$606,725	Conventional	General	12	83%	100%
Courthouse Crossings	Arlington County	$8,600,000	$8,044,523	Tax Credit	General	112	99%	100%
Courthouse Green	Spotsylvania County	$715,000	$632,907	Tax Credit, RD515	General	40	92%	100%
Courthouse Lane I	Caroline County	$1,100,000	$795,768	Tax Credit, Section 8	Elderly	32	100%	100%
Courthouse Lane II	Caroline County	$600,000	$562,562	Tax Credit, RD515	Elderly	24	96%	100%
Courthouse Square	Lexington City	$1,050,000	$995,495	MUMI (2)	General	10	100%	100%
Coverstone IV	Prince William County	$5,916,947	$2,143,427	Section 8	General	166	99%	100%
Cralle Avenue Adult Home	Lunenburg County	$269,485	$55,311	Conventional	Elderly	24	0%	100%
Crater Square	Petersburg City	$4,750,000	$3,710,081	Conventional	General	130	95%	100%
Crater Woods I	Petersburg City	$7,931,800	$6,047,488	Conventional	General	120	88%	100%
Crater Woods II	Petersburg City	$7,670,000	$6,294,600	Conventional	General	120	87%	100%
Creekpointe	Chesterfield County	$11,770,000	$10,023,773	Tax Credit	General	214	97%	100%
Creekside Village I	Fairfax County	$13,321,821	$11,000,008	Tax Credit, Section 236	General	220	97%	100%
Creekside Village II	Fairfax County	$10,100,000	$9,399,297	Tax Credit	General	99	97%	100%
Crescent Place	Portsmouth City	$7,300,000	$6,938,579	Tax Credit	General	156	97%	100%
Crest at Longwood	Salem City	$3,600,000	$3,600,000	Conventional	General	108	93%	100%
Crestview	Fredericksburg City	$8,960,774	$7,116,191	Tax Credit	General	180	96%	100%
Crevenna Oaks	Fairfax County	$4,358,858	$2,729,098	Tax Credit, Section 8	General	50	100%	100%
Cricket Hill	Mathews County	$300,000	$300,000	Tax Credit	General	30	100%	100%
Crispus Attucks	Northampton County	$750,000	$713,753	Tax Credit	General	22	91%	100%
Crossing at Belmont Hills	Chesterfield County	$5,850,000	$4,148,149	Conventional	General	120	97%	100%
Crossings at Summerland	Prince William County	$8,200,000	$7,348,322	Tax Credit	General	126	99%	100%
Crossroads	Chesapeake City	$4,284,692	$3,064,738	Conventional	General	92	91%	100%
Crosswinds Place	Chesapeake City	$4,350,000	$3,413,214	Tax Credit	General	109	97%	100%
Crown Square	Henrico County	$3,823,500	$2,742,366	Conventional	General	90	94%	100%
Crozet Meadows	Albemarle County	$1,715,000	$1,639,050	Tax Credit, RD515	Elderly	66	98%	100%
Culpeper Shelter	Culpeper County	$200,000	$174,983	Conventional	Supportive Hsg	15	n/a	100%
Dale Forest III and IV	Prince William County	$4,000,000	$387,192	Conventional	General	149	99%	100%
Dale Forest V	Prince William County	$8,100,000	$2,063,359	Conventional	General	222	95%	100%
Dan River Crossing	Danville City	$1,870,000	$1,652,240	Tax Credit	Elderly	74	96%	100%
Dante Crossing	Russell County	$273,000	$253,372	Tax Credit	General	12	83%	100%
Darby House	Henrico County	$2,975,000	$2,697,949	Tax Credit	Elderly	108	93%	100%
Deep Creek	Chesapeake City	$2,285,000	$1,303,688	Conventional	General	102	96%	100%
Deep Run Lodge	Fauquier County	$546,700	$524,884	Conventional	Supportive Hsg	1	n/a	100%
Delmont Plaza	Henrico County	$200,000	$207,468	Tax Credit, Section 8	General	41	95%	100%
Delmont Village	Henrico County	$3,150,000	$2,839,656	Conventional	General	94	96%	100%
Denbigh Trace	Newport News City	$3,745,890	$1,548,576	Conventional	General	128	99%	100%
Denbigh Village	Newport News City	$2,500,000	$2,500,000	Conventional	General	244	n/a	100%

Derby Run II	Hampton City	$8,190,000	$7,974,571	Tax Credit	General	144	76%	100%
Devon at South Riding	Loudoun County	$10,575,000	$9,297,240	Conventional	General	120	98%	100%
Dogwood Terrace	Wise County	$920,000	$645,782	Tax Credit, Section 8	General	97	94%	100%
Dolly Ann	Alleghany County	$1,950,000	$1,902,112	Tax Credit, Section 8	General	108	98%	100%
Dominion Pines	Chesapeake City	$5,750,000	$4,484,263	Tax Credit	General	118	98%	100%
Dominion Place	Richmond City	$6,770,000	$5,827,373	Tax Credit, Section 8	Elderly	249	96%	100%
Dranesville District	Fairfax County	$220,000	$139,054	Conventional	General	3	100%	100%
Dresden	Newport News City	$1,400,000	$1,303,844	Tax Credit	Elderly	32	97%	100%
Dulles Center I	Fairfax County	$10,259,700	$7,985,331	Tax Credit	General	144	98%	100%
Dulles Center II	Fairfax County	$10,700,000	$9,174,603	Tax Credit	General	128	99%	100%
Dunlop Farms	Colonial Heights City	$3,305,000	$2,998,717	Tax Credit	Elderly	88	92%	100%
Dutch Inn	Lexington City	$1,200,000	$1,123,293	MUMI (2)	General	12	100%	100%
Earle of Warwick Square	Newport News City	$3,300,000	$1,839,384	Conventional	General	109	98%	100%
East Bay	Norfolk City	$1,800,000	$1,338,235	Conventional	General	64	94%	100%
East Falls	Fairfax County	$31,025,000	$29,573,267	Tax Credit	General	305	99%	100%
Ebbetts Plaza	Virginia Beach City	$3,066,000	$2,534,666	Tax Credit, Section 8	General	90	92%	100%
Echo Mountain I	Shenandoah County	$710,000	$478,360	Tax Credit	General	24	96%	100%
Echo Mountain II	Shenandoah County	$790,000	$536,496	Tax Credit	General	26	100%	100%
Effingham Plaza	Portsmouth City	$5,478,183	$1,730,916	Tax Credit, Section 8	Elderly	178	98%	100%
Elbert Avenue	Alexandria City	$900,000	$423,431	Tax Credit	General	29	100%	100%
Elderspirit Community	Washington County	$850,000	$746,455	Conventional	Elderly	16	94%	100%
Elite	Norfolk City	$1,912,000	$1,522,687	Conventional	General	50	100%	100%
Elkhart	Chesapeake City	$1,361,000	$1,058,617	Conventional	General	34	91%	100%
Elm Tree M/R	Giles County	$309,290	$133,379	Conventional	Supportive Hsg	12	92%	100%
England Run North I	Stafford County	$10,200,000	$7,754,404	Tax Credit	General	204	92%	100%
Englewood	Chesterfield County	$270,000	$219,605	Conventional	Supportive Hsg	8	n/a	100%
English Oaks	Stafford County	$9,410,000	$8,285,880	Tax Credit	Elderly	119	98%	100%
Enoch George Manor	Spotsylvania County	$4,200,000	$3,635,885	Tax Credit	Elderly	60	93%	100%
Evergreen House	Fairfax County	$16,394,800	$3,547,743	Conventional	Elderly	246	99%	100%
Exmore Village II	Northampton County	$750,000	$545,606	Tax Credit, RD515	Elderly	64	94%	100%
Fairfax Village	Radford City	$1,081,350	$326,583	Conventional	General	40	98%	100%
Fall Hill I	Fredericksburg City	$1,900,000	$810,513	Tax Credit	General	96	91%	100%
Fall Hill II	Fredericksburg City	$8,425,000	$7,186,250	Tax Credit	General	150	96%	100%
Falls I	Essex County	$1,150,000	$992,326	Conventional	General	16	87%	100%
Falls II	Essex County	$1,225,000	$1,081,201	Conventional	General	16	100%	100%
Falls III	Essex County	$950,000	$841,027	Conventional	General	12	100%	100%
Farrar Square	Charlotte County	$560,500	$380,583	Tax Credit	General	24	96%	100%
Fenner Street	Norfolk City	$169,000	$122,791	Conventional	Supportive Hsg	4	n/a	100%
Ferncliff South	Roanoke City	$3,101,762	$1,885,616	Tax Credit, Section 8	General	84	95%	100%
Fieldcrest	Henrico County	$1,019,000	$960,324	Tax Credit	General	29	100%	100%
Fields at Cascades	Loudoun County	$23,000,000	$21,448,773	Tax Credit	General	320	99%	100%
Fields at Lorton Station	Fairfax County	$16,400,000	$13,047,773	Tax Credit	General	248	99%	100%
Fields of Alexandria	Alexandria City	$29,500,000	$28,431,521	Tax Credit	General	306	96%	100%

Fields of Arlington	Arlington County	$14,096,022	$9,396,203	Tax Credit	General	199	99%	100%
Fields of Falls Church	Falls Church City	$4,300,000	$2,653,231	Tax Credit	General	96	98%	100%
Fields of Leesburg II	Loudoun County	$20,000,000	$19,557,599	Tax Credit	General	248	97%	100%
Fields of Manassas	Prince William County	$8,000,000	$6,594,257	Tax Credit	General	180	98%	100%
Fields of Merrifield	Fairfax County	$8,550,000	$6,030,862	Tax Credit	General	124	99%	100%
Fields of Old Town	Alexandria City	$9,500,000	$9,138,197	Tax Credit	General	98	98%	100%
Finney Avenue Residence	Suffolk City	$320,214	$126,898	Conventional	Supportive Hsg	12	92%	100%
First Colony	Petersburg City	$2,180,000	$2,079,463	Conventional	General	58	98%	100%
Fish Heads	Norfolk City	$900,000	$770,713	Conventional	General	14	79%	100%
Fisher House	Arlington County	$2,729,912	$2,424,331	Tax Credit	General	33	97%	100%
Floyd Village Square	Floyd County	$870,000	$810,978	MUMI (2)	General	8	100%	100%
Forest at Angelwood	King George County	$310,000	$309,468	Conventional	Supportive Hsg	6	n/a	100%
Forest Cove I	Chesapeake City	$3,555,000	$2,749,229	Tax Credit, Section 8	General	101	97%	100%
Forest Cove II	Chesapeake City	$3,650,000	$2,822,506	Tax Credit, Section 8	General	100	98%	100%
Forest Cove III	Chesapeake City	$4,190,000	$2,686,868	Tax Credit, Section 236	General	101	98%	100%
Forest Creek	Richmond City	$5,625,000	$4,694,145	Tax Credit	Elderly	94	98%	100%
Forest Glen I	Fairfax County	$6,580,000	$5,109,940	Tax Credit	Elderly	83	94%	100%
Forest Glen II	Fairfax County	$6,860,000	$5,054,802	Tax Credit	Elderly	119	95%	100%
Forest Hills at Belview	Montgomery County	$2,500,000	$2,445,489	Tax Credit	General	70	94%	100%
Forest Hills Intermediate Care Facility	Lynchburg City	$469,850	$176,369	Conventional	Supportive Hsg	14	100%	100%
Forest Pine III	Franklin City	$1,360,000	$823,032	Conventional	General	40	98%	100%
Forest Pine IV	Franklin City	$1,468,800	$979,694	Conventional	General	40	98%	100%
Forrest Pines	Newport News City	$5,353,000	$4,161,941	Conventional	General	110	96%	100%
Fort Garfield	Arlington County	$1,969,000	$1,969,000	Conventional	General	20	85%	100%
Fort Henry Gardens	Arlington County	$900,000	$569,003	Tax Credit	General	82	99%	100%
Fort Myer I	Arlington County	$485,000	$485,000	Conventional	General	11	91%	100%
Foxchase	Essex County	$3,660,000	$2,157,769	Tax Credit	General	60	87%	100%
Foxcroft	Hampton City	$5,000,000	$4,567,546	Conventional	General	120	95%	100%
Franciscan Brethren of St. Philip	James City County	$725,000	$665,092	Conventional	Supportive Hsg	14	n/a	100%
Franklin South	Franklin City	$152,000	$121,481	Tax Credit, RD515	General	32	97%	100%
Frederick at Courthouse	Arlington County	$9,500,000	$9,081,401	Tax Credit	General	108	94%	100%
Friendship Court	Charlottesville City	$3,860,650	$1,048,106	Tax Credit, Section 8	General	150	100%	100%
Friendship Village	Virginia Beach City	$5,405,000	$5,178,068	Tax Credit, Section 8	General	109	99%	100%
Frontier Ridge	Staunton City	$3,300,000	$2,942,790	Tax Credit	General	100	89%	100%
G and T Adult Home	Cumberland County	$204,684	$129,101	Conventional	Supportive Hsg	18	0%	100%
Gardens of Stafford	Stafford County	$14,200,000	$13,568,728	Tax Credit	Elderly	150	91%	100%
Gardenside Village	Russell County	$950,000	$884,758	Conventional	General	6	33%	100%
Garrison Woods	Stafford County	$5,049,600	$3,579,895	Section 8	General	131	100%	100%
Gates of Ballston	Arlington County	$21,000,000	$19,762,072	Tax Credit	General	464	97%	100%
Gateway Village	Giles County	$663,649	$552,740	Tax Credit, RD515	General	42	98%	100%
George Mason Square	Richmond City	$617,327	$159,957	Section 236	General	26	96%	100%
Germanna Heights	Orange County	$1,850,000	$1,568,478	Tax Credit	Elderly	51	96%	100%
Gilmer Housing	Roanoke City	$300,000	$187,669	Tax Credit	General	20	100%	100%

Gladiola Crescent Group Home	Virginia Beach City	$190,000	$152,128	Conventional	Supportive Hsg	5	n/a	100%
Glen Ridge Commons	Prince William County	$6,675,000	$5,033,758	Tax Credit	General	140	90%	100%
Glenns at Millers Lane	Henrico County	$7,775,000	$7,758,935	Tax Credit	General	144	89%	100%
Glenway and Aden Park I and II	Richmond City	$20,875,062	$20,229,098	Conventional	General	538	97%	100%
Gold Hill Village	Buckingham County	$485,314	$122,463	Conventional	Elderly	20	85%	100%
Grand Oaks	Chesterfield County	$14,000,000	$12,877,642	Tax Credit	General	184	94%	100%
Grand Oaks Seniors	Chesterfield County	$2,570,000	$2,363,327	Tax Credit	Elderly	32	97%	100%
Grayson Manor	Grayson County	$575,000	$455,896	Tax Credit, RD515	Elderly	32	100%	100%
Great Oak	Newport News City	$4,144,470	$3,247,281	Tax Credit, Section 8	Elderly	143	99%	100%
Green Meadows (10)	Virginia Beach City	$569,200	$298,089	Conventional	General	8	88%	100%
Greene Hill Estates	Fairfax County	$4,752,644	$1,736,220	Conventional	General	100	98%	100%
Greenlakes	Virginia Beach City	$7,071,383	$5,918,016	Tax Credit	General	150	98%	100%
Greens at Northridge	Culpeper County	$6,550,000	$5,693,386	Tax Credit	General	108	88%	100%
Greens at Virginia Center	Henrico County	$9,257,000	$7,652,677	Tax Credit	General	180	94%	100%
Gretna Village	Pittsylvania County	$950,000	$744,958	Tax Credit, Section 8	General	47	94%	100%
Gretna Village	Pittsylvania County	$340,000	$271,100	Tax Credit, Section 8	General	47	94%	100%
Grottoes II	Rockingham County	$940,000	$701,588	Tax Credit	General	34	91%	100%
Grottoes III	Rockingham County	$750,000	$576,837	Tax Credit	General	26	96%	100%
Grove at Flynn's Crossing	Loudoun County	$9,674,445	$7,422,033	Tax Credit	General	168	100%	100%
Gum Springs Glen	Fairfax County	$1,500,000	$1,169,861	Tax Credit	Elderly	60	100%	100%
Gypsy Hill House	Staunton City	$2,350,000	$2,327,570	Tax Credit, Section 8	Elderly	100	100%	100%
Hamilton Place	Portsmouth City	$4,375,000	$4,254,259	Tax Credit, Section 8	General	84	99%	100%
Hamilton Place II	Portsmouth City	$2,510,000	$2,485,577	Tax Credit, Section 8	General	84	99%	100%
Hampton and Montrose	Charlottesville City	$107,679	$67,439	Conventional	General	4	100%	100%
Hampton Transition Center	Hampton City	$283,202	$81,567	Conventional	Supportive Hsg	12	83%	100%
Hancock Building	Roanoke City	$5,400,000	$5,101,769	MUMI (2)	General	58	100%	100%
Harbor Inn	Virginia Beach City	$3,600,000	$2,901,353	Conventional	General	138	92%	100%
Harris Gardens I	Harrisonburg City	$1,737,000	$154,605	Section 236	General	100	97%	100%
Havana	Norfolk City	$480,000	$349,415	Conventional	General	12	92%	100%
Hawthorn House	Clarke County	$1,050,000	$876,896	MUMI (2)	General	7	87%	100%
Heather Glen	Radford City	$1,680,000	$1,384,697	Tax Credit	General	40	95%	100%
Heatherwood	Fairfax County	$7,465,000	$1,706,193	Conventional	Elderly	112	98%	100%
Hemphill	Lynchburg City	$233,100	$210,193	Conventional	Supportive Hsg	4	100%	100%
Henley Place	Montgomery County	$2,175,000	$1,962,753	Tax Credit	General	41	95%	100%
Henry Williams	Petersburg City	$1,450,000	$1,428,181	Tax Credit	General	42	100%	100%
Heritage Commons (7)	York County	$15,500,000	$0	Conventional	Elderly	100	76%	100%
Heritage House	Stafford County	$268,000	$151,588	Conventional	Supportive Hsg	7	n/a	100%
Heritage Museum	Waynesboro City	$550,000	$505,190	MUMI (2)	General	6	83%	100%
Herndon Harbor House I	Fairfax County	$1,000,000	$708,505	Tax Credit	Elderly	60	98%	100%
Hickory Point (3)	Newport News City	$7,595,000	$6,042,714	Conventional	General	175	90%	100%
Hiddenbrooke	Fairfax County	$285,000	$237,922	Conventional	Elderly	6	100%	100%
Highland Commons	Fauquier County	$7,616,034	$6,922,954	Tax Credit	General	96	98%	100%
Highlands	Henrico County	$2,190,000	$2,071,230	Conventional	General	42	95%	100%

Highlands I	Rockingham County	$750,000	$370,754	Tax Credit	General	38	89%	100%
Highlands II	Rockingham County	$650,000	$489,158	Tax Credit	General	24	88%	100%
Hillcrest Elderly	Lynchburg City	$3,022,861	$1,291,631	Conventional	Elderly	103	95%	100%
Hillcrest Heights	Roanoke City	$950,000	$860,415	Tax Credit	General	24	100%	100%
Hillside	Tazewell County	$873,000	$594,833	Tax Credit	General	36	83%	100%
Hilltop South	Virginia Beach City	$1,940,000	$1,589,887	Tax Credit	General	85	93%	100%
Historic Manor	Richmond City	$930,000	$930,000	MUMI (2)	General	17	n/a	100%
Holland House	Virginia Beach City	$3,025,800	$2,747,413	Tax Credit	Elderly	112	95%	100%
Hopewell Heights	Hopewell City	$4,540,104	$1,500,617	Conventional	General, Elderly	150	99%	100%
Hopewell Lofts	Hopewell City	$3,650,000	$3,545,989	MUMI (2)	General	50	88%	100%
Howland House	Hampton City	$289,000	$258,216	Conventional	Supportive Hsg	5	n/a	100%
Huckleberry Court	Montgomery County	$2,800,000	$2,451,260	Tax Credit	General	50	100%	100%
Hugo Street	Norfolk City	$335,000	$294,845	Conventional	Supportive Hsg	5	n/a	100%
Hunt Country Manor	Fauquier County	$2,500,000	$1,856,278	Tax Credit	General	56	95%	100%
Hunt Ridge I	Rockbridge County	$1,350,000	$1,228,888	Tax Credit	General	46	93%	100%
Hunt Ridge II	Rockbridge County	$680,000	$638,758	Tax Credit	General	24	84%	100%
Hunters Point I	Chesapeake City	$4,160,876	$3,209,090	Tax Credit, Section 236	General	124	93%	100%
Hunters Point II	Chesapeake City	$862,706	$664,969	Tax Credit, Section 236	General	32	97%	100%
Hunting Creek	Fairfax County	$3,197,498	$2,012,076	Tax Credit, Section 8	General	35	100%	100%
Hurt Park II (3)	Roanoke City	$1,350,000	$1,259,456	Tax Credit	General	40	95%	100%
Independence Square	Portsmouth City	$7,350,000	$6,427,406	Tax Credit	General	152	99%	100%
Indian River	Hampton City	$640,000	$575,049	Conventional	Supportive Hsg	13	n/a	100%
Ivy Farms	Newport News City	$4,865,000	$3,869,205	Tax Credit	General	168	94%	100%
Jabez Court I and II	Franklin City	$194,000	$148,785	Conventional	General	6	n/a	100%
Jackson Ward (3)	Richmond City	$722,897	$344,422	Tax Credit, Section 8	General	18	89%	100%
James Crossing	Lynchburg City	$5,650,000	$4,503,252	Tax Credit, Section 8	General	288	95%	100%
Jamestown Commons II	Virginia Beach City	$3,600,000	$3,077,325	Tax Credit	Elderly	132	93%	100%
Jefferson House	Lynchburg City	$3,170,000	$1,998,410	Tax Credit, Section 236	Elderly	101	92%	100%
Jefferson Ridge	Albemarle County	$24,200,000	$22,278,828	Conventional	General	234	98%	100%
Jefferson School Lofts (7)	Suffolk City	$2,700,000	$0	Conventional	General	16	94%	100%
Jefferson Townhouses	Richmond City	$8,880,000	$8,218,250	Tax Credit	General	218	93%	100%
Jersey Park	Isle of Wight County	$2,950,000	$2,498,232	Tax Credit, Section 8	General	80	95%	100%
Jesse Lee	Petersburg City	$5,050,000	$4,834,660	Tax Credit	General	108	95%	100%
John Early	Bedford County	$1,780,000	$1,660,731	Tax Credit, Section 8	Elderly	78	94%	100%
Kendrick Court	Fairfax County	$7,700,000	$5,747,234	Tax Credit	Elderly	139	92%	100%
Keysville Manor	Charlotte County	$350,000	$275,210	Tax Credit, RD515	General	24	100%	100%
Kilmarnock Village	Lancaster County	$386,000	$271,595	Tax Credit, RD515	General	24	100%	100%
King Street Commons	Hampton City	$5,050,000	$3,460,132	Tax Credit	General	184	90%	100%
King William Village	King William County	$390,000	$336,192	Tax Credit, RD515	Elderly	32	100%	100%
King's Ridge	Newport News City	$9,450,000	$7,426,887	Tax Credit	General	182	99%	100%
Kingsbridge North	Chesapeake City	$4,520,000	$3,996,310	Conventional	General	102	97%	100%
Kline Building	Arlington County	$4,000,000	$3,584,393	Conventional	Supportive Hsg	80	100%	100%
Kopenhaven	Newport News City	$1,425,000	$1,104,106	Conventional	General	49	88%	100%

L and Z Historic	Richmond City	$950,000	$782,439	Conventional	General	13	8%	100%
Lafayette	Fairfax County	$28,750,000	$25,858,483	Tax Credit	General	340	97%	100%
Lafayette Gardens	Richmond City	$2,907,000	$2,064,022	Tax Credit, Section 236	General	102	99%	100%
Lafayette Square	James City County	$1,210,000	$1,089,390	Tax Credit, RD515	General	106	99%	100%
Lafayette Square	Fredericksburg City	$765,000	$547,505	Conventional	Supportive Hsg	12	75%	100%
Lafayette Village Elderly	James City County	$248,000	$222,478	Tax Credit, RD515	Elderly	32	100%	100%
Lafayette Village Family	James City County	$1,255,000	$1,130,290	Tax Credit, RD515	General	112	99%	100%
Lake Anne Fellowship House II	Fairfax County	$2,535,155	$596,461	Section 236	Elderly	100	89%	100%
Lake Princess Anne	Virginia Beach City	$7,125,000	$6,282,608	Conventional	General	104	73%	100%
Lakefield Mews II	Henrico County	$5,063,000	$3,276,869	Conventional	General	177	93%	100%
Lakes of Greenbrier I	Chesapeake City	$10,146,241	$6,794,838	Conventional	General	156	90%	100%
Lakes of Greenbrier I and II	Chesapeake City	$1,727,059	$1,352,665	Conventional	General	204	n/a	100%
Lakes of Greenbrier II	Chesapeake City	$1,552,400	$859,277	Conventional	General	48	90%	100%
Lakeview West	Colonial Heights City	$650,000	$377,218	Conventional	General	30	100%	100%
Lancaster Mill	Prince William County	$8,150,000	$6,603,337	Conventional	General	138	94%	100%
Landings at Markham's Grant III	Prince William County	$11,000,000	$9,709,328	Tax Credit	General	162	98%	100%
Landings at Weyers Cave	Augusta County	$2,382,500	$2,338,358	Tax Credit	General	84	90%	100%
Landmark II	Chesapeake City	$3,650,000	$3,005,968	Tax Credit	General	120	98%	100%
Langley House	Fairfax County	$750,000	$657,730	Conventional	Supportive Hsg	6	n/a	100%
L'Arche Blue Ridge Mountain I	Lynchburg City	$380,000	$320,322	Conventional	Supportive Hsg	8	100%	100%
L'Arche Blue Ridge Mountain II	Lynchburg City	$350,000	$328,410	Conventional	Supportive Hsg	8	100%	100%
L'Arche Highland House	Arlington County	$500,000	$446,037	Conventional	Supportive Hsg	4	100%	100%
Larkspur (10)	Virginia Beach City	$754,187	$496,915	Conventional	General	16	100%	100%
Larkspur	Arlington County	$5,900,000	$5,858,451	Conventional	General	76	97%	100%
Larkspur	Galax City	$1,100,000	$1,016,079	Conventional	General	18	72%	100%
Laurel Court	Virginia Beach City	$2,775,000	$2,266,947	Conventional	General	80	95%	100%
Laurel Ridge	Carroll County	$1,726,452	$719,066	Section 8	General	56	96%	100%
Laurel Woods	Hanover County	$500,000	$435,652	Tax Credit, RD515	General	40	98%	100%
Lawrenceville Manor	Brunswick County	$252,000	$188,716	Tax Credit, RD515	General	24	100%	100%
Lawson Building	Roanoke City	$2,000,000	$1,907,157	MUMI (2)	General	25	100%	100%
Leavell Charles	Fredericksburg City	$325,000	$243,124	Conventional	Supportive Hsg	5	100%	100%
Lebanon Village I	Surry County	$250,000	$206,077	Tax Credit, RD515	Elderly	24	96%	100%
Lebanon Village II	Surry County	$480,000	$467,026	Tax Credit, RD515	Elderly	24	100%	100%
Leckey Gardens	Arlington County	$1,850,000	$1,463,705	Tax Credit	General	40	95%	100%
Lee - High Residence	Rockingham County	$290,844	$116,186	Section 8	Supportive Hsg	12	100%	100%
Lee Overlook	Fairfax County	$11,562,600	$9,505,419	Tax Credit	General	195	95%	100%
Lee Townhouses	Caroline County	$590,000	$454,349	Tax Credit, RD515	General	18	94%	100%
Levis Hill House	Loudoun County	$930,000	$812,039	Tax Credit	Elderly	20	100%	100%
Lexington House	Lexington City	$1,418,134	$342,859	Section 8	Elderly	78	100%	100%
Lexington Park	Norfolk City	$7,615,000	$5,106,483	Tax Credit, Section 236	General	180	96%	100%
Liberty Manor	Bedford County	$417,290	$98,002	Section 8	General	24	100%	100%
Lieutenant's Run	Petersburg City	$9,050,000	$7,951,572	Tax Credit	General	168	92%	100%
Lincoln Mews I	Richmond City	$4,166,000	$3,940,270	Tax Credit	General	115	97%	100%

Lincoln Mews II	Richmond City	$3,963,000	$3,504,388	Tax Credit	General	130	94%	100%
Link Apartments Manchester	Richmond City	$18,250,000	$18,250,000	MUMI (2)	General	188	96%	100%
Llewellyn Avenue	Norfolk City	$540,000	$342,073	Conventional	General	16	94%	100%
Locks I	Richmond City	$12,350,000	$12,286,095	MUMI (2)	General	88	23%	100%
Locks II	Richmond City	$11,250,000	$11,180,017	MUMI (2)	General	86	22%	100%
Lofts at Beckstoffer's Mill	Richmond City	$1,545,000	$1,501,810	Conventional	General	22	95%	100%
Lofts on First and Kirk	Roanoke City	$1,025,000	$1,002,069	Conventional	General	12	100%	100%
London Oaks	Portsmouth City	$11,476,932	$7,269,361	Tax Credit, Section 8	General	296	97%	100%
Longhill Grove	James City County	$9,850,000	$8,362,685	Tax Credit	General	170	90%	100%
Luray Village	Page County	$800,000	$607,856	Tax Credit, RD515	Elderly	34	100%	100%
Lynchburg High	Lynchburg City	$1,070,000	$1,029,925	Tax Credit, Section 8	General	74	88%	100%
Lynhaven	Alexandria City	$1,500,000	$1,078,330	Conventional	General	28	82%	100%
Lynnhaven Landing	Virginia Beach City	$9,400,000	$6,176,952	Conventional	General	252	94%	100%
Macedonia	Arlington County	$3,910,000	$3,754,614	MUMI (2)	General	36	100%	100%
Madison at Ballston Station	Arlington County	$9,150,000	$8,714,483	Tax Credit	General	100	99%	100%
Madison House	Loudoun County	$7,340,382	$2,962,132	Tax Credit, Section 8	Elderly	100	97%	100%
Madison Ridge	Fairfax County	$11,750,000	$10,665,473	Conventional	General	98	99%	100%
Madonna House	Fredericksburg City	$4,875,000	$3,506,585	Tax Credit	Elderly	130	98%	100%
Main Street Commons	Loudoun County	$4,900,000	$4,050,047	Tax Credit	General	90	91%	100%
Mallard Cove I	Chesterfield County	$6,250,000	$5,927,319	Tax Credit	General	144	90%	100%
Malvern Hills	Portsmouth City	$2,450,000	$2,378,338	Section 8	Elderly	56	96%	100%
Manchester I	Fairfax County	$8,600,000	$6,548,078	Tax Credit	Elderly	136	96%	100%
Manor View	Portsmouth City	$2,818,000	$1,719,443	Conventional	General	128	91%	100%
Maple Avenue	Loudoun County	$4,075,000	$3,356,175	Tax Credit	General	60	100%	100%
Maple Ridge (7)	Lynchburg City	$2,600,000	$0	Conventional	General	152	82%	100%
Maplewood	Chesapeake City	$20,205,333	$19,737,227	Tax Credit	General	320	96%	100%
Marbella	Arlington County	$10,080,000	$9,246,847	Tax Credit	General	134	99%	100%
Market Slip	Richmond City	$2,000,000	$1,368,999	Tax Credit	General	30	83%	100%
Market Square I	Chesterfield County	$885,000	$660,056	Tax Credit	Elderly	63	97%	100%
Market Square II	Chesterfield County	$875,000	$681,593	Tax Credit	Elderly	42	93%	100%
Market Square III	Chesterfield County	$1,870,000	$1,648,136	Tax Credit	Elderly	69	91%	100%
Martha's Place	James City County	$340,000	$310,015	Conventional	Supportive Hsg	7	n/a	100%
Marvin Gardens	Emporia City	$750,000	$581,711	Tax Credit	Elderly	40	100%	100%
Mary Hardesty House	Clarke County	$2,300,000	$1,923,894	Tax Credit	Elderly	60	98%	100%
Massanutten Manor	Shenandoah County	$580,000	$673,008	Tax Credit	Elderly	114	99%	100%
Massie Haven	Augusta County	$250,000	$21,181	Conventional	Supportive Hsg	22	80%	100%
Maury Park	Richmond City	$800,000	$595,659	Tax Credit	Elderly	45	98%	100%
McGuire Park	Richmond City	$2,550,000	$2,028,288	Tax Credit	General	80	98%	100%
Meadow Run	Martinsville City	$1,150,000	$644,534	Conventional	General	32	3%	100%
Meadowood	Norfolk City	$19,700,000	$19,381,729	Conventional	General	180	99%	100%
Meadows	Lynchburg City	$3,150,780	$3,143,623	Tax Credit, Section 8	General	66	97%	100%
Meadows	Prince Edward County	$185,000	$164,792	Tax Credit, RD515	General	40	92%	100%
Meadows at Northridge	Culpeper County	$1,442,775	$1,242,019	Tax Credit	Elderly	50	96%	100%

Meadows II - Wolf Creek Housing	Giles County	$150,000	$128,226	Tax Credit	General	11	100%	100%
Meadowview	Pulaski County	$1,569,205	$813,165	Tax Credit, Section 236	General	98	96%	100%
Meads Road	Norfolk City	$247,000	$190,748	Conventional	General	8	88%	100%
Mecklenburg Manor	Mecklenburg County	$664,900	$95,851	Section 236	General	51	96%	100%
Melton's Run	Carroll County	$1,380,000	$1,173,003	Tax Credit	General	48	98%	100%
Mercer Place	Lancaster County	$1,300,000	$1,231,483	Conventional	General	16	88%	100%
Meridian at Watermark I	Chesterfield County	$22,750,000	$22,249,543	Conventional	General	204	90%	100%
Meridian at Watermark II	Chesterfield County	$10,500,000	$10,387,362	Mixed Income Only	General	96	44%	100%
Meridian Parkside	Newport News City	$36,930,000	$36,631,983	Conventional	General	308	91%	100%
Mews on Little High Street	Charlottesville City	$2,225,000	$2,098,868	Conventional	Supportive Hsg	40	92%	100%
Midtown at Town Center	Virginia Beach City	$28,520,500	$28,178,133	Conventional	General	196	92%	100%
Midway Manor	Charlottesville City	$3,035,502	$1,414,473	Conventional	Elderly	98	99%	100%
Mill Creek Arts Building	Galax City	$300,000	$277,831	MUMI (2)	General	5	80%	100%
Mill Park Terrace	Fredericksburg City	$4,816,346	$1,932,064	Tax Credit, Section 8	Elderly	129	99%	100%
Mill Trace I	Hanover County	$11,900,000	$9,527,514	Conventional	General	144	99%	100%
Mill Trace II	Hanover County	$7,400,000	$6,277,029	Conventional	General	96	99%	100%
Millsap Lane	Washington County	$445,000	$342,876	Conventional	General	8	87%	100%
Minerva Fisher Hall Group Home	Fairfax County	$437,157	$149,837	Section 8	Supportive Hsg	12	100%	100%
Moffett Manor	Fauquier County	$5,000,000	$4,614,084	Tax Credit	Elderly	98	99%	100%
Monterey	Hampton City	$750,000	$480,376	Tax Credit	General	40	n/a	100%
Monterey	Arlington County	$7,830,000	$7,107,028	Tax Credit	General	109	99%	100%
Montgomery Square (7)	Portsmouth City	$13,250,000	$0	MUMI (2)	General	69	96%	100%
Monticello Vista	Charlottesville City	$1,825,000	$1,711,571	Conventional	Supportive Hsg	50	100%	100%
Mosby Heights	Harrisonburg City	$1,950,000	$2,582,526	Tax Credit, Section 8	General	112	100%	100%
Mount Vernon Village	Fairfax County	$341,100	$312,600	Conventional	Supportive Hsg	3	100%	100%
Mountain Crest	Bath County	$830,000	$752,599	Tax Credit	Elderly	28	89%	100%
Mountain Oaks	Warren County	$3,538,000	$3,349,895	Tax Credit	General	82	94%	100%
Mountain Run	Culpeper County	$750,000	$522,241	Tax Credit, RD515	General	50	90%	100%
Mountain View	Waynesboro City	$2,600,000	$2,565,868	Tax Credit	General	129	95%	100%
Mountainside Senior Living	Albemarle County	$700,000	$619,419	Conventional	Elderly	110	100%	100%
Narrows Towns Offices	Giles County	$750,000	$744,012	Conventional	General	8	100%	100%
New Manchester Flats I	Richmond City	$5,360,000	$5,220,553	Conventional	General	57	89%	100%
New Manchester Flats III	Richmond City	$1,250,000	$1,219,551	MUMI (2)	General	33	88%	100%
New Manchester Flats IV	Richmond City	$6,500,000	$6,384,070	Mixed Income Only	General	71	90%	100%
New Manchester Flats IX	Richmond City	$1,300,000	$1,259,436	Tax Credit	General	41	95%	100%
Newbridge Village	Henrico County	$5,000,000	$4,016,510	Tax Credit, Section 8	General	152	99%	100%
Newman Village	Richmond City	$3,150,589	$1,540,678	Tax Credit, Section 236	General	99	97%	100%
Newport News Transition T/C	Newport News City	$256,311	$65,806	Conventional	Supportive Hsg	12	100%	100%
Newport Village	Franklin City	$270,000	$242,216	Tax Credit, RD515	General	48	96%	100%
Noah III	Virginia Beach City	$1,105,000	$1,033,559	Conventional	Supportive Hsg	9	100%	100%
Noah IV	Virginia Beach City	$885,000	$826,040	Conventional	Supportive Hsg	7	100%	100%
Nokesville Road Transitional	Manassas City	$200,000	$92,731	Conventional	Supportive Hsg	5	n/a	100%
Norcroft	Richmond City	$3,275,000	$2,205,347	Tax Credit	Elderly	109	92%	100%

North County	Fairfax County	$255,000	$155,369	Conventional	General	4	100%	100%
North Oak	Richmond City	$5,200,000	$5,140,248	Tax Credit	General	144	95%	100%
North Pointe	Pittsylvania County	$4,500,000	$2,913,899	Tax Credit	General	168	98%	100%
North Shore Gardens	Norfolk City	$4,490,000	$219,615	Conventional	General	212	95%	100%
Northview	Salem City	$3,565,000	$2,735,144	Conventional	General	132	96%	100%
Northway	Galax City	$1,675,000	$1,002,093	Tax Credit, Section 236	General	72	97%	100%
Northwinds (9)	Wythe County	$3,198,751	$913,948	Section 8	General	0	98%	100%
Norton Green	Norton City	$311,000	$294,393	Tax Credit, RD515	Elderly	40	100%	100%
Nottoway River Commons	Sussex County	$1,045,000	$1,017,792	Tax Credit, RD515	General	44	86%	100%
O Street Village	Richmond City	$750,000	$728,363	Conventional	General	20	85%	100%
Oak Creek	Fairfax County	$3,787,633	$1,583,670	Tax Credit, Section 8	General	46	100%	100%
Oak Park	Norfolk City	$1,085,000	$838,786	Tax Credit, Section 8	General	40	92%	100%
Oakdale Square	Chesapeake City	$710,000	$599,756	Tax Credit	General	40	98%	100%
Oakland Village	Henrico County	$4,292,192	$1,440,793	Tax Credit, Section 236	General	100	99%	100%
Oaks I	Fauquier County	$3,280,000	$2,723,380	Tax Credit	Elderly	96	100%	100%
Oaks II	Fauquier County	$750,000	$564,414	Tax Credit	Elderly	15	100%	100%
Oaks of Dunlop	Colonial Heights City	$9,346,448	$9,090,247	Tax Credit	General	144	99%	100%
Oaks of Wellington	Manassas City	$11,598,192	$10,444,736	Tax Credit	Elderly	131	97%	100%
Ocean Trace	Virginia Beach City	$1,425,000	$1,399,953	Conventional	General	12	n/a	100%
Odyssey	Arlington County	$1,600,000	$1,486,038	Conventional	General	21	95%	100%
Old Bridge	Henrico County	$8,700,000	$6,528,446	Conventional	General	222	95%	100%
Old Manchester Plaza I (3)	Richmond City	$2,520,000	$2,386,656	Tax Credit	General	46	93%	100%
Old Manchester Plaza II	Richmond City	$950,000	$884,982	MUMI (2)	General	4	75%	100%
Old Manchester Plaza III	Richmond City	$300,000	$285,122	MUMI (2)	General	0	n/a	100%
Old Mill Townhomes	Lynchburg City	$5,049,000	$0	Conventional	General	156	92%	100%
Old Stone Row	Richmond City	$9,000,000	$8,811,577	Conventional	General	96	90%	100%
Old Virginia Beach Road	Virginia Beach City	$575,000	$444,707	Conventional	General	12	92%	100%
Olde Towne West III	Alexandria City	$4,695,161	$2,035,308	Section 8	General	75	93%	100%
Omni Park Place	Hanover County	$2,800,000	$2,925,272	Tax Credit	Elderly	60	97%	100%
Orchard Grove	Giles County	$360,000	$253,318	Tax Credit	General	30	100%	100%
Orchard Landing	Prince William County	$18,150,000	$17,618,314	Tax Credit	General	184	88%	100%
Orchard Mills	Prince William County	$23,000,000	$19,930,985	Tax Credit	General	280	99%	100%
Orchards	Suffolk City	$6,400,000	$5,884,024	Tax Credit	Elderly	136	99%	100%
Osage House	Petersburg City	$388,191	$185,726	Section 8	Supportive Hsg	12	100%	100%
Overlook	Montgomery County	$1,780,000	$1,373,035	Conventional	General	60	95%	100%
Overlook at Brook Run I	Henrico County	$8,000,000	$7,983,512	Tax Credit	General	156	97%	100%
Overlook at Brook Run II	Henrico County	$6,660,000	$6,646,028	Tax Credit	General	126	96%	100%
Oxford Square	Tazewell County	$696,300	$604,708	Tax Credit, RD515	General	87	92%	100%
Palace Court II	Martinsville City	$386,000	$115,047	Conventional	General	15	40%	100%
Parc Crest at Poplar Forest	Prince Edward County	$900,000	$842,365	Tax Credit	Elderly	44	100%	100%
Parc Rosslyn	Arlington County	$49,300,000	$46,740,968	Tax Credit	General	238	96%	100%
ParcView	Alexandria City	$15,250,000	$14,353,389	Tax Credit	General	149	96%	100%
Parham Park Place I	Henrico County	$3,844,000	$2,909,693	Tax Credit	Elderly	86	98%	100%

Parham Park Place II	Henrico County	$2,700,000	$2,460,160	Tax Credit	Elderly	51	96%	100%
Park at Ridgedale	Chesterfield County	$6,700,000	$5,735,244	Tax Credit	Elderly	120	95%	100%
Park Place	Manassas Park City	$12,285,000	$10,329,829	Tax Credit	Elderly	148	92%	100%
Park Street Square	Roanoke City	$550,000	$505,915	Tax Credit	General	25	100%	100%
Park Terrace	Norfolk City	$1,631,606	$372,117	Section 8	General	81	98%	100%
Park's Edge	Albemarle County	$3,800,000	$3,315,695	Tax Credit	General	96	96%	100%
Parkview Gardens	Prince Edward County	$2,050,000	$2,003,112	Tax Credit, Section 8	General	80	98%	100%
Parkwood	Fairfax County	$10,300,000	$5,874,250	Tax Credit	General	221	96%	100%
Pathway Homes	Fairfax County	$306,019	$156,803	Conventional	Supportive Hsg	28	n/a	100%
Pathway Homes	Fairfax County	$316,512	$295,364	Conventional	Supportive Hsg	9	n/a	100%
Patrick Henry Lofts	Roanoke City	$9,500,000	$9,188,880	Conventional	General	133	95%	100%
Patrick Henry Place	Louisa County	$240,000	$230,425	Conventional	General	4	100%	100%
Patterson Place	Richmond City	$1,220,000	$989,238	Conventional	General	24	100%	100%
Pavilion	Newport News City	$2,130,000	$2,130,000	Tax Credit	General	32	n/a	100%
Penderbrook	Fairfax County	$770,000	$261,880	Conventional	General	48	100%	100%
Pendleton Park	Alexandria City	$2,500,000	$2,453,197	Tax Credit, Section 8	General	24	88%	100%
Perry Shores	Virginia Beach City	$889,295	$685,209	Conventional	Supportive Hsg	32	100%	100%
Perry Street Lofts	Petersburg City	$11,970,000	$11,794,125	Conventional	General	147	70%	100%
Peter's Creek I (3)	Roanoke County	$3,140,000	$2,588,019	Tax Credit	General	120	96%	100%
Peter's Creek II	Roanoke County	$1,550,000	$1,171,239	Tax Credit	General	48	96%	100%
Peter's Creek III	Roanoke County	$930,500	$840,691	Tax Credit	General	24	100%	100%
Phelps Road Place	Amherst County	$125,000	$125,000	Tax Credit	Supportive Hsg	22	100%	100%
Phoenix Village I	Newport News City	$670,000	$437,149	Section 8	Elderly	17	n/a	100%
Pilkington	Richmond City	$670,000	$460,387	Conventional	Supportive Hsg	34	n/a	100%
Pine and Ninth Street	Charlottesville City	$652,000	$493,633	Conventional	Supportive Hsg	8	100%	100%
Pine Street North	Charlottesville City	$504,000	$414,431	Conventional	Supportive Hsg	6	100%	100%
Pinecrest	Brunswick County	$2,125,000	$2,053,961	Tax Credit, Section 8	General	70	100%	100%
Pines	Spotsylvania County	$648,000	$488,432	Tax Credit, RD515	General	46	98%	100%
Pinetree	Petersburg City	$4,100,000	$2,992,404	Tax Credit	General	144	97%	100%
Pinewood Gardens	Norfolk City	$17,960,000	$3,519,537	Conventional	General	763	97%	100%
Pipers Landing	Virginia Beach City	$7,258,000	$5,675,318	Conventional	General	153	99%	100%
Place One	Henrico County	$6,050,000	$3,767,491	Tax Credit, Section 8	General	114	100%	100%
Plumer	Wythe County	$625,000	$599,701	Conventional	General	13	92%	100%
Poplar Forest	Prince Edward County	$3,904,664	$3,834,882	Conventional	General	66	92%	100%
Potomac Station	Loudoun County	$10,300,000	$8,686,601	Tax Credit	General	152	99%	100%
Powell Valley Village	Lee County	$700,000	$468,029	Tax Credit, RD515	General	34	94%	100%
Preston Place	Frederick County	$16,400,000	$16,315,406	Tax Credit	General	236	99%	100%
Princeton Woods	Prince William County	$15,650,000	$13,863,218	Tax Credit	General	276	96%	100%
Progress Street Center	Fredericksburg City	$735,000	$489,535	Conventional	Supportive Hsg	6	n/a	100%
Pulaski Village	Pulaski County	$710,000	$672,088	Tax Credit, RD515	Elderly	44	98%	100%
Quaker Hill	Alexandria City	$3,182,000	$3,050,595	Tax Credit	General	60	93%	100%
Quarry Station	Manassas City	$2,725,000	$2,156,476	Tax Credit	Elderly	79	99%	100%
Quarter Mill	Henrico County	$14,700,000	$13,709,336	Tax Credit	General	266	94%	100%

Quarterpath Place	Williamsburg City	$3,617,500	$3,502,960	Conventional	General	54	89%	100%
Quebec	Arlington County	$19,800,000	$19,436,863	Tax Credit	General	172	98%	100%
R. C. Apartments	Richmond City	$786,000	$728,793	MUMI (2)	General	7	n/a	100%
Radford Fitness Center	Radford City	$525,000	$512,349	MUMI (2)	General	11	100%	100%
Rappahannock	Essex County	$228,000	$197,595	Tax Credit, RD515	General	30	97%	100%
Rebecca's Haven	Hampton City	$190,000	$175,334	Conventional	Supportive Hsg	1	n/a	100%
Reese Village	Emporia City	$286,000	$215,742	Tax Credit, RD515	General	40	98%	100%
Reflections Senior Living (3)	Henrico County	$2,825,000	$2,409,274	Tax Credit	Elderly	104	99%	100%
Regency at Longhill I	James City County	$6,500,000	$4,265,215	Conventional	General	124	97%	100%
Regency at Longhill II	James City County	$6,500,000	$6,030,820	Conventional	General	100	98%	100%
Remuda Crossing	Chesterfield County	$1,650,000	$1,287,051	Conventional	General	50	86%	100%
Renaissance	Richmond City	$10,214,000	$3,775,846	Tax Credit, Section 8	Elderly	240	98%	100%
Reston Herndon II	Fairfax County	$339,300	$231,116	Conventional	General	3	100%	100%
Reston Herndon III	Fairfax County	$450,000	$330,834	Conventional	General	3	100%	100%
Reston Herndon Townhouses	Fairfax County	$310,000	$168,636	Conventional	General	4	100%	100%
Richmond Dairy	Richmond City	$4,400,000	$3,676,398	Tax Credit	General	113	98%	100%
Ridge I	Shenandoah County	$890,000	$688,377	Tax Credit	General	38	100%	100%
Ridge II	Shenandoah County	$950,000	$752,963	Tax Credit	General	38	100%	100%
Ridge III	Shenandoah County	$865,000	$710,630	Tax Credit	General	24	100%	100%
Ridge Run Group Home	Chesterfield County	$80,000	$19,399	Conventional	Supportive Hsg	4	n/a	100%
Ridgecrest Town	Bristol City	$2,550,000	$2,415,728	Tax Credit	General	72	86%	100%
RIHC Townhouses	Fairfax County	$245,000	$161,792	Conventional	General	3	100%	100%
Rio Hill	Albemarle County	$4,650,000	$2,989,116	Tax Credit	General	139	91%	100%
Rivanna Terrace	Charlottesville City	$1,550,000	$954,066	Conventional	General	48	98%	100%
River House	Roanoke City	$11,275,000	$11,083,274	MUMI (2)	General	128	99%	100%
River Run I	Prince William County	$11,500,000	$9,084,078	Tax Credit	Elderly	200	87%	100%
River Run II	Prince William County	$6,308,000	$4,846,474	Tax Credit	Elderly	100	87%	100%
River Street Lofts	Petersburg City	$1,200,000	$1,155,181	MUMI (2)	General	8	88%	100%
River Trace	Newport News City	$1,000,000	$738,836	Tax Credit	General	56	91%	100%
Riverbend	Radford City	$1,432,698	$585,522	Conventional	General	60	100%	100%
Riverlands II	Newport News City	$8,200,000	$6,562,579	Conventional	General	228	97%	100%
Rivermeade II	York County	$290,000	$255,239	Tax Credit, RD515	General	32	n/a	100%
Riverpoint	Norfolk City	$9,959,228	$8,766,220	Tax Credit	General	220	99%	100%
Rivers	Chesapeake City	$2,490,000	$2,369,555	Tax Credit, RD515	General	240	98%	100%
Riverside Manor	Fredericksburg City	$14,500,000	$12,242,993	Tax Credit	General	188	95%	100%
Riverside Park	Hopewell City	$3,515,000	$2,902,330	Conventional	General	120	96%	100%
Riverview	Colonial Heights City	$4,575,000	$4,096,280	Tax Credit	General	88	99%	100%
Riverwoods	Prince William County	$12,700,000	$12,009,967	Tax Credit	General	156	94%	100%
Rockwood Park	Chesterfield County	$8,668,166	$7,449,716	Conventional	General	132	99%	100%
Rose Hall II	Virginia Beach City	$5,825,000	$3,995,728	Conventional	General	152	88%	100%
Royal Arms	Warren County	$3,550,000	$1,831,930	Tax Credit, Section 236	General	144	97%	100%
Royal Oaks	Norfolk City	$3,900,000	$2,678,261	Conventional	General	114	97%	100%
Ruffin's Pond House	Spotsylvania County	$200,000	$139,755	Conventional	Supportive Hsg	5	n/a	100%

Rutledge Hills	Amherst County	$540,000	$501,919	Tax Credit, RD515	General	48	100%	100%
S Street Townhomes	Fairfax County	$251,500	$130,282	Conventional	General	3	100%	100%
Sacramento Square	Fairfax County	$17,400,000	$11,894,618	Conventional	General	216	96%	100%
Salem Commons	Salem City	$3,500,000	$2,672,760	Tax Credit	General	98	84%	100%
Salem Fields	Spotsylvania County	$9,200,000	$7,705,252	Tax Credit	General	139	93%	100%
Salem Run I	Spotsylvania County	$5,505,000	$4,148,239	Tax Credit	General	160	96%	100%
Sandston Woods	Henrico County	$1,457,000	$1,072,160	Tax Credit, RD515	General	64	95%	100%
Sanger Place	Fairfax County	$14,195,000	$10,752,043	Tax Credit	General	182	96%	100%
Sapling Grove	Bristol City	$450,000	$409,567	Tax Credit	General	26	100%	100%
Scottsville School	Albemarle County	$1,430,000	$1,408,028	Tax Credit, Section 8	Elderly	34	97%	100%
Sea Pines	Virginia Beach City	$3,600,000	$2,973,485	Tax Credit	General	96	95%	100%
SERVE Family Shelter	Manassas City	$1,800,000	$1,451,598	Conventional	Supportive Hsg	56	n/a	100%
Shell Gardens	Hampton City	$750,000	$475,611	Tax Credit	General	48	n/a	100%
Shelton	Arlington County	$9,000,000	$8,589,264	MUMI (2)	General	94	97%	100%
Shenandoah Commons	Warren County	$3,900,000	$2,949,029	Tax Credit	General	119	97%	100%
Shenandoah Commons	Shenandoah County	$750,000	$534,923	Tax Credit	Elderly	38	100%	100%
Shenandoah Station	Prince William County	$6,675,000	$4,207,282	Tax Credit	General	172	93%	100%
Shepherd House II	Prince William County	$110,000	$28,666	Conventional	Supportive Hsg	5	n/a	100%
Shockoe Hill III	Richmond City	$354,108	$107,750	Conventional	Elderly	12	75%	100%
Shorehaven Apartments	Prince William County	$23,800,000	$23,773,876	Conventional	General	240	55%	100%
Signal Hill	Manassas City	$2,175,000	$1,695,749	Tax Credit	General	36	97%	100%
Sky Terrace	Stafford County	$14,000,000	$12,224,075	Tax Credit	General	187	99%	100%
Soldiers Ridge	Prince William County	$8,805,000	$6,880,710	Tax Credit	General	124	99%	100%
Somanath Senior	Richmond City	$1,285,000	$1,277,014	Tax Credit	Elderly	39	97%	100%
Somerset at Town Center	Hampton City	$9,000,000	$8,492,656	Tax Credit	Elderly	151	98%	100%
Somerset Pointe I	Prince William County	$10,800,000	$9,581,541	Tax Credit	General	172	99%	100%
Somerset Pointe II	Prince William County	$5,900,000	$4,894,061	Tax Credit	General	104	99%	100%
Sommerset House	Loudoun County	$6,975,000	$6,167,178	Conventional	Elderly	102	75%	100%
South Gate	Richmond City	$3,455,000	$2,887,459	Tax Credit	General	112	92%	100%
South Knight	Fairfax County	$307,000	$223,061	Conventional	General	3	100%	100%
Southpointe Landing	Chesterfield County	$6,275,000	$5,346,538	Tax Credit	General	192	95%	100%
Southridge	Wythe County	$213,704	$89,608	Tax Credit	General	20	85%	100%
Southside Gardens	Portsmouth City	$6,880,000	$4,684,846	Tax Credit, Section 8	General	134	99%	100%
SouthWind	Norfolk City	$5,600,000	$5,388,305	Tax Credit	General	120	98%	100%
Spicer's Mill	Orange County	$314,000	$285,630	Tax Credit, RD515	General	40	98%	100%
Spring Creek	Norfolk City	$1,850,000	$1,727,868	Conventional	General	62	97%	100%
Springbrook Place	Rockingham County	$750,000	$378,623	Tax Credit	Elderly	38	84%	100%
Springfield Crossing	Fairfax County	$27,200,000	$24,469,586	Tax Credit	General	347	99%	100%
Springfield East	Henrico County	$7,825,816	$6,376,508	Conventional	General	112	98%	100%
Spruce Village	Martinsville City	$2,805,715	$1,182,581	Section 8	Elderly	101	99%	100%
St. Andrews	Richmond City	$414,061	$264,486	Tax Credit	General	22	91%	100%
St. Croix	Virginia Beach City	$12,980,000	$10,869,281	Conventional	General	160	88%	100%
St. James Street	Petersburg City	$172,800	$120,786	Conventional	General	6	100%	100%
St. Regis and Elaine Court	Newport News City	$950,000	$760,647	Conventional	General	30	n/a	100%
Stafford Lakes	Stafford County	$5,850,000	$4,216,942	Tax Credit	General	150	91%	100%
Station at Norge	James City County	$4,100,000	$3,721,461	Tax Credit	General	104	98%	100%
Station at Potomac Yard	Alexandria City	$8,350,000	$8,051,973	MUMI (2)	General	65	89%	100%
Stella Court Group Home	Chesterfield County	$95,810	$23,797	Section 8	Supportive Hsg	5	100%	100%

Stepping Stone	Roanoke City	$500,000	$404,675	Tax Credit	General	30	100%	100%
Stevens Woods	Southampton County	$1,745,000	$1,703,206	Tax Credit, RD515	General	60	98%	100%
Stevens-Varnum House	Nelson County	$375,000	$155,710	Conventional	Supportive Hsg	7	n/a	100%
Stonebriar (10)	Wise County	$350,000	$191,375	Tax Credit	Elderly	24	92%	100%
Stonegate	Lee County	$296,380	$246,849	Tax Credit, RD515	General	36	100%	100%
Stonegate	Stafford County	$10,576,000	$8,923,480	Tax Credit	General	180	98%	100%
Strawbridge Square	Fairfax County	$10,500,000	$10,228,370	Tax Credit, Section 8	General	128	99%	100%
Sumler Terrace	Norfolk City	$2,643,626	$729,909	Section 8	General	126	100%	100%
Summerdale	Henrico County	$8,310,000	$6,430,895	Tax Credit	General	124	89%	100%
Summerland Heights I	Prince William County	$10,476,000	$8,124,189	Tax Credit	General	206	97%	100%
Summerland Heights II	Prince William County	$5,800,000	$4,342,457	Tax Credit	General	112	97%	100%
Summit Oaks	Fairfax County	$4,227,881	$2,719,292	Tax Credit, Section 8	General	50	100%	100%
Sunhouse M/R	Bristol City	$305,842	$142,187	Section 8	Supportive Hsg	12	100%	100%
Sunnyside Village I	Northampton County	$88,000	$49,337	Conventional	General	16	100%	100%
Surf Rider	Norfolk City	$650,000	$267,321	Conventional	General	32	88%	100%
Surry Village I	Surry County	$700,000	$590,423	Tax Credit	General	48	n/a	100%
Swansboro	Richmond City	$1,600,000	$1,257,888	Tax Credit	General	62	97%	100%
Sweetbriar	Washington County	$517,045	$485,645	Tax Credit	General	20	100%	100%
Tarrytown	Newport News City	$2,500,000	$1,934,498	Conventional	General	104	96%	100%
Taylor Bend	Chesapeake City	$3,200,000	$2,990,658	Conventional	General	30	93%	100%
Tazewell Square	Tazewell County	$307,000	$266,616	Tax Credit, RD515	General	56	96%	100%
Tenant's Choice IX	Roanoke City	$120,000	$100,202	Conventional	General	3	100%	100%
Tenant's Choice V	Roanoke City	$114,000	$59,227	Conventional	General	3	100%	100%
Tenant's Choice VI	Roanoke City	$120,000	$66,872	Conventional	General	3	100%	100%
Tenant's Choice VII	Roanoke City	$120,000	$73,510	Conventional	General	3	100%	100%
Tenant's Choice VIII	Roanoke City	$140,000	$106,593	Conventional	General	4	100%	100%
Terrace North	Roanoke City	$1,870,000	$1,793,127	Tax Credit	General	78	88%	100%
Terrace South	Roanoke City	$2,735,000	$2,621,413	Tax Credit	General	109	90%	100%
Terrace View	Colonial Heights City	$2,520,000	$1,887,029	Tax Credit	General	62	97%	100%
Thalia Landing	Virginia Beach City	$5,100,000	$4,605,319	Tax Credit, Section 8	General	154	99%	100%
The Independence (7)	Albemarle County	$17,912,000	$0	Conventional	Elderly	92	76%	100%
Timber Ridge (10)	Spotsylvania County	$8,000,000	$6,116,740	Tax Credit	General	147	96%	100%
Timbers (10)	Norfolk City	$5,500,000	$4,726,896	Conventional	General	104	93%	100%
Tobacco Landing	Richmond City	$1,000,000	$1,222,380	Tax Credit	General	62	94%	100%
Tomcliff I	Richmond City	$940,000	$625,854	Conventional	General	8	88%	100%
Tomcliff II	Richmond City	$950,000	$669,533	Conventional	General	8	100%	100%
Tomcliff III	Richmond City	$925,000	$651,982	Conventional	General	6	100%	100%
Tomcliff IV	Richmond City	$945,000	$825,139	Conventional	General	6	83%	100%
Tomcliff V	Richmond City	$950,000	$847,470	Conventional	General	6	100%	100%
Tomcliff VI	Richmond City	$1,220,000	$1,115,473	Conventional	General	7	86%	100%
Toms Brook School	Shenandoah County	$315,000	$315,000	Conventional	General	14	93%	100%
Totty Place	Chesterfield County	$180,047	$12,983	Conventional	Supportive Hsg	22	n/a	100%
Towne Square	Prince William County	$1,000,000	$592,092	Tax Credit	General	135	98%	100%
Townhomes of Oakleys	Henrico County	$6,660,000	$5,535,018	Tax Credit	General	160	94%	100%
Treemont	Buena Vista City	$1,526,564	$1,453,962	Tax Credit, Section 8	General	60	97%	100%
Treesdale Park	Albemarle County	$3,620,000	$3,555,644	Tax Credit	General	88	99%	100%
Trevilian Square	Louisa County	$1,120,000	$1,109,025	Conventional	General	28	97%	100%
Twin Canal Village	Virginia Beach City	$12,208,311	$7,471,616	Tax Credit, Section 8	General	300	99%	100%
Tysons Landing	Fairfax County	$1,500,000	$1,204,172	Tax Credit, Section 8	General	40	100%	100%

Tysons Towers	Fairfax County	$7,231,575	$2,421,365	Section 236	Elderly	274	99%	100%
University Heights	Albemarle County	$25,700,000	$21,703,431	Conventional	General	426	97%	100%
University Suites at Port Warwick	Newport News City	$11,500,000	$10,366,184	Conventional	General	314	97%	100%
Valley View	Rockbridge County	$1,698,129	$642,624	Section 8	General	64	77%	100%
Valley View Retirement Community	Lynchburg City	$7,326,700	$5,887,509	Conventional	Elderly	109	98%	100%
Valley View Seniors	Staunton City	$1,865,000	$1,695,564	Tax Credit	Elderly	71	94%	100%
Valley Vista	Shenandoah County	$2,129,100	$2,034,982	Tax Credit, Section 8	General	85	96%	100%
Victoria Place	Virginia Beach City	$3,625,000	$3,117,178	Tax Credit	Elderly	122	99%	100%
Victory Village	Portsmouth City	$3,950,000	$2,830,717	Tax Credit	General	112	99%	100%
Villages at Garst Creek	Roanoke County	$20,450,000	$19,966,347	Tax Credit	General	504	87%	100%
Virginia Hills	Bristol City	$867,000	$724,775	Conventional	General	20	90%	100%
Virnita Court	Charlottesville City	$765,000	$687,477	Tax Credit	General	16	100%	100%
vPoint Clarendon	Arlington County	$14,500,000	$14,324,695	Tax Credit	General	116	94%	100%
Waddell Estates	Smyth County	$605,000	$527,198	Conventional	General	22	100%	100%
Washington Avenue	Newport News City	$20,900,000	$20,719,472	MUMI (2)	General	197	n/a	100%
Washington Columns	Petersburg City	$400,000	$133,552	Tax Credit, Section 8	Elderly	26	100%	100%
Washington Square	Emporia City	$201,300	$150,133	Tax Credit, RD515	General	24	100%	100%
Waverton Impressions I	Newport News City	$16,375,000	$14,008,341	Conventional	General	180	81%	100%
Waverton Impressions II	Newport News City	$8,340,000	$6,825,303	Conventional	General	102	75%	100%
Waverton Impressions III	Newport News City	$10,000,000	$9,078,150	Conventional	General	132	82%	100%
Waverton Place	Chesapeake City	$13,870,180	$10,951,777	Tax Credit	General	304	95%	100%
Waverton Place at Ashton Green	Newport News City	$9,540,000	$7,470,164	Tax Credit	General	228	90%	100%
Waypoint at City Center	Newport News City	$25,464,000	$20,892,873	Conventional	General	396	93%	100%
Waypoint at Hampton	Hampton City	$3,000,000	$2,436,374	Conventional	General	210	93%	100%
Waypoint at Hampton	Hampton City	$7,578,929	$4,990,821	Conventional	General	210	93%	100%
Waypoint at Hidenwood	Newport News City	$5,517,684	$3,475,103	Conventional	General	104	93%	100%
Waypoint at Uptown	Newport News City	$4,675,000	$3,634,390	Conventional	General	140	89%	100%
Wellington Place	Henrico County	$5,400,000	$4,153,753	Conventional	General	200	94%	100%
Wesley	Lynchburg City	$4,100,000	$3,566,111	Conventional	Elderly	150	93%	100%
Wesleyan Place	Virginia Beach City	$3,700,000	$3,522,955	Tax Credit	Elderly	91	98%	100%
West Creek (7)	Roanoke City	$3,369,000	$0	Conventional	General	197	94%	100%
West Main Street Townhouses	Pulaski County	$550,000	$436,757	Conventional	General	13	100%	100%
Westbriar	Henrico County	$274,500	$234,430	Conventional	Supportive Hsg	4	n/a	100%
Westbridge Commons	Chesapeake City	$1,530,000	$942,862	Tax Credit	General	60	98%	100%
Westminster Oaks	Fairfax County	$5,500,000	$5,353,340	Tax Credit, Section 8	General	50	100%	100%
Westover Commons	Petersburg City	$2,495,000	$1,943,653	Tax Credit	General	84	99%	100%
Westover Station	Newport News City	$3,455,000	$2,682,861	Tax Credit	General	108	94%	100%
Westside Village	Halifax County	$1,561,567	$396,835	Section 8	General	70	99%	100%
Westwood Village	Roanoke City	$3,694,271	$2,098,774	Tax Credit, Section 8	General	113	100%	100%
Wexford Manor	Fairfax County	$3,300,000	$2,172,077	Tax Credit, Section 8	General	74	99%	100%
Wheatland	Franklin County	$656,000	$534,721	Conventional	General	11	91%	100%
Whispering Oaks	Portsmouth City	$6,400,000	$5,889,385	Tax Credit	General	180	95%	100%
White's Mill Point	Washington County	$500,000	$427,453	Tax Credit, Section 8	General	32	100%	100%
William Byrd	Richmond City	$3,982,000	$2,537,317	Tax Credit	Elderly	107	99%	100%
Willow Oaks	Halifax County	$2,805,830	$2,799,373	Tax Credit, Section 8	General	72	99%	100%
Willow View Townhomes (3)	Staunton City	$3,349,427	$1,361,283	Tax Credit, Section 8	General	110	98%	100%
Wilsondale Mixed-Use	Hampton City	$6,610,000	$6,455,911	MUMI (2)	General	60	97%	100%
Wilsondale Work Force	Hampton City	$7,050,151	$6,911,580	Tax Credit	General	150	93%	100%
Wilton Farm	Albemarle County	$6,700,000	$6,618,259	Tax Credit	General	144	87%	100%

Winchester House	Winchester City	$2,044,155	$592,853	Section 8	Elderly	80	99%	100%
Windham Hills	Petersburg City	$2,010,000	$1,373,564	Tax Credit	General	72	75%	100%
Windsor Court I	Isle of Wight County	$387,000	$301,806	Tax Credit, RD515	General	40	n/a	100%
Wingler House I	Loudoun County	$5,521,000	$4,017,354	Tax Credit	Elderly	132	95%	100%
Wingler House II	Loudoun County	$7,900,000	$6,697,546	Tax Credit	Elderly	132	92%	100%
Woodbridge	Prince William County	$300,000	$274,457	Conventional	Supportive Hsg	4	50%	100%
Woodbridge	Chesapeake City	$6,450,000	$4,685,576	Tax Credit	General	152	100%	100%
Woodland Crossing	Richmond City	$4,350,000	$2,593,912	Tax Credit, Section 8	General	132	97%	100%
Woodridge	Roanoke City	$1,200,000	$1,072,453	Tax Credit	General	96	99%	100%
Woods at Victoria Park	Prince William County	$2,450,000	$2,133,071	Tax Credit	Elderly	48	95%	100%
Woods at Yorktown (3)	York County	$1,450,000	$1,173,125	Tax Credit	General	118	94%	100%
Woods of Jefferson (10)	Newport News City	$3,330,000	$1,588,008	Conventional	General	108	93%	100%
Woodside Village	Danville City	$4,147,544	$3,997,391	Tax Credit, Section 8	General	160	96%	100%
Woodview	Newport News City	$14,315,000	$13,727,876	Tax Credit	General	240	82%	100%
Wyndham Pointe	Prince William County	$18,464,000	$16,110,469	Tax Credit	General	194	91%	100%
Wythe Row	Petersburg City	$400,000	$213,038	Tax Credit, Section 8	General	12	100%	100%
Yorktown Square I	York County	$1,901,000	$1,604,858	Tax Credit	General	56	96%	100%
Subtotals		**$3,645,611,117**	**$2,998,709,124**			**72,607**		
Developments that are financed by construction loans								
700 Center	Richmond City	$18,000,000	$12,239,758	MUMI (2)	General	174	n/a	71%
908 Perry Street	Richmond City	$4,300,000	$3,609,337	Conventional	General	41	24%	94%
Arbelo and Longview	Alexandria City	$8,250,000	$5,895,228	Conventional	General	75	n/a	28%
Arlington Mill	Arlington County	$10,110,000	$8,526,856	Tax Credit	General	122	n/a	100%
Bettie S. Davis Village	Suffolk City	$2,150,000	$1,210,835	Tax Credit, Section 8	Elderly	60	98%	7%
Calvert Manor	Arlington County	$2,225,143	$1,425,021	Tax Credit	General	23	n/a	68%
Cromwell House	Norfolk City	$8,350,000	$8,212,263	Tax Credit	Elderly	205	97%	100%
Daniel Building	Richmond City	$6,500,000	$1,925,946	Conventional	General	66	n/a	0%
Denbigh Village	Newport News City	$22,500,000	$8,604,515	Conventional	General	244	n/a	40%
Faison Residences	Henrico County	$5,150,000	$4,168,963	MUMI (2)	General	45	n/a	99%
Goose Pond Grove	Fauquier County	$13,700,000	$3,046,717	Conventional	General	71	n/a	2%
Granby Street Lofts	Norfolk City	$16,250,000	$13,070,614	MUMI (2)	General	136	n/a	91%
Jefferson Mews	Richmond City	$3,874,932	$3,508,282	Tax Credit	General	56	n/a	100%
Jefferson Street	Roanoke City	$15,100,000	$5,617,401	MUMI (2)	General	156	n/a	36%
Meridian Bay	Prince William County	$35,116,990	$33,659,977	Conventional	General	274	91%	100%
Meridian Harbourview (4)	Suffolk City	$24,500,000	$22,644,529	Conventional	General	224	n/a	100%
Monmouth Woods	King George County	$10,015,000	$9,433,810	Conventional	General	152	98%	69%
Mount Vernon House (4)	Fairfax County	$10,700,000	$10,700,000	Tax Credit, Section 8	Elderly	130	100%	100%
Parkway Village I (4)	Waynesboro City	$2,266,000	$2,117,541	Tax Credit, Section 8	General	66	100%	100%
Parkway Village II (4)	Waynesboro City	$2,271,000	$2,112,989	Tax Credit, Section 8	General	60	97%	100%
Pilot House	Newport News City	$8,575,000	$8,135,922	Tax Credit	General	132	n/a	91%
Quarters at Park View	Portsmouth City	$16,350,000	$11,472,911	Conventional	General	188	n/a	86%
Residences at October (4)	Suffolk City	$1,800,000	$1,393,947	Tax Credit	General	72	n/a	100%
Rolling Meadows	James City County	$14,325,000	$13,819,892	Tax Credit	General	200	n/a	75%

Round Hill Meadows (4)	Orange County	$2,650,000	$2,335,051	Tax Credit	General	60	100%	100%
Round Hill Meadows Place	Orange County	$3,420,000	$3,242,853	Conventional	General	40	n/a	73%
Shockoe Valley Views	Richmond City	$11,800,000	$9,036,074	Conventional	General	151	n/a	78%
Spectrum	Richmond City	$10,700,000	$3,477,509	Conventional	General	103	n/a	26%
Towne Square	Prince William County	$14,000,000	$13,748,813	Tax Credit	General	135	98%	100%
Trader Building	Norfolk City	$16,500,000	$6,277,258	MUMI (2)	General	134	n/a	2%
Tuscany Townhomes	Richmond City	$4,792,502	$4,604,933	Tax Credit	General	132	92%	100%
Woodland Hill	Arlington County	$20,750,000	$14,859,233	Tax Credit, Section 8	Elderly	235	89%	46%
Woods at Brambleton	Loudoun County	$17,170,000	$6,322,063	Tax Credit	General	202	n/a	38%
Yorktown Arch	York County	$12,545,000	$5,985,028	Conventional	General	92	n/a	39%
Subtotals		**$376,706,567**	**$266,442,070**			**4,256**		
Developments for which loans have been committed but not initially closed								
Armstrong Place	Lynchburg	$220,000	n/a	Tax Credit	Supportive Hsg	28	n/a	n/a
Baker Woods (5)	Virginia Beach	$4,400,000	n/a	Tax Credit	General	96	n/a	n/a
Belle Summit	Richmond City	$1,910,000	n/a	Tax Credit	General	50	n/a	n/a
Buckman Colchester- Audubon (4)	Alexandria	$73,000	n/a	Conventional	Supportive Hsg	1	n/a	n/a
Buckman Colchester Housing (4)	Alexandria	$432,000	n/a	Conventional	Supportive Hsg	7	n/a	n/a
Buckman Colchester-San Leandro (4)	Alexandria	$135,000	n/a	Conventional	Supportive Hsg	1	n/a	n/a
Butterworth	Petersburg	$4,685,000	n/a	MUMI (2)	General	45	n/a	n/a
Community Havens-Burke Road Home	Fairfax	$943,000	n/a	Conventional	Supportive Hsg	6	n/a	n/a
Craigmont Manor	Augusta County	$885,000	n/a	Conventional	General	44	n/a	n/a
Crescent Square	Virginia Beach	$1,450,000	n/a	Tax Credit	Supportive Hsg	80	n/a	n/a
Deerfield Village II	Pulaski County	$760,000	n/a	Conventional	General	11	n/a	n/a
Elkmont Manor	Rockingham County	$650,000	n/a	Conventional	General	44	n/a	n/a
Emmanuel House	Newport News	$320,000	n/a	Conventional	General	6	n/a	n/a
Exmore Village	Northhampton County	$900,000	n/a	Tax Credit	General	36	n/a	n/a
Grottoes Manor	Rockingham County	$660,000	n/a	Tax Credit	General	46	n/a	n/a
Hope Village	Portsmouth	$1,815,000	n/a	Tax Credit	General	48	n/a	n/a
Lakeside Manor	Rockbridge	$470,000	n/a	Tax Credit	General	23	n/a	n/a
Midpoint Apartments (4)	Lynchburg	$3,600,000	n/a	Conventional	General	48	n/a	n/a
Northwinds	Wythe County	$3,175,000	n/a	Conventional	General	144	n/a	n/a
Ponce de Leon (4)	Frederick County	$7,300,000	n/a	Tax Credit	General	236	n/a	n/a
Roam Building	Newport News	$600,000	n/a	Conventional	General	14	n/a	n/a
Royal Hills I	Warren County	$600,000	n/a	Tax Credit	General	46	n/a	n/a
Savoy	Norfolk City	$4,225,000	n/a	MUMI (2)	General	36	n/a	n/a
Shalom	Lynchburg	$325,000	n/a	Tax Credit	General	46	n/a	n/a
The Shell	Arlington County	$8,850,000	n/a	Tax Credit	General	83	n/a	n/a
Woodrum Manor/Westview (4)	Giles County	$315,000	n/a	Tax Credit	General	26	n/a	n/a
Subtotals		**$49,698,000**				**1,251**		
Grand Totals for All Developments		**$4,072,015,684**	**$3,265,151,194**			**78,114**		

Footnotes

(1) Principal amount was established at final closing or, if final closing has not yet been held, the amount shown represents the principal amount in the Authority's mortgage loan commitment.

(2) Closed under the Authority's program for Economically Mixed developments, some of which have non-housing portions. MUMI stands for Mixed Use Mixed Income and is the short name for this program.

(3) In addition to the Mortgage Loan amount shown here, additional mortgage loan amounts are pledged to the owners of Authority bonds other than the Bonds. Such amounts are treated as a participation in the aggregate mortgage loan on the development.

(4) Development has had final closing since June 30, 2014.

(5) Development has had initial closing since June 30, 2014.

(6) Development has been acquired by foreclosure since June 30, 2014.

(7) The Authority has acquired the Development by foreclosure or deed in lieu of foreclosure.

(8) Occupancy data for Developments marked n/a is not available. The Authority does not typically collect occupancy data on Developments containing a small number of units or Developments financed by construction loans.

(9) In addition to the principal amount shown here, additional principal amounts secure or are expected to secure Rental Housing Bonds. The number of units is listed here or elsewhere in this Appendix.

(10) Loan on this Development was paid off since June 30, 2014.

(11) Developments listed in this Appendix do not include the VHDA office building.

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

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

(14) Developments noted as Tax Credit have been, or are expected to be, awarded federal low income housing tax credits pursuant to § 42 of the Code.

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APPENDIX F

INFORMATION CONCERNING FEDERAL MULTI-FAMILY HOUSING PROGRAMS AND REQUIREMENTS

The following descriptions do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the statutes, regulations, agreements and contracts referred to herein, as from time to time amended. Neither the Act nor the bond resolutions obligate the Authority to qualify any development for federal housing mortgage insurance or housing assistance.

FHA Insurance Program

Under the terms of the Section 221(d)(4) insurance program, a mortgagee is entitled to claim insurance benefits upon the failure of the mortgagor to make a mortgage payment (or to perform any other obligation under the mortgage if, because of such failure, the mortgagee accelerates the debt), if such default continues for 30 days. To perfect its claim for payment, the mortgagee is required either to assign the mortgage to FHA, acting through the Federal Housing Commissioner, or to tender to it good and marketable title to the property covered by the insured mortgage loan. Upon transfer of the property to FHA, mortgage insurance benefits will be paid in cash unless the mortgagee files a written request for payment in FHA debentures.

The insurance benefits paid by FHA will be an amount equal to the aggregate of (1) the unpaid principal amount of the mortgage, (2) the amount of all payments made by the mortgagee (i) for taxes, special assessments and water rates which are liens prior to the mortgage, (ii) for insurance on the property, and (iii) for any mortgage insurance premiums paid after default, (3) an allowance for reasonable payments made by the mortgagee with the approval of FHA for the completion and preservation of the property, and (4) an amount equivalent to FHA debenture interest covering the period of time from the date of default on the mortgage loan to the date the insurance settlement occurs. From the aggregate of the foregoing amounts is deducted the total of(1) any amount received by the mortgagee on account of the mortgage after the date of default, (2) any net income received by the mortgagee from the property covered by the mortgage after the date of default, and (3) the sum of (i) any cash held by the mortgagee for the account of the mortgagor and which shall not have been applied in reduction of the principal of the mortgage indebtedness, (ii) all funds held by the mortgagee for the account of the mortgagor received pursuant to any other agreement, and (iii) the amount of any undrawn balance under a letter of credit used in lieu of a cash deposit. If the mortgage is assigned to FHA in lieu of a conveyance of the property there shall also be deducted an amount equivalent to 1% of the outstanding mortgage balance, except that all or part of the 1% may be waived by FHA if, at its request and in lieu of foreclosure, the mortgage is assigned to FHA.

Section 8 Programs

The Housing and Community Development Act of 1974 amended Section 8 of the United States Housing Act of 1937 so as to establish a federal assistance program which was a source of federal housing assistance for developments of the type which the Authority financed under its multi-family program.

HUD issued special regulations for state housing finance and development agencies ("HFAs") such as the Authority. With respect to developments to be permanently financed by the Authority without federal mortgage insurance, the Section 8 regulations gave the Authority a high degree of program responsibility – e.g., selection of the developer (either by advertising or negotiation), approval of design and construction quality, site selection, economic feasibility and marketability. The description of the Section 8 program below in general relates to the long-term subsidy contracts originally entered into in connection with these developments. See "Renewal Contracts" below for a discussion of certain differences applicable to more recent Section 8 subsidy contracts.

Subsidy Contracts

Under Section 8, three principal contracts were executed. First, the HFA entered into an "Agreement to Enter Into Housing Assistance Payments Contract" with the mortgagor of the development to be constructed. This agreement ("Agreement to Enter") was approved by HUD and, subject to certain conditions, committed the mortgagor and the HFA upon completion and acceptance of the development to enter into a Housing Assistance Payments Contract ("Payments Contract") providing for the payment of the subsidy to or for the account of the mortgagor by the HFA.

At the same time that the Agreement to Enter was executed, the HFA and HUD executed an Annual Contributions Contract ("ACC"), which provides for the payment to the HFA by HUD of the subsidy to be paid by the HFA to the owner of the development pursuant to the terms of the Payments Contract. The subsidy contracts for mortgage loans other than FHA insured mortgage loans generally have original terms of 30 or 40 years. The subsidy contracts for FHA mortgage loans have original terms of 15, 20 or 30 years. See "Federal Programs and Requirements" in "The Multi-Family Program" for certain information regarding the expiration of such subsidy contracts. See "Renewal Contracts" below.

Initial Amount of Subsidy

Section 8 subsidies received by the HFA are based upon the "Contract Rent" applicable to specified dwelling units. The Contract Rent was initially based on the "fair market rent" for the dwelling unit, which is determined by HUD periodically with respect to each locality. Contract Rent was permitted to be initially established at an amount up to 120% of the fair market rent. Contract Rent over 100% of the fair market rent required HUD approval upon a showing of special circumstances.

The amount of the subsidy actually payable to the Authority for the account of the mortgagor is the Contract Rent less the payment made to the mortgagor by the tenant. The proportion of the Contract Rent paid by HUD and that paid by tenants will vary from month to month depending upon tenant income. The method of computation of the tenant's payment is determined by HUD regulation and is subject to change. Subject to certain exceptions for the elderly, disabled, and low-income wage earners, each tenant is required to pay a minimum rent of $25 per month.

The maximum amount of money available annually for subsidy payments under an ACC was established at an amount equal to the annual initial Contract Rents for assisted units in the development. If the amount actually disbursed under the ACC in any given year was less than the total available amount, the excess (initially an amount approximately equal to the portion of the contract rents payable by the tenants) was set aside by HUD in an account for the particular development so as to be available for future years to fund increases in contract rents for the development to the extent they exceed the amount otherwise available under the ACC (see "Funding of Increase in Subsidy" below).

Tenants Eligible for Housing Assistance Payments

A tenant eligible for housing assistance payments ("Eligible Tenant") is a family, including an elderly, disabled or displaced person, whose income, as determined in accordance with the Section 8 regulations, does not exceed income limits promulgated by HUD for the area and who meets certain other conditions specified in the regulations. The Section 8 income limit is, in general, 80% of median income for the area, as determined by HUD. However, under the Housing and Community Development Amendments of 1981, no more than 25% of the Section 8 units which as of October 1, 1981, were subject to Payments Contracts and available for occupancy may be occupied by persons or families with incomes above 50% of the median. In addition, no more than 5% of the Section 8 units which were subject to a Payments Contract or were available for occupancy subsequent to October 1, 1981, may be leased to persons or families with incomes in excess of 50% of the median. The criteria for tenant eligibility are determined by HUD regulations and are subject to change.

Limitation on Subsidy – Vacancies

Generally, the Section 8 subsidy is payable in respect to the dwelling unit only when it is occupied by an Eligible Tenant. However, the law and the regulations provide for payment of the subsidy under certain limited circumstances when the dwelling unit is not occupied.

Eighty percent of the Contract Rent is payable during a period of not exceeding sixty days, subject to compliance by the mortgagor with certain conditions relating primarily to a diligent effort to rent the subsidized unit.

The subsidy payments for vacant units can, under certain conditions, continue for an additional twelve months after the sixty day vacancy period described above. The amount of these subsidy payments is equal to that portion of the vacant units' Contract Rents allocable to the debt service on the permanent financing. However, the development must be operating at a deficit, and the amount of the payments cannot exceed that portion of the deficit attributable to the vacant units. HUD may deny the application for these additional subsidy payments for vacant units if it determines that there is not a reasonable prospect that the development can achieve financial soundness within a reasonable time. Furthermore, a mortgagor is entitled to these payments only if it has taken and continues to take all feasible action to rent the units, has not rejected any eligible applicant without good cause, and has provided the Authority with the requisite notification of vacancy. Finally, the vacant units must provide safe, decent and sanitary housing.

Adjustments of Contract Rents

The statute and applicable regulations contain various provisions for review and readjustment of the Contract Rent. Provision is made in the regulations for HUD to determine an Annual Adjustment Factor at least annually and to publish such factors in the Federal Register. HUD currently determines the Annual Adjustment Factor based on a formula using rent and utility data from the Consumer Price Index. The Annual Adjustment Factor is applied to the then existing Contract Rents. Current law requires that the Annual Adjustment Factor be reduced by one percentage point for those units in which there was no tenant turnover during the previous year and that, in establishing Annual Adjustment Factors, HUD take into account the fact that debt service is a fixed expense.

Upon request from the owner on each anniversary date of the Payments Contract, Contract Rents will be adjusted in accordance with the Annual Adjustment Factor. In addition, provision is made in the regulations for special additional adjustments in the Contract Rents to reflect increases in actual and necessary expenses of owning and maintaining the subsidized units which have resulted from substantial general increases in real property taxes, utility rates or similar costs, to the extent that such general increases are not adequately compensated for by the Annual Adjustments. Current law prohibits any reduction in Contract Rents in effect on or after April 15, 1987 unless the Section 8 assisted development has been refinanced in a manner that reduces the debt payments of the owner of such development.

The Section 8 law and regulations require that rent adjustments shall not result in material differences between the Contract Rents and rents for comparable unassisted units, except to the extent that the differences existed at the time of execution of the Payments Contract (the difference between Contract Rents and rents for comparable units at the time of execution of the Payments Contract being referred to herein as the "Initial Difference"). Current law requires that Annual Adjustment Factor rent increases be denied to those Section 8 developments with rents above the applicable fair market rents

established by HUD, unless the mortgagor demonstrates that the adjusted rent would not exceed rents for comparable unassisted units plus the Initial Difference.

Proposals have been discussed (and, in some instances, legislation has been introduced or statements made that legislation will be introduced) by HUD and by members of Congress which, if enacted into law, promulgated as HUD regulations or adopted as official enforceable policies of HUD, would affect many HUD programs, including the Section 8 Program. One such proposal made by HUD would have deleted the above described provision in current law that prohibits any reduction in Contract Rents in effect on or after April 15, 1987. Among the effects of such proposals could be a reduction in the Contract Rents or in the Annual Adjustments thereof for Section 8 assisted projects. Any such reduction in Contract Rents or Annual Adjustments could adversely affect the financial feasibility of certain of the Section 8 developments and the adequacy of rental income to pay principal and interest on the mortgage loans financing such developments. There can be no assurance that these proposals or legislation will or will not be enacted into law, promulgated as HUD regulations or adopted as official enforceable policies of HUD. At this time, the Authority cannot predict the terms of any proposals which may be enacted or implemented or the effect that any such proposals, if enacted or implemented, would have on the ability of the Section 8 developments to make timely payments of principal and interest on the mortgage loans and, in turn, on the ability of the Authority to make timely payments of interest and principal on the Authority's bonds. The enactment or implementation of such proposals may adversely affect the rating on the bonds financing the affected developments and the market price of such bonds. The Authority has not covenanted, and is not obligated under the bond resolutions pursuant to which the Authority has issued bonds to finance multifamily programs to take any action to maintain the ratings or market price of such bonds or, except as set forth in the Continuing Disclosure Agreement applicable to such bonds, to notify bond owners of any withdrawal or revision of the ratings of such bonds or any actions which would affect the ratings or market price of such bonds.

See "Renewal Contracts" below for information concerning recent cuts to federal appropriations for Renewal Contracts (defined below).

Funding of Increases in Subsidy

Funds for the payment of increased subsidies resulting from the adjustment in the Contract Rents described above are obtained in two ways. Provision is made in the law for the payment by HUD into a special reserve account held by HUD in respect of each subsidized development of the amount by which the Contract Rents in effect from time to time exceed the actual subsidy paid by HUD (this amount is initially the approximate equivalent of the amount of rent paid by the tenants). The amount of increases in the subsidy payable by reason of increases in the Contract Rent are drawn from this fund. The regulations provide that when the HUD-approved estimate of required annual contributions exceeds the maximum ACC commitment then in effect and would cause the amount in such fund to be less than 40 percent of the maximum ACC commitment, HUD shall take such additional steps as authorized by subdivision (c)(6) (currently designated subdivision (c)(5)) of Section 8 (quoted below) to obtain funds to bring the amount in the account to the 40 percent level. Such subdivision of Section 8 provides:

"The Secretary [of HUD] shall take such steps as may be necessary, including the making of contracts for assistance payments in amounts in excess of the amounts required at the time of the initial renting of dwelling units, the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts, to assure that assistance payments are increased on a timely basis to cover increases in maximum monthly rents or decreases in family incomes."

It has been the practice of HUD that, when the amount in any such fund has fallen below the 40% level, HUD has not immediately replenished such fund to the 40% level but has obtained budget authority from the Congress to meet its obligation under the Payments Contract.

Payment of Subsidy

The regulations provide that in the event of foreclosure, assignment or sale to the HFA in lieu of foreclosure, or in the event of an assignment or sale agreed to by the HFA and approved by HUD (which approval shall not be unreasonably delayed or withheld), subsidy payments will continue in accordance with the Payments Contract.

Payment of the subsidy is paid into a special account maintained by the Authority for the receipt of Section 8 payments. The Authority disburses such subsidy payments by applying a portion thereof to the amount of the current payment due from the mortgagor on the mortgage loan (including the required replacement reserve and tax and insurance escrow payments), with the balance, if any, being paid directly to the mortgagor. If the multi-family development is then financed by Rental Housing Bonds, such payment on the mortgage is deposited into the revenue fund under the Rental Housing Bonds Resolution.

Compliance with Subsidy Contracts

The Agreement to Enter, the ACC and the Payments Contract all contain numerous agreements on the part of the Authority and the mortgagor including maintenance of the development as decent, safe and sanitary housing and compliance with a number of requirements typical of federal contracts (such as those relating to nondiscrimination, equal employment opportunity, relocation, pollution control and labor standards) as to which noncompliance by either the Authority or the

mortgagor, or both, might endanger the payment of the federal subsidy. Reference is made to the complete text of these agreements which are available for inspection at the offices of the Authority. Default by a mortgagor in the performance of its obligations under the Payments Contract is an event of default under the terms of its mortgage loan from the Authority which would permit foreclosure by the Authority.

From time to time HUD may issue interpretive or policy notices providing guidance on compliance with the regulations and Payments Contracts which the Authority and mortgagor also must comply with. These interpretations or policies may have the effect of increasing the Authority's risk on the mortgage loans. For example, on August 3, 2012, HUD issued Notice H-2012-14 which requires the use of funds in residual receipts accounts (accounts that hold excess rental and other income of the developments after payment of operating expenses, debt service, and permitted distributions to the mortgagors) for certain developments, to the extent such funds exceed a specified amount, to offset payments of subsidy otherwise payable under those Payments Contracts. The Authority's risk is affected because the funds so used are security for, and would have otherwise been available for debt service on, the Authority's mortgage loans financing those developments. The developments affected by Notice H-2012-14 are generally developments financed under HUD regulations that became effective in 1980. While the original Authority mortgage loans should mature prior to the end of 2017 and are not expected to be at risk of any significant loss to the Authority, certain of these developments are financed by new Authority mortgage loans that mature at later dates and will be possibly affected by Notice H-2012-14. (See "Federal Programs and Requirements" in "The Multi-Family Program.") Notice H-2012-14 is effective until amended, revoked or superseded.

Administration of Subsidy for Certain FHA Mortgage Loans

On some of the FHA mortgage loans, the Authority will not administer the Section 8 subsidy in the manner described above. Any failure to make full and timely payment on such mortgage loans shall, subject to and in accordance with the conditions described above under "FHA Insurance Program," provide a basis for a claim for payment of FHA mortgage insurance benefits.

Renewal Contracts

In certain cases, upon expiration of the long-term Payments Contract originally entered into with respect to a development, the mortgagor of the development and a Section 8 contract administrator designated by HUD has entered into, or may enter into, a new Payments Contract for an additional term, pursuant to the Multifamily Assisted Housing Reform and Affordability Act of 1997, Title V of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1998, Pub. L 105-65, as amended (a "Renewal Contract"). (See "Federal Programs and Requirements" in "The Multi-Family Program" for certain information regarding the expiration of the original Payments Contracts and also for a discussion of how the Authority underwrites new mortgage loans for existing developments with Renewal Contracts or expiring original Payments Contracts to the lesser of the Section 8 contract rents or the estimated market rents.)

Although Renewal Contracts may have contract terms that are relatively long, upon initial execution of Renewal Contracts and each year thereafter Congress has appropriated, and HUD has obligated, generally only an amount estimated to be sufficient to fund one year (or less) of the contract term, and HUD's obligation with respect to the remainder of the term is subject to Congressional appropriations. Absent such appropriations, there is no assurance that funds will be available under these contracts. The provisions described above under "Funding of Increases in Subsidy" do not apply to Renewal Contracts. The appropriations for Renewal Contracts were affected adversely during the 2013 federal fiscal year by the federal spending cuts known as the sequester and no assurance can be given as to the levels of annual appropriations that will be available for funding Renewal Contracts in the future.

Renewal Contracts do not provide for adjustment of contract rents based on Annual Adjustments as described under "Adjustments of Contract Rents" above. Renewal Contracts with terms longer than one year provide for annual adjustment of contract rents based on an Operating Cost Adjustment Factor (or with respect to certain Renewal Contracts, if requested by the owner and agreed to by HUD or its designated contract administrator, based on the development's budget). The Operating Cost Adjustment Factor is intended to reflect increases in the cost of operating comparable rental properties, which may or may not correspond to circumstances affecting a particular development. No assurance can be given that HUD or its designated contract administrator will approve a request for a budget-based adjustment of contract rents.

Certain Renewal Contracts with terms longer than five years provide that HUD's designated contract administrator shall, at the expiration of each five-year portion of the contract term, adjust contract rents so as to equal comparable market rents determined on the basis of a market study prepared in accordance with HUD requirements. Certain of such Renewal Contracts also provide that HUD may, at its discretion, require or permit its designated contract administrator to make such market comparability adjustments one additional time within each such five-year period. Such market comparability adjustments may raise or lower contract rents. Certain Renewal Contracts for developments that received initial contract rents calculated on the basis of an operating budget provide that HUD may adjust contract rents downward, subject to certain limits calculated on the basis of market rents, in the event that the development during the term of the contract receives additional government assistance that was not anticipated when initial contract rents were determined. The statutory provision prohibiting adjustments that would lower contract rents, explained above, does not apply to Renewal Contracts.

The Authority does not act as HUD's designated contract administrator for Renewal Contracts and, with respect to such contracts, does not receive and disburse subsidy payments as described in the second paragraph under "Payment of Subsidy" above. Instead, HUD's designated contract administrator disburses the subsidy payment to the mortgagor, who is responsible for remitting loan payments and escrow deposits.

Low Income Housing Tax Credit Program

The Authority has financed and expects to continue to finance developments which are to receive low income housing tax credits. The Code provides for credits to owners of residential rental projects containing low income units, provided certain occupancy and use of loan proceeds requirements are met. The credits are taken annually for a term of ten years, beginning with the tax year in which the project is placed in service or, at the owner's election, the next tax year.

Twenty percent or more of the units in an eligible project must be occupied by tenants whose incomes are 50% or less of the area median gross income, as adjusted for family size, or 40% or more of the units in the project must be occupied by tenants whose incomes are 60% or less of such area median gross income, as so adjusted. Each building in the project must comply with these income restrictions within 12 months of the date placed in service. The owner may designate more than 20% or 40%, as the case may be, of the units in the project as low-income units.

The gross rent (including an allowance for any utilities paid directly by the tenant) charged to a tenant in a low income unit may not exceed 30% of the maximum qualifying income.

In the event that the income of a family occupying a low income unit exceeds the maximum qualifying income by more than 40% or in the event that a low income unit becomes vacant, such low income unit shall continue to qualify if no other vacant units of comparable or smaller size are rented to non-qualifying families.

The project must comply with the income and rent limitations for a period of 15 years in the case of credits allocated prior to or during 1989, or 30 years, in the case of credits allocated after 1989. Failure to comply results in a recapture of a portion of the credits.

Section 236 Interest Reduction Payments Program and Section 236(f)(2) Rental Assistance Program

Pursuant to Section 236 of the United States Housing Act of 1937, as amended, HUD, the Authority and the mortgagor enter into an agreement for interest reduction payments. HUD makes monthly payments with respect to the subsidized dwelling units in such development directly to the Authority on behalf of the mortgagor. The amount of the monthly HUD payment for any such development will equal the difference between (a) the monthly payment for principal, if any, interest and the Authority's fees and charges which the mortgagor is obligated to pay and (b) the monthly payment for principal, if any, and interest which the mortgagor would be required to pay if the mortgage loan were to bear interest at the rate of 1% per annum. The mortgagor makes monthly payments to the Authority for the balance.

The agreements contain several covenants of the mortgagor, including among other things that (1) the mortgagor has established, "basic rents" computed assuming a mortgage loan interest rate of 1% per annum and "fair market rents" (unsubsidized) for each subsidized dwelling unit, (2) the rent for each subsidized dwelling unit, including all utilities except telephone, will be equal to 30% of the tenant's adjusted income or the basic rent, whichever is greater, up to a maximum of the fair market rent, (3) the mortgagor will limit admission to subsidized dwelling units to families whose incomes do not exceed the lower of the income limits prescribed by HUD or the Authority, and (4) the mortgagor shall remit to HUD the amount ("Excess Income Payment") by which the total rents collected on all subsidized dwelling units exceeds the sum of the basic rents for all such units. Under the Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act, Title V of Pub. L. 106-74, enacted October 20, 1999 (the "1999 Act"), the rent chargeable to the tenant is also limited by the rent for a comparable unassisted unit in the market area. The Balanced Budget Downpayment Act, II, Pub. L. 104-134, enacted April 26, 1996, provides that Excess Income Payments must be remitted to HUD on a unit-by-unit basis, thus precluding the ability of mortgagors to use such Excess Income Payments to offset collection losses and potentially reducing the income available to the projects. The 1999 Act provides that mortgagors may retain some or all of such Excess Income Payments if authorized by HUD. The Authority covenants in the agreements that it will not agree to the forbearance or deferment of any payment due under the mortgage loan without HUD's approval. HUD may, at its discretion, terminate payments under the agreement upon default by the mortgagor or the Authority under any provision of the agreement. If payments are terminated by HUD, such payments may be reinstated by HUD on such conditions as it may prescribe. The rights and obligations under the agreement are not assignable by the Authority or by the Mortgagor without the approval of HUD.

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

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

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

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

APPENDIX G

DESCRIPTION AND PROCEDURES OF DTC

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

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

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Offered Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Offered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments, including such payments upon redemption, on the Offered Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the

Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Offered Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Offered Bonds certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Offered Bonds certificates will be printed and delivered to DTC.

SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE AGREEMENT

Certain provisions of the Continuing Disclosure Agreement, as amended, between the Authority and the Trustee (the "Continuing Disclosure Agreement") applicable to the Offered Bonds are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full text of the Continuing Disclosure Agreement. This summary does not apply to Subject Bonds issued prior to December 1, 2010.

The Continuing Disclosure Agreement between the Authority and the Trustee was executed and delivered for the benefit of the Holders and Beneficial Owners of the Subject Bonds and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5). The Offered Bonds are to be Subject Bonds.

Certain Definitions

Defined terms used in the Continuing Disclosure Agreement and not otherwise defined therein have the meanings set forth in the Resolution.

"Annual Financial Information" means the information to be provided by the Authority described under the caption "Content of Annual Financial Information."

"Beneficial Owner" means a beneficial owner of Subject Bonds as determined pursuant to the Rule.

"Bonds" means, at any time, all of the Authority's then Outstanding Rental Housing Bonds, collectively.

"Fiscal Year" means that period established by the Authority with respect to which its, as applicable, Audited Financial Statements or Unaudited Financial Statements are prepared. As of the date of the Continuing Disclosure Agreement, the Authority's Fiscal Year begins on July 1 and ends on June 30 of the next calendar year.

"Holders" means the Owners of the Subject Bonds.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Obligated Person" means any person, including the Authority, who is either generally or through an enterprise, fund or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on any Subject Bonds to be sold in an offering (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities). The term "Obligated Person" shall not include the mortgagor of any Mortgage Loan.

"Participating Underwriter" means the original underwriters of the applicable Subject Bonds required to comply with the Rule in connection with the offering of such Subject Bonds.

"Rule" means the applicable provisions of Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as amended, as in effect on the date of the Continuing Disclosure Agreement, including any official interpretation thereof.

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

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

Provision of Annual Financial Information

The Authority will, not later than 180 days after the end of the Authority's Fiscal Year, provide to the MSRB the Annual Financial Information.

The Continuing Disclosure Agreement requires the Authority to provide, in a timely manner, notice to the MSRB of any failure by the Authority to provide Annual Financial Information to the MSRB on or before the date described in the first paragraph under this heading and also of any change in the Authority's fiscal year.

Content of Annual Financial Information

The Authority's Annual Financial Information shall contain or include by reference the following:

(a) the audited financial statements, if available, or unaudited financial statements of the Authority for the Fiscal Year ended on the previous June 30, prepared in accordance with generally accepted accounting principles applied on a consistent basis; provided, however that the Authority may from time to time, in order to comply with federal or state legal requirements, modify the basis upon which its financial statements are prepared;

(b) the amount of General Fund assets made or expected to be made available to originate mortgage loans with yields which are, at the time such loans are originated, substantially less than the yields of U.S. government or agency-securities of similar maturity;

(c) the amount outstanding under the Authority's $38 million (original amount) line of credit to the Commonwealth's Virginia Housing Partnership Revolving Fund, if such line of credit is in effect during the applicable Fiscal Year;

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

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

(1) Name of the Development;

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

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

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

(5) Type of occupancy; and

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

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

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

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

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

Excess of revenues over expenses

Fund balances at end of period

Fund balance of the General Fund at end of period;

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

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

If the Authority's Annual Financial Information does not include its audited financial statements, when and if such audited financial statements become available the Authority shall provide them to the MSRB.

Any of the items (b) through (k) above will not be provided separately if included in the Authority's financial statements. In addition, any or all of the items listed above may be included by specific reference to documents, including official statements of debt issues of the Authority or related public entities, previously provided either to (i) the MSRB, or (ii) filed with the SEC (if such document is an official statement, it must also be available from the MSRB). Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

In addition to items (a) through (k) above, the Authority's Annual Financial Information shall include information regarding amendments to the Continuing Disclosure Agreement as described below in the last two paragraphs under the heading "Amendment of Continuing Disclosure Agreement."

Reporting of Significant Events

The Authority will give notice, in a timely manner not in excess of ten business days after the occurrence of an event, to the MSRB of the occurrence of any of the following events with respect to the Subject Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status (if applicable) of any Subject Bonds, or other material events affecting the tax status of any Subject Bonds;

(vii) modifications to rights of Holders, if material;

(viii) Subject Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Subject Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Obligated Person;

(xiii) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

Notwithstanding the foregoing, unless the Rule requires otherwise, notice of the events described in items (viii) and (ix) need not be given any earlier than, if applicable, the date notice is required to be given to Holders of applicable Subject Bonds pursuant to the Bond Resolution or the Authority's documents authorizing the issuance of such Subject Bonds.

The Continuing Disclosure Agreement requires the Trustee to promptly give notice to the Authority whenever, in the course of performing its duties as Trustee under the Bond Resolution, the Trustee identifies an event listed above; provided, however, that the failure of the Trustee so to advise the Authority shall not constitute a breach by the Trustee of any of its duties and responsibilities under the Continuing Disclosure Agreement and the Bond Resolution.

Amendment of Continuing Disclosure Agreement

The Continuing Disclosure Agreement may be amended by written agreement of the Authority and the Trustee, and any provision of the Continuing Disclosure Agreement may be waived without the consent of the Holders or Beneficial Owners (except to the extent required as described in clause 4 (ii) below), under the following conditions: (1) the Authority determines that such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Authority or the type of business conducted thereby or is made to facilitate compliance with the Rule and any future amendments to the Rule, (2) the Continuing Disclosure Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of each primary offering of Subject Bonds affected by the amendment or waiver after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Authority shall have delivered to the Trustee an opinion of counsel expert in federal securities laws ("Securities Counsel"), addressed to the Authority and the Trustee, to the same effect, as set forth in clause (2) above, (4) either (i) a party unaffiliated with the Authority (such as the Trustee or bond counsel) acceptable to the Authority and the Trustee has determined that the amendment or waiver does not materially impair the interests of the Beneficial Owners, or (ii) the Holders consent to the amendment or waiver of the Continuing Disclosure Agreement pursuant to the same procedures as are required for amendments to the Bond Resolution with consent of Holders; and (5) the Authority shall have delivered copies of such amendment or waiver to the MSRB.

In addition to the foregoing, the Authority and the Trustee may amend the Continuing Disclosure Agreement, and any provision of the Continuing Disclosure Agreement may be waived, if the Trustee shall have received an opinion of Securities Counsel, addressed to the Authority and the Trustee, to the effect that the adoption and the terms of such amendment or waiver would not, in and of themselves, cause the undertakings in the Continuing Disclosure Agreement to violate the Rule, taking into account any subsequent change in or official interpretation of the Rule.

To the extent any amendment to the Continuing Disclosure Agreement results in a change in the type of financial information or operating data provided pursuant to the Continuing Disclosure Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

If an amendment is made to the basis on which financial statements are prepared, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Enforcement

The obligation of the Authority to comply with the provisions of the Continuing Disclosure Agreement are enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any Beneficial Owner of Outstanding Subject Bonds, or by the Trustee on behalf of the Holders of Outstanding Subject Bonds, or (ii), in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the Holders of Outstanding Subject Bonds or by any Beneficial Owner; provided, however, that a Beneficial Owner may not take any enforcement action pursuant to clause (ii) without the consent of the Holders of not less than 25% in aggregate principal amount of the Subject Bonds at the time Outstanding; provided further, that the Trustee shall not be required to take any enforcement action except at the direction of the Holders of not less than 25% in aggregate principal amount of the Subject Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. The Holders, the Beneficial Owners and the Trustee's right to enforce the provisions of the Continuing Disclosure Agreement are limited to a right, by action in mandamus or for specific performance, to compel performance of the Authority's obligations under the Continuing Disclosure Agreement. Any failure by the Authority or the Trustee to perform in accordance with the Continuing Disclosure Agreement will not constitute a default or any Event of Default under the Bond Resolution, and the rights and remedies provided by the Bond Resolution upon the occurrence of a default or an Event of Default will not apply to any such failure.

Termination

The Authority's and the Trustee's obligations under the Continuing Disclosure Agreement with respect to the Subject Bonds terminate upon legal defeasance pursuant to the Bond Resolution, prior redemption or payment in full of all of the Subject Bonds.

The Continuing Disclosure Agreement, or any provision thereof, shall be null and void in the event that the Authority (1) delivers to the Trustee an opinion of Securities Counsel, addressed to the Authority and the Trustee, to the effect that those portions of the Rule which require the provisions of the Continuing Disclosure Agreement, or any of such provisions, do not or no longer apply to the Subject Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers notice to such effect to the MSRB.

Manner of Reporting

All notices and filings required to be made to the MSRB hereunder shall be made in the manner prescribed by the MSRB.

Governing Law

The Continuing Disclosure Agreement must be construed and interpreted in accordance with the laws of the Commonwealth, and any suits and actions arising out of the Continuing Disclosure Agreement must be instituted in a court of competent jurisdiction in the Commonwealth, provided that, to the extent the Continuing Disclosure Agreement addresses matters of federal securities laws, including the Rule, the Continuing Disclosure Agreement must be construed in accordance with such federal securities laws and the official interpretation thereof.

APPENDIX I

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

October . . ., 2014

Virginia Housing Development Authority
Richmond, Virginia

Commissioners:

As Bond Counsel to the Virginia Housing Development Authority (the "Authority"), a political subdivision of the Commonwealth of Virginia (the "Commonwealth"), created by the Virginia Housing Development Authority Act, being Chapter 1.2 of Title 36 of the Code of Virginia, 1950, as amended (the "Act"), and organized and existing under the Act and other laws of the Commonwealth, we have examined a record of proceedings relating to the issuance of $. . . Rental Housing Bonds, 2014 Series B-Non-AMT (the "Bonds") by the Authority.

The Bonds are authorized to be issued pursuant to the Act and a resolution of the Authority adopted March 24, 1999 entitled "A Resolution Providing for the Issuance of Rental Housing Bonds of the Virginia Housing Development Authority and for the Rights of the Owners Thereof," as amended and supplemented to the date hereof (the "Resolution"); a resolution of the Authority adopted April 8, 2014 entitled "Bond Limitations Resolution" (the "Bond Limitations Resolution"); and the Written Determinations of an Authorized Officer of the Authority dated as of . . . . . ., 2014 (the "Written Determinations"), and executed and delivered in accordance with the Bond Limitations Resolution. The Written Determinations, the Bond Limitations Resolution and the Resolution are collectively herein referred to as the "Bond Resolution." The Bonds are authorized to be issued pursuant to the Resolution for the purpose of providing funds to carry out the Authority's Program of making Mortgage Loans. All capitalized terms used herein and not otherwise defined have the meanings set forth in the Bond Resolution.

In connection with rendering the opinion set forth in paragraph number 4 below, we have examined the provisions of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder; the Authority's Tax Certification and Arbitrage Certificate, of even date herewith, of authorized officers of the Authority, to the effect that the Bonds are not "arbitrage bonds" within the meaning of the Code and as to other matters affecting the tax-exempt status of such Bonds; and the relevant provisions of such other documents and such other matters of fact and law as we have deemed relevant to the rendering of such opinion.

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date interest began to accrue, irrespective of the date on which such noncompliance occurs or is discovered. The Authority has covenanted in the Bond Resolution to at all times do and perform all acts required by the Code in order to assure that interest on the Bonds shall not be included in gross income of the owner thereof pursuant to the Code.

Based upon the foregoing, we are of the opinion that:

1. Under the Constitution and laws of the Commonwealth, the Act is valid and the Authority has been duly created and validly exists as a political subdivision with such political and corporate powers as set forth in the Act with lawful authority, among other things, to carry out the Program of making Mortgage Loans, to provide funds therefor and to perform the Authority's obligations under the terms and conditions of the Bond Resolution.

2. The Bond Resolution has been duly adopted by the Authority, is valid and binding upon the Authority and is enforceable in accordance with its terms.

3. The Bonds are valid and legally binding general obligations of the Authority secured by a pledge in the manner and to the extent set forth in the Resolution and are entitled to the benefit, protection and security of the provisions, covenants and agreements of the Resolution. The Resolution creates a valid pledge of, and the lien that it purports to create upon, the Assets held or set aside or to be held and set aside pursuant to the Resolution, subject only to the provisions of the Resolution permitting the use and payment thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to the exclusion from gross income of interest on any Bond for any period during which the Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user"

of the facilities financed with the proceeds of the Bonds or a "related person", and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code, and is not included in the adjusted current earnings of corporations for the purpose of calculating the alternative minimum tax. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Bonds, and we have assumed compliance by the Authority and others with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Except as stated in the paragraph above, we express no opinion as to any other matter with respect to the exemption of interest on the Bonds from federal income taxation or as to the treatment of any such Bonds for tax purposes by any state, city, county or other jurisdiction. We render our opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update our opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax law.

The foregoing opinion is qualified to the extent that the enforceability of the Authority's obligations with respect to the Bonds and the Bond Resolution may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights or remedies generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

In rendering our opinion, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof and we have relied on certificates and opinions provided to us.

We express no opinion herein as to the financial resources of the Authority, the adequacy of the Assets pledged to payment of the Bonds, the ability of the Authority to provide for the payment of the Bonds or the accuracy or completeness of any information that may have been relied on by anyone in making a decision to purchase the Bonds, including the Authority's Preliminary Official Statement for the Bonds dated . . ., 2014, and its Official Statement for the Bonds dated . . ., 2014.

Very truly yours,

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VIRGINIA HOUSING DEVELOPMENT AUTHORITY • RENTAL HOUSING BONDS 2014 SERIES B-NON-AMT

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