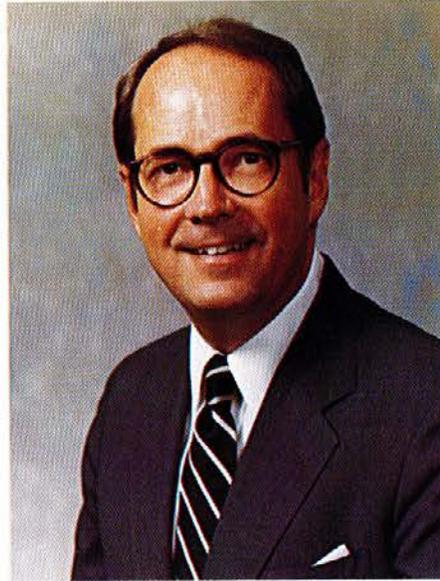

**Pennsylvania Housing Finance Agency
1980 Annual Report**



On the Cover

*The Lehigh Coal & Navigation
Building once housed a corporation
but is now a home for 27 elderly
residents of Jim Thorpe.*

A Message from the Governor



If there is one phrase that can adequately sum up this administration's goal in these presently troubled times, it would be that we are committed to doing more with less.

The Pennsylvania Housing Finance Agency, which was established in 1972 to provide quality housing at low cost to elderly and low-income citizens, is one example where the potential for doing more with less has never been greater.

Although a troubled credit market, unprecedented high interest rates and soaring inflation have combined to put the cost of adequate housing beyond the reach of many low and fixed-income Pennsylvanians, the PHFA has the ability to produce decent shelter at affordable prices when private enterprise is either unable, or unwilling, to do so. PHFA uses its sales of tax-exempt securities to make loans to qualified developers at lower interest rates than those available through conventional financing channels. And it is these lower financing costs that can make it possible to offer higher quality housing at lower rents.

In this manner, we have the opportunity to illustrate how the private and government sectors can work together to help fill the basic needs of our citizens.

A handwritten signature in orange ink, which appears to read "Dick Thornburgh". The signature is stylized and fluid, with a large loop at the end.

Dick Thornburgh
Governor

A Message from the Chairperson



Since assuming office in January, 1979, Governor Dick Thornburgh has spoken clearly about the need for decent housing for *all* Pennsylvanians. The Pennsylvania Housing Finance Agency, through its lending activities, can go a long way to accommodate lower income Pennsylvanians and bring Governor Thornburgh's priority of decent housing closer to reality.

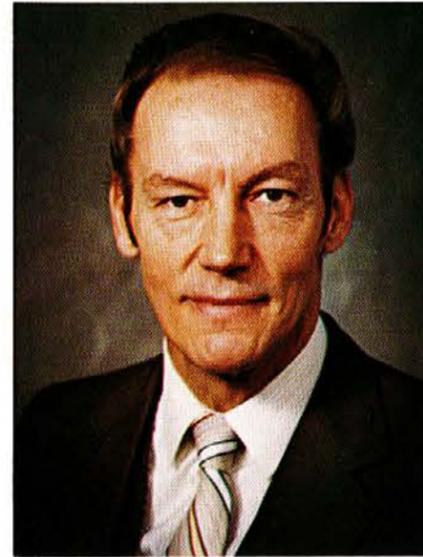
As Secretary of the Department of Community Affairs, I serve as Chairperson of PHFA. Acting in this capacity over the last year, I have taken special note of the unique challenges faced by PHFA. We are entering a decade where satisfying Pennsylvania's housing demands can only become more difficult.

PHFA was created by the Pennsylvania General Assembly to "promote the health, safety and welfare of the people of the Commonwealth." To carry out this directive, PHFA loans money to responsible non-profit and limited dividend sponsors, thus supplementing the efforts of HUD and local housing authorities.

The potential of PHFA is equal to the challenge we face. If we are to seriously address the task of restoring our inner cities and communities, the Pennsylvania Housing Finance Agency must strive to increase housing opportunities for all Pennsylvanians. As Chairperson of PHFA, I will work to meet our challenge and realize our potential as outlined by Governor Thornburgh.

A handwritten signature in cursive script, reading "Shirley M. Dennis".

Shirley M. Dennis
Chairperson



- Excellence in architectural engineering and technical refinements in PHFA-financed developments. This high standard of design and execution of the developments allows lower annual operating costs in the buildings and an overall maintenance-free design.
- A strong construction inspection program. PHFA-financed developments are inspected throughout their construction to insure that each building provides decent housing for residents.
- Continuing review of the management of developments. Multi-family rental apartments are long-term investments by PHFA. Strong management control by the Agency means that the developments are not sterile institutions, but genuine homes for their residents.
- From initial application to final rental, economic, ethnic and racial equality are paramount concerns in PHFA developments. The Agency's affirmative action program channels that concern into a positive commitment in housing.

In 1980, the Pennsylvania Housing Finance Agency sold \$63.6 million bonds and \$136.8 notes. The proceeds from the sale of these tax exempt bonds have been allocated to finance 14 multi-family rental apartment developments. All developments permanently financed by PHFA in 1980 receive Rental Assistance Payments under a program authorized by Section 8 of the United States Housing Act of 1937.

For many Pennsylvanians of limited financial means, especially elderly citizens on fixed incomes, the cost of housing presents a major problem. PHFA's Rental Housing Program has aided many of these persons by providing excellent low cost housing under the federal Section 8 Rental

Assistance Program. During 1980 PHFA received a set-aside of more than 1700 units of Section 8 subsidy. These funds were allocated to 18 multi-family rental developments which were financed by the Agency.

PHFA uses its funds for the permanent financing of both new construction and substantial rehabilitation of existing buildings to house families of low and moderate incomes, including elderly families and handicapped persons. In addition the Agency has provided construction financing for projects under Federal programs where GNMA becomes the permanent lender.

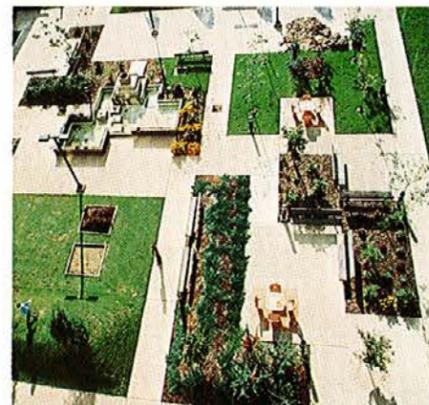
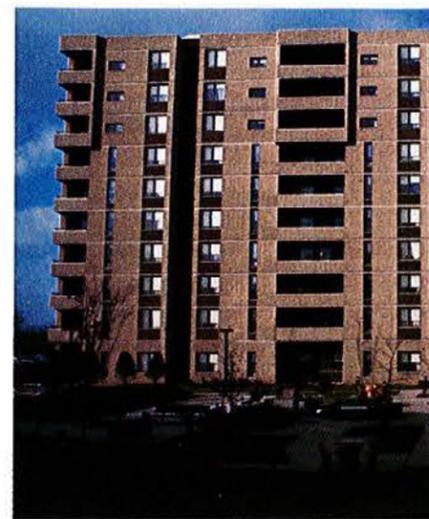
Citizens who qualify under the Section 8 program pay a maximum of one-quarter of their income for rent. The balance of the rent is subsidized by the Federal Government through program payments.

The Agency's ability to provide the financing for Section 8 subsidized housing not only means that more Commonwealth citizens will benefit directly through housing, it is also a major economic factor in the state's building community. Construction related jobs produced by PHFA-financed developments are welcome additions to the workforce. And because Agency financed developments pay taxes in the communities where they are built, local tax bases are enhanced.

None of this would be possible, of course, without the dedicated efforts of the Agency's Board of Directors and staff to insure that the Commonwealth and its citizens will benefit with the addition of well-planned, and well designed housing provided by tax-exempt financing.

A handwritten signature in cursive script, reading "William M. Cleveland".

William M. Cleveland
Executive Director



Viola Kipp (opposite page) is a resident of Hershey Plaza, shown here. This high-rise apartment building is typical of the well-planned housing for the elderly that is financed by PHFA.

1980—The Year in Review

1980 was a year of significant achievement for the Pennsylvania Housing Finance Agency. It was marked by continuing prosperity and leadership among the nation's housing finance agencies, both in production and financial management. The Agency's performance during the year, and indeed its overall experience during its first six years of operation, is an example of the public and private sectors working to provide vitally needed housing to the citizens of Pennsylvania.

Created in 1972 by the Pennsylvania General Assembly, PHFA is a public corporation that makes mortgage loans to supply well planned and well built apartments across the Commonwealth. The lending activity, in both construction and permanent financing, is made possible by the Agency's sale of tax-exempt securities. Proceeds of the sales are lent to qualified developers at lower-than-conventional rates. The lower financing costs paid by the developers make lower rents and higher quality housing possible for residents.

Since its creation, PHFA has been successful in meeting the housing needs of low and moderate income families, elderly Pennsylvanians and citizens with special housing requirements. The Agency intends to continue to succeed in meeting those needs.

Some of its achievements for 1980 were:

- Started 32 new apartment developments under its Rental Housing Program. Rental Housing Program developments are subsidized by Section 8 Housing Assistance Payments.
- Started 10 new apartment developments with construction financing from its Construction Loan Programs.
- Issued \$63.6 million in Residential Development Bonds

to finance its Rental Housing Program, using the Agency pioneered "pipeline" method of tax-exempt bonds, which enables PHFA to finance developments that are in the processing stage.

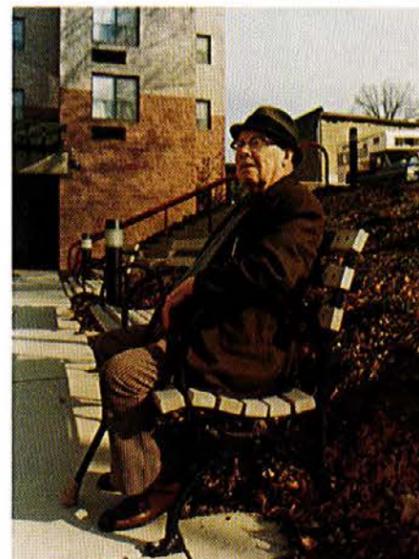
- Issued \$136.8 million Construction Mortgage Loan Notes to finance its Construction Loan Programs activity.

- Maintained a high productivity record that allowed the Agency to receive supplemental Section 8 allocations from HUD. This means more elderly and handicapped Pennsylvania residents will be provided decent, safe and affordable housing.

- Kept the average processing time for the Agency's permanently financed Section 8 developments to less than six months. This compares well with other subsidized financing processes, which require 18 to 36 months. Long processing times cause construction cost increases, and PHFA's rapid turn-around time for developments saves a considerable sum of money while providing housing in a reasonable time.

- Enhanced its position in the financial and investment community. Today, PHFA enjoys excellent Moody's and Standard and Poor's ratings.

As of year-end 1980, PHFA's total financing amounted to almost 583 million dollars. The total number of developments it had financed reached 161, a total of 20,467 individual dwellings. Along with this, the number of construction related jobs made possible by Agency programs climbed to 20,000, and Agency-financed developments were paying more than \$3,000,000 to local governments in the Commonwealth. And all this has been done at no expense to Pennsylvania taxpayers. Indeed, the



Pheasant Hill near Harrisburg offers garden apartment living for elderly residents.

A mid-rise building, Montrose Square (lower photo, this page) is home for Montrose Senior Citizens.

Agency has acted as a major vehicle for the return of federal tax revenues to the citizens of the state.

Rental Housing Program

During 1980, PHFA started 32 new apartment developments containing 2,772 units under the Rental Housing Program. All these developments will be subsidized by the Section 8 Housing Rental Assistance Payments Program. The Section 8 program was created by the Housing and Community Development Act of 1974. Under this program, qualifying tenants pay a maximum of 25% of annual income for rent. The Department of Housing and Urban Development pays the difference between the tenant's portion of the rent and the total rent through the Section 8 subsidy. According to HUD guidelines, a tenant is qualified for Section 8 rental assistance if total family income does not exceed 80% of the median income for the area being considered.

PHFA has financed 88 developments for a total of 9,943 dwelling units since it began working with the Section 8 program in 1975. Those 57 developments that were completed by the end of 1980 have an occupancy rate of 98%. Most of these completed developments have long waiting lists of prospective residents.

Rental Housing Program loans are made possible by the sale of long-term, tax-exempt revenue bonds. A total of \$63.6 million revenue bonds were issued by PHFA in 1980.

Residential Development Bonds, Issue G, offered in August, were unique in the Agency's history in that it provided financing for a single development of 200 apartments for the elderly in Reading, Pennsylvania. This development was financed by the Agency after the Reading Redevelopment Authority, a recipient of Section 8 allocations, transferred those units to

PHFA. In this manner, the precious units were used in Pennsylvania, and not recaptured by the federal government for use elsewhere.

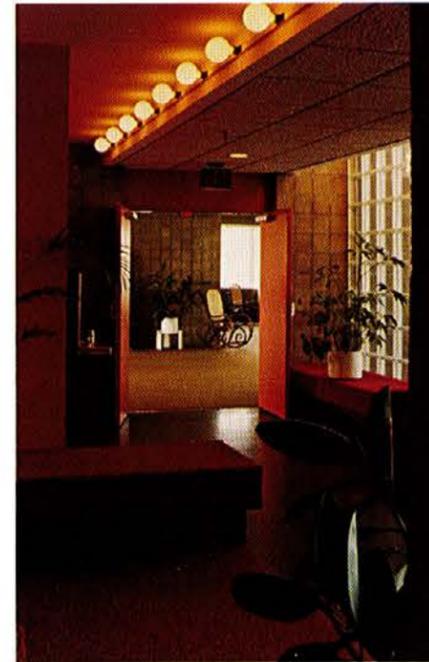
Issue H Bonds was a pipeline issue. Pipeline financing was pioneered by PHFA in 1978 to allow the Agency to take the fullest advantage of the bond market. Proceeds of the bond sales are raised in advance of the closing of Section 8 developments being financed. By this prefunding mechanism, the Agency can close developments over a period of time, rather than all at once.

Loans issued by PHFA under the Rental Housing Program are for both construction and permanent financing. They are secured by a first mortgage lien on real property or on a leasehold estate. Mortgage loans made to limited profit developers may not exceed 90% of the cost of the development. Non-profit sponsors such as community organizations may be lent up to 100% of the cost of the development.

Federal subsidies are limited. PHFA competes for these subsidies with other housing producers. During 1980, PHFA was one of 4 state agencies to receive supplemental allocations from HUD. This achievement was a reflection of the Agency's Section 8 production record. By attracting these scarce Section 8 allocations, the Agency provides more high quality housing for the Commonwealth. Such performance allows more deserving Pennsylvanians to leave substandard housing and it means that those families need not spend years waiting for paperwork completion before construction can begin. PHFA's "fast track" record of production gets the housing to the resident. It does it quickly, and it does it well.

Construction Loan Programs

During 1980, PHFA financed 10



Mr. and Mrs. Raymond Rommell are residents of Kish Apartments in Lewistown.

Kish's striking interior stresses clean, modern design.

new apartment developments containing 1,096 units through its Construction Loan Programs. Under its Construction Loan Program are three individual programs: the Construction Loan Program; the Rural Construction Loan Program; and the Turnkey Construction Loan Program.

The Construction Loan Program

PHFA makes construction loans that are insured by the Federal Housing Administration under the National Housing Act of 1937. These construction loans are made on rental developments pursuant to agreements with an originating mortgagee. The loans, financed through the sale of short-term construction mortgage loan notes, are subject to a commitment from the Government National Mortgage Association (Ginnie Mae) or the Federal National Mortgage Association (Fannie Mae). Upon final endorsement by the FHA, either Ginnie Mae or Fannie Mae purchases the mortgage and provides long-term financing for the mortgage.

Most developments are subsidized or assisted under the Federal Section 8 or Section 221(d)4 programs. Because of certain legislation passed by Congress, originating mortgagees agree that at least 20% of the residents of PHFA-financed Construction Loan Program developments must be income-qualified for Section 8 payments.

As of year-end 1980, PHFA had made 50 loans under this program containing 7,830 units, and had \$108,715,000 in construction mortgage loan notes outstanding. 27 developments financed under this program are completed and Ginnie Mae has purchased the related mortgages.

The Rural Construction Loan Program

In 1980, PHFA financed 2 develop-

ments under the Farmers' Home Administration (FmHA) Rural Rental Housing Program. This program is under Section 515 of Title V of the Housing Act of 1949. Interest subsidies are provided to the developments by Farmers' Home.

PHFA obtains a 100% payment and performance bond from the developer to assure construction completion, but there is no Farmers' Home insurance of construction advances. However, upon satisfactory completion of construction, FmHA pays the Agency 100% of all construction advances made pursuant to the commitment.

The Agency has financed three completed projects under this program. At present, there are \$3.6 million notes outstanding for Farmers' Home Construction Loans.

The Turnkey Construction Loan Program

Although PHFA has at year-end 1980 financed only one turnkey construction loan, there is an excellent chance that 1981 will see increased activity in this program.

Under the Turnkey Construction Loan Program, a development is constructed by private developers having a contract with a local housing authority and HUD. A 100% payment and performance bond or a 25% letter of credit is required by PHFA to assure completion of construction. This requirement minimizes Agency exposure because of the lack of insurance on mortgage loan advances under this program.

After satisfactory completion of the turnkey development, the local housing authority is obligated to purchase the development for the contract price. The proceeds of the purchase are used to repay the Agency's construction mortgage loan. HUD is obligated to provide the local housing authority with funds to purchase the completed development.



Robert Stinson Tower (opposite) provides badly needed rental housing for elderly and blind families in Chester.

(This page, upper photo) Newly constructed family housing was financed by PHFA in Wilkes-Barre.

(Lower photo) Recreation is an integral part of Senior Citizen activities at PHFA-financed developments.

Through its various Construction Loan Programs, and its Rental Housing Program, PHFA has made loans of \$583,000,000 that have financed construction of 161 developments, totalling 20,467 individual units.

PHFA Credit Rating Remains Sound

At year-end 1980, PHFA's long-term bonds were rated A+ by Standard and Poor's and A-1 by Moody's Investor Rating Services, Inc. Such a rating is not in itself unusual, but is unique among state housing finance agencies which are usually assigned lower ratings than their parent states. In addition, PHFA's short-term notes are rated MIG-1 by Moody's. MIG-1 is the highest possible rating.

On December 23, 1978, the PHFA Board approved the sale of \$2.4 million of bonds. These bonds were sold on January 14, 1979, and the proceeds were used to complete the repayment of a \$62 million loan made to the Agency in 1976. At that time, a turbulent bond market had temporarily impaired the ability of the Agency to sell long-term bonds at a feasible rate, and the General Assembly approved the loan. With the completion of the repayment, plus \$1.1 million in interest, the Agency has proven that the faith shown by the General Assembly was not misplaced.

The PHFA Staff

PHFA is composed of nine basic divisions: Executive, Development, Technical Services, Construction, Management, Finance, Legal, Mortgage Servicing, and Affirmative Action. As of year-end 1980, the staff totalled 113 persons, including 65 professionals with responsibilities in the areas of finance, law,

market analysis, architecture, engineering, cost estimating, housing management, construction inspection, and mortgage underwriting, and personnel.

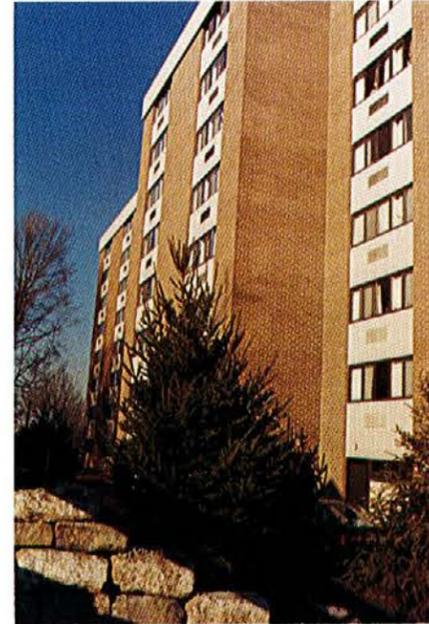
The Executive Division is responsible for the overall management of the Agency and its programs.

Initial contact with PHFA is usually made through the Development Division. The Development Division is primarily charged with reviewing sites, locations and housing demand. In addition, this staff analyzes potential sites for financial feasibility and evaluates all loan applications. The purpose of these analyses, which result in recommendations to the PHFA Board, is to make sure that the Agency underwrites and finances the best housing possible in locations which are appropriate both in terms of need and which present sound risk from an underwriting point of view.

The registered architects, engineers and support staff of the Technical Services Division review and approve architectural plans and specifications, architectural requirements, construction estimates, utility analysis and other factors related to engineering. This way, the Agency is certain that decent, safe and sanitary housing is built from the beginning.

PHFA's Construction Division inspects each step of the development's construction. Field inspectors visit construction sites weekly, guaranteeing that buildings are built according to plans and specifications.

The Management Division is responsible for monitoring the mortgagors' success in the rental of apartment units, maintenance of the developments and continuing compliance with Agency and HUD requirements and tenant qualification policies as defined by HUD. PHFA's connection with its developments continues after the construction is completed; this division regularly audits the records



A spirit of community can be found when friends gather in PHFA housing for the elderly.

(This page, upper photo) Wade Mertz Tower in Sharpsville was financed by PHFA.

(Lower photo) The special housing needs of handicapped individuals were considered in the design of Independence House, Erie.

of each development to ensure that it is operating on a sound fiscal basis and within PHFA regulations and guidelines. The Management Division also oversees the selection of tenants to ensure that PHFA's equal opportunity goals are met and that all applicants are treated fairly. The division also reviews all financial operations of each development, including rent patterns and increases.

The Finance Division maintains all financial records and supervises the custody, investment and disbursement of funds. The division also has the general responsibility for the servicing and payment of Agency bonds and notes. This staff works closely with the Agency's bond underwriters and investment banker to build the innovative financing packages described elsewhere in this report.

The Legal Division provides legal services for the Agency relative to all its programs and operations, including opinions relating to the issuance of bonds and notes. Legal is responsible for coordinating underwriting activities, closing mortgages and coordinating activities of outside counsel, bond counsel and Underwriter's Counsel.

The Mortgage Servicing Division handles supervision of construction loan programs and disbursements of loan proceeds under the Agency's other programs. They prepare escrow analysis and schedules of advances in connection with FHA-insured construction loan developments. In addition, this division approves payouts and change orders on developments which are permanently financed and on construction loans.

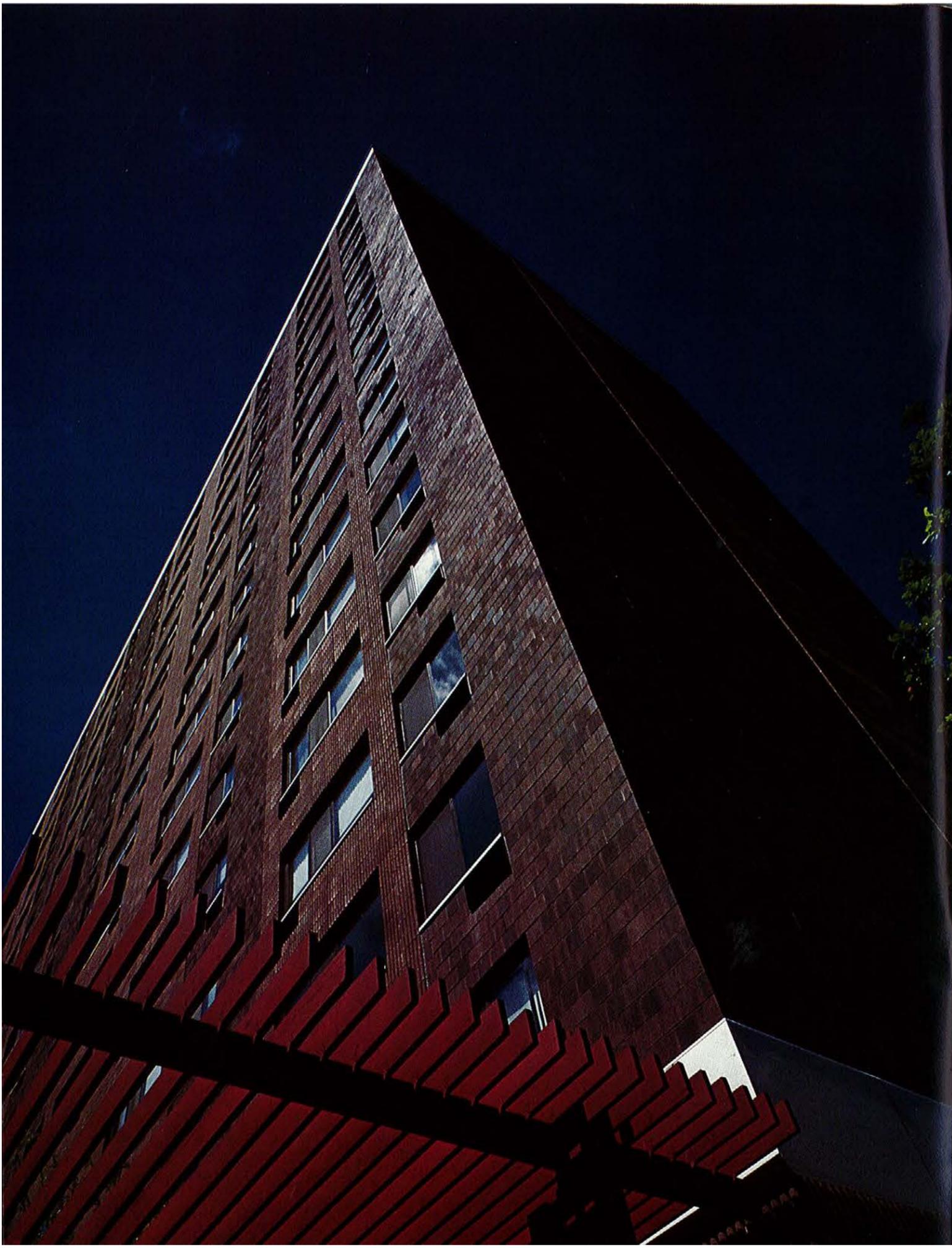
The Affirmative Action Division insures that the dual principles of affirmative action and equal opportunity apply to all Agency operations. These principles apply to all Agency activities, from the composition of construction crews

working on housing projects to management and occupancy of completed units.

Approximately 13% of all families residing in PHFA-financed units at year-end 1980 are minority persons. The Agency strives to achieve racial and economic balance in all of its housing and to encourage minority developers to participate in its lending programs.

The PHFA staff itself reflects its commitment to equal employment opportunity. Of the full-time staff, minority persons make up 12% of professional or administrative and 30% of the clerical staff. Women make up 50% of the Agency's staff, including 35% of its professional employees.

PHFA will also continue its efforts to reach as many non-traditional sponsors, contractors, managers and others through regular outreach programs.



PHFA Board Members

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Hon. Shirley M. Dennis
Secretary of Community Affairs

Vice Chairman

Mr. Walter G. Arader
President
Walter G. Arader & Associates

James A. Lineberger, Esquire
Director of Community Relations
District Attorney's Office, Philadelphia

Mr. John H. Miller, Jr.
President, John Hobart Miller, Inc.

Mrs. Nancy Neuman
Vice President
League of Women Voters
of the United States

Mr. Herman Silverman
Chairman of the Board
Sylvan Pools, Inc.

Hon. Ben McEnteer, Ex Officio
Secretary of Banking

Hon. Geoffrey Stengel, Ex Officio
Secretary of Commerce

Hon. Robert E. Casey, Ex Officio
State Treasurer

Secretary

Miss Carrie Ramsey
Pennsylvania Housing Finance Agency

Senior Managing Underwriter
Goldman Sachs & Co.

Co-Managing Underwriters
Butcher & Singer, Inc.
E. F. Hutton & Company, Inc.
L. F. Rothschild, Unterberg, Towbin

**Independent Certified
Public Accountants**

Peat, Marwick, Mitchell & Co.

Bond Counsel

Schnader, Harrison, Segal & Lewis

Outside Counsel

McNees, Wallace & Nurick

Bond Trustees

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Industrial Valley Bank and Trust
Company
Hamilton Bank

Paying Agents

Citibank, N.A.
Continental Illinois National Bank
and Trust Company of Chicago



Hon. Shirley M. Dennis



Mr. Walter G. Arader



James A. Lineberger, Esquire



Mr. John H. Miller, Jr.



Mrs. Nancy Neuman



Mr. Herman Silverman



Hon. Ben McEnteer



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Chemical Bank
First National Bank of Chicago
Morgan Guaranty Trust Co.
Bankers Trust Co.

Depositories

Bank of America, N.T.S.A.
Bank of Pennsylvania
Central Penn National Bank
Chemical Bank
Citibank, N.A.
Commonwealth National Bank
Continental Bank of Norristown
Continental Illinois National Bank &
Trust Co.
Cumberland County National Bank

Dauphin Deposit Bank and Trust Co.
Equibank, N.A.
First Pennsylvania Bank, N.A.
Hamilton Bank
Home Unity Savings and Loan
Association
Industrial Valley Bank and Trust
Company
Mellon Bank, N.A.
Morgan Guaranty Trust Co.
New World National Bank
Pittsburgh National Bank
Provident National Bank

PHFA Staff

Executive Division

William Cleveland
Executive Director

Karl Smith
Deputy Director of Operations

Carrie Ramsey
Executive Assistant

Kristine Frey
Administrative Assistant

Phillip Friday
Director of Public Information &
Legislative Affairs

William Fogarty
Deputy Director of Public
Information & Legislative Affairs

Trudy Baum
Director of Personnel

Deborah Geary
Word Processing Technician

Jack Armstrong
Messenger/Clerk

Brenda Salers
Receptionist

Nancy Johnson
Administrative Assistant

Affirmative Action Division

Olivia Peck
Director of Affirmative Action

Mary K. White
Affirmative Action Officer

Fred Reed
Affirmative Action Officer

Diana Franklin
Labor Relations Specialist II

Rochelle Bonner
Administrative Assistant

Gladiola Oaks
Administrative Assistant

Stephanie Harvey
Data Entry Clerk

Penny Zapic
Data Entry Clerk

Management Division

W. Alan Shenk
Director of Management

Daniel Thomas
Senior Financial Analyst

Joseph Toia
Financial Analyst

John Brazen
Financial Analyst

John Hurt
Management Representative

Raymond Friend
Management Representative

Ernest Walker
Management Representative

Kathy Price
Management Representative

Barbara Conjar
Management Representative

Ramona Cook
Management Representative

K. Lyn Kirshenbaum
Management Representative

Marybeth Maranuk
Management Representative

Frank Bangor
Management Representative

Susan Reber
Management Representative

Judy Smitley
Social Services Administrator

James Quinn
Senior Auditor

David Evans
Senior Auditor

Susan Belles
Auditor

Gary Ackerman
Auditor

Mohammed Daramy
Auditor

Donna Farnham
Administrative Assistant

Joann Borsic
Administrative Assistant

Christine Wadley
Data Entry Clerk

Kathy Kocher
Secretary

Angela Ross
Secretary

Finance Division

Marc Moonin
Director of Finance

Anthony Julian
Manager of Accounting

Joseph Knopic
Manager of Project Financing

Brian Hudson
Manager of Investments

Connie Ross
Staff Accountant

Donna Sciortino
Staff Accountant

Dona Wildman
Assistant Accountant

Pamela Frazier
Assistant Accountant

Lamar Portzline
Manager of Data Processing

Edward Raley
Senior Computer Programmer

Shirley Smith
Computer Programmer

Michael Schardt
Computer Programmer

Toye Russell
Computer Operator

Agnes Costello
Administrative Assistant

Bonita Brehm
Administrative Assistant

Jackie Groff
Secretary

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Trevor Edwards
General Counsel

Henry Riley
Associate Counsel

William Dade
Associate Counsel

Robert Jones
Associate Counsel

Zara Waters
Legal Secretary II

Donna Royer
Legal Secretary II

Wendy Wiest
Legal Secretary I

Development Division

Janelle Coppinger
Director of Development

Norman Mowad
Senior Housing Development Officer

Stan Auerbach
Housing Development Officer

Deborah Zlogar
Housing Development Officer

Stephanie Malik
Housing Development Officer

Patricia Conwell
Housing Development Officer

Brenda Jack
Housing Development Officer

Andi Wingard
Housing Market Analyst

LaVera Nelson
Administrative Assistant

Myrna Bernstein
Secretary

Mortgage Servicing Division

Donald Plunkett
Director of Mortgage Servicing

Dorsey Howard
Senior Mortgage Servicing
Representative

Jacob Mitchell
Insurance Administrator

Robert Bobincheck
Mortgage Servicing Representative

Eileen Demshock
Mortgage Servicing Representative
Trainee

Jan Naegele
Administrative Assistant

Kathy Raley
Secretary

Betty Smith
Secretary

Technical Services Division

Mark DeHarde
Director of Technical Services

Riitta Lukkari
Chief Architect

Donald Clarke
Staff Architect

E. F. Clarocca
Staff Engineer

Robert Lezzer
Engineer Reviewer & Energy
Coordinator

Robert Miller
Cost Estimator

Pat Foca
Maintenance Specialist

Larry Thorn
Maintenance Representative

Emma Woodyard
Data Entry Specialist

Louise Hoffman
Administrative Assistant

Amy Klinger
Secretary

Construction Division

Edmund Smith
Director of Construction

Thomas Harbaugh
Construction Coordinator

Richard Nichols
Chief of Contract Services

Sandy Klunk
Contract Coordinator

Cynthia Park
Contract Coordinator

Angelino Carmo
Chief Construction Representative

Harry Faulkner
Chief Construction Representative

David Porter
Construction Representative

John Foley
Construction Representative

Ben Tomassetti
Construction Representative

Robert Wocbley
Construction Representative

Kenneth Paul
Construction Representative

William Cooley
Construction Representative

Eugene Garrison
Construction Representative

Donald Stewart
Construction Representative

Elmer Jones
Construction Representative

Winifred Sbaw
Secretary

Construction Loans

Development	Location	Mortgage Amount	Total Units	Program	Status	Development	Location	Mortgage Amount	Total Units	Program	Status
American Postal Workers House	Philadelphia Philadelphia County	10,465,500.00	300/Elderly	Section 8	Under Construction	Riverview Manor	Sharon Mercer County	2,586,500.00	123/Family	Section 236	Occupied
Belmondo on the Delaware	Lower Makefield Bucks County	5,114,600.00	195/Family	221D4	Occupied	Roosevelt Arms	Pittsburgh Allegheny County	5,290,700.00	191/Elderly	Section 236	Occupied
Brinton Towers	Braddock Hills Allegheny County	4,129,300.00	190/Elderly	Section 236	Occupied	Shalom Apartments	Philadelphia Philadelphia County	4,876,800.00	154/Elderly	Section 8/ Section 231	Under Construction
Brookside Apartments	Lebanon Lebanon County	2,098,500.00	100/Elderly	Section 236	Occupied	Shenango Village	Sharon Mercer County	2,085,100.00	100/Family	Section 236	Occupied
Carmichaels Arbors	Cumberland Township Greene County	2,114,500.00	75/Elderly	221D4	Occupied	Sherman Terrace Apartments	Wilkes-Barre Luzerne County	7,094,600.00	344/Elderly	Section 236	Occupied
Center Square	Doylestown Bucks County	6,870,500.00	352/Elderly	Section 236	Occupied	Southside Apartments	Bethlehem Northampton County	4,045,000.00	150/Family	Section 231/ Section 8	Occupied
City Heights	Wilkes-Barre Luzerne County	4,658,000.00	150/Elderly	Section 8/ Section 220	Occupied	Squirrel Hill Apartments	Pittsburgh Allegheny County	3,648,600.00	117/Elderly	Section 231/ Section 8	Occupied
Courtland Plaza	East Stroudsburg Munroe County	2,793,300.00	100/Elderly	Section 8/ Section 231	Occupied	St. James Place Senior Citizens Housing	Downingtown Chester County	1,216,800.00	40/Elderly	Section 231/ Section 8	Occupied
Cumberland Elderly Housing	Lower Allen Township Cumberland County	3,009,800.00	101/Elderly	Section 231	Occupied	Stenton Arms Apartments	Philadelphia Philadelphia County	980,000.00	113/Elderly	221D4	Occupied
Delaire Landing II	Philadelphia Philadelphia County	5,203,500.00	216/Family	221D4	Occupied	University Plaza Apartments	Philadelphia Philadelphia County	15,500,800.00	440/Elderly	Section 231/ Section 8	Occupied
Derry Area Senior Citizens Housing	Derry Westmoreland County	342,000.00	18/Elderly	Farmers Home	Occupied	Valley Vista	Souderton Montgomery County	2,189,340.00	101/Elderly	Section 8	Occupied
Eastside Housing	Nanticoke Luzerne County	1,478,400.00	76/Family	Section 236	Occupied	Washington Arbors	Washington Washington County	2,587,200.00	100/Elderly	221D4	Occupied
Hillside Apartments	Edwardsville Luzerne County	4,099,900.00	200/Family	Section 236	Occupied	Webster Towers	Scranton Lackawanna County	1,981,500.00	98/Elderly	Section 236	Occupied
Lutheran Elderly Housing	Philadelphia Philadelphia County	6,992,400.00	208/Elderly	Section 231	Occupied	West Popular Apartments	Philadelphia Philadelphia County	4,939,800.00	140/Family	Section 220/ Section 8	Occupied
Lutheran Manor	Bethlehem Lehigh County	5,630,500.00	197/Elderly	Section 231/ Section 8	Occupied	Westview Terrace	New Castle Lawrence County	2,036,705.00	106/Family	Section 236	Occupied
McKean County Turnkey	Scattered sites McKean County	2,437,400.00	100/Elderly- Family	Turnkey Public Housing	Occupied	Williamsport Housing	Williamsport Lycoming County	2,758,600.00	101/Elderly	Section 231/ Section 8	Occupied
Mid-City Towers	Eric Eric County	3,318,400.00	132/Elderly	Section 236	Occupied	Wilson Townhouse Apartments	Spring Township Berks County	4,526,225.00	200/Family	Section 236	Occupied
Moreland Towers	Hatboro Montgomery County	2,929,500.00	138/Elderly	Section 236	Occupied	Wister Townhouse Apartments	Philadelphia Philadelphia County	7,300,700.00	200/Family	Section 220/ Section 8	Under Construction
Mount Vernon Apartments	Philadelphia Philadelphia County	2,448,800.00	124/Family	Section 236	Occupied	20th and South Streets	Philadelphia Philadelphia County	1,542,000.00	61/Elderly- Family	221D4	Occupied
Mountainview Gardens	Franklin Township Greene County	4,229,400.00	120/Family	Market Rate	Under Construction	2400 Chestnut Street	Philadelphia Philadelphia County	15,280,000.00	372/Family	221D4	Occupied
Oak Hill Apartments	Franklin Venango County	2,240,100.00	120/Elderly- Family	Section 236	Occupied						
Oak Hollow	West Hempfield Lancaster County	947,900.00	56/Family	Farmers Home Section 515	Occupied						
Pin Oak Village	Cranberry Venango County	1,721,000.00	100/Family	Section 236	Occupied						
Plaza II	Cornwall Township Lebanon County	2,521,100.00	127/Family	221D4	Occupied						

Permanent Loans

Development	Location	Mortgage Amount	Total Units	Program	Status	Development	Location	Mortgage Amount	Total Units	Program	Status
Allentown Town House Apartments	Allentown Lehigh County	4,195,000.00	160/Elderly	Section 8	Occupied	Edwardsville Village	Edwardsville Luzerne County	4,950,000.00	252/Family	(Section 101 Rent Supplement)	Occupied
Allied Terrace	Scranton Lackawanna County	4,200,000.00	121/Elderly	Section 8	Occupied	Fairfax Apartments	Pittsburgh Allegheny County	3,965,000.00	243/Elderly	Market Rate	Occupied
Barclay Village	Hamilton Township Franklin County	2,335,000.00	86/Family	Section 8	Occupied	Forest Green Estates	West Mead Township Crawford County	3,405,000.00	100/Family	Section 8	Under Construction
Bartlett Gardens	Cambridge Springs Crawford County	1,060,000.00	43/Elderly	Section 8	Under Construction	Franklin Arbors	Franklin Venango County	2,365,000.00	85/Elderly	Section 8	Occupied
Beaver Falls Plaza	Beaver Falls Beaver County	3,800,000.00	121/Elderly	Section 8	Occupied	Galilee Village	Levittown Bucks County	2,785,000.00	120/Elderly	Section 8	Occupied
Bellefield Dwellings	Pittsburgh Allegheny County	4,330,000.00	158/Family	Section 8	Occupied	Garden Terrace Apartments	Dale Borough Cambria County	3,110,000.00	101/Elderly	Section 8	Occupied
Blairsville House	Blairsville Indiana County	1,380,637.00	87/Elderly	Market Rate	Occupied	Gardens of Gypsy Hill	Lehighton Carbon County	2,380,000.00	71/Family	Section 8	Under Construction
B'nai B'rith House of Reading	Reading Berks County	4,910,000.00	175/Elderly	Section 8	Occupied	The Greenfields	Claysburg Blair County	1,985,000.00	58/Family	Section 8	Under Construction
Bridgeville Towers	Bridgeville Allegheny County	3,305,000.00	102/Elderly	Section 8	Occupied	Greenville House	Greenville Mercer County	3,230,000.00	100/Elderly	Section 8	Under Construction
Broadwood Tower	New Bethlehem Clarion County	1,920,000.00	65/Elderly	Section 8	Occupied	Hazlewood	Hazle Township Luzerne County	2,520,000.00	100/Elderly	Section 8	Occupied
Butler Arbors	Butler Butler County	3,050,000.00	120/Elderly	Section 8	Occupied	Hershey Plaza	Hershey Dauphin County	7,245,000.00	246/Elderly	Section 8	Occupied
Cable House	York York County	3,565,000.00	83/Family	Section 8	Under Construction	Hilltop Apartments	Duquesne Allegheny County	3,125,000.00	152/Family	Section 236	Occupied
Canonsburg Elderly Housing	Canonsburg Washington County	3,165,000.00	104/Elderly	Section 8	Occupied	Honus-Wagner Apartments	Carneigie Allegheny County	4,490,000.00	129/Multi-Family	Section 8	Under Construction
Carson Towers	Pittsburgh Allegheny County	4,210,000.00	133/Elderly	Section 8	Occupied	Independence House	Erie Erie County	400,000.00	12/Handicapped	Section 8	Occupied
Charleroi Elderly Housing	Charleroi Washington County	3,530,000.00	104/Elderly	Section 8	Occupied	Interfaith Apartments	Middletown Dauphin County	4,365,000.00	126/Elderly	Section 8	Occupied
Chemung View	Athens Bradford County	3,250,000.00	101/Elderly	Section 8	Occupied	Filbern Manor	West Newton Westmoreland County	3,800,000.00	126/Elderly	Section 8	Under Construction
Coal Township Elderly Housing	Coal Township Northumberland County	2,860,000.00	101/Elderly	Section 8	Occupied	K. Leroy Irvis Tower	Pittsburgh Allegheny County	6,440,000.00	191/Elderly	Section 8	Occupied
Connelly Manor	Sharon Mercer County	4,065,000.00	127/Elderly	Section 8	Under Construction	Kelly Apartments	Kelly Township Union County	2,130,000.00	80/Elderly	Section 8	Under Construction
Conway Towers	Conway Beaver County	2,705,000.00	85/Elderly	Section 8	Under Construction	Kish Apartments	Lewistown Mifflin County	3,725,000.00	141/Elderly	Section 8	Occupied
Cornwall Heights (Plaza Apartments)	N. Cornwall Twp. Lebanon County	2,250,000.00	128/Family	Section 8	Under Construction	Laurel Village II	Somerset Somerset County	1,570,000.00	48/Family	Section 8	Under Construction
Cumberland Court Apartments	Harrisburg Cumberland County	2,365,000.00	108/Family	Section 236	Occupied	Lehigh Coal & Navigation Bldg.	Jim Thorpe Carbon County	815,000.00	27/Elderly	Section 8	Occupied
Daniel J. Flood Tower	Kingston Luzerne County	6,500,000.00	211/Elderly	Section 8	Occupied	Liberty Tower	California Washington County	3,730,000.00	104/Elderly	Section 8	Under Construction
Delaire Landing	Philadelphia Philadelphia County	3,845,000.00	180/Family	Market Rate	Occupied	Mahanoy Elderly Housing	Mahanoy City Schuylkill County	3,940,000.00	125/Elderly	Section 8	Occupied
Delphia House	York York County	3,050,000.00	104/Elderly	Section 8	Occupied	Mahoning Towers	Punxsutawney Jefferson County	2,450,000.00	101/Elderly	Section 8	Occupied
Easton Senior Citizens Housing	Easton Northampton County	1,776,000.00	98/Elderly	Section 8	Occupied						

Permanent Loans, (Continued)

Development	Location	Mortgage Amount	Total Units	Program	Status	Development	Location	Mortgage Amount	Total Units	Program	Status
Manor Park Apartments	Manor Township Lancaster County	5,125,000.00	201/Family	Section 8	Under Construction	Plaza Apartments	Lebanon Lebanon County	2,225,000.00	128/General Occupancy	Market Rate	Occupied
Maple Hill Apartments	Mt. Pleasant Westmoreland County	2,945,000.00	72/Family	Section 8	Under Construction	Prince Street Towers	Lancaster Lancaster County	5,640,000.00	201/Elderly	Section 8	Occupied
Marion Terrace	Lansdale Montgomery County	1,430,000.00	48/Family	Section 8	Under Construction	Queen Village II	Philadelphia Philadelphia County	1,180,000.00	51/Family	Market Rate	Occupied
Markvue Apartments	North Huntingdon Westmoreland County	563,000.00	35/Family	Market Rate	Occupied	Reading Elderly Housing	Reading Berks County	7,115,000.00	201/Elderly	Section 8	Under Construction
Marlboro Place	Wilkes-Barre Luzerne County	1,345,000.00	76/Family	Market Rate	Occupied	Richford Arms	Erie Erie County	3,150,000.00	100/Elderly	Section 8	Occupied
Meadowick Village	Whitpain Township Montgomery County	7,050,000.00	273/Family	Market Rate	Occupied	Riverfront Apartments	Sunbury Northumberland	5,630,000.00	200/Elderly	Section 8	Occupied
Millersville Manor	Millersville Lancaster County	2,875,000.00	121/Elderly	Section 8	Occupied	Riverview Park Apartments	White Oak Allegheny County	3,250,000.00	168/Family	Market Rate	Occupied
Montrose Square	Montrose Borough Susquehanna County	2,750,000.00	81/Elderly	Section 8	Occupied	Robert H. Stinson Tower	Chester Delaware County	4,040,000.00	150/Elderly Handicapped	Section 8	Occupied
Mt. Carmel Elderly Housing	Mount Carmel Northumberland County	2,700,000.00	100/Elderly	Section 8	Occupied	Rolling Hills	Lower Pottsgrove Montgomery County	6,250,000.00	232/Family	Section 8	Occupied
Mountview Manor	Cresson Township Cambria County	1,825,000.00	61/Elderly	Section 8	Under Construction	Scranton Townhouses	Scranton Lackawanna County	5,655,000.00	160/Family	Section 8	Occupied
Munroe Tower	Oakmont Allegheny County	3,680,000.00	101/Elderly	Section 8	Under Construction	Seneca Townhouse	Cumru Township Berks County	5,135,000.00	201/Elderly	Section 8	Occupied
Norristown Elderly Housing	Norristown Montgomery County	6,560,000.00	175/Elderly	Section 8	Occupied	Shields Building	Wilkinsburg Allegheny County	625,000.00	30/Elderly	Section 8	Occupied
Oak Hollow South	W. Hempfield Township Lancaster County	2,295,000.00	67/Family	Section 8	Occupied	Simpson Manor	Redstone Township Fayette County	3,510,000.00	126/Family	Section 8	Occupied
Oakwood Gardens	Lansdale Montgomery County	1,430,000.00	48/Family	Section 8	Occupied	Squires Manor	South Park Township Allegheny County	2,412,000.00	132/Family	Market Rate	Occupied
One Buttonwood Square	Philadelphia Philadelphia County	10,220,000.00	319/Family	Market Rate	Occupied	Summit Apartments (Wimmerton Apartments)	Unity Township Westmoreland County	1,820,000.00	100/Family	Market Rate	Occupied
Park Springs Apartments	E. Vincent Twp. Chester County	4,120,000.00	151/Family	Section 8	Occupied	Susquehanna View Apartments	E. Pennsboro Township Cumberland County	5,875,000.00	201/Elderly	Section 8	Occupied
The Pennsylvanian	Erie Erie County	2,655,000.00	112/Elderly	Section 8	Occupied	Temple Univ. Student Housing	Philadelphia Philadelphia County	2,000,000.00	82/Student	Market Rate	Occupied
Pershing Square	Greensburg Westmoreland County	4,285,000.00	111/Elderly	Section 8	Under Construction	Ten East South	Wilkes-Barre Luzerne County	4,370,000.00	130/Family	Market Rate	Occupied
Pheasant Hill Estates	Susquehanna Township Dauphin County	4,900,000.00	172/Elderly	Section 8	Occupied	Thomas Campbell North	South Strabane Township Washington County	2,255,000.00	75/Elderly	Section 8	Occupied
Philipsburg Towers	Philipsburg Centre County	2,705,000.00	102/Elderly	Section 8	Occupied	Titusville Housing for the Elderly	Titusville Crawford County	1,975,000.00	65/Elderly	Section 8	Under Construction
Pocono Creek Apartments	Stroudsburg Monroe County	2,265,000.00	100/Elderly	Market Rate	Occupied	Towne North Tower	Ross Township Allegheny County	4,705,000.00	135/Elderly	Section 8	Under Construction
						Trinity House	Berwyn Chester County	4,810,000.00	134/Elderly	Section 8	Under Construction
						Tyrone Elderly Housing	Tyrone Blair County	2,495,000.00	100/Elderly	Section 8	Occupied
						Tyrone Family Housing	Tyrone Blair County	1,520,000.00	50/Family	Section 8	Occupied

Permanent Loans, (Continued)

Development	Location	Mortgage Amount	Total Units	Program	Status
Valley View Apartments	New Brighton Township Beaver County	3,710,000.00	120/Family	Section 8	Occupied
Wade D. Mertz Towers	Sharpsville Mercer County	3,095,000.00	103/Elderly	Section 8	Occupied
Williamsburg Estates	Lower Paxton Township Dauphin County	7,025,000.00	312/Family	Market Rate	Occupied
Woodview Apartments	Warminster Bucks County	4,455,000.00	119/Elderly	Section 8	Under Construction
777 Court Street	Reading Berks County	2,465,000.00	20/Family	Market Rate	Occupied



Pennsylvania Housing Finance Agency
Accountant's Report

To the Members of the
Pennsylvania Housing Finance Agency:

We have examined the balance sheets of Pennsylvania Housing Finance Agency as of June 30, 1980 and 1979, and the related statements of revenues, operating expenses and changes in fund balances and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of Pennsylvania Housing Finance Agency at June 30, 1980 and 1979, and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

PEAT, MARWICK, MITCHELL & CO.

Harrisburg, Pennsylvania
August 29, 1980

Balance Sheets

June 30, 1980 and 1979

	1980				1979			
	General Fund	Construction Loan Fund	Rental Housing Program Group	Combined Total-Memorandum Only	General Fund	Construction Loan Fund	Rental Housing Program Group	Combined Total-Memorandum Only
Assets								
Investments and cash (note 5)	\$ 15,572,600	67,350,058	180,428,267	263,350,925	6,903,463	45,430,436	166,947,457	219,281,356
Mortgage loans receivable (note 6)	916,497	—	207,724,968	208,641,465	971,267	—	187,256,158	188,227,425
Construction advances (note 6)	—	53,715,440	90,466,801	144,182,241	—	82,481,393	51,517,982	133,999,375
Deferred and other assets (note 8)	639,642	333,086	10,885,569	11,858,297	275,018	501,577	10,636,952	11,413,547
Due from other funds	—	—	—	—	2,117,000	—	—	2,117,000
	<u>\$ 17,128,739</u>	<u>121,398,584</u>	<u>489,505,605</u>	<u>628,032,928</u>	<u>10,266,748</u>	<u>128,413,406</u>	<u>416,358,549</u>	<u>555,038,703</u>
Liabilities and Fund Balances								
Notes payable (note 7)	\$ —	111,875,730	—	111,875,730	—	116,542,913	—	116,542,913
Accrued interest payable	—	2,710,494	8,435,630	11,146,124	—	1,799,132	7,739,147	9,538,279
Accounts payable and accrued expenses	367,151	108,101	261,861	737,113	199,556	316,379	347,606	863,541
Other liabilities	20,458	2,710,763	12,039,798	14,771,019	21,973	3,706,050	7,579,000	11,307,023
Bonds payable (note 8)	—	—	454,480,955	454,480,955	—	—	393,814,695	393,814,695
Due to other funds	—	—	—	—	—	2,117,000	—	2,117,000
Total liabilities	<u>387,609</u>	<u>117,405,088</u>	<u>475,218,244</u>	<u>593,010,941</u>	<u>221,529</u>	<u>124,481,474</u>	<u>409,480,448</u>	<u>534,183,451</u>
Fund balances (note 8)	<u>16,741,130</u>	<u>3,993,496</u>	<u>14,287,361</u>	<u>35,021,987</u>	<u>10,045,219</u>	<u>3,931,932</u>	<u>6,878,101</u>	<u>20,855,252</u>
	<u>\$ 17,128,739</u>	<u>121,398,584</u>	<u>489,505,605</u>	<u>628,032,928</u>	<u>10,266,748</u>	<u>128,413,406</u>	<u>416,358,549</u>	<u>555,038,703</u>

See accompanying notes to financial statements.

**Statements of Revenues, Operating Expenses
and Changes in Fund Balances**

Years ended June 30, 1980 and 1979

	1980		1979					
	General Fund	Construction Loan Fund	Rental Housing Program Group	Combined Total-Memorandum Only	General Fund	Construction Loan Fund	Rental Housing Program Group	Combined Total-Memorandum Only
Revenues:								
Interest income:								
Investments (note 5)	\$ 1,314,240	6,615,047	18,933,956	26,863,243	692,205	4,590,158	12,785,816	18,068,179
Mortgage loans receivable (note 6)	57,107	—	15,451,255	15,508,362	51,828	—	12,375,612	12,427,440
Construction advances (note 6)	—	5,289,821	5,929,699	11,219,520	—	3,257,115	3,629,160	6,886,275
Total interest income	1,371,347	11,904,868	40,314,910	53,591,125	744,033	7,847,273	28,790,588	37,381,894
Fees, charges and other income	5,003,068	—	—	5,003,068	3,934,516	13,790	—	3,948,306
Total revenues	<u>6,374,415</u>	<u>11,904,868</u>	<u>40,314,910</u>	<u>58,594,193</u>	<u>4,678,549</u>	<u>7,861,063</u>	<u>28,790,588</u>	<u>41,330,200</u>
Operating expenses:								
Interest on notes (note 7)	—	7,605,977	—	7,605,977	—	5,592,122	68,734	5,660,856
Interest on bonds (note 8)	—	—	31,340,507	31,340,507	—	—	25,468,127	25,468,127
Salaries and related benefits	2,242,219	—	—	2,242,219	1,862,475	—	—	1,862,475
Other general and administrative	1,158,832	754,923	—	1,913,755	1,086,478	—	—	1,086,478
Provision for potential loan losses (note 6)	20,000	55,000	1,250,000	1,325,000	10,000	—	1,940,394	1,950,394
Total operating expenses	<u>3,421,051</u>	<u>8,415,900</u>	<u>32,590,507</u>	<u>44,427,458</u>	<u>2,958,953</u>	<u>5,592,122</u>	<u>27,477,255</u>	<u>36,028,330</u>
Excess of revenues over operating expenses	2,953,364	3,488,968	7,724,403	14,166,735	1,719,596	2,268,941	1,313,333	5,301,870
Interfund transfers (notes 4 and 8)	3,742,547	(3,427,404)	(315,143)	—	1,117,113	(715,528)	(401,585)	—
Fund balances at beginning of period	<u>10,045,219</u>	<u>3,931,932</u>	<u>6,878,101</u>	<u>20,855,252</u>	<u>7,208,510</u>	<u>2,378,519</u>	<u>5,966,353</u>	<u>15,553,382</u>
Fund balances at end of period	<u>\$ 16,741,130</u>	<u>3,993,496</u>	<u>14,287,361</u>	<u>35,021,987</u>	<u>10,045,219</u>	<u>3,931,932</u>	<u>6,878,101</u>	<u>20,855,252</u>

See accompanying notes to financial statements.

Statements of Changes in Financial Position

Years ended June 30, 1980 and 1979

	1980		1979					
	General Fund	Construction Loan Fund	Rental Housing Program Group	Combined Total-Memorandum Only	General Fund	Construction Loan Fund	Rental Housing Program Group	Combined Total-Memorandum Only
Sources of funds:								
From operations:								
Excess of revenues over operating expenses	\$ 2,953,364	3,488,968	7,724,403	14,166,735	1,719,596	2,268,941	1,313,333	5,301,870
Items which do not use (provide) funds:								
Provision for potential loan losses	20,000	55,000	1,250,000	1,325,000	10,000	—	1,940,394	1,950,394
Amortization of investment premium and accretion of discount, net	26,631	274,965	675,823	977,419	23,283	257,009	617,711	898,003
Amortization of deferred revenue ..	(21,973)	—	—	(21,973)	(273,002)	—	—	(273,002)
Funds provided from operations ..	2,978,022	3,818,933	9,650,226	16,447,181	1,479,877	2,525,950	3,871,438	7,877,265
Inter-fund transfers	3,742,547	(3,427,404)	(315,143)	—	1,117,113	(715,528)	(401,585)	—
Bond proceeds	—	—	61,511,485	61,511,485	—	—	83,982,865	83,982,865
Mortgage principal payments	35,434	157,937	830,209	1,023,580	—	21,842	1,321,927	1,343,769
Mortgages permanently financed	—	55,632,808	—	55,632,808	—	25,998,915	—	25,998,915
Change in:								
Investments, net of premium and discount, and cash	—	—	—	—	49,307	4,020,492	4,365	4,074,164
Due from other funds	2,117,000	—	—	2,117,000	156,884	673,737	—	830,621
Notes payable	—	—	—	—	—	11,269,868	—	11,269,868
Accrued interest payable	—	911,362	696,483	1,607,845	—	762,092	1,146,636	1,908,728
Other assets and liabilities, net	—	—	3,764,554	3,764,554	190,835	4,158,151	3,759,706	8,108,692
Total	<u>\$ 8,873,003</u>	<u>57,093,636</u>	<u>76,137,814</u>	<u>142,104,453</u>	<u>2,994,016</u>	<u>48,715,519</u>	<u>93,685,352</u>	<u>145,394,887</u>
Uses of funds:								
Investment in construction advances and mortgage loans receivable	\$ —	27,079,792	61,554,570	88,634,362	811,773	48,715,519	61,009,052	110,536,344
Payment of bond principal	—	—	1,237,000	1,237,000	—	—	814,000	814,000
Change in:								
Investments, net of premium and discount, and cash	8,675,887	21,919,622	13,346,244	43,941,753	2,182,243	—	29,031,679	31,213,922
Due to other funds	—	2,117,000	—	2,117,000	—	—	830,621	830,621
Notes payable	—	4,942,148	—	4,942,148	—	—	2,000,000	2,000,000
Other assets and liabilities, net	197,116	1,035,074	—	1,232,190	—	—	—	—
Total	<u>\$ 8,873,003</u>	<u>57,093,636</u>	<u>76,137,814</u>	<u>142,104,453</u>	<u>2,994,016</u>	<u>48,715,519</u>	<u>93,685,352</u>	<u>145,394,887</u>

See accompanying notes to financial statements.

Notes to Financial Statements

June 30, 1980 and 1979

(1) Authorizing Legislation

The Pennsylvania Housing Finance Agency is a body corporate and politic created by the Housing Finance Agency Law, Act of December 3, 1959, P.L. 1688, as amended. Pursuant to the Act, the Agency is authorized and empowered, among other things, to finance the construction and rehabilitation of housing units for sale or rent to low and moderate income persons and families or the elderly. Bonds and notes issued under the provisions of the Act are not a debt or liability of the Commonwealth of Pennsylvania or any of its subdivisions or a pledge of the faith and credit of the Commonwealth of Pennsylvania or of any of its political subdivisions.

On April 7, 1976, the Pennsylvania General Assembly amended the Act to, among other things, limit the making of mortgage loans under the Rental Housing Program only to those made in conjunction with present and future Federal housing assistance programs; prohibit the Agency from issuing bond anticipation notes except to renew outstanding bond anticipation notes; and subject the issuance of bonds and notes to the written approval of the Governor.

(2) Description of Fund Groups

(a) General Fund

The General Fund is utilized to record certain loan origination fees, service charges and revenue from investments not otherwise pledged for the repayment of notes or bonds in the other funds. All expenses of the Agency are recorded in this fund except interest and provisions for potential loan losses which are charged to the funds to which such expenses relate.

(b) Construction Loan Fund

The Construction Loan Fund is primarily utilized to account for transactions related to the making of construction advances on developments insured by the Federal Housing Administration. Also, these developments are generally subject to permanent loan commitments from the Federal or Government National Mortgage Associations.

(c) Rental Housing Program Group

The Rental Housing Program Group is utilized to account for transactions related to construction, rehabilitation and permanent financing of rental housing developments generally designed for low and moderate income persons and families or elderly persons.

(3) Summary of Significant Accounting Policies

The major accounting principles and practices followed by the Agency are presented below to assist the reader in understanding the accompanying financial statements:

(a) Fund Accounting

The accounts are organized on the basis of funds, each of which is a separate accounting entity.

(b) Investments

Investment securities consist of collateralized certificates of deposit, savings accounts, U.S. Government securities and U.S. Government securities held under repurchase agreements, and are carried at amortized cost which approximates market value.

(c) Mortgage Loans and Construction Advances

Mortgage loans and construction advances are carried at amounts advanced plus accrued interest and fees, less collections and allowance for potential loan losses, if any.

(d) Allowance For Potential Loan Losses

The allowance for potential loan losses is based primarily upon the current financial condition of the loan portfolio. Additions to the allowance are made by charges to operating expense.

(e) Loan Interest and Fees

Loan financing fees, service fees and interest charges on construction advances during the construction period are generally capitalized as part of the loan. Financing fees equal to 0.75% to 1% of the loan commitment are recognized as income at the date of initial mortgage closing. Fees in excess of 1% are recognized on a straight-line basis over the estimated construction period.

(f) Mortgage Origination Costs

Costs related to investigations, surveys, appraisals and other matters pertaining to the evaluation of mortgage loan proposals and construction advances are charged to operations in the General Fund as incurred.

(4) Interfund Transfers

The Agency makes fund balance transfers from the Construction Loan Fund and Rental Housing Program Group to the General Fund to the extent that such fund balances and the related assets are not required to meet the Agency's debt obligations. The amounts transferred result from the Construction Loan Fund earnings in excess of the note interest and other related expenses. The transfers are made after the construction loans are permanently financed and the notes are redeemed. Transfers from the Rental Housing Program Group result primarily from financing arrangements similar to those described for the Construction Loan Fund.

(5) Investments

The maturity distribution of the combined total of investment securities at June 30, 1980 is as follows:

	<u>Within 1 year</u>	<u>1-5 years</u>	<u>5-10 years</u>	<u>Total</u>
June 30, 1980:				
U.S. Treasury	\$ 916,917	4,002,914	25,561,096	30,480,927
U.S. government agencies	34,256,865	10,857,000	13,398,294	58,512,159
Certificates of deposit (non-negotiable)	132,556,852	—	—	132,556,852
Repurchase agreements	27,394,500	—	—	27,394,500
	<u>195,125,134</u>	<u>14,859,914</u>	<u>38,959,390</u>	<u>248,944,438</u>
Savings deposits	—	—	—	6,278,169
Accrued interest	—	—	—	8,128,318
	<u>\$ 195,125,134</u>	<u>14,859,914</u>	<u>38,959,390</u>	<u>263,350,925</u>

The Agency, as a condition for issuing Residential Development Bonds, Issue F, purchased a securities option agreement from First Pennco Securities, Inc. (First Pennco), which required First Pennco, at the Agency's option, to purchase \$51,200,000 of U.S. Government Securities at a guaranteed price. Since the market value of the securities was below the guaranteed purchase price (and the guaranteed purchase price was below cost) when the Agency liquidated its investments to make required construction advances to developments financed by the related bonds, the Agency has exercised its option to sell substantially all the securities to First Pennco. Such sales

Notes to Financial Statements, (Continued)

have resulted in a securities loss at June 30, 1980 of approximately \$732,500, of which \$576,000 was funded by the related bond issue. The \$576,000 was deferred and is being amortized over the term of the bond issue (approximately 40 years).

(6) Mortgage Loans Receivable and Construction Advances

The mortgage loans receivable and construction advances are secured by first mortgages on the related properties. Construction Loan Fund mortgage advances and commitments at June 30, 1980 are at interest rates from 7.00% to 12.38%. Rental Housing Program Group mortgage loans carry interest rates from 6.14% to 9.33% with repayment terms of 18 to 45 years.

As of June 30, 1980 and 1979, undisbursed bond proceeds were sufficient to fund the Agency's outstanding mortgage loan commitments.

Certain Rental Housing Program Group developments financed by the Agency receive subsidies under various Federal programs, while substantially all construction advances in the Construction Loan Fund are insured by the Federal Housing Administration (FHA). A summary of construction advances and mortgage loans receivable as of June 30, 1980 and 1979 follows:

	June 30, 1980		
	Construction Advances		
	Mortgage Loans Receivable	Rental Housing Program Group	Construction Loan Fund
Uninsured mortgage loans secured by developments which receive or will receive rent or interest subsidies from the U.S. Government	\$ 156,854,757	89,290,049	—
Uninsured mortgage loans receivable secured by unsubsidized developments	54,827,605	1,176,752	—
Mortgage loans insured by FHA	—	—	53,815,440
	211,682,362	90,466,801	53,815,440
Allowance for potential loan losses	3,957,394	—	100,000
	<u>\$ 207,724,968</u>	<u>90,466,801</u>	<u>53,715,440</u>

	June 30, 1979		
	Construction Advances		
	Mortgage Loans Receivable	Rental Housing Program Group	Construction Loan Fund
Uninsured mortgage loans secured by developments which receive or will receive rent or interest subsidies from the U.S. Government	\$ 137,012,674	48,515,048	—
Uninsured mortgage loans receivable secured by unsubsidized developments	52,950,878	3,002,934	—
Mortgage loans insured by FHA	—	—	82,526,393
	189,963,552	51,517,982	82,526,393
Allowance for potential loan losses	2,707,394	—	45,000
	<u>\$ 187,256,158</u>	<u>51,517,982</u>	<u>82,481,393</u>

Activity in the Agency's allowance for potential loan losses on construction advances and mortgage loans is summarized as follows:

	Years ended June 30,			
	1980		1979	
	Construction Loan Fund	Rental Housing Program Group	Construction Loan Fund	Rental Housing Program Group
Balance at July 1	\$ 45,000	2,707,394	355,000	457,000
Provision for potential loan losses	55,000	1,250,000	—	1,940,394
Reserve related to project taken out by Rental Housing Program Group	—	—	(310,000)	310,000
Amounts charged off	—	—	—	—
Balance at June 30	<u>\$ 100,000</u>	<u>3,957,394</u>	<u>45,000</u>	<u>2,707,394</u>

(7) Notes Payable

The Agency issues various notes for construction financing which are secured by the full faith and credit of the Agency and by all funds received in repayment of construction advances. Notes payable as of June 30, 1980 and 1979 are at interest rates of from 4.50% to 9.75% and from 3.65% to 5.75%, respectively.

Principal payments are required at note maturity. Notes mature at various dates through May, 1982. Required principal payments for each of the two years ending June 30, 1981 and 1982 are \$62,195,000 and \$50,115,000, respectively.

(8) Bonds Payable

Bonds have been issued to provide financing of mortgage loans under the Rental Housing Program. The bonds are direct and general obligations of the Agency. The full faith and credit of the Agency are pledged for the repayment of all the bonds issued. The bonds are secured by:

- The mortgages securing mortgage loans made on the related permanently financed developments;
- Most revenues, mortgage advance amortization payments and recovery payments received by the Agency from mortgage loans made on permanently financed developments; and
- Certain funds and accounts established pursuant to the bond indentures including the investment of the bond proceeds.

These security covenants, together with covenants in note payable agreements, in effect restrict substantially all assets of all funds for debt-related purposes.

Bonds issued and outstanding are as follows:

Issue	Approx. Effective Interest Rate	Final Maturity	Amount Outstanding June 30,	
			1980	1979
Residential Development Bonds:				
Issue A	7.69%	2019	\$ 84,320,000	84,785,000
Issue B	6.69	2020	32,590,000	32,800,000
Issue 1977 (Refunding)	6.55	2023	90,880,000	91,385,000
Issue C	6.43	2020	24,350,000	24,350,000
Issue D	6.73	2021	83,000,000	83,000,000
Issue E	7.39	2022	23,000,000	23,000,000
Issue F	7.53	2022	60,500,000	60,500,000
Issue G	7.21	2012	8,200,000	—
Issue H	7.54	2023	55,400,000	—
Section 23 Assisted Bonds:				
Issue 1977A	5.88	1995	1,464,000	1,521,000
University Housing Bonds:				
Issue 1979	7.69	2007	2,400,000	2,400,000
			466,104,000	403,741,000
			(11,623,045)	(9,926,305)
			<u>\$ 454,480,955</u>	<u>393,814,695</u>
Unamortized bond discount				

Notes to Financial Statements, (Continued)

Bonds maturing ten years and thereafter from the date of issuance are redeemable at the option of the Agency at prescribed redemption prices ranging from 104% to 100% of the principal amount. Provisions of the bonds include mandatory annual sinking fund payments to provide for redemption of the term bonds.

Required principal payments related to the above bonds for the five years ending June 30, 1981 through 1985 are \$1,951,000, \$2,130,000, \$2,538,000, \$2,916,000 and \$3,612,000, respectively.

Residential Development Bonds Issue 1977 were issued to defease the Rental Housing Program Bonds 1976 Series A and 1975 Series A. The proceeds of the new issue were used to purchase U.S. Treasury obligations sufficient to pay the principal and interest, when due, on the defeased bonds. The U.S. Treasury obligations were deposited with the trustee of the defeased bonds.

The Agency accounted for this transaction by removing the U.S. Treasury obligations and liabilities for the defeased bonds from its records; the difference between the carrying amounts of the new and the previously outstanding bonds of \$9,838,246 is reflected as a deferred asset net of \$858,807 and \$545,455 in amortization in the accompanying June 30, 1980 and 1979 balance sheets and is being amortized over the term of the new issue using the effective interest method. Economic benefits arising from the reduced debt servicing requirements of the new bonds are being passed through to mortgagors whose loans secure the new bonds.

Terms of the refunding required the establishment of a "Development Reserve Account" in the Rental Housing Program Group. The Account has been established by the transfer of \$1,400,000 from the General Fund assets and fund balance to the Rental Housing Program Group. The assets of this Account, although held by the Agency, are pledged to the projects securing the new bonds for the term of the developments' mortgage loans.

(9) Pensions Plans

All employees are covered by a contributory pension plan. Employee contributions of 2% of annual gross wages are combined with the Agency's contributions to fund the benefits expected to become payable as determined by actuarial valuation. Total pension expense for the years ended June 30, 1980 and 1979 was \$174,532 and \$134,015, respectively.

Pennsylvania Housing Finance Agency

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