

1990
**PENNSYLVANIA
HOUSING
FINANCE
AGENCY
ANNUAL
REPORT**

The Pennsylvania Housing Finance Agency was established to increase the availability of housing for low and moderate income citizens of the Commonwealth.

To accomplish this the Agency has created financing and support programs that encourage the development of multifamily rental units, provide mortgage loans to first-time home buyers and assist families threatened with foreclosure.

A ten member Board of Directors governs the operation of the Agency. The Board is comprised of the Secretaries of Banking, Commerce and Community Affairs, the State Treasurer, and six private members appointed by the Governor. Board meetings are open to the public and are held the second Thursday of each month.

PHFA is headquartered in Harrisburg and maintains offices in Norristown and Pittsburgh. It employs a staff of 160 full time personnel who have skills in administration, architecture, counseling, engineering, finance, law, mortgage origination and servicing, property management and underwriting. The Agency is committed to the policy that all persons shall have equal access to its housing programs and employment without regard to race, religion, gender, national origin, family status, handicap or age.

Funds for multifamily and single family housing are raised through the sale of securities to investors. The Homeowners' Emergency Mortgage Assistance Program is funded by appropriations from the Commonwealth. The Rental Housing Tax Credit Program and the Rental Rehabilitation Program are authorized and supported by the federal government.

The Agency has financed more than 32,000 apartment units and 34,000 single family homes with tax-exempt and taxable bonds. Homeowners' Emergency Mortgage Assistance loans have saved 10,000 families from foreclosure. Allocation of approximately \$40 million of tax credits has helped produce 12,141 units of lower income housing. Rental Rehabilitation funds have made possible the improvement of 2,382 units of affordable housing.

Cover and flyleaf photos: River Oak Apartments in Reading was financed by a loan from the Pennsylvania Housing Finance Agency. This new development offers 72 units to families seeking affordable apartments.



Karen A. Miller
Secretary of Community Affairs



Raymond R. Christman
Secretary of Commerce



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Glunt Building Co., Inc.



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Kenny Ross, Chairman
Ross Development Company



Mark Schwartz, Esq.



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Chairman, Sylvan Pools, Inc.

MEMBERS OF THE BOARD

Pennsylvania Housing Finance Agency



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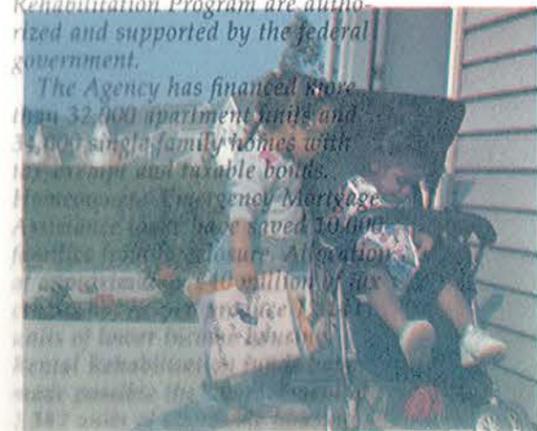
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The Agency has financed more than 32,000 apartment units and 35,000 single family homes with tax-exempt and taxable bonds.

Homeowners' Emergency Mortgage Assistance loans have saved 10,000 families from foreclosure. Allocation of approximately 10 million of tax-exempt bonds to finance 1,000 units of lower income housing. Rental Rehabilitation Program has assisted 10,000 families in need of housing.



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Pennsylvania Housing Finance Agency

MESSAGE
TO THE GOVERNOR

*Pennsylvania Housing
Finance Agency*

This year has been one of significant achievement in the Agency's work of creating improved living conditions and housing opportunities for Pennsylvanians. Elderly citizens, disabled persons, families buying homes of their own, homeless individuals and those facing foreclosure have all benefitted from our programs.

For the fourth consecutive year the Pennsylvania Housing Finance Agency has committed its own funds to ensure the availability of affordable housing in the Commonwealth. With a \$14 million contribution in 1990, the Agency's direct cash subsidy since 1987 to its multifamily financing programs reached \$48 million. Active but prudent investment management has enabled the Agency to continue to make this financial commitment. \$15 million has already been earmarked for rental housing by the PHFA Board in the coming year.

The Agency's rental housing program, HOMES, has matured into a major force in the Commonwealth. Combining attractive long term financing and tax credits with Agency-funded loans, the HOMES program will produce 1,100 affordable rental units this year. This program, which targets the elderly, the handicapped and the homeless, combines state, federal and private funds to the fullest extent possible.

For generations of Americans, homeownership has signified the attainment of a lifelong goal. In 1990, the Agency helped 4,800 families reach that goal by making \$270 million in low cost financing available. To make homeownership a possi-

bility for even lower income families, the Agency enhanced the potential for home ownership with its newly instituted risk retention program. Now the Agency can provide financing, closing cost assistance and an alternative to standard mortgage insurance for families who in the past could not have qualified for a loan.

Efforts to expand homeownership opportunities to more Pennsylvanians were realized under a \$100 million agreement with the State Treasurer. The Knoll HomeStart Program furnishes below market interest rate financing to help middle income citizens, especially first time buyers, single parent families with children and veterans. This commitment of state resources will provide the Commonwealth with Triple A rated Fannie Mae mortgage-backed securities that have a yield comparable to that in Treasury's Short Term Investment Pool. Over 1,300 families will buy houses with HomeStart Program loans beginning in early 1991.

To keep jobs in the Commonwealth, the Agency has developed an employer-assisted housing program. PHFA and the University of Pennsylvania have entered into a partnership to make low interest loans available to employees of the University.

Reauthorization of the Homeowners' Emergency Mortgage Assistance Program by the General Assembly continues the legislative mandate to help Commonwealth families faced with foreclosure. Unique in the nation, this loan program has proven to be an

effective and cost efficient means of preventing homelessness.

To help renters locate decent, affordable apartments, the Agency again published the "Inventory of Assisted Rental Housing." This publication, the only one of its kind in the nation, is a compilation of all subsidized housing developments in the state. It provides a county-by-county review of affordable rental housing.

"Pennsylvania Housing—An Assessment of Special Housing Needs in the Commonwealth" was also published by the Agency in 1990. This report analyzes the current housing status and future shelter requirements for certain target groups in the state. The study was compiled by the Agency over the past three years with information provided by a wide variety of interest groups representing state and local governments, industry and housing advocacy organizations. This analysis is being used to help develop a long-term affordable housing strategy for the Commonwealth.

Agency financings now total more than \$2.7 billion. This represents 34,000 single family mortgages in all 67 Commonwealth counties. It also represents 32,000 apartment units for the elderly, the disabled and low income families. In these accomplishments is an understanding that more must be done. Experienced Agency staff continue to refine existing programs to make maximum use of available resources. To safeguard our future ability to raise capital, every effort is made to communicate financial

stability and strength to investors. This approach to asset management has consistently been recognized by Wall Street with Agency securities rated among the best in the nation. Managing what we finance is also a priority. The default rate on Agency financed rental housing remains at zero. Foreclosures on Agency homeownership loans are below one percent.

These accomplishments make the Pennsylvania Housing Finance Agency one of the leading producers of affordable housing in the nation. With that record in mind, we approach the new year aware that anticipated changes in federal housing policy will present new obstacles and opportunities. We fully expect to overcome the obstacles and maximize the opportunities.

This 1990 report outlines the Agency's programs and activities. It is respectfully submitted to the Governor, the General Assembly and the citizens of Pennsylvania.



Karen A. Miller
Chairperson



Karl Smith
Executive Director



HOMES PROGRAM

The HOMES (Housing Opportunities Make Economic Sense) Program created by the Board in 1987 has become a major production vehicle for affordable rental housing in the Commonwealth. Initiated in response to the federal government's diminished support for low income shelter, the program has helped develop over 3,000 new low income rental units in Pennsylvania.

HOMES brings together all the resources of the Agency including low interest rate financing, tax credits and a low interest deferred loan program.

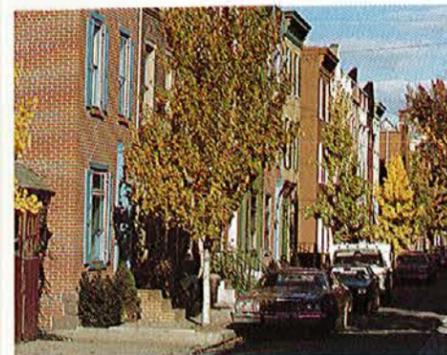
In 1990 the Agency contributed \$14 million to the HOMES Program, bringing to \$48 million the total amount committed to the program since its inception.

Project sponsors applying for HOMES funding must provide substantial equity and seek additional financial support, including loans and grants from state and local government and private foundations. This permits PHFA to make commitments to more projects and provide financing to sponsors serving varied clients throughout the state.

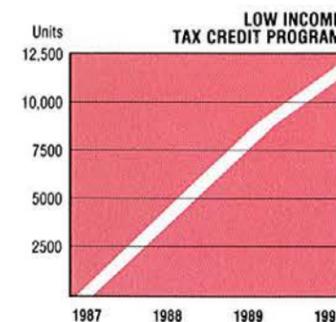
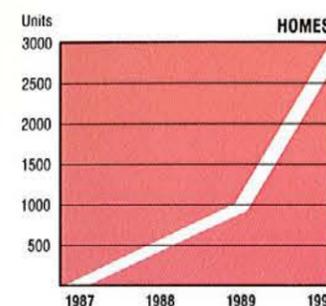
Typical of this utilization of multiple funding sources is the Von Louhr Apartments in West Philadelphia. This project will make 25 low income, two bedroom apartments available for single parent families. The Agency's \$346,000 first mortgage and \$273,000 deferred payment HOMES loan were used to make the \$2,235,000 project feasible. The remaining



A former Harrisburg landmark, The Hill Cafe is being converted for multi-family use by a non-profit housing association.



Preserving and increasing the supply of affordable housing is a priority for the Pennsylvania Housing Finance Agency.



funds were contributed through a variety of foundation grants and equity generated from the syndication of the federal low income housing tax credits.

Because of its flexibility, HOMES can be used to help meet special housing needs. Woodside Place in Oakmont, Allegheny County, is an example of the program's adaptability.

In April, the Board approved nearly \$900,000 for the development of this 30 unit facility designed for persons stricken with Alzheimer's disease. Sponsored by the Presbyterian Association on Aging, an organization with considerable experience in caring for older

Americans, Woodside Place will be a barrier free environment for residents. It will be the fourth such facility in the world. The \$2.7 million building is also funded by the Howard Heinz Endowment and West Penn Hospital, which will assist in the project's medical direction.

Financing projects like Von Louhr and Woodside Place demonstrate the Board's commitment to the special housing needs of all state citizens. It is also indicative of the Agency's determination to create flexible financing alternatives to ensure the availability of decent and affordable places to live.

TAX CREDITS

In 1986 the federal Tax Reform Act created the Low Income Rental Housing Tax Credit Program. Designed to assist in the creation and preservation of affordable multi-family housing, the Tax Credit Program has replaced all previous federal incentives available to private developers seeking to build low income rental units.

Tax credits are allocated to each state by the U.S. Treasury Department. In Pennsylvania, the Governor has designated PHFA as the agency to administer the program. The program provides developers of low income rental housing with federal income tax savings. Each dollar of credit reduces the amount of income tax owed by

one dollar. The credit may be taken for a ten year period provided the units remain in use for lower income residents for a minimum of 15 years. This has proven to be a popular and successful inducement for private investment in rental apartments for lower income families.

In 1990 the demand for credits continued to increase. Requests of over \$23 million have far exceeded the \$11.2 million available this year.

This year the credit will aid in the financing of 3,900 rental apartments for low income families and the elderly. To date, the program has been utilized in the production of 12,141 rental units in 530 developments.



Economic impact of Agency programs is substantial. Thousands of jobs paying hundreds of millions of dollars in wages are a direct result of PHFA's capital investment in the Commonwealth's housing stock.

RENTAL REHABILITATION

In 1986, PHFA was asked to operate the federally funded Rental Rehabilitation Program. The program offers 50-50 matching grants to developers of low income rental housing in small communities throughout the state. More than 200 municipalities qualify for participation.

Under the program, grants of up to \$8,500 per unit are made

available to property owners restoring rental apartments for use primarily by lower income families with children. The grants are awarded based on community need and local rehabilitation capabilities.

Since its inception 2,382 units have received funding under the program.

STATE TREASURER LINE OF CREDIT AND THE STATE WORKERS' INSURANCE FUND (SWIF)

Innovative financing arrangements with two state agencies have helped PHFA reduce the cost of housing development.

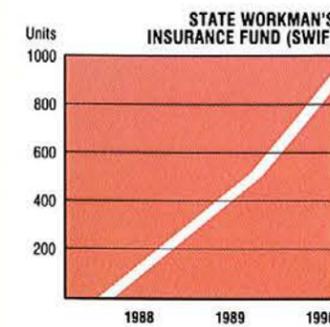
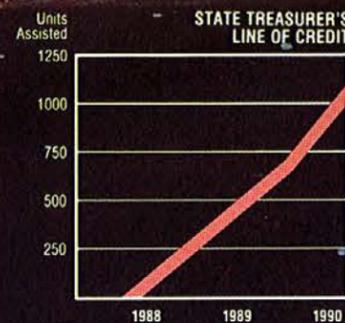
The State Treasurer in 1990 agreed to renew a \$20 million line of credit with the Agency. This arrangement provides interim and construction financing at two points below the prime interest rate. Lowering the financing expense during construction helps keep rents more affordable. Since its inception, 33 projects have made use of this short term financing option benefitting 1,097 apartment units.

The State Workman's Insurance Fund (SWIF) remains a valuable resource to the

Agency. SWIF has agreed to purchase \$25 million of Agency securities at 75 basis points above the current yield on ten year Treasury notes. This provides SWIF with an economically attractive investment alternative. For Agency financed developments, it represents lower interest rate long-term mortgage financing. To date, SWIF has provided permanent and supplemental financing for 25 Agency projects benefitting 929 lower income rental units.

PHFA hopes to maintain and expand its involvement with state agencies to increase housing opportunities in the coming year.

Opposite: PHFA provides financing for the rehabilitation of structures that will meet special housing needs, such as Von Louhr Apartments in Philadelphia. When completed the project will contain 25 units for single parent families.



SUPPORTIVE SERVICES PROGRAM

Older residents of PHFA financed developments benefit from programs that enhance their quality of life and allow them to live independently.

Approximately 10,000 senior individuals with an average age of seventy-three occupy residences financed by PHFA. It is the Agency's intent to provide the support systems necessary for these persons to maintain independent lifestyles.

To accomplish this, the Agency applied for and was awarded a \$400,000 grant from the Robert Wood Johnson Foundation to design a variety of services to assist frail elderly residents of subsidized housing as they grow older. To determine specific needs that could be met, PHFA staff worked with representatives of 46 Agency financed developments throughout the state. The results of that research have been used to design programs that will allow these residents to continue to have high quality lifestyles as they grow older.

This fall, the Agency will be making its findings available to other providers of senior citizen housing in the Commonwealth so that similar programs can be implemented.

PHFA is one of only ten state housing finance agencies nationwide to receive Robert Wood Johnson grant funds to develop a supportive services program.



SINGLE FAMILY PROGRAM

In 1982 the Pennsylvania Housing Finance Agency was given authority to implement a low interest homeownership program for Commonwealth home buyers.

Under the program, PHFA offers thirty-year fixed-rate mortgages to qualified home buyers with down payments as low as three percent. Both new and existing houses are eligible.

The single family program specifically targets first time home buyers with low to moderate incomes. The average single family mortgage in 1990 was \$51,539. The average sales prices of new and existing homes were \$83,100 and \$52,800, respectively. The average income of families receiving those mortgages in 1990 was \$26,949.

To provide funds for this program PHFA sells tax-exempt mortgage revenue bonds to private investors throughout the United States. Proceeds are used to purchase mortgages from participating lenders.

Each year refinements in the operation and targeting of this program have been made. Initially offered on a first-come, first-served basis, the program now reviews applications through a random selection process that guarantees fairness and insures that all regions of the state are represented.

PHFA's single family program has helped more than 34,000 Pennsylvania families purchase homes using over \$1.5 billion in low interest mortgages.

Recognizing that closing costs were precluding many lower income citizens from participating, a program was developed and funded with PHFA reserves to help families with children. Eligible families receive up to \$2,500 to help pay closing costs. More than \$480,000 has been committed to 368 families in the past nine months.

To better serve applicants in PHFA's Homeownership Programs the Agency entered into shared risk agreements with General Electric Mortgage Insurance Co., Mortgage Guaranty Insurance Corporation and Commonwealth Mortgage Assurance Co. In return for the Agency assuming some of the risk, the mortgage insurance companies have agreed to reduce insurance premiums by approximately 35 percent and liberalize certain underwriting requirements.

1990 saw the Agency expand this effort by retaining all the risk on some mortgages. This risk retention program will allow the Agency to gain additional mortgage insurance underwriting experience with the goal of eventually focusing its activities on mortgage loans the private market will not insure.

To date, two million dollars from the Agency's reserves are set aside for this effort. It is expected that the fund will be able to retain risk on more than \$30 million of home mortgages.

As part of its attempt to extend home buying opportunities to as many Pennsylvanians as possible, PHFA has participated in several new financing options in 1990.

The Lower Income Home-

ownership Program is designed to create homeownership opportunities for families with children whose annual incomes are below those of borrowers in our regular program. PHFA offers these applicants 30 year fixed rate mortgages at 7.95 percent interest. To date 500 families have received \$17 million in financing to purchase a first home. The average income of participants is less than \$18,500 and the average sale price is \$35,397.

Under another special effort, low income families in Johnstown Housing Authority communities can qualify for a low interest mortgage loan. This program is designed to end the dependency cycle of families on public assistance. This is the first program of its kind in Pennsylvania.

In a unique financing opportunity with the Housing Development Corporation of Northeastern Pennsylvania (HDC), Luzerne County residents are able to purchase and rehabilitate existing homes. A family can borrow up to \$50,000 to purchase a home and receive another \$10,000 from the Housing Development Corporation to rehabilitate the property.

The combination of these two low interest financing resources will help improve the housing stock of Luzerne County and allow qualified families to become homeowners. Since the program began, more than \$1 million has helped finance the purchase of 32 homes.

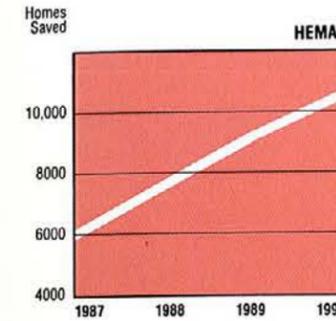
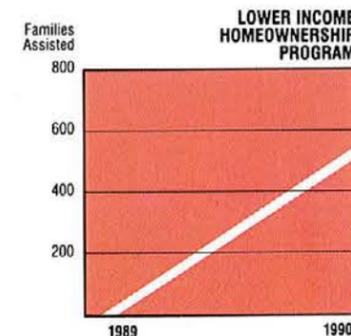
In a separate action, PHFA and the University of Pennsylvania created an employer assisted home mortgage loan

program. The Housing Finance Agency reserved 3 million dollars of its single family mortgage funds for use by moderate income university and hospital employees to buy homes.

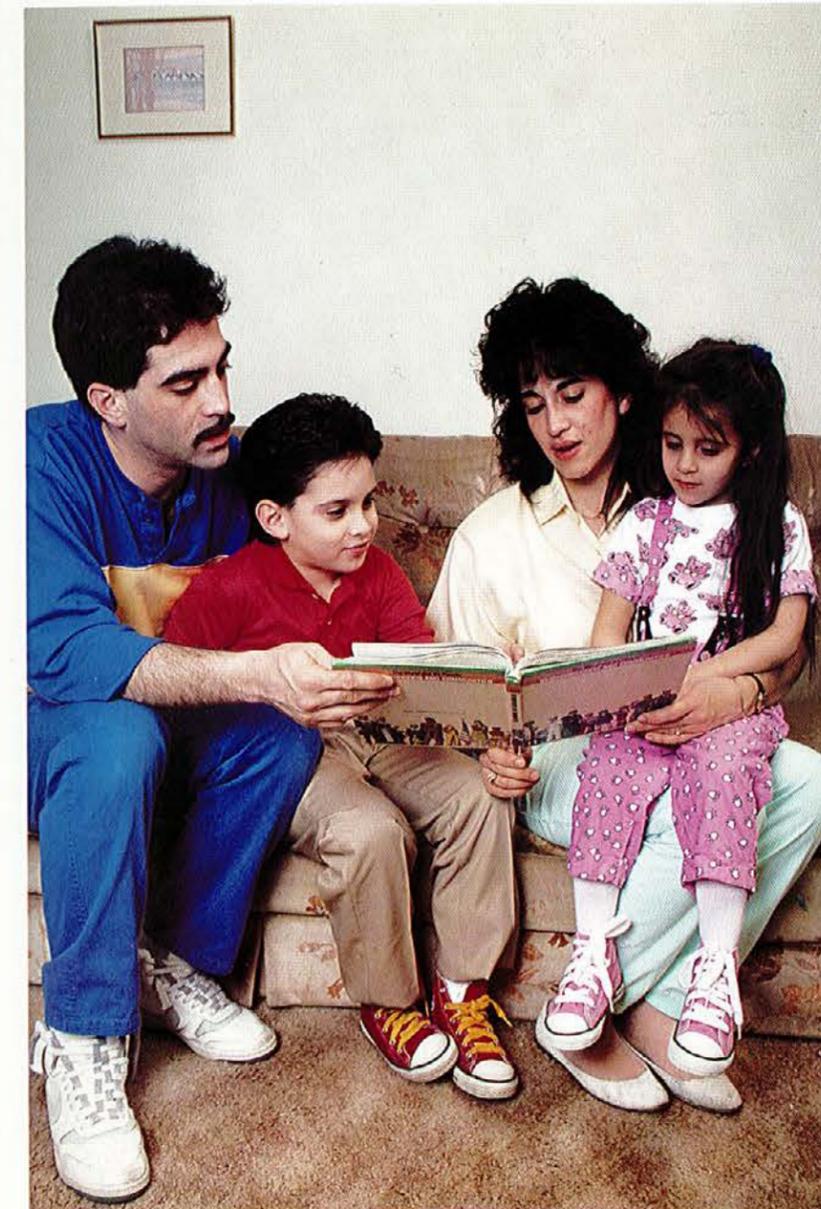
To date, the Agency's Single Family Homeownership Program has provided more than \$1.5 billion in financing to help 34,000 Pennsylvania families become homeowners.



By combining closing cost assistance with very low interest mortgage loans, PHFA helps hundreds of families buy homes they can afford.



Many Commonwealth families are able to remain in their homes and re-enter the work force with loans from the Homeowners' Emergency Mortgage Assistance Program.



HOMEOWNERS' EMERGENCY MORTGAGE ASSISTANCE PROGRAM

In response to a depressed economy and a dramatic increase in mortgage foreclosures in the early 1980's, the General Assembly in 1983 approved Act 91 which created the Home-

owners' Emergency Mortgage Assistance Program (HEMAP). Act 91 helps protect citizens who, through no fault of their own, are in danger of losing their homes to foreclosure. Assistance is provided in the form of mortgage loans.

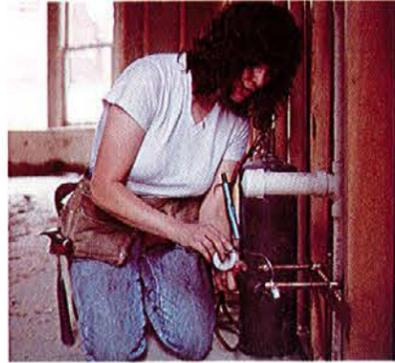
Eligible applicants can receive payments for up to 36 months. Interest does not accrue nor is repayment required until the homeowner is financially able.

The HEMAP staff works closely with counseling agencies and non-profit organizations to help families keep their homes, find jobs and learn new skills necessary to re-enter the job force.

Recognizing its importance to residents in Pennsylvania, the General Assembly has twice extended HEMAP, most recently through 1992.

The Homeowners' Emergency Mortgage Assistance Program is funded by an annual state appropriation. More than 1,700 homeowners were assisted in 1990.

A total of \$122 million has been committed by the state to 10,500 families since 1983. Nearly 6,000 homeowners have begun to repay their loans with \$14 million received to date.



Many skills are required to restore older structures for residential use.

PHFA FINANCES APARTMENTS



PERMANENTLY FINANCED PHFA RENTAL HOUSING APARTMENT PROJECTS

PROJECT	COUNTY	UNITS/ TYPE	MORTGAGE
McIntosh Court	Adams	12 G/N	\$ 75,000
Mountain House Apartments	Adams	7 G/R	332,411
Baldwin Towers	Allegheny	99 E/N	4,048,475
Bellefield Dwellings	Allegheny	158 G/R	4,330,000
Bridgeville Towers	Allegheny	102 E/N	3,305,000
Carson Towers	Allegheny	133 E/R	4,210,000
*Chestnut Ridge	Allegheny	408 G/N	15,875,000
Debra House	Allegheny	15 G/R	401,585
Dorothy Day Apartments	Allegheny	17 F/R	1,000,000
Eastland Apartments	Allegheny	27 F/R	825,000
Fairfax Apartments	Allegheny	247 G/R	3,956,000
Granada Apartments	Allegheny	22 E/R	690,000
Hilltop Apartments	Allegheny	152 F/N	3,125,000
Honus Wagner Apartments	Allegheny	129 E/N	4,411,500
Hulton Arbors	Allegheny	78 F/N	3,480,000
K. Leroy Irvis Tower	Allegheny	191 E/N	6,440,000
Munroe Tower	Allegheny	101 E/N	3,680,000
One Point Breeze Apartments	Allegheny	36 G/R	150,104
Penn Arbors	Allegheny	125 E/N	5,084,295
Penn Park Apartments	Allegheny	20 G/F	801,000
Punta Gorda Place	Allegheny	20 G/N	189,837
Riverview Park Apartments	Allegheny	168 G/N	3,250,000
Rolling Woods	Allegheny	85 F/N	3,539,137
Shields Building	Allegheny	30 E/R	625,000
South Park Apartments	Allegheny	101 F/N	4,219,591
*Squires Manor Phase I	Allegheny	132 G/N	2,412,000
The Lyceum Et Al	Allegheny	28 F/R	1,152,700
Thomas Village Apartments	Allegheny	66 F/N	2,820,260
Towne North Tower	Allegheny	135 E/N	4,705,000
Village Green Apartments	Allegheny	100 F/N	3,991,905
William S. Moorhead Tower	Allegheny	142 E/N	5,855,000
Womanspace East	Allegheny	16 F/R	277,391
Woodside Place of Oakmont	Allegheny	36 H**	889,016
Beaver Falls Plaza	Beaver	121 E/N	3,800,000
Conway Towers	Beaver	85 E/N	3,112,800
New Brighton Elderly Apartments	Beaver	101 E/N	4,532,500
PRV Manor	Beaver	35 E/N	1,550,000
Spring Run Apartments	Beaver	101 F/N	4,190,000
Valley View Apartments	Beaver	120 F/N	3,710,000
Penn Bedford Apartments	Bedford	50 E/R	2,037,745

PROJECT	COUNTY	UNITS/ TYPE	MORTGAGE
B'Nai B'rith House of Reading Elderly Housing	Berks	175 E/N	4,910,000
River Oak Apartments	Berks	72 F/N	2,238,548
Sencit Townhouse	Berks	201 E/N	5,135,000
777 Courts Street	Berks	90 G/N	2,465,000
Cherry Grove Apartments	Blair	76 F/N	2,905,000
Greenfields	Blair	59 F/N	1,985,000
Harmony House	Blair	10 G/R	507,121
Spring Manor	Blair	51 E/N	1,804,035
Tyrone Elderly Housing	Blair	100 E/N	2,495,000
Tyrone Family Housing	Blair	50 F/N	1,520,000
Chemung View	Bradford	101 E/N	3,157,900
Galilee Village	Bucks	120 E/N	2,785,000
Meadow Glen	Bucks	91 F/N	3,741,513
Robert Morris Apartments	Bucks	63 F/R	2,281,828
Woodview Apartments	Bucks	119 E/N	4,455,000
Butler Arbors	Butler	120 E/N	3,050,000
Barnesboro Family Project	Cambria	62 F/N	2,167,552
Garden Terrace Apartments	Cambria	101 E/N	3,110,000
Haida Village	Cambria	31 F/N	1,131,548
Lodge Run	Cambria	31 E/N	1,018,403
Mountview Manor	Cambria	61 E/N	1,825,000
Gardens of Gypsy Hill	Carbon	71 F/N	2,380,000
Lansford Townhouses	Carbon	51 F/N	1,814,400
Lehigh Coal & Navigation Building	Carbon	27 E/R	815,000
Philipsburg Towers	Centre	102 E/N	2,705,000
City Clock Apartments	Chester	32 E/R	751,500
Park Spring Apartments	Chester	151 F/N	4,120,000
Regency Park Apartments	Chester	126 F/N	4,870,000
Trinity House	Chester	134 E/N	4,810,000
Vincent Heights	Chester	91 E/N	3,354,100
Broadwood Tower	Clarion	66 E/N	1,920,000
Hillside Village	Columbia	51 F/N	1,720,000
Bartlett Gardens	Crawford	43 E/R	1,145,000
Forest Green Estates	Crawford	100 F/N	3,405,000
Titusville Housing for Elderly	Crawford	65 E/N	1,968,000
Orchard Apartments	Cumberland	81 F/N	3,115,200
Susquehanna View Apartments	Cumberland	201 E/N	5,533,500
Village of Timber Hill	Cumberland	56 G/N	1,407,300
Cumberland Court Apartments	Dauphin	108 F/N	2,365,000
Edison Village	Dauphin	125 EF/R	5,385,000

* No longer in Agency's portfolio

** 36 bed facility for persons who have Alzheimer's Disease

E = Elderly F = Family G = General Occupancy H = Handicapped N = New Construction R = Rehabilitated Dwelling

PROJECT	COUNTY	UNITS/ TYPE	MORTGAGE
Hershey Plaza	Dauphin	216 E/N	7,245,000
Hill Cafe	Dauphin	27 F/R	743,750
Interfaith	Dauphin	126 E/N	4,365,000
Martin Luther King Housing	Dauphin	10 G/R	420,126
Pheasant Hill Estates	Dauphin	172 E/N	4,681,600
Williamsburg Estates	Dauphin	312 G/N	7,025,000
Daniel Scott Commons	Delaware	72 F/N	3,272,500
Palmerhouse	Delaware	124 E/N	5,564,859
Robert H. Stinson Tower	Delaware	150 H/N	4,840,000
*Barnabas Court	Erie	57 E/N	1,820,000
Covington Valley Estates	Erie	43 F/N	1,662,959
Girard Towers	Erie	51 E/N	1,875,038
*Glenwood Manor	Erie	224 G/R	4,341,760
Independence House	Erie	12 H/N	400,000
Pennsylvanian	Erie	112 E/R	2,655,000
Richford Arms	Erie	100 E/R	3,150,000
Scalise	Erie	30 G/R	1,013,662
Tandem	Erie	48 F/N	1,880,000
Union City Estates	Erie	51 F/N	1,907,808
Simpson Manor	Fayette	126 F/N	3,510,000
Union Gardens	Fayette	95 F/N	3,947,849
Barclay Village	Franklin	86 F/N	2,335,000
Waynesboro	Franklin	76 E/N	3,315,000
Trinity House	Greene	30 E	44,500
Blairsville House	Indiana	87 E/N	1,550,000
Clairvaux Commons	Indiana	85 E	1,175,000
Mahoning Towers	Jefferson	101 E/N	2,450,000
Allied Terrace	Lackawanna	121 E/N	4,200,000
Cross Apartments	Lackawanna	6 G/R	203,374
Olyphant	Lackawanna	90 E/N	3,581,407
United Neighborhood	Lackawanna	16 E	96,000
Village Park	Lackawanna	160 F/N	5,655,000
The Franklin	Lancaster	41 E/R	1,653,449
King Theatre	Lancaster	43 E	1,217,786
Lancaster Arms	Lancaster	74 F/N	3,376,419
Market House	Lancaster	51 E/R	1,920,000
Millersville Manor	Lancaster	121 E/R	2,875,000
Oak Bottom Village	Lancaster	56 G	1,458,511
Oak Hollow	Lancaster	67 F/N	2,295,000
Old North Mansion	Lancaster	18 G/R	300,742
Plum Tree	Lancaster	15 F/R	605,000

PROJECT	COUNTY	UNITS/ TYPE	MORTGAGE
Prince Street Towers	Lancaster	201 E/N	5,640,000
Rothsville School Apartments	Lancaster	15 G/R	535,565
Castleton	Lawrence	74 E	1,822,760
Dennis Schill Manor	Lawrence	71 E/N	2,835,000
Hileman Apartments	Lawrence	41 F/R	1,120,000
Highland Glen Plaza Apartments	Lebanon	96 F/N	3,805,000
6th & Willow Sts.	Lebanon	128 G/N	2,250,000
Elderly Hsg.	Lebanon	40 E	1,069,203
Allentown NSA I	Lehigh	21 F/R	524,397
Broad St.	Lehigh	70 E	2,487,221
Catasauqua	Lehigh	36 E/R	1,205,083
Color Clinic	Lehigh	12 F/R	581,909
Gordon St.	Lehigh	20 H	370,995
Mill Apartments	Lehigh	45 E	1,520,588
Ridge Manor	Lehigh	30 E/N	1,011,597
South 6th Street	Lehigh	49 F/R	1,750,000
Towne House	Lehigh	160 E/N	4,195,000
Woodland Manor	Lehigh	70 F/N	2,620,000
Daniel J. Flood Tower	Luzerne	211 E/N	6,500,000
Edwardsville Village	Luzerne	252 F/N	4,950,000
Hazlewood	Luzerne	100 E/N	2,520,000
Ken Pollack	Luzerne	40 E	194,343
Marion Terrace	Luzerne	200 F/N	5,800,000
Marlboro Place	Luzerne	76 G/N	1,345,000
Ten East South	Luzerne	130 G/N	4,370,000
Berkshire Manor	Lycoming	20 E/R	625,000
Emery Towers	McKean	102 E/N	4,411,208
Connelly Manor	Mercer	127 E/N	3,768,000
Greenville House	Mercer	101 E/N	3,501,900
Reynolds West Estates	Mercer	101 F/N	3,935,000
Wade D. Mertz Towers	Mercer	103 E/N	3,095,000
Kish Apartments	Mifflin	141 E/N	3,725,000
*Pocono Creek	Monroe	100 G/N	2,265,000
Cooperative Housing Initiative I	Montgomery	14 G/R	466,752
Dock Village	Montgomery	100 F/N	4,275,000
*Meadowick	Montgomery	273 G/N	7,050,000
Norristown Village	Montgomery	175 E/N	6,560,000
Norristown Elderly Housing	Montgomery	42 G/R	814,319
Norriswood	Montgomery	48 F/R	1,430,000
Oakwood Gardens	Montgomery	48 F/R	1,430,000
Rolling Hills	Montgomery	232 F/N	6,250,000
Telford Gardens	Montgomery	49 F/R	1,765,000
Bangor Elderly	Northampton	101 E/N	3,825,000
Belvidere	Northampton	20 E/R	763,375
Easton Senior Citizens Housing	Northampton	98 E/N	1,776,000



In the past three years PHFA has committed 48 million dollars to increase the supply of affordable rental units. The result is the development of over 3,000 new and rehabilitated apartments valued at more than \$210,000,000.

PROJECT	COUNTY	UNITS/ TYPE	MORTGAGE
Antonian Towers	Northampton	50 E	190,183
Ferry Street	Northampton	10 F	457,844
55 Broadway	Northampton	26 G/R	465,500
Main Street	Northampton	23 E	322,000
Mill Apartments	Northampton	45 E	1,520,588
Wyandotte Street	Northampton	7 G/R	357,085
Center City	Northumberland	34 G/R	1,125,238
Coal Township	Northumberland	101 E/N	2,860,000
Elderly Housing	Northumberland	80 F/N	3,165,000
Milton	Northumberland	80 F/N	3,165,000
Mt. Carmel	Northumberland	100 E/N	2,700,000
Riverfront	Northumberland	200 E/N	5,492,700
Perry Manor	Perry	50 F/N	1,970,000
Allen Lane	Philadelphia	17 F/R	755,900
Art Apartments	Philadelphia	30 G	994,450
Bethesda-Kesmon Hotel	Philadelphia	45 G	969,774
Breslyn	Philadelphia	60 F/R	3,235,100
Cecil B. Moore	Philadelphia	58 G	1,679,706
Cecil B. Moore/Gratz	Philadelphia	40 G	1,341,000
Christian Street	Philadelphia	72 G/N	2,818,568
Church Lane	Philadelphia	40 G/R	1,236,652
Constandino	Philadelphia	57 F/R	3,205,413
Crafts House	Philadelphia	55 G/R	3,250,000
*Delaire Landing	Philadelphia	180 G/N	3,845,000
Dorado Village	Philadelphia	81 F/N	4,134,700
Dunlap	Philadelphia	35 E	548,931
15th and Jefferson	Philadelphia	39 F/N	1,805,100
Franklin Park	Philadelphia	125 F/R	5,934,600
Francisville/Rainbow	Philadelphia	20 F	488,000

PROJECT	COUNTY	UNITS/ TYPE	MORTGAGE
Haddington Elderly Apartments	Philadelphia	136 E/N	5,920,000
Haddington Townhouses	Philadelphia	126 F/N	6,495,700
Hamill Mill	Philadelphia	40 E	1,407,621
Harbor View Retirement Center	Philadelphia	196 E/N	10,967,000
Housing Options	Philadelphia	5 H/R	96,000
Kensington Townhouses	Philadelphia	71 F/N	3,400,300
Kensington YWCA	Philadelphia	46 E	1,709,786
Larchwood Gardens	Philadelphia	180 G/R	2,665,623
Levering Court	Philadelphia	20 G/R	650,000
Monte Vista	Philadelphia	159 EF/R	7,606,500
Oak Lane/Chelten Court	Philadelphia	62 G/R	1,519,000
One APM Plaza	Philadelphia	24 G	630,000
*One Buttonwood Square	Philadelphia	304 G/N	10,220,000
Park Tower	Philadelphia	157 E/N	7,155,000
Powellton Avenue	Philadelphia	25 G/R	1,153,584
Queens Court	Philadelphia	32 G/R	1,311,455
*Queen Village II	Philadelphia	51 G/R	1,180,000
Queens Row	Philadelphia	29 G	828,500
Regent Street	Philadelphia	80 F/R	750,000
Sartain	Philadelphia	35 E	582,740
Single Parent Family	Philadelphia	4 G/R	103,751
Spring Garden	Philadelphia	9 F/R	400,000
Susquehanna	Philadelphia	37 F/R	1,807,900
*Temple University Student Housing	Philadelphia	82 G/R	2,000,000
Trinity Place	Philadelphia	44 G/R	535,000
Venango House	Philadelphia	106 E/N	4,820,000
Von Louhr	Philadelphia	25 F/R	619,189
West Diamond Street	Philadelphia	48 G	1,154,991
Mahanoy Elderly Housing	Schuylkill	125 E/N	3,940,000
Majestic House	Schuylkill	74 E/R	2,520,000
Stayman Park	Snyder	77 E/N	2,470,000
Pine Meadow	Snyder	100 F/N	3,715,000
Coleman Towers	Somerset	51 E/N	2,007,847
Laurel Village II	Somerset	48 F/N	1,570,000
Village at Somerset	Somerset	101 F/N	4,772,967
Montrose Square	Susquehanna	81 E/N	2,750,000
Mansfield Village	Tioga	51 F/N	1,883,130
Kelly Apartments	Union	80 E/N	2,130,000
Complanter Housing Project	Venango	20 F/N	1,244,215
Franklin Arbors	Venango	88 E/N	2,365,000
Bentleyville Apartments	Washington	102 F/N	3,925,000

* No longer in Agency's portfolio

E = Elderly F = Family G = General Occupancy H = Handicapped N = New Construction R = Rehabilitated Dwelling

PROJECT	COUNTY	UNITS/ TYPE	MORTGAGE
Canon House	Washington	104 E/N	3,165,000
Char House	Washington	104 E/N	3,430,000
Liberty Tower	Washington	104 E/N	3,730,000
Penn Park	Washington	25 F/R	801,000
Thomas	Washington	75 E/N	2,255,000
Campbell North			
Maple City	Wayne	40 E	200,000
Maple City Apartments			
Eastmont Estates	Westmoreland	100 F/N	2,699,948
Filbert Manor	Westmoreland	127 E/N	3,800,000
Huntingdon	Westmoreland	96 F/N	3,960,000
Huntingdon Village			
Maple Hill	Westmoreland	72 F/N	2,869,500
Maple Hill Apartments			
Markvue	Westmoreland	35 G/N	563,000
Markvue Apartments			
Nu-Ken Tower	Westmoreland	101 E/N	4,175,000
Pershing Square	Westmoreland	111 E/N	4,285,000
Rostraver	Westmoreland	96 F/N	3,583,400
Rostraver Apartments			
Sandalwood	Westmoreland	86 F/N	3,512,269
Wimmerton	Westmoreland	100 C/N	1,820,000
Wimmerton Apartments			
Cable House	York	83 F/R	3,565,000
Delphia House	York	104 E/N	3,050,000
Hudson Park	York	70 F/R	2,032,463
Hudson Park Towers			
Southeast	York	19 F/R	424,248
Southeast Neighborhood Apartments			
TOTAL PROJECTS: 255		21,075	\$676,542,387

PHFA-FINANCED CONSTRUCTION LOAN PROJECTS

PROJECT	COUNTY	UNITS/ TYPE	MORTGAGE
Bower Hill III	Allegheny	135 E/N	\$ 7,842,900
Bower Hill III Apartments			
Brinton Towers	Allegheny	190 E/N	4,272,200
Heritage Park	Allegheny	108 E/N	4,371,100
Roosevelt Arms	Allegheny	191 F/R	5,290,100
Settlers Place	Allegheny	164 F/N	5,732,100
Squirrel Hill	Allegheny	117 E/R	3,648,600
Scottswood	Beaver	106 F/N	4,246,300
Wilson	Berks	200 F/N	4,483,800
Wilson Townhouses			
Belmondo on the	Bucks	195 G/N	5,265,000
Belmondo on the Delaware			
Center Square	Bucks	352 E/N	7,558,400
Center Square Towers			
Downtown Sr.	Chester	40 E/N	1,216,800
Downtown Sr. Citizen Housing			
Bloomsburg	Columbia	76 E/N	2,407,400
Bloomsburg Elderly			
Cumberland	Cumberland	101 E/N	3,009,800
Cumberland Elderly Housing			
Maclay Street	Dauphin	126 F/R	6,033,500
Maclay Street NSA Project			
Rutherford Park	Dauphin	85 F/N	3,534,400
Rutherford Park Townhouses			
Elk Towers	Elk	103 E/N	3,517,300
Mid-City Towers	Erie	132 E/N	3,437,700
Connellsville	Fayette	111 E/N	4,247,600
Connellsville Towers			
Carmichaels	Greene	76 E/N	2,114,500
Carmichaels Arbors			
Mountainview	Greene	120 F/N	4,229,400
Mountainview Gardens			

PROJECT	COUNTY	UNITS/ TYPE	MORTGAGE
Robindale Heights	Indiana	20 F/N	695,600
Robindale Heights Apartments			
Mulberry Tower	Lackawanna	206 E/N	6,692,900
Webster Towers	Lackawanna	98 E/N	2,076,200
North Queen St.	Lancaster	8 F/R	517,200
North Queen St. Apartments			
Westview Terrace	Lawrence	106 F/N	2,036,705
Brookside	Lebanon	100 E/N	2,098,500
Brookside Apartments			
Plaza II	Lebanon	128 G/N	2,521,100
Catasauqua	Lehigh	10 F/R	397,200
Catasauqua Apartments			
Lutheran Manor	Lehigh	197 E/N	5,630,500
Anthracite	Luzerne	121 E/N	3,918,000
Anthracite Apartments			
Center City	Luzerne	176 E/N	5,525,200
Center City Apartments			
City Heights	Luzerne	151 E/N	4,658,000
Eastside	Luzerne	76 F/N	1,478,400
Eastside Moderate Income Housing			
Freeland II	Luzerne	22 E/R	1,032,100
Freeland II Housing			
Hillside	Luzerne	200 F/N	4,099,900
Hillside Apartments			
Sherman Terrace	Lozeme	344 EF/N	7,249,300
Sherman Terrace Apartments			
Williamsport	Lycoming	101 E/N	2,758,600
Williamsport Elderly Housing			
Pine Tree Village	Mercer	128 F/N	5,198,900
Riverview Manor	Mercer	123 F/N	2,512,000
Shenango Village	Mercer	100 F/N	1,877,500
Courtland Plaza	Monroe	101 E/N	2,793,300
Creekview	Monroe	80 F/N	2,288,700
Creekview Apartments			
Moreland Towers	Montgomery	138 E/N	2,884,700
Southside	Northampton	150 E/N	4,045,000
Southside Apartments			
2400 Chestnut	Philadelphia	372 G/N	15,280,000
2400 Chestnut Street			
20th and South	Philadelphia	61 G/R	2,055,400
20th and South Streets			
American Postal	Philadelphia	300 E/N	10,465,500
Workers House			
Delaire Landing	Philadelphia	216 G/N	5,204,500
Delaire Landing Phase 5			
Executive House	Philadelphia	301 G/N	18,634,500
Gray Manor	Philadelphia	130 E/N	5,421,000
Lutheran Elderly	Philadelphia	208 E/N	6,992,400
Lutheran Elderly Housing			
Mount Vernon	Philadelphia	124 F/N	2,428,800
Mount Vernon Apartments			
Shalom	Philadelphia	155 E/N	4,833,400
Shalom Apartments			
Stenton Arms	Philadelphia	113 F/R	1,158,100
Stenton Arms Apartments			
University City	Philadelphia	70 F/N	3,807,400
University City Townhouses			
University Plaza	Philadelphia	442 E/N	15,500,800
University Plaza Apartments			
Verona	Philadelphia	117 G/R	2,614,800
Verona Apartments			
West Poplar	Philadelphia	140 F/N	4,939,800
West Poplar Apartments			
Wister	Philadelphia	200 F/N	7,308,700
Wister Townhouses			
Lewisburg	Union	80 E/N	2,698,900
Lewisburg Elderly Housing			
Oak Hill	Venango	120 F/N	2,313,100
Oak Hill Apartments			
Pin Oak Village	Venango	100 F/R	1,752,700
Belvedere Acres	Washington	96 F/N	3,799,000
Washington	Washington	101 E/N	2,587,200
Washington Arbors			
TOTAL PROJECTS: 64		9058	\$ 281,040,405

PHFA-FINANCED RURAL TURNKEY PUBLIC HOUSING CONSTRUCTION LOAN PROJECTS

PROJECT	COUNTY	UNITS/ TYPE	MORTGAGE
West View	Allegheny	100 E/N	\$4,196,970
West View Elderly			
Monaca Elderly	Beaver	100 E/N	4,583,304
Monaca Elderly Turnkey			
Birdsboro Elderly	Berks	16 E/N	664,938
Birdsboro Elderly Turnkey			
Fleetwood	Berks	20 E/N	710,113
Fleetwood Elderly Turnkey			
Sinking Springs	Berks	25 F/N	1,319,220
Wyalusing	Bradford	30 E/N	1,186,447
Wyalusing Elderly			
Slippery Rock	Butler	50 E/N	2,144,700
Slippery Rock Turnkey			
Lehighton	Carbon	10 G/N	550,426
Lehighton Turnkey			
Oxford Elderly	Chester	48 E/N	2,015,473
Oxford Elderly Turnkey			
Renovo Family	Clinton	27 F/N	1,617,248
Renovo Family Turnkey			
Pomfret Street	Cumberland	25 F/N	1,188,387
Pomfret Street Apartments			
Williamstown	Dauphin	10 F/N	469,658
Williamstown Boro Family Turnkey			
Williams	Dauphin	40 F/N	2,071,757
Williams Township Family Turnkey			
J. Leonard	Erie	80 E/N	2,742,400
J. Leonard Ostrow Turnkey			
Millcreek Elderly	Erie	65 E/N	2,000,000
Millcreek Elderly Housing			
North East	Erie	40 E/N	1,443,786
North East Elderly Turnkey			
Burrell Township	Indiana	50 EF/N	2,291,580
Burrell Township Turnkey			
Saltsburg Family	Indiana	25 F/N	1,226,070
Saltsburg Family Turnkey			
Carbondale	Lackawanna	45 E/R	1,750,795
Carbondale Elderly Turnkey			
Lebanon City	Lebanon	39 F/N	1,584,798
Lebanon City Turnkey			
Slatington Elderly	Lehigh	75 E/N	3,752,946
Foster Township	McKean	42 EF/N	1,792,422
Foster Township Turnkey			
McKean County	McKean	136 EF/N	2,437,400
McKean County Turnkey			
Schuylkill Haven	Schuylkill	40 F/N	1,596,695
Schuylkill Haven Turnkey			
Middleburg	Snyder	40 F/N	1,757,096
Middleburg Family Turnkey			
Arnold Family	Westmoreland	20 F/N	1,004,945
Arnold Family Housing			
Greensburg	Westmoreland	20 F/N	955,533
Greensburg Family			
Lower Burrell	Westmoreland	125 F/N	4,361,280
Lower Burrell Elderly Turnkey			
Trafford Elderly	Westmoreland	100 E/N	3,708,320
Trafford Elderly Turnkey			
Fairview	York	75 E/N	3,209,697
Fairview Township Turnkey			
TOTAL PROJECTS: 30		1518	\$ 60,334,404

E = Elderly F = Family G = General Occupancy H = Handicapped N = New Construction R = Rehabilitated Dwelling

PHFA-FINANCED RURAL RENTAL HOUSING PROJECTS

PROJECT	COUNTY	UNITS/ TYPE	MORTGAGE
Rayburn Manor	Armstrong	46 F/N	\$1,415,367
Washington Glen	Bucks	42 F/N	1,475,418
Emerald Estates	Cambria	35 E/N	1,373,000
McAteer Village	Clearfield	35 F/N	1,231,580
Titusville Manor	Crawford	47 F/N	1,421,055
Hummelstown	Dauphin	51 E/N	1,672,105
Hummelstown Manor			
Strathemeade	Franklin	23 F/N	846,000
Strathemeade Square			
Nathan Village	Lancaster	51 E/N	1,322,622
Nathan Village Apartments			
Oak Bottom	Lancaster	24 F/N	795,800
Oak Bottom Village			
Oak Hollow	Lancaster	56 F/N	947,900
Hillcrest Village	Montgomery	72 F/N	2,223,900
Valley Manor	Montgomery	40 F/N	1,279,125
Valley Vista	Montgomery	101 E/N	2,311,000
Avonmore	Westmoreland	36 E/N	1,357,576
Avonmore Housing for the Elderly			
Derry Area	Westmoreland	18 E/N	342,000
Derry Area Senior Citizens Housing			
TOTAL PROJECTS: 15		677	\$ 20,014,450

FINANCIAL STATEMENT

Pennsylvania Housing Finance Agency

REPORT ON AUDITS OF FINANCIAL STATEMENTS
for the years ended June 30, 1990 and 1989
AND SUPPLEMENTAL SCHEDULES

Coopers
& Lybrand

certified public accountants

REPORT OF INDEPENDENT ACCOUNTANTS

To the Members of the
Pennsylvania Housing Finance Agency
Harrisburg, Pennsylvania:

We have audited the accompanying balance sheets of the Pennsylvania Housing Finance Agency (Agency) as of June 30, 1990 and 1989, and the related statements of revenues, expenses and changes in fund balances, and changes in financial position for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 1990 and 1989, and the results of its operations and its changes in financial position for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules, Ten-Year Historical Trend Information: Analysis of Funding Progress and Revenues by Source and Expenses by Type, on pages 40 and 41 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

5 North Fifth Street
Harrisburg, Pennsylvania
August 24, 1990

BALANCE SHEETS
JUNE 30, 1990 AND 1989

Pennsylvania Housing Finance Agency

	1990				1989			
	General Fund	Multi-Family Program	Single Family Program	Combined Total	General Fund	Multi-Family Program	Single Family Program	Combined Total
Assets								
Deposits and investments (Note E)	\$66,933,396	279,671,252	421,992,218	768,596,866	\$67,526,736	274,087,825	469,570,976	811,185,537
Mortgage loans receivable (Note F)	477,191	584,027,145	873,565,196	1,458,069,532	369,079	544,046,925	765,086,995	1,309,502,999
Construction advances (Note F)	—	14,475,130	—	14,475,130	—	9,677,942	—	9,677,942
Deferred and other assets	2,271,732	8,568,914	3,712,609	14,553,255	1,633,421	8,469,516	3,191,692	13,294,629
Due from other funds	448,666	—	788,085	1,236,751	327,287	—	1,223,821	1,551,108
	<u>\$70,130,985</u>	<u>886,742,441</u>	<u>1,300,058,108</u>	<u>2,256,931,534</u>	<u>\$69,856,523</u>	<u>836,282,208</u>	<u>1,239,073,484</u>	<u>2,145,212,215</u>
Liabilities and Fund Balances								
Notes payable (Note G)	—	18,000,000	—	18,000,000	—	15,000,000	—	15,000,000
Accrued interest payable	—	20,787,800	42,552,635	63,340,435	—	20,794,594	39,736,579	60,531,173
Accounts payable and accrued expenses	611,466	—	—	611,466	732,361	—	—	732,361
Escrow and other liabilities	1,544,112	105,202,885	7,536,162	114,283,159	1,434,959	78,969,634	6,201,303	86,605,896
Bonds payable (Note H)	—	663,132,787	1,193,290,064	1,856,422,851	—	660,965,203	1,149,582,190	1,810,547,393
Due to other funds	—	1,236,751	—	1,236,751	—	1,551,108	—	1,551,108
Total liabilities	<u>2,155,578</u>	<u>808,360,223</u>	<u>1,243,378,861</u>	<u>2,053,894,662</u>	<u>2,167,320</u>	<u>777,280,539</u>	<u>1,195,520,072</u>	<u>1,974,967,931</u>
Fund balances (Note I):								
Reserved	345,863	3,360,000	22,809,129	26,514,992	345,863	3,360,000	23,459,022	27,164,885
Unreserved:								
Designated	35,146,993	43,000,000	993,985	79,140,978	37,574,955	19,623,254	27,836	57,226,045
Undesignated	32,482,551	32,022,218	32,876,133	97,380,902	29,768,385	36,018,415	20,066,554	85,853,354
Total fund balances	<u>67,975,407</u>	<u>78,382,218</u>	<u>56,679,247</u>	<u>203,036,872</u>	<u>67,689,203</u>	<u>59,001,669</u>	<u>43,553,412</u>	<u>170,244,284</u>
	<u>\$70,130,985</u>	<u>886,742,441</u>	<u>1,300,058,108</u>	<u>2,256,931,534</u>	<u>\$69,856,523</u>	<u>836,282,208</u>	<u>1,239,073,484</u>	<u>2,145,212,215</u>

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
for the years ended June 30, 1990 and 1989

1990 ANNUAL REPORT

Pennsylvania Housing Finance Agency

	1990				1989			
	General Fund	Multi-Family Program	Single Family Program	Combined Total	General Fund	Multi-Family Program	Single Family Program	Combined Total
Revenues:								
Interest income:								
Investments	\$ 6,124,703	17,454,089	37,848,267	61,427,059	\$ 5,674,185	16,325,006	35,125,603	57,124,794
Mortgage loans receivable (Note F)	50,115	52,783,262	74,579,635	127,413,012	26,812	51,634,189	65,641,356	117,302,357
Construction advances (Note F)	—	455,663	—	455,663	—	346,492	—	346,492
Total interest income	6,174,818	70,693,014	112,427,902	189,295,734	5,700,997	68,305,687	100,766,959	174,773,643
Fees and charges	4,110,372	—	835,188	4,945,560	3,611,261	—	—	3,611,261
Amortization of deferred gain	—	594,938	—	594,938	—	—	—	—
Gain on sale of investments	75,078	1,563	31,500	108,141	—	16,563	937	17,500
Total operating revenue	<u>10,360,268</u>	<u>71,289,515</u>	<u>113,294,590</u>	<u>194,944,373</u>	<u>9,312,258</u>	<u>68,322,250</u>	<u>100,767,896</u>	<u>178,402,404</u>
Expenses:								
Interest on notes (Note G)	—	1,359,744	—	1,359,744	—	832,215	—	832,215
Interest on bonds (Note H)	—	57,694,299	99,409,287	157,103,586	—	57,378,870	90,948,460	148,327,330
Salaries and related benefits	4,677,504	—	—	4,677,504	4,512,610	—	—	4,512,610
General and administrative	2,507,577	—	—	2,507,577	2,137,224	—	—	2,137,224
Loan loss provision	—	1,900,000	360,000	2,260,000	—	—	400,000	400,000
Total operating expenses	<u>7,185,081</u>	<u>60,954,043</u>	<u>99,769,287</u>	<u>167,908,411</u>	<u>6,649,834</u>	<u>58,211,085</u>	<u>91,348,460</u>	<u>156,209,379</u>
Income before extraordinary items	3,175,187	10,335,472	13,525,303	27,035,962	2,662,424	10,111,165	9,419,436	22,193,025
Extraordinary gain (loss):								
Early extinguishment of debt (Note H)	—	523	(399,468)	(398,945)	—	—	(1,015,236)	(1,015,236)
Property conversion (Note K)	—	6,155,571	—	6,155,571	—	1,727,670	—	1,727,670
Net income	3,175,187	16,491,566	13,125,835	32,792,588	2,662,424	11,838,835	8,404,200	22,905,459
Fund balances at beginning of year	67,689,203	59,001,669	43,553,412	170,244,284	63,586,973	48,602,640	35,149,212	147,338,825
Fund balance transfers, net (Note D)	(2,888,983)	2,888,983	—	—	1,439,806	(1,439,806)	—	—
Fund balances at end of year	<u>\$67,975,407</u>	<u>78,382,218</u>	<u>56,679,247</u>	<u>203,036,872</u>	<u>\$67,689,203</u>	<u>59,001,669</u>	<u>43,553,412</u>	<u>170,244,284</u>

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN FINANCIAL POSITION
for the years ended June 30, 1990 and 1989

1990 ANNUAL REPORT

Pennsylvania Housing Finance Agency

	1990				1989			
	General Fund	Multi-Family Program	Single Family Program	Combined Total	General Fund	Multi-Family Program	Single Family Program	Combined Total
Sources of Deposits and Investments:								
From operations:								
Income before extraordinary items	\$ 3,175,187	10,335,472	13,525,303	27,035,962	\$ 2,662,424	10,111,165	9,419,436	22,193,025
Items not using (providing) deposits and investments:								
Amortization of discounts on notes and bonds payable	—	1,167,355	1,459,993	2,627,348	—	1,159,719	1,855,541	3,015,260
Other (accretion), amortization and depreciation	451,376	(138,188)	(454,559)	(141,371)	441,120	460,926	(400,911)	501,135
Loan loss provision	—	1,900,000	360,000	2,260,000	—	—	400,000	400,000
Deposits and investments provided by operations before extraordinary items	3,626,563	13,264,639	14,890,737	31,781,939	3,103,544	11,731,810	11,274,066	26,109,420
Extraordinary gain (loss):								
Early extinguishment of debt	—	523	(399,468)	(398,945)	—	—	(1,015,236)	(1,015,236)
Property conversion	—	6,155,571	—	6,155,571	—	1,727,670	—	1,727,670
Deposits and investments provided by operations	3,626,563	19,420,733	14,491,269	37,538,565	3,103,544	13,459,480	10,258,830	26,821,854
Fund balance transfers, net	(2,888,983)	2,888,983	—	—	1,439,806	(1,439,806)	—	—
Bond and note proceeds, net of discount	—	13,003,500	346,172,881	359,176,381	—	21,000,000	489,980,073	510,980,073
Mortgage principal payments received	51,279	5,352,827	64,510,811	69,914,917	75,521	8,747,861	60,225,437	69,048,819
Mortgages permanently financed	—	21,944,850	—	21,944,850	—	1,689,100	—	1,689,100
Increase in due to other funds	—	—	435,736	435,736	—	559,075	5,070,370	5,629,445
Increase in accrued interest payable	—	—	2,816,056	2,816,056	—	444,605	5,289,778	5,734,383
Decrease in deferred and other assets, net of other liabilities	—	26,332,435	552,910	26,885,345	—	12,055,708	—	12,055,708
Total sources of deposits and investments	788,859	88,943,328	428,979,663	518,711,850	4,618,871	56,516,023	570,824,488	631,959,382
Uses of Deposits and Investments:								
Increase in construction advances and mortgage loans receivable	159,391	74,035,479	172,633,421	246,828,291	—	15,731,506	171,484,314	187,215,820
Payment of bond principal	—	7,003,271	303,925,000	310,928,271	—	6,286,110	287,940,000	294,226,110
Payment of note principal	—	2,000,000	—	2,000,000	—	—	—	—
Increase in due from other funds	121,379	314,357	—	435,736	5,629,445	—	—	5,629,445
Decrease in accrued interest payable	—	6,794	—	6,794	—	—	—	—
Increase in deferred and other assets, net of other liabilities	1,101,429	—	—	1,101,429	28,237	—	2,278,508	2,306,745
Total uses of deposits and investments	1,382,199	83,359,901	476,558,421	561,300,521	5,657,682	22,017,616	461,702,822	489,378,120
Increase (decrease) in deposits and investments	(593,340)	5,583,427	(47,578,758)	(42,588,671)	(1,038,811)	34,498,407	109,121,666	142,581,262
Deposits and investments at beginning of year	67,526,736	274,087,825	469,570,976	811,185,537	68,565,547	239,589,418	360,449,310	668,604,275
Deposits and investments at end of year	\$66,933,396	279,671,252	421,992,218	768,596,866	\$67,526,736	274,087,825	469,570,976	811,185,537

Pennsylvania Housing Finance Agency

A. Authorizing Legislation

The Pennsylvania Housing Finance Agency (Agency) is a body corporate and politic created by the Housing Finance Agency Law, Act of December 3, 1959, P.L. 1688 (Act), 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 persons and families of low and moderate income 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 political subdivisions or a pledge of the faith and credit of the Commonwealth of Pennsylvania or any of its political subdivisions.

The Act was amended, on December 31, 1981, to authorize the Agency to make or purchase loans to finance the purchase, construction, improvement or rehabilitation of owner-occupied single family residences.

The Act was further amended, on May 31, 1984, to authorize the Agency to finance the construction and rehabilitation of housing units without requiring the housing units to be subsidized or assisted by a Federal Government program.

In December, 1986, legislation was enacted by the Pennsylvania General Assembly to extend the operations of the Agency through December 31, 1995.

B. Fund Accounting

The accounts of the Agency are organized on the basis of separate enterprise funds, each of which is considered to be a separate accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, and revenues and expenses. The funds used by the Agency are described below.

General Fund:

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

Multi-Family Program:

The Multi-Family Program transactions relate to the construction, rehabilitation and permanent financing of multi-family rental housing developments generally designed for persons and families of low and moderate income or the elderly.

Single Family Program:

The Single Family Program transactions relate to the purchase of mortgage loans for owner-occupied single family residences for persons and families of low and moderate income.

C. Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis. On this basis, revenues are recognized in the year in which they are earned and become measurable, and expenses are recognized in the year they are incurred.

Deposits and Investments:

Deposits are carried at cost, plus accrued interest. Investment securities are carried at the lower of amortized cost or market, plus accrued interest. Premiums and discounts on investments are amortized on a straight-line basis over the term of the investment.

Mortgage Loans Receivable and Construction Advances:

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

Allowance for Potential Loan Losses:

The allowance for potential loan losses is determined based upon management's evaluation of mortgage loans receivable and construction advances. Additions to the allowance are provided by charges to expense.

Mortgage Loan Interest:

Interest income is recognized over the life of construction advances and mortgage loans based upon the constant yield method.

Mortgage Loan Origination Fees and Costs:

Loan origination fees range from .75% to 1.5% of the loan commitment for the Multi-Family Program and from 0% to 2% of the mortgage amount for the Single-Family Program.

Loan origination costs relate to investigations, surveys, appraisals and other matters pertaining to the evaluation of mortgage loan proposals and construction advances.

The net difference between the loan origination fee and the related direct loan origination cost is deferred and amortized using the interest method over the life of the loan.

Amortization of Notes and Bonds Payable Discounts:

Underwriter discounts relating to notes and bonds payable, including original issue discounts, are amortized over the lives of the issues using the interest method.

Amortization of Deferred Gain:

The deferred gain on property conversion is amortized over the lives of the related first and second mortgage loans using the installment method.

D. Fund Balance Transfers

The Agency is permitted to make fund balance transfers to the extent that such fund balances and the related assets are not required to meet the Agency's debt obligations and provided that such transfers are not in violation of the terms of bond resolutions or indentures. The Single Family bond resolutions contain such restrictions on transfers.

In accordance with certain bond resolutions, the Agency may transfer prescribed amounts from the General Fund to the Single Family Program. Such proceeds would be used primarily to meet Capital Reserve and Self-Insurance Fund requirements for Single Family Mortgage Revenue Bonds. There were no such transfers during the years ended June 30, 1990 and 1989.

E. Deposits and Investments

Authority for Agency Deposits and Investments:

The deposit and investment policies of the Agency are governed by statutes and contractual provisions contained in the bond trust indentures. Agency deposits must be held in insured depositories satisfactory to the Agency and must be fully collateralized. Permissible investments include direct obligations of or guaranteed by the U.S. Treasury and U.S. Government agencies; any other obligation of the U.S. Treasury or any other U.S. Government agencies which are legal investments for savings banks, savings associations, or savings and loan associations in the Commonwealth of Pennsylvania; fully collateralized public housing bonds, temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities; direct and general obligations of or obligations guaranteed by the Commonwealth of Pennsylvania; direct and general obligations of any state of the United States, guaranteed by such state, provided that at the time of purchase the obligations maintain a satisfactory investment rating; fully collateralized repurchase agreements; reverse repurchase agreements; mutual or money market funds; commercial paper or finance company paper; non-collateralized certificates of deposit and various investment agreements that maintain a satisfactory investment rating; and interest-bearing time or demand deposits and certificates of deposit.

Deposits and investments consist of the following at June 30, 1990 and 1989:

	1990	1989
Deposits (overdraft)	\$ (5,276,774)	34,854,558
Investments	773,873,640	776,330,979
Total deposits and investments	\$ 768,596,866	811,185,537

Management is not aware of any violations of statutory authority or contractual provisions for deposits and investments during the years ended June 30, 1990 and 1989.

Deposits:

The following summary presents the Agency's deposits which are fully insured or collateralized with securities held by the Agency's agent in the Agency's name (Category 1), those deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Agency's name (Category 2) and those deposits which are not collateralized or those collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Agency's name (Category 3):

	Bank Balance				Carrying Amount
	Category 1	Category 2	Category 3	Total	
June 30, 1990					
Demand deposits (overdrafts)	\$ (171,660)		481,375	309,715	(5,276,774)
June 30, 1989					
Demand deposits (overdrafts)	\$ 261,160		558,596	819,756	(435,946)
Certificates of deposit	3,560,000	31,645,000		35,205,000	35,290,504
	<u>\$ 3,821,160</u>	<u>31,645,000</u>	<u>558,596</u>	<u>36,024,756</u>	<u>34,854,558</u>

Deposits classified as Category 3 are collateralized by pooled collateral in accordance with Act 72 of the Commonwealth of Pennsylvania. The bank balances in excess of carrying amount represent checks which have not cleared the bank, net of deposits in transit or other transactions not recorded by the bank until after year-end.

Investments:

The Agency categorizes investments according to the level of credit risk assumed by the Agency. Category 1 includes investments that are insured, registered or held by the Agency's agent in the Agency's name. Category 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the Agency's name. Category 3 includes uninsured and unregistered investments held by the counterparty, its trust department or its agent, but not in the Agency's name. Certain investments have not been categorized because securities are not used as evidence of the investment. These uncategorized investments represent the Agency's ownership interests in mutual funds.

The summary below identifies the level of credit risk assumed by the Agency and the total carrying amount and market value of the Agency's investments.

	Carrying Amount				Market Value
	Category 1	Category 2	Category 3	Total	
June 30, 1990					
Corporate bonds	\$ 6,045,463	—	—	6,045,463	5,906,028
Investment agreements	197,060,891	—	—	197,060,891	197,060,891
Repurchase agreements	88,893,898	5,753,000	—	94,646,898	94,646,898
U.S. Government obligations	178,765,673	—	—	178,765,673	200,655,723
U.S. Government Agency obligations	210,893,761	—	—	210,893,761	209,992,171
Other	63,116,609	—	—	63,116,609	63,116,609
Totals	<u>\$ 744,776,295</u>	<u>5,753,000</u>	<u>—</u>	<u>750,529,295</u>	<u>771,378,320</u>
Add amounts not categorized because securities are not used as evidence of the investments:					
Mutual funds				23,344,345	23,344,345
Total investments				<u>773,873,640</u>	<u>794,722,665</u>
June 30, 1989					
Corporate bonds	\$ 8,737,642	—	—	8,737,642	8,627,685
Repurchase agreements	366,732,295	27,956,233	—	394,688,528	394,688,528
U.S. Government obligations	133,787,390	208,812	—	133,996,202	159,795,165
U.S. Government Agency obligations	220,516,335	—	—	220,516,335	219,952,407
Other	14,091,638	—	—	14,091,638	14,091,638
Totals	<u>\$ 743,865,300</u>	<u>28,165,045</u>	<u>—</u>	<u>772,030,345</u>	<u>797,155,423</u>
Add amounts not categorized because securities are not used as evidence of the investments:					
Mutual funds				4,300,634	4,300,634
Total investments				<u>776,330,979</u>	<u>801,456,057</u>

F. Mortgage Loans Receivable and Construction Advances

The mortgage loans receivable and construction advances are collateralized by first mortgages on the related properties. The Federal Government provides insurance for certain projects included in the Multi-Family

Program, with insurance for the Single Family Program being provided by commercial companies. In addition, the Agency has designated a portion of fund balance for self-insurance for certain Multi-Family and Single Family loans (see note I).

A summary of Multi-Family construction advances and mortgage loans receivable at June 30, 1990 and 1989 is as follows:

	Mortgage Loans Receivable	Construction Advances
June 30, 1990		
Insured and subsidized	\$ 45,840,399	588,316
Insured and nonsubsidized	24,239,358	12,223,792
Uninsured and subsidized	519,011,362	1,393,273
Uninsured and nonsubsidized	4,436,026	269,749
	<u>593,527,145</u>	<u>14,475,130</u>
Allowance for potential loan losses	9,500,000	—
	<u>\$ 584,027,145</u>	<u>14,475,130</u>
Interest rate range	<u>1.0% - 14.0%</u>	<u>7.0% - 9.5%</u>
June 30, 1989		
Insured and subsidized	\$ 45,205,790	5,404,772
Insured and nonsubsidized	14,804,805	3,732,049
Uninsured and subsidized	463,204,053	541,121
Uninsured and nonsubsidized	28,432,277	—
	<u>551,646,925</u>	<u>9,677,942</u>
Allowance for potential loan losses	7,600,000	—
	<u>\$ 544,046,925</u>	<u>9,677,942</u>
Interest rate range	<u>1.0% - 14.0%</u>	<u>6.5% - 10.25%</u>

Substantially all single family mortgage loans are subject to two levels of insurance, primary insurance and pool insurance. Primary insurance is required on all Single Family mortgage loans where the loan principal amount exceeds 80% of the lesser of the purchase price or the initial appraised value of the property. The amount of primary insurance coverage required, as defined in the bond resolutions, is the amount by which the loan exceeds 66.5% — 72.0% (depending on Single Family bond issue) of the lesser of the appraised value or sales price of the residence. It is the eligible borrowers' responsibility to bear the cost of primary insurance.

The Agency has entered into reimbursement agreements with General Electric Mortgage Insurance Corporation, Commonwealth Mortgage Assurance Company and Mortgage Guaranty Insurance Corporation in order to provide mortgagors with lower premiums for primary mortgage insurance. Under these agreements, the mortgage insurers are primarily responsible to the holders of the mortgage insurance policies, and the Agency will assume a portion of the mortgage default risk, covering up to \$250 million in mortgage loans. The Agency has restricted funds to cover a portion of the potential exposure under these agreements.

Pool insurance covers certain losses sustained by reason of default in payments by eligible borrowers in excess of primary insurance. The Agency has elected to self-insure the pool insurance for Single Family mortgage loans originating from proceeds obtained from Single Family bond issues Series C through Z. The total principal outstanding of mortgage loans self-insured by the Agency was \$853,230,445 and \$740,183,124 at June 30, 1990 and 1989, respectively.

The Agency's allowance for potential loan losses for its Single Family mortgage loans was \$360,000 and \$400,000 at June 30, 1990, and 1989, respectively.

The Agency has designated a portion of fund balance in both the General Fund and Single Family Program for self-insurance (see Note I).

G. Notes Payable

The Agency maintains a line of credit agreement with the Department of Treasury of the Commonwealth of Pennsylvania. Under the Agreement, the Agency may draw down an amount up to \$20,000,000. At the time funds are drawn, the interest rates on the respective notes are fixed at rates equal to 2 points below the current prime rate listed by Morgan Guaranty Trust of New York. These funds may be used for any and all of the purposes for which the Agency is lawfully established. At June 30, 1990 and 1989, the Agency had notes payable outstanding of \$18,000,000 and \$15,000,000, respectively, which bear interest at rates ranging from 8% to 9.5% for 1990 and from 7% to 9.5% for 1989.

H. Bonds Payable

Bonds have been issued to provide financing of mortgage loans under the Multi-Family Program and Single Family Program. The full faith and credit of the Agency is pledged for repayment of most of the bonds issued. The bonds are collateralized by:

- (1) The mortgage loans made on the related properties;
- (2) Most revenues, mortgage advance amortization payments and recovery payments received by the Agency from mortgage loans; and
- (3) Certain funds and accounts established pursuant to the bond indentures including investment of the bond proceeds.

The security covenants, together with covenants in the notes payable agreements, in effect, make available all assets of all funds for debt related purposes.

Bonds issued and outstanding for the Multi-Family Program are as follows:

Issue	Interest Rate Range At Issuance	Final Maturity Date	Amount Outstanding June 30,	
			1990	1989
Residential Development Bonds:				
Issue A	4.50- 7.60%	2019	\$ 76,145,000	76,910,000
Issue B	4.00- 6.60%	2020	28,775,000	29,120,000
Issue 1977 (refunding)	3.60- 6.50%	2023	83,835,000	84,640,000
Issue C	4.25- 6.375%	2020	21,170,000	21,415,000
Issue D	4.50- 6.75%	2021	74,820,000	75,610,000
Issue E	5.50- 7.25%	2022	20,170,000	20,355,000
Issue F	5.80- 7.60%	2022	55,285,000	56,010,000
Issue G	7.125%	2012	7,245,000	7,300,000
Issue H	6.00- 7.70%	2023	50,165,000	50,825,000
Issue I	5.50- 9.25%	2023	48,650,000	49,105,000
Issue J	9.50- 14.50%	2013	24,005,000	24,140,000
Issue K	8.50- 13.625%	2013	21,750,000	21,885,000
Issue L	7.75- 12.125%	2025	27,665,000	27,915,000
Issue M	7.25- 11.00%	2014	19,970,000	20,170,000
Issue N	9.75%	2014	3,150,000	3,180,000
Issue O	10.375%	2015	6,815,000	6,910,000
Issue P	10.375%	2015	5,465,000	5,510,000
State Workers' Insurance Fund	9.8%	2014	8,000,000	8,000,000
State Workers' Insurance Fund 1990B	9.29%	2015	4,500,000	—
Section 23 Assisted Bonds:				
Issue 1977A	5.75%	1995	670,000	771,000
Multi-Family Housing Bonds:				
Issue 1980	9.80- 10.00%	2023	11,160,000	11,210,000
Issue 1982A	9.75- 13.50%	2024	61,830,000	61,960,000
Issue 1982B	9.50- 10.875%	2024	13,980,000	14,035,000
Issue 1985A	6.75- 9.375%	2028	15,106,386	15,242,657
Issue 1985B	8.875%	2028	1,730,000	1,735,000
Issue 1987A	7.00- 8.50%	2002	660,000	705,000
Issue 1988A	10.65%	2008	1,455,000	1,496,000
Limited Obligation Residential Development Bonds:				
Issue 1984A	6.50- 11.25%	2006	1,417,242	1,502,242
Issue 1985B	6.50- 9.50%	2005	1,605,000	1,670,000
Moderate Rehabilitation Bonds:				
Issue 1984A	6.50- 10.375%	2001	3,545,000	3,710,000
Issue 1984	5.25- 9.00%	2017	4,920,000	5,125,000
Multi-Family Development Bonds:				
Issue 1989B	8.25%	2015	\$ 3,575,000	—
			709,233,628	708,161,899
			(46,100,841)	(47,196,696)
			<u>\$ 663,132,787</u>	<u>660,965,203</u>
Unamortized bond discount				

During the year ended June 30, 1990, the Agency redeemed prior to maturity \$55,000 of Residential Development Bonds, Issue G and \$10,000 of Limited Obligation Residential Development Bonds, Issue 1985 B. An extraordinary gain of \$523 resulted from the redemptions.

Bonds issued and outstanding for the Single Family Program are as follows:

Issue	Rate Range At Issuance	Final Maturity Date	Amount Outstanding June 30	
			1990	1989
Single Family Mortgage Revenue Bonds:				
Series C	6.00- 9.375%	2014	\$ 59,399,325	60,864,325
Series D	5.75- 9.75%	2014	61,062,774	63,262,774
Series E	6.00- 10.25%	2015	35,604,838	37,024,838
Series F	7.50- 11.625%	2015	13,855,000	62,600,000
Series G	6.00- 9.625%	2016	145,630,000	146,985,000
Series H	5.50- 9.875%	2016	76,203,488	78,293,488
Series I	6.00- 10.00%	2016	23,145,321	24,005,321
Series J	4.50- 9.0%	2013	41,666,666	42,821,666
Series K	4.50- 7.9%	2013	52,356,868	53,451,868
Series L	4.00- 7.125%	2014	38,685,000	39,240,000
Series N	4.60- 8.25%	2014	53,450,000	54,245,000
Series O	5.75- 8.20%	2018	79,350,000	80,260,000
Series P	4.75- 8.00%	2016	25,210,000	25,475,000
Series Q	6.00- 8.375%	2018	50,000,000	50,000,000
Series R	6.20- 8.125%	2019	80,000,000	80,000,000
Series S	6.70- 7.60%	2016	25,000,000	25,000,000
Series T	7.00- 7.875%	2020	25,000,000	25,000,000
Series U	6.15- 7.80%	2020	79,335,000	79,335,000
Series V	6.00- 7.80%	2016	25,000,000	25,000,000
Series W	6.30- 7.80%	2020	50,500,000	50,500,000
Series X	6.80- 8.15%	2024	66,000,000	66,000,000
Series Y	6.20- 7.45%	2016	35,000,000	—
Series Z	6.00- 7.55%	2016	27,000,000	—
Series 27	6.50- 8.15%	2021	47,000,000	—
			1,215,454,280	1,169,364,280
			(22,164,216)	(19,782,090)
			<u>\$ 1,193,290,064</u>	<u>1,149,582,190</u>
Unamortized bond discount				

During the years ended June 30, 1990 and 1989, \$48,235,000 and \$50,075,000, respectively, of Single Family Mortgage Revenue Bonds, Series F and O were redeemed prior to maturity by the Agency using mortgage prepayments and undisbursed bond proceeds.

Extraordinary losses of \$399,468 and \$1,015,236, respectively, resulted from the redemptions as unamortized bond discount and related costs of issuance for the bonds redeemed were expensed.

Single Family Mortgage Revenue Bonds Series U, W, and X, totaling \$195,835,000, were issued during the year ended June 30, 1989 as convertible option bonds with first mandatory tender dates of March 1, 1990, November 30, 1989, and May 30, 1990, respectively. These bonds were remarketed as long-term bonds during the year ended June 30, 1990.

Single Family Mortgage Revenue Bonds totaling of \$174,075,000 related to Series Q, R, S and T, were remarketed during the year ended June 30, 1989.

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. Bonds may also be redeemed at par prior to the ten-year period if mortgage loan prepayments exceed prescribed levels and from undisbursed bond proceeds. Provisions of the bonds include mandatory annual sinking fund payments to provide for redemption of the term bonds.

Required principal and interest payments related to bonds payable are as follows at June 30, 1990:

Year ending June 30:	Multi-Family Program		Single Family Program		Total Principal and Interest Maturities
	Principal	Interest	Principal	Interest	
1991	\$ 7,703,434	56,023,502	17,470,000	97,281,484	178,478,420
1992	8,333,117	55,006,037	19,720,000	95,847,006	178,906,160
1993	8,914,346	54,758,361	22,405,000	94,484,156	180,561,863
1994	9,549,352	54,001,188	23,370,000	92,502,868	180,423,408
1995	10,226,417	53,211,789	25,783,207	91,847,047	181,068,460
Thereafter	<u>664,506,962</u>	<u>830,815,766</u>	<u>1,105,706,073</u>	<u>1,456,260,520</u>	<u>4,057,289,321</u>
	\$ 709,233,628	1,103,816,643	1,215,454,280	1,928,223,081	4,956,727,632

I. Reserved and Designated Fund Balances

General Fund:

The General Fund reserved fund balance of \$345,863 represents funds required to be held in trust under the terms of the indenture of the Multi-Family Housing Bond Issue 1980.

The remaining fund balance of the General Fund is not restricted under the terms of the various bond resolutions and can be used by the Agency for any purpose authorized by the Act. The Agency has designated a portion of the General Fund fund balance as follows:

	June 30,	
	1990	1989
Single Family Self Insurance Fund	\$14,141,993	10,793,375
Multi-Family Self Insurance Fund	10,000,000	10,000,000
Additional Single Family Insurance Program	6,005,000	7,705,000
HOMES Program	5,000,000	—
Homeless Housing Program	—	5,000,000
Rental Housing Demonstration Program	—	3,104,416
Single Family Closing Cost Subsidies	—	972,164
	\$ 35,146,993	37,574,955

The designation for the Single Family Self Insurance Fund is to be used for any special hazard losses on Single Family Mortgages not covered by other insurance, and losses arising out of default on mortgage loans funded with the proceeds of the Series C through Z issues. The Single Family Self Insurance Fund has been established at not less than 1% of anticipated mortgages to be originated on Issues I through Z. The Single Family Series I resolution required that a Self Insurance Fund be held by the trustee. This was funded by the General Fund and is included in the Single Family Program's restricted fund balance.

The designation for the Multi-Family Self Insurance Fund has been established in the event a loss occurs on any of the Multi-Family projects for which the Agency acts as an insurer or coinsurer.

The designation for the Additional Single Family Insurance Program has been established to cover losses in the event of default on single family mortgage loans.

The designation for the HOMES program has been established to provide below market and deferred interest financing to lower development costs for apartment projects financed by the Agency.

The designation for the Homeless Housing Program at June 30, 1989 was established to encourage rehabilitation, construction or adoption of structures that offer suitable permanent accommodations for homeless families and individuals. At June 30, 1990, the designation for the Homeless Housing Program was combined into the HOMES Program designation in the Multi-Family Program.

The designation for the Rental Housing Demonstration Program has been established to provide below market rate mortgage loans for multi-family developments.

The designation for Single Family Closing Cost Subsidies has been established to assist qualified Single Family home buyers with the initial costs incurred at the inception of a mortgage.

Multi-Family Program:
Restrictions on the Multi-Family Program fund balance are as follows:

	June 30	
	1990	1989
Capital Reserve not funded by bond proceeds	\$1,960,000	1,960,000
Development Reserve	<u>1,400,000</u>	<u>1,400,000</u>
	\$ 3,360,000	3,360,000

The Capital Reserve and Development Reserve are required under certain trust indentures in order to establish and maintain the Agency's Multi-Family Program.

The Agency has designated a portion of the Multi-Family Program fund balance as follows:

	June 30	
	1990	1989
HOMES Program	\$43,000,000	10,000,000
Homeless Housing Program	—	5,000,000
Rental Housing Demonstration Program	—	2,895,584
Property Conversion Residual Receipts	—	<u>1,727,670</u>
	\$ 43,000,000	19,623,254

The designation for the HOMES Program, which was funded from unrestricted Multi-Family proceeds, has been established to lower development costs for apartment projects financed by the Agency.

The designation for the Homeless Housing Program has been established to encourage rehabilitation, construction or adoption of structures that offer suitable permanent accommodations for homeless families and individuals.

The designation for the Rental Housing Demonstration Program was established to earmark funds for a one time pilot program to fund multi-family, low-income developments.

The designation for Property Conversion Residual Receipts was established to set aside funds obtained from the purchase of two Multi-Family Housing Projects. As part of these transactions, the Agency obtained the rights to the projects' residual receipts. Such amounts have been designated for the exclusive use of the HOMES Program.

At June 30, 1990 the designations for the Homeless Housing Program, Rental Housing Demonstration Program and Property Conversion Residual Receipts were combined into the HOMES Program.

Single Family Program:

Restrictions on the Single Family Program fund balance are as follows:

	June 30,	
	1990	1989
Risk Retention	\$ 2,000,000	—
Capital Reserve not funded by bond proceeds	9,055,628	12,672,928
Self Insurance Fund held by Trustee	11,753,501	10,786,094
	<u>\$ 22,809,129</u>	<u>23,459,022</u>

The Risk Retention reserve was established as an alternative to private mortgage insurance. Through the Risk Retention Program the Agency retains the risk of mortgage default for mortgage loans under this program.

The Capital Reserve not funded by bond proceeds represents funding provided by the Agency to meet the capital reserve required under bond indentures in excess of amounts

funded by bond proceeds. The Capital Reserve Fund has been established by the Agency to meet this requirement for Single Family Bonds which must be equal to at least 3% of the aggregate principal amount of all Single Family Bonds outstanding plus one million dollars. The Capital Reserve Fund at June 30, 1990 and 1989, respectively, amounted to \$47,569,325 and \$41,971,465, including amounts funded by bond proceeds. Such amounts were \$10,105,697 and \$5,890,537, respectively, in excess of the requirement.

The Self-Insurance Fund held by Trustee represents amounts to self-insure the pool insurance for Single Family mortgage loans to meet self-insurance requirements under the bond indentures. The fund balance designation of \$993,985 is for Single Family Closing Cost subsidies established to assist qualified Single Family home buyers with the initial costs incurred at the inception of a mortgage.

J. Pension Plan

Plan Description:

Eligible full-time employees participate in either the Pennsylvania Housing Finance Agency Employees' Retirement Plan (Plan), a noncontributory defined benefit, single employer plan, or the Pennsylvania State Employees' Retirement System (PSERS). Participation in PSERS is limited to those employees who were active members of PSERS at the time of their employment by PHFA. As of June 30, 1990 and 1989, substantially all eligible full-time employees are participants in the Plan. The Agency's payroll for employees covered by the Plan for the Plan years ended December 31, 1989 and 1988 was approximately \$3,679,000 and \$3,726,000, respectively.

Full-time employees become eligible for participation in the Plan after completion of one year of service. A participant's benefits vest upon the completion of 5 years of service. Under the provisions of the Plan, participants with prior military experience may receive credit for their time of service in the military providing they contribute funds equivalent to the cost of their pension benefits accumulated during their military service. The Plan was previously amended to convert it from a contributory to a non-contributory pension plan. At the time of the amendment,

participants had the option to receive a refund in the amount of their contributions, with interest, or increase their pension benefits. Substantially all employees elected to withdraw their contributions to the Plan at that time.

A participant is eligible for normal retirement after attainment of age 65. The Plan also provides early and late retirement provisions and death and disability benefits. The normal retirement pension is payable monthly during the participant's lifetime with payments ceasing upon the participant's death.

The amount of the monthly pension benefit is computed as follows:

1. New participants after December 31, 1981 and participants who elected refund of contributions with interest:
 - 2% of final average monthly pay multiplied by completed years and completed months of service at retirement.
2. Participants who did not elect refund of contributions with interest:
 - a. 2.35% of final average monthly pay multiplied by completed years and completed months of service through December 31, 1981, plus
 - b. 2% of final average monthly pay multiplied by completed years and completed months of service beginning on or after January 1, 1982.

Average monthly pay is based upon the 5 consecutive plan years of highest pay during the last 10 years preceding retirement.

As of January 1, 1990 and 1989, Plan membership consisted of:

Total assets in excess of pension benefit obligation at January 1, 1990 and 1989, the most recent valuation dates, were as follows:

	1990	1989
Pension benefit obligation		
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 678,208	464,362
Current employees:		
Accumulated employee contributions	25,097	23,498
Employer contributions — vested	2,514,304	2,243,627
Employer contributions — nonvested	182,685	225,339
Total pension benefit obligation	3,400,294	2,956,826
Plan assets at market value	5,523,141	4,600,930
Assets in excess of pension benefit obligation	<u>\$2,122,847</u>	<u>1,644,104</u>

	1990	1989
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	54	46
Current employees:		
Vested	84	82
Nonvested	47	54
	<u>185</u>	<u>182</u>

Funding Status and Progress:

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the Plan on an ongoing basis; assess progress made in accumulating sufficient assets to pay benefits when due; and make comparisons among employers.

The measure is the actuarial present value of credited projected benefits and is independent of the actuarial funding method used to determine contributions to the Plan.

The pension benefit obligation was computed as part of an actuarial valuation performed as of January 1, 1990 and 1989. Significant actuarial assumptions used in the valuations include (a) a rate of return on the investment of present and future assets of 7.5% a year compounded annually, (b) projected salary increases of 4% a year compounded annually, attributable to inflation, (c) additional projected salary increases of 1% a year, attributable to merit on seniority, and (d) no post-retirement benefit increases.

There were no changes in actuarial assumptions or benefit provisions used in calculating the pension benefit obligation during the Plan years ended December 31, 1989 and 1990.

Contribution Required and Contributions Made:

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the aggregate actuarial cost method. Significant actuarial assumptions used to complete the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation. The contributions to the Plan for the years 1989 and 1988 were \$257,506 and \$261,937, respectively, representing normal

cost (7.0% of current covered payroll in each year) and were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of January 1, 1989 and 1988, respectively. The Agency contributed \$255,906 and \$246,955 (7.0% and 6.6%, respectively, of current covered payroll); employees contributed \$1,600 and \$14,982 (0.04% and 0.4%, respectively, of current covered payroll) for Plan years 1989 and 1988, respectively.

Trend Information:

Trend information designed to provide information about the Agency's progress made in accumulating sufficient assets to pay benefits when due is presented in the following schedule. Ten year trend information is presented on pages 40 and 41.

	Plan Year Ended December 31,		
	1989	1988	1987
Net assets available for benefits expressed as a percentage of the pension benefit obligation	162.43	155.60	125.65
Assets in excess of pension benefit obligation expressed as a percentage of covered payroll	57.70	44.12	23.95
Employer contributions expressed as a percentage of covered payroll	6.96	6.63	8.45

K. Gain on Property Conversion

For the year ended June 30, 1990, the Agency purchased and subsequently sold eleven multi-family housing projects for a net gain of \$36,254,073. Of this amount, \$30,712,187 will be deferred and amortized over the life of the mortgages received as part of these sales. An extraordinary gain of \$5,541,886 was recognized when the Agency obtained the rights to the projects' residual receipts. The Agency also approved the transfer of ownership of three other multi-family housing projects for an extraordinary gain of \$613,685.

For the year ended June 30, 1989, the Agency purchased and subsequently sold two multi-family housing projects for a net gain of \$4,052,902. Of this amount, \$2,225,232 was deferred and will be amortized over the life of the mortgages received as part of these sales. An extraordinary gain of \$1,727,670 was recognized when the Agency obtained the rights to the projects' residual receipts.

Residual receipts represent excess project funds to which the original owner was not entitled under the terms of the mortgage or regulatory agreement governing the project. These funds have been designated exclusively for use in the HOMES Program.

L. Commitments and Contingencies

Litigation:

In the normal course of business there are various claims and suits pending against the Agency. In the opinion of the Agency's management and counsel, the amount of such losses that might result from these claims and suits, if any, would not materially affect the Agency's financial position.

Federal Grants:

The Agency receives significant financial assistance from the Federal Government in the form of low income mortgage subsidies, interest reduction payments, and rental housing rehabilitation assistance. Such federal financial assistance received during the years ended June 30, 1990 and 1989 amounted to \$100,208,982 and \$98,480,763, respectively. All federal financial assistance received by the Agency is subject to audit and as such, any disallowances resulting from noncompliance or questioned costs may become liabilities of the Agency. The Agency's management believes disallowances, if any, would not materially affect the Agency's financial position.

M. Subsequent Events

On August 3, 1990, the members of the Board of the Agency approved the issuance of \$80,000,000 and \$30,000,000 Single Family Mortgage Revenue Bonds, Series 1990-28 and 1990-29, respectively. The proceeds of these bonds will be used for single family mortgage loans.

Pennsylvania Housing Finance Agency

TEN-YEAR HISTORICAL TREND INFORMATION
ANALYSIS OF FUNDING PROGRESS

Plan Year Ended December 31	(1) Net Assets Available for Benefits*	(2) Pension Benefit Obligation	(3) Percentage Funded (1)/(2)	(4) Overfunded or (Unfunded) Pension Benefit Obligation (1)-(2)	(5) Annual Covered Payroll	(6) Overfunded or (Unfunded) Pension Benefit Obligation as a Percentage of Covered Payroll (4)/(5)
1980	\$ 926,151	\$1,506,207	61.49	\$ (580,056)	\$ 2,087,829	(27.78)
1981	1,264,456	622,810	203.02	641,646	2,234,769	28.71
1982	1,679,565	812,505	206.71	867,060	2,281,596	38.00
1983	2,131,355	1,181,157	180.45	950,198	2,368,744	40.11
1984	2,508,568	1,464,098	171.34	1,044,470	2,704,789	38.62
1985	3,243,211	1,834,293	176.81	1,408,918	3,030,037	46.50
1986	3,731,011	2,336,633	159.67	1,394,378	3,442,741	40.50
1987	4,010,369	3,191,584	125.65	818,785	3,419,003	23.95
1988	4,600,930	2,956,826	155.60	1,644,104	3,726,066	44.12
1989	5,523,141	3,400,294	162.43	2,122,847	3,678,877	57.70

*At market value

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the

stronger the pension plan. Trends in overfunded or unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the pension plan.

TEN-YEAR HISTORICAL TREND INFORMATION
REVENUES BY SOURCE AND EXPENSES BY TYPE

Plan Year Ended December 31	Revenue by Source				Total	Employer Contributions as a Percentage of Covered Payroll
	Employee Contributions	Employer Contributions	Investment Income	Realized and Unrealized Gains and (Losses)		
1980	\$38,217	\$200,034	\$ 84,121	\$(48,994)	\$273,378	9.58%
1981	46,609	236,041	141,524	(67,414)	356,760	10.56
1982	6,149	188,791	151,458	260,520	606,918	8.27
1983	1,834	281,274	141,353	36,856	461,317	11.87
1984	1,248	229,744	216,792	(29,590)	418,194	8.49
1985	1,248	210,595	211,109	321,273	744,225	6.95
1986	486	164,281	233,608	101,040	499,415	4.77
1987	9,364	288,866	249,228	(249,296)	298,162	8.45
1988	14,982	246,955	279,604	78,353	619,894	6.63
1989	1,600	255,906	312,566	400,539	970,611	6.96

Plan Year Ended December 31	Expenses by Type			
	Benefits	Administrative Expenses	Refunds	Total
1980	\$ 5,604	—	—	\$ 5,604
1981	18,455	—	—	18,455
1982	12,776	—	\$179,033	191,809
1983	9,476	\$51	—	9,527
1984	40,964	17	—	40,981
1985	9,577	5	—	9,582
1986	11,597	18	—	11,615
1987	18,804	—	—	18,804
1988	29,333	—	—	29,333
1989	48,400	—	—	48,400

Contributions were made in accordance with actuarially determined contribution requirements. In 1981 the Plan was amended to convert it from a contributory to a non-contributory pension Plan. At the time of the amendment, participants had the option to receive a refund in the amount of their contributions, with interest, or increase their pension benefits. Substantially all employees elected to withdraw their contributions to the Plan at that time.

Under the provisions of the Plan, participants with prior military experience may receive credit for their time of service in the military providing they contribute funds equivalent to the cost of their pension benefits accumulated during their military service.

STAFF COMPLEMENT

Pennsylvania Housing Finance Agency

EXECUTIVE

Karl Smith—Executive Director
Carrie M. Barnes, Executive Assistant to Executive Director
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Susan R. Garthwaite, Management Representative
Carolyn Harle, Senior Management Representative/Manager
Mary I. Johnson, Administrative Assistant
K. Lyn Kirshenbaum, Management Representative
Elizabeth Sonneborn, Management Representative

Management—Pittsburgh Office

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Carolyn J. James, Secretary
Imelda H. Labadie, Administrative Assistant
David C. Rhoads, Management Representative
Mary Ann Sipos, Management Representative
Brenda B. Wells, Senior Management Representative/Manager

Technical Services Division

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Donald F. Clarke, Staff Architect
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Pat E. Foca, Manager of Facilities & Construction Operations
Eugene T. Garrison, Technical Services Representative
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Elmer C. Jones, Technical Services Representative
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