1991

Pennsylvania Housing Finance Agency

Annual Report

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To accomplish this task, PHFA 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.

The Board of Directors that governs the operation of the Agency is comprised of ex-officio members including the State Treasurer, the Secretary of Community Affairs, the Secretary of Banking and private citizen members appointed by the Governor. Board meetings are held the second Thursday of each month and are open to attendance by the public.

PHFA is headquartered in Harrisburg and maintains offices in Norristown and Pittsburgh. It employs a staff of 175 full time personnel who have skills in administration, architecture, counseling, engineering, finance, law, mortgage origination and servicing, property management and underwriting. As an equal housing lender, 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 development come from the sale of PHFA securities to investors. The Homeowners' Emergency Mortgage Assistance Program is financed 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 33,000 apartment units and 41,000 single family homes with tax-exempt and taxable bonds. Homeowners' Emergency Mortgage Assistance loans have saved 12,000 families from foreclosure. Allocation of approximately $47 million of tax credits has helped produce 13,800 units of lower income housing. Rental Rehabilitation funds have made possible the improvement of 2,500 units of affordable housing.

Cover and flyleaf photos: Americans of all ages, races and backgrounds benefit from programs sponsored by the Pennsylvania Housing Finance Agency.

MEMBERS OF THE BOARD

Pennsylvania Housing Finance Agency

Karen A. Miller
Secretary of Community Affairs

J. Roger Glunt, President
Glunt Building Co., Inc.

Sarah W. Hargrove
Secretary of Banking

Catherine Baker Knoll
State Treasurer

Herman A. Silverman
Chairman,
Sylvan Pools, Inc.

Ronald S. Mintz

Edward G. DeSeve
Special Assistant to the Governor

Mark Schwartz, Esq.

Hillard Madway

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MESSAGE TO THE GOVERNOR

Pennsylvania Housing Finance Agency

Judging the performance of the Pennsylvania Housing Finance Agency may take many forms: units created; securities issued; bond rating; default rate; dwellings saved from mortgage foreclosure. In all the categories where a high ranking signifies excellence, PHFA is at or near the top of the standings. For areas in which a lower score is commendable the Agency also scores well. A tally of accomplishments illustrates:

- PHFA was the first, and is still one of only ten state housing agencies to be designated "Top Tier," by Standard and Poor's. Top Tier gives PHFA issued single family housing bonds great strength in a highly competitive market. It has the effect of making the Agency's bonds more salable at lower interest rates.
- To cut the costs associated with construction and permanent financing of low income rental housing, PHFA has arranged a line of credit with the Pennsylvania State Treasurer along with permanent financing from the State Workers Insurance Fund.
- At a total of $63 million, PHFA devotes more subsidy money to support multifamily financing than any other state housing finance agency in the nation. With another $31 million reserved for closing cost assistance and self-insured risk retention, PHFA is also a national leader in support of homeownership programs.
- The $100 million Knoll HomeStart Program led the nation with its combination of State Treasury, Fannie Mae and Housing Agency cooperation for taxable bond single family endeavors. It has been followed by two new programs that incorporate Farmers Home Administration guarantees and subsidies in a Rural Homeownership Program, and a lease-purchase home program that bridges the gap between renting and buying homes. The State Treasurer and PHFA pioneered these programs.
- The Agency is a leader among state housing finance agencies in targeting special needs groups in all its programs, with set-asides for low-income families, single parents, neighborhood revitalization, minorities and other special initiatives.
- PHFA is one of only ten housing finance agencies to receive grants from the Robert Wood Johnson Foundation to develop a supportive services program for older residents living in Agency-financed projects. PHFA has provided funding to continue the program. The supportive services program has become a model for other groups interested in similar efforts.
- By combining Agency closing cost assistance with a special lower income homeownership program, PHFA has been able to help 976 families with average incomes below $19,000 buy houses of their own. Both measures help overcome the significant monetary barriers preventing families of limited means from owning homes by offering financial assistance, budget and mortgage counseling and favorable mortgage interest rates.
- The Homeowners' Emergency Mortgage Assistance Program remains unique in the nation. It is a strong testament not only of the state's commitment to its citizens in times of hardship, but of a solid, common sense approach to keeping families together in their homes and communities. By providing mortgage assistance to families who, through no fault of their own, are in danger of losing their homes in foreclosure action, HEMAP directly targets those who are most likely to overcome adversity.
- Agency securities remain extremely attractive investments that have the effect of making housing more affordable for Pennsylvanians. Since July 1, 1990, PHFA has issued $255,000,000 of single family mortgage revenue bonds and $16,293,000 multifamily development bonds, offering mortgage interest rates ranging from 7.95 to 8.15 percent for home loans and 7.50 to 9.75 percent for multifamily loans.
- Through the HOMES multifamily program $14,905,315 was committed to 988 rental housing units in 25 projects; $16,000,000 of rental housing tax credits for 3,370 affordable apartments were allocated; homes for 4,783 Pennsylvania families received mortgage loans from mortgage revenue bonds and 1,386 homes were financed with $96,000,000 of Knoll HomeStart loans.
- These activities bring the Agency's total production to 33,264 rental units and 41,251 houses.

The Agency's accomplishments are the result of Governor Casey's strong support for good housing and of the hard work and dedication of the PHFA Board and staff.

PHFA has worked with Congress to extend critical federal laws that allow the issuance of low income rental housing tax credits, the financing of home mortgage loans with mortgage revenue bonds, and the development of demonstration programs that incorporate Farmers Home Administration rural home loan guarantees with Agency sponsored mortgages.

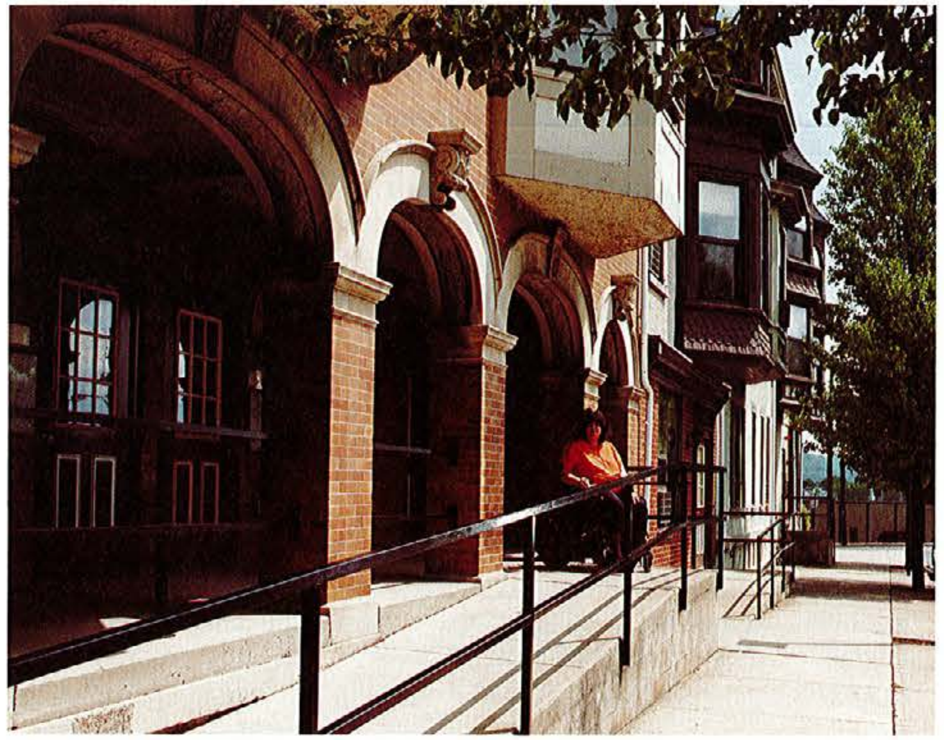
The State Treasurer has constantly challenged the Agency to develop worthwhile programs with carefully wrought financing techniques that harness the Commonwealth's economic power. Her efforts have helped PHFA offer housing to more families than ever before.

As the Agency moves into its twentieth year of service it will continue to improve these programs based on solid policy decisions. Building upon success in the delivery of mortgage loans, and technical and financial assistance through project underwriting, the Board and staff are confident that the housing it finances in the last decade of the twentieth century will bring benefits to the state well into the next century.

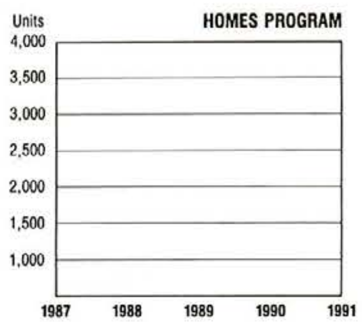
This 1991 report outlines the Pennsylvania Housing Finance Agency's programs and activities. It is respectfully submitted to the Governor, the General Assembly and the citizens of Pennsylvania.

Karen Miller
Chairperson

Karl Smith
Executive Director



Victoria Village in Allentown was rehabilitated with a multifamily loan from PHFA. Rental subsidies guarantee affordable apartments for 49 families.



Multifamily housing development officer (HDO) Kathy Levin has spent most of her working life with PHFA. When she first came to the fledgling Agency in 1973 she was assigned to the finance division, and was later a management representative before moving into rental development. Development officers guide proposals through the Agency's rigorous underwriting process from initial application to feasibility, loan commitment and closing. Kathy's experience is typical of that of other HDO's who process fifteen or more projects at any given time.

HOMES

In an effort to help stimulate the production of low income rental housing, PHFA has created a multifamily rental housing development program called HOMES. As a major housing producer for Pennsylvania, the HOMES fund provides financial support for the development of low income rental housing. Since undertaking this major housing initiative, PHFA has committed $63 million to construction and rehabilitation of affordable rental housing for citizens of Pennsylvania.

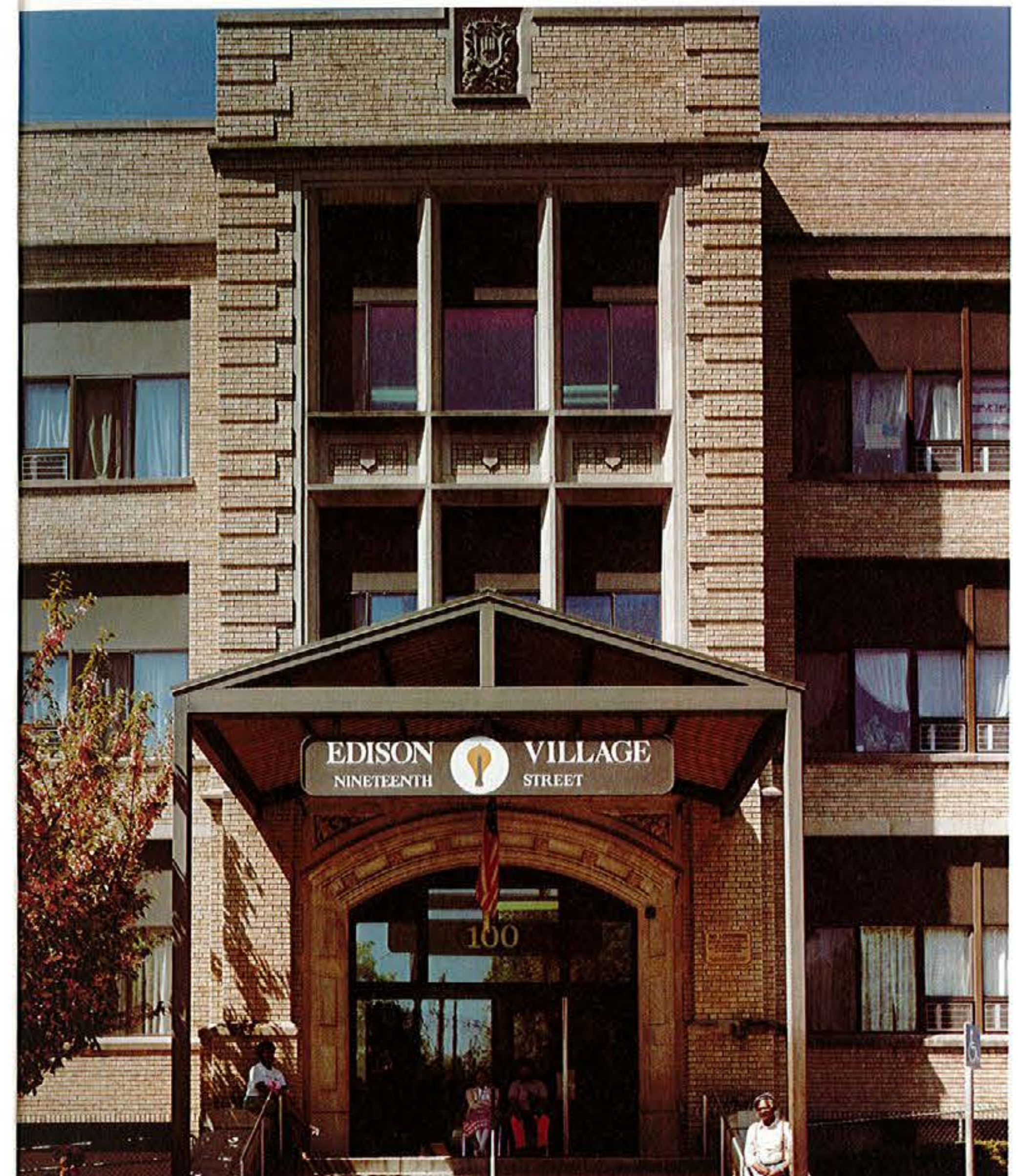
The HOMES program is a low interest deferred loan fund that can be used to support the development of lower-income rental housing. A highly flexible program, HOMES loans may be applied for a variety of purposes such as development cost write-downs, interest rate reductions and rental assistance. PHFA has also committed HOMES funds as "gap" financing to insure the feasibility of eleven HUD 202 elderly housing projects.

Because HOMES funding is limited, sponsors are encouraged to make use of other financial resources. This not only enables more projects to be built, but is essential to the successful creation of rental units for low income families. Monetary backing may take the form of project equity, private or public grant monies or loans.

Eligible sponsors include private developers, nonprofit organizations and community development corporations. HOMES projects are intended for families earning no more than 60 percent (50 percent in some cases) of the area median income.

Important to the Agency is a commitment by the sponsor to serving lower income tenants. The HOMES Program is not only successful in meeting this goal but in reaching out to special needs groups: the homeless, the physically or mentally disabled; migrant farm workers, the elderly and single parent households.

A typical HOMES project is the Peoples' Emergency Center in Philadelphia. The result of a successful partnership between a nonprofit organization and private developers, the facility is a national



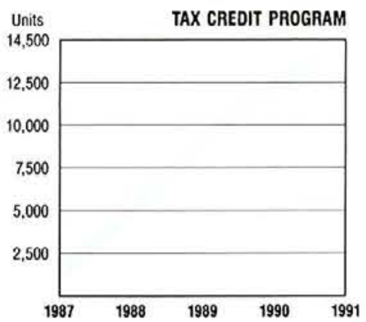
model for homeless families. Seventeen different public and private funding sources provided $2.5 million for the conversion of a 30,000 square foot abandoned factory into a full service facility to serve homeless families. This concept allows the residents, homeless women, children and teens, to move from emergency housing to transitional housing units and finally to permanent apartments while remaining under one roof. Such continuity will help tenants achieve a stability that was previously lacking in their lives.

PHFA provided $400,000 in HOMES funds to the People's Emergency Center. The organization has over 20 years experience in sheltering homeless families. In April it was selected as a "Presidential Daily Point of Light," an award presented to persons and organizations who successfully address pressing social problems with direct community activity.

Also important to many HOMES projects is the ability of the sponsor to make supportive services available to residents.

One such project that demonstrates this facet of the program is Dorothy Day Apartments in Allegheny County. Previously an elementary school, the project provides low income housing for single parent families.

Formerly a junior high school in Harrisburg, Edison Village offers comfortable apartments for both families and elderly individuals.



The Hill Cafe, a historic landmark in Harrisburg, was converted into rental housing with HOMES financing, rental housing tax credits and historic tax credits. The finished project provides 27 affordable apartment units for local families.

Eileen Demshock manages PHFA's rental housing tax credit program. With more than 16 years of Agency experience in multifamily development operation, Eileen processes applications from sponsors of apartment complexes ranging in size from one or two units to development of several hundred units.

Faced with the responsibility of raising a family alone, many single parents need guidance and support to live independent life styles. At Dorothy Day each tenant works with a case manager to help them become self-sufficient. In addition, on-site day care is available to help lower the cost of obtaining adequate care for the children while parents are working.

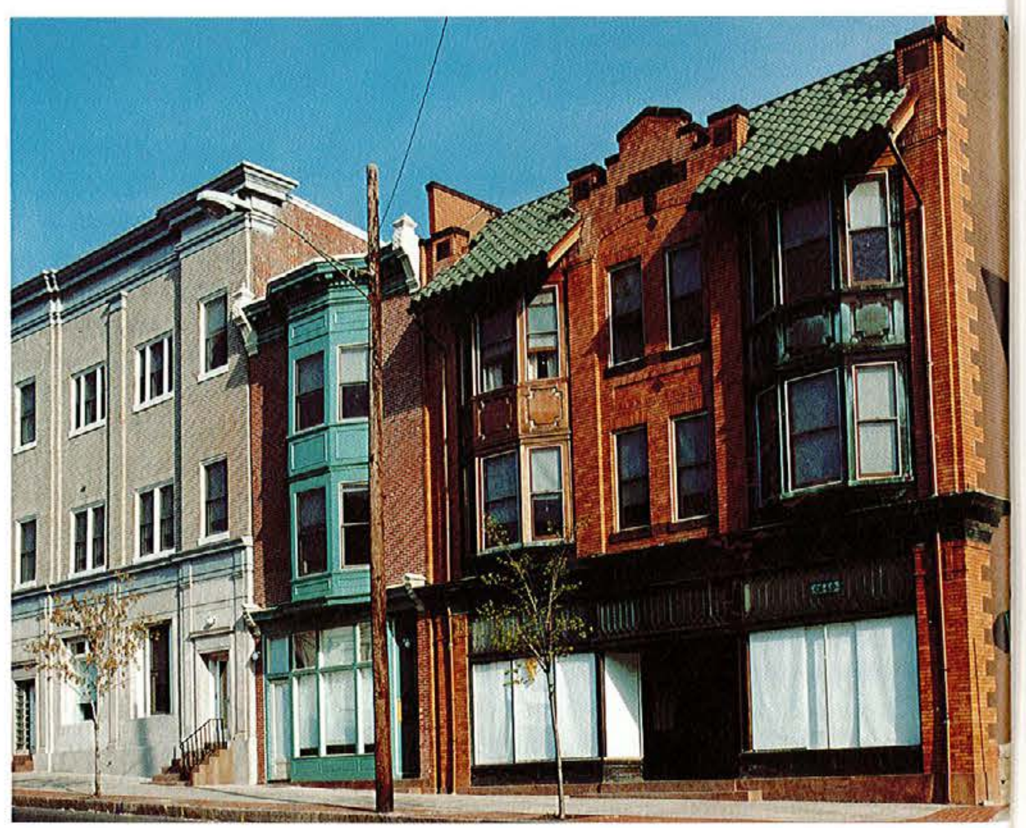
PHFA's multifamily staff members work closely with project sponsors to ensure that each development maintains a commitment to serving low and moderate income tenants.

The 3,427 HOMES units created since the program's inception in 1987 demonstrates PHFA's dedication to its original purpose, providing decent, safe and affordable rental housing for Commonwealth citizens. The Agency intends to continue funding HOMES proposals in future years.

Low Income Rental Housing Tax Credit Program

The Low Income Rental Housing Tax Credit Program was created in 1986 by the federal Tax Reform Act. It is designed to provide incentives to developers for the construction and rehabilitation of multifamily housing for families of lower income, senior citizens, handicapped individuals and homeless persons. Tax credits are allocated to each state by the U.S. Treasury Department. The Pennsylvania Housing Finance Agency administers the program for the Commonwealth.

Under the program, owners of and investors in qualifying low income rental units can use the credit as a dollar-for-dollar reduction in federal income tax liability. The credit can be taken for up to ten years if the rental housing project for which it was granted remains in compliance with low income occupancy requirements and rent restrictions.



Usage of tax credits have been widespread since the program was initiated in 1987. To ensure a fair distribution, the Agency adopted an allocation plan whereby credits are set aside for each region of the state. Credits are divided among the state's municipal areas according to greatest need.

To date, $74,915,000 in tax credits have been authorized for Pennsylvanians, producing 13,800 low income units throughout the state.

Authority to issue tax credits expire at the end of this year. The Agency is working closely with Congress to extend this legislation and preserve this valuable financing vehicle.

Rental Rehabilitation

PHFA has managed the federally funded Rental Rehabilitation Program since 1986. By providing grants to developers of low income rental housing in small communities across the state, the program is a valuable adjunct to the HOMES Program. At present, more than 200 municipalities are eligible participants.

Grants ranging from $5,000 to $8,500 are available to restorers of rental apartments for use by lower income families. Community need and rehabilitation capability are the basis for the awards.

Since its inception, 2,481 rental units in 753 projects have received funding under the Rental Rehabilitation Program. Although federal funding for the measure expired on September 30, 1991, PHFA intends to continue program funding from other resources.

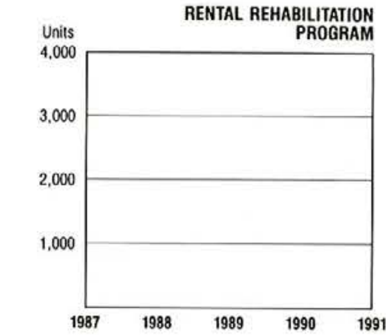
State Workers' Insurance Fund (SWIF) and the State Treasurer's Line of Credit

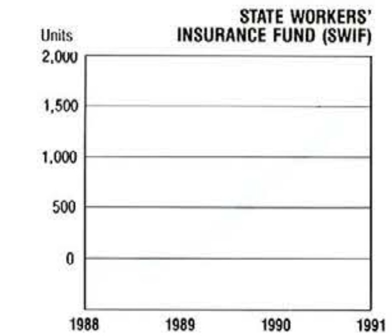
PHFA's strong management and financial capability has been central to the Agency's ability to attract the confidence of investors. This advantage extends to both the public and private sectors. Two such public investors are the State Treasurer and the State Workers' Insurance Fund.

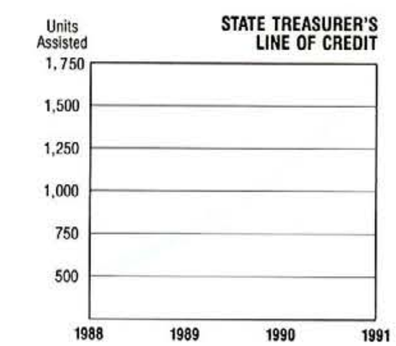
Since 1989, the Agency has maintained a unique financial agreement with the State Workers' Insurance Fund (SWIF) that has helped PHFA reduce the cost of housing development.

SWIF has agreed to purchase Agency bonds at 75 basis points above the current ten year treasury rate. As a result, PHFA is able to reduce the cost of developing multifamily housing for low income families, elderly and handicapped. For SWIF it means an attractive safe investment of its funds.

Pine Meadows in Selinsgrove has been occupied for ten years. An Agency developed preventive maintenance program insures that PHFA-financed apartments provide enduring residences for years to come.







As manager of facilities and construction operations, Pat Foca oversees the building progress of PHFA-financed projects. He helped institute the strong preventive maintenance program that ensures high quality in existing structures. Pat is a 1962 graduate of Villanova University and has 30 years experience in the contracting business.

Woodside Place in Oakmont, Allegheny County, is a barrier-free dwelling for Alzheimer's patients. The fourth such facility in the world, Woodside Place was financed by a combination of PHFA loans, rental housing tax credits, foundation grants and hospital support.

Brenda Wells, a senior management representative, is Manager of the Agency's Pittsburgh office. A nine year PHFA veteran, Brenda was previously employed for eleven years by the Housing Authority of the City of Pittsburgh where she held positions as a relocation officer and as the manager of a 660 unit facility.

Management representatives are especially sensitive to the need for constant diligence, preventive maintenance and fiscal stability to be sure that Agency financed developments provide enduring, affordable housing.

Since 1990 the State Treasurer has supplied a $20 million revolving line of credit to 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.

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

Supportive Services

In Pennsylvania, the state having the second greatest number of older persons, 65,000 citizens are residents in government subsidized senior citizen rental apartments. Recognizing that many of these residents lack the proper resources necessary to remain vital and productive members of society, the Agency developed a supportive services program.

Under the Supportive Services Program, the Pennsylvania Housing Finance Agency was allocated more than $400,000 of grant funds by the Robert Wood Johnson Foundation to provide technical assistance and training for housing managers so that they are able to respond more effectively to the needs of senior residents. Funds were also used to conduct needs assessment, design service packages and financing mechanisms and to identify sources of subsidies to pay for the services.

Nothing about the Supportive Services Program was intended to replace the care offered seniors by their families and friends or which may be available through existing community services. Those measures are vitally important. Instead, the program enhances and supplements the benefits of existing efforts and provides services where none existed before.

Currently there are 62 PHFA-financed projects for elderly persons that participate in the program statewide. Services have been identified and provided to residents in much greater numbers than prior to the program's inception. Examples include case management of health and supportive services, housekeeping, in-home personal care, assistance with heavy chores, shopping, laundry, respite care and companionship in daily living activities. Because every senior housing development is unique, each program is designed to meet local circumstances and residents' requirements.

On-site day care helps residents of the Dorothy Day Apartments in Pittsburgh overcome some of the problems single parents face when raising families alone.

PHFA was one of only ten housing finance agencies nationwide to receive initial funding for this program from a Robert Wood Johnson grant. The Agency has decided to continue the program in order to extend its benefits across the state.

Nonprofit Seed Fund Program

In an effort to expand and strengthen the financial capabilities of nonprofit sponsors of multifamily rental housing PHFA developed the Nonprofit Seed Fund Program.

By offering short-term, interest-free loans which can be converted to mortgageable expenses, the Seed Fund Program allows nonprofit community based housing organizations of limited resources to proceed with initial development work.

Seed funds may be used to defray certain expenses that accompany the construction and rehabilitation of multifamily apartments for lower income families, elderly, handicapped persons and homeless individuals. The program allows loans of up to $15,000 for each project. Repayment is made at closing using mortgage loan proceeds.

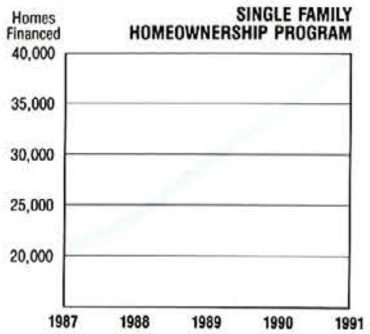
To be eligible, nonprofit corporations must have 501(c)3 status approved by the Internal Revenue Service or be a public housing authority. Seed fund revenues can be used to pay consultants who assist the nonprofits, architects and engineers who perform site work, legal expenses and insurance.

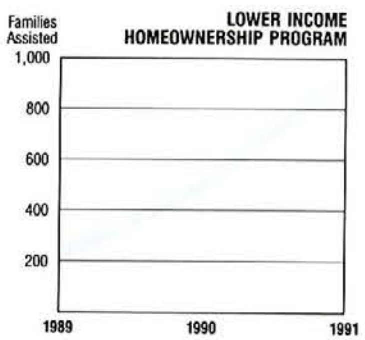
Through the availability of PHFA's Seed Fund more nonprofit organizations are encouraged to develop affordable housing for lower income families in Pennsylvania.

Manny Lopez can look back on more than 20 years experience in finance when he refers homebuyers to financial counseling services. As a PHFA mortgage servicing coordinator Manny assists homebuyers who are having financial trouble get back on their feet.

Following her graduation from law school, JoLynn Stoy came to PHFA in 1985 as a loan officer in the Homeowners' Emergency Mortgage Assistance Program (HEMAP). Now an associate counsel, she is responsible for review and approval of contracts and other documents for multifamily loan proposals and is chief legal coordinator for HEMAP appeals.

SINGLE FAMILY OPERATIONS





Single Family Homeownership Program

The Agency's statewide homeownership program has provided opportunities for Pennsylvania families who would otherwise not be able to afford to purchase a home of their own. Attractive interest rates, low down payments and closing cost assistance have contributed to this valuable housing resource, helping thousands of Pennsylvanians realize the American dream.

In 1991 the Agency embarked on three new programs that have made buying a home for many Pennsylvania families a reality.

In January, 1991, a new homeownership program was unveiled when PHFA combined efforts with State Treasurer Catherine Baker Knoll to make $100 million in low interest mortgages available to Commonwealth families.

Known as the Knoll HomeStart Program, this new measure was designed to complement PHFA's highly successful mortgage revenue bond program by targeting middle class families who are first time buyers, single parent families or veterans. Financed with taxable bonds, HomeStart loans are more flexible in their uses than tax-exempt mortgage revenue bonds.

Under the program maximum allowable income may be as much as 150 percent of the area median. Home purchase prices can be as high as two and one-half times income.

Loans are originated for PHFA by participating lenders. PHFA sells HomeStart loans to the Federal National Mortgage Association (FNMA), which in turn sells Triple-A rated mortgage backed securities to the State Treasury, which supplies mortgage funds.

Under the HomeStart Program income of the average participant is $34,270. The average home purchase price is $83,900, with an average mortgage amount of $71,800. Nearly 1,400 middle-income families used HomeStart to buy houses, prompting the development of a HomeStart II initiative, to be offered in 1992.

In May 1991, Pennsylvania was one of twenty states selected by the Farmers Home Administration to take part in a pilot program that would provide homeownership opportunities for persons living in rural communities throughout the state.

The program relied on the Agency's expertise in underwriting and administration, the Farmers Home Administration mortgage subsidy write-downs, the State Treasurer's investment of $8.3 million for mortgage loans, and the Federal National Mortgage Association's purchase of the loans.

As the state with the largest number of rural residents, the Rural Homeownership Program may provide opportunities not otherwise available.

Making maximum use of mortgage revenue bonds, PHFA has financed more than 41,000 home loans for Commonwealth families. Newly developed financing efforts include the Knoll HomeStart, Rural Home-owners' and Lease-Purchase Programs extending homeownership opportunities to an even wider sector of citizens.

The program, which ended September 30, is expected to receive another round of funding in 1992.

The Pennsylvania Treasury Lease/Purchase Home Program is the latest undertaking the Agency is participating in with the State Treasurer.

The Lease/Purchase Program is a demonstration effort that helps low and moderate income families bridge the gap between renting and buying homes of their own.

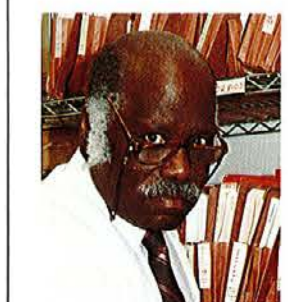
With emphasis on new construction, applicants enter into leases which allow monthly rent payments to be divided into two accounts. One, the "rent," covers the debt service obligations and operations costs of the sponsor. The second part is an escrow account that accumulates down payment and closing costs requirements associated with the eventual mortgage loan.

For-profit and nonprofit community groups may sponsor local initiatives by using lease/purchase funds to extend homeownership opportunities to qualifying lower income renters.

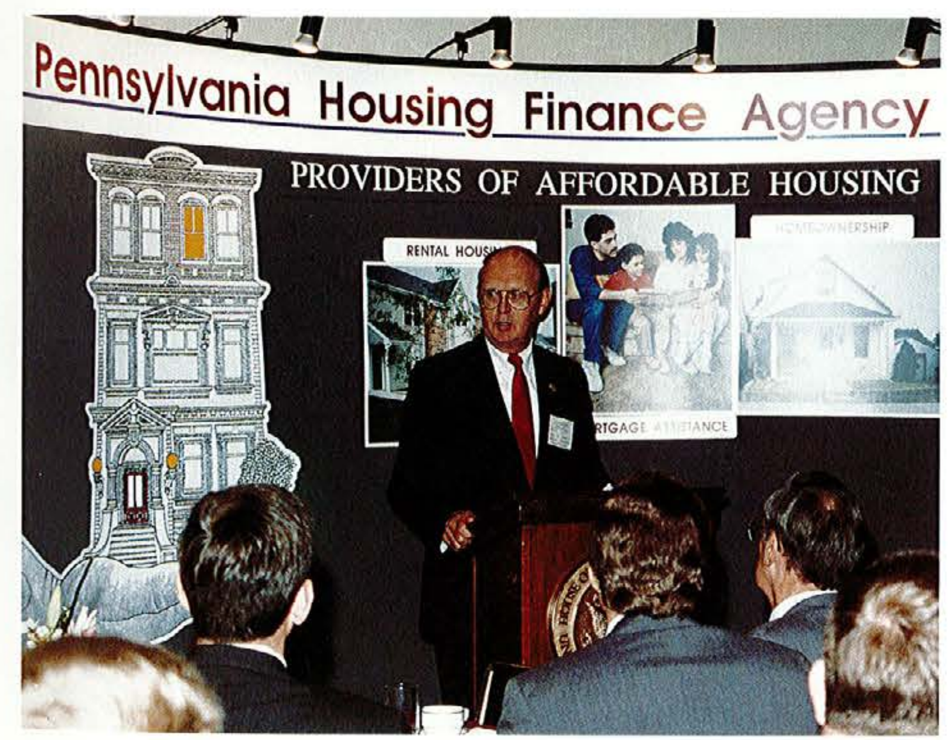
PHFA's Lower Income Homeownership Program initiated in 1989 has experienced continued growth and an additional allocation of funds was provided to meet the demand for these loans. Accompanying this program is a closing cost assistance program which provides assistance up to $2,500 in some areas.

The Agency's determination to expand home-buying opportunities to as many families as possible has led to the creation of the Pennsylvania Housing Insurance Fund (PHIF). This risk retention program helps buyers who are unable to obtain private or government-backed mortgage insurance. Thus, PHIF allows lower income families to overcome significant barriers to homeownership.

1991 was the biggest single-family year in PHFA's history with 6,169 families using Agency programs to buy homes of their own. Since PHFA began its statewide homeownership program in 1982 $1.9 billion of mortgage loans have helped 41,000 families purchase homes.

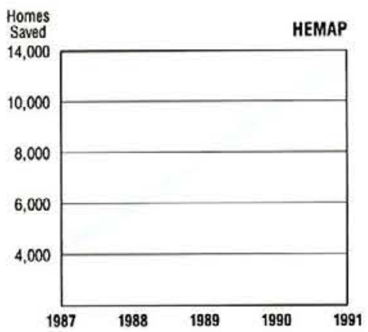


When he retired from the Dauphin County Assistance Office after 25 years experience Bob Hanna was Deputy Director of Social Services. The 1954 Penn State graduate continues his public service with the Agency's single family program where he assists in processing mortgage applications. Bob is one of several retirees who bring their full-time expertise to PHFA in part-time positions.



PHFA works with Congress to retain important housing programs that benefit Commonwealth citizens. Agency Board member (and Vice President of the National Homebuilders Association) Roger Glunt discusses the benefits of mortgage revenue bonds and tax credits with Congressional staff members.

Information about PHFA's programs is provided by the mortgage hotline ladies who answer more than 50,000 phone calls a year. Pictured here, left to right are: (front row) Lucille Phoenix, Laura Feehrer and Alberta Holley: (back row) Margaretta Craig, Dolores Alston and Doris Lester.



Lori Toia held positions in the Agency's Personnel and Management Divisions before her assignment to the Homeowners' Emergency Mortgage Assistance Program. In HEMAP she has worked in collections, as the loan closing coordinator and currently as a loan closing officer. Lori has been with PHFA since 1982 and is one of the original members of the Agency's championship volleyball team.

Authority to issue mortgage revenue bonds is subject to Congressional approval. With both U.S. Senators and twenty-two members of the Pennsylvania delegation as co-sponsors of federal legislation to extend this valuable home financing tool, the Agency is confident that its homeownership program will continue in years to come.

Homeowners' Emergency Mortgage Assistance Program

In the early 1980s factory closings, layoffs and deteriorating economic conditions left thousands of Commonwealth citizens without employment. In an effort to prevent widespread home mortgage foreclosures the General Assembly approved Act 91 of 1983 creating the Homeowners' Emergency Mortgage Assistance Program (HEMAP).

In the United States, HEMAP is unique to Pennsylvania. It helps families who are in danger of losing their homes to foreclosure due to circumstances beyond their control. Assistance is provided in the form of mortgage loans.

Approved applicants receive assistance to bring their mortgage payments current and may also be eligible for monthly mortgage payments for up to 36 months. Interest does not accrue nor does repayment begin until the homeowner is financially able.

Working closely with counseling agencies, PHFA staff thoroughly evaluate homeowners' circumstances. Beyond financial assistance, HEMAP recipients are given opportunities to participate in training programs to help them develop new skills necessary to re-enter the job force.

The Commonwealth has committed $116 million of HEMAP funds to help 12,000 families. More than $19 million has already been repaid.

The Homeowners' Emergency Mortgage Assistance Program is funded by a state appropriation. Subject to periodic legislative renewal it will be reconsidered for extension in 1992.

The Supportive Services Program identifies specific needs of residents in senior citizen housing. At Hershey Plaza, Dauphin County, a specially outfitted van is transportation for disabled renters. Initially funded by a $400,000 grant from the Robert Wood Johnson Foundation, the Supportive Services Program continues with Agency funding.

PERMANENTLY FINANCED PHFA RENTAL HOUSING APARTMENT PROJECTS

PROJECT	COUNTY	UNITS/ TYPE	PHFA FINANCING
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
Crawford Roberts	Allegheny	200 G/N	1,000,000
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
Melvin Ct/Churchill	Allegheny	43 G/R	1,762,030
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**/N	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 Phase I	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
Bookbindery	Berks	41 G/R	906,854
B'Nai B'rith House of Reading	Berks	175 E/N	4,910,000
Reading Elderly Housing	Berks	201 E/N	7,115,000
River Oak Apartments	Berks	72 F/N	2,238,548
Sencit Townehouse	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
Penn Gardens	Bucks	20 E/N	65,000
Robert Morris Apartments	Bucks	63 F/R	2,281,828
Silverlake Apts.	Bucks	15 G/N	680,100
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
Elm St. Apts.	Crawford	18 E/R	463,691
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
Hershey Plaza	Dauphin	216 E/N	7,245,000
Highspire School Apts.	Dauphin	42 E/R	1,109,000
Hill Cafe Apartments	Dauphin	27 F/R	743,750
Interfaith Apartments	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
Wilson St. Project	Dauphin	44 G/R	1,200,000
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

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

PROJECT	COUNTY	UNITS/ TYPE	PHFA FINANCING
Girard Towers	Erie	51 E/N	1,875,038
*Glenwood Manor Apartments	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 Apartments (HANDS)	Erie	30 G/R	1,013,662
Tandem Townhouses	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
Franklin Residences	Franklin	15 E/R	50,000
Waynesboro Trinity House	Franklin	76 E/N	3,315,000
Bridge Street Commons	Greene	30 E/N	44,500
Blairsville House	Indiana	87 E/N	1,550,000
Clairvaux Commons	Indiana	85 E/R	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 Apartments	Lackawanna	90 E/N	3,581,407
United Neighborhood Sr. Housing	Lackawanna	16 E/R	96,000
Village Park Apartments	Lackawanna	160 F/N	5,655,000
The Franklin	Lancaster	41 E/R	1,653,449
King Theatre Apartments	Lancaster	43 E/R	1,217,786
Lancaster Arms	Lancaster	74 F/N	3,376,419
Market House Apartments	Lancaster	51 E/R	1,920,000
Millersville Manor	Lancaster	121 E/R	2,875,000
Oak Bottom Village	Lancaster	56 G/N	1,458,511
Oak Hollow South	Lancaster	67 F/N	2,295,000
Old North Mansion Apartments	Lancaster	18 G/R	300,742
Plum Tree Apartments	Lancaster	15 F/R	605,000
Prince Street Towers	Lancaster	201 E/N	5,640,000
Rothsville School Apartments	Lancaster	15 G/R	535,565
Sassafras Terrace	Lancaster	64 G/R	2,211,201
Castleton Apartment Complex	Lawrence	74 E/R	1,822,760
Dennis Schill Manor	Lawrence	71 E/N	2,835,000
Allied Human Serv. Hsg.	Lawrence	8 E/N	31,985
Hileman Apartments	Lawrence	41 F/R	1,120,000
Highland Glen	Lebanon	96 F/N	3,805,000
Plaza Apartments	Lebanon	128 G/N	2,250,000
6th & Willow Sts. Elderly Hsg.	Lebanon	40 E/N	1,069,203
Tulpehocken Terrace	Lebanon	46 E/N	55,000
Allentown NSA I	Lehigh	21 F/R	524,397
Broad St. Apartments	Lehigh	70 E/N	2,487,221
Catasauqua Apartments	Lehigh	36 E/R	1,205,083
Chew Street Apts.	Lehigh	7 G/R	234,411
Color Clinic	Lehigh	12 F/R	581,909
Gordon St. Apartments	Lehigh	20 H/N	370,995
Mill Apartments	Lehigh	45 E/R	1,520,588
Ridge Manor II	Lehigh	30 E/N	1,011,597
627 Hamilton Apts.	Lehigh	30 E/R	998,437
South 6th Street Rehab	Lehigh	49 F/R	1,750,000
Towne House Apartments	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
Exeter Sr. Citizen	Luzerne	46 E/N	1,051,551
Hazlewood	Luzerne	100 E/N	2,520,000
Ken Pollack Apartments	Luzerne	40 E/N	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
Grier Street Manor	Lycoming	30 E/N	501,241
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 Apartments	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 Village	Montgomery	273 G/N	7,050,000
Norristown Elderly Housing	Montgomery	175 E/N	6,560,000
Norriswood Apartments	Montgomery	42 G/R	814,319
Oakwood Gardens	Montgomery	48 F/R	1,430,000
Rolling Hills	Montgomery	232 F/N	6,250,000
Telford Gardens Apartments	Montgomery	49 F/R	1,765,000
Bangor Elderly	Northampton	101 E/N	3,825,000
Belvidere Apartments	Northamptom	20 E/R	763,375
Easton Senior Citizens Housing	Northampton	98 E/N	1,776,000
1801 Apartments	Northampton	34 E/R	1,007,252
Ferry Street Apartments	Northampton	10 F/N	457,844
55 Broadway Apartments	Northampton	26 G/R	465,500
Main Street Apartments	Northampton	23 E/R	322,000
Mill Apartments	Northampton	45 E/R	1,520,588
S. Third St. Apts.	Northampton	22 E/R	765,808
Wyandotte Street Apartments	Northampton	7 G/R	357,085
Center City Apartments	Northumberland	34 G/R	1,125,238
Coal Township Elderly Housing	Northumberland	101 E/N	2,860,000
Milton Apartments	Northumberland	80 F/N	3,165,000
Mt. Carmel Elderly Housing	Northumberland	100 E/N	2,700,000
Riverfront Apartments	Northumberland	200 E/N	5,492,700
Perry Manor	Perry	50 F/N	1,970,000
Allegheny West	Philadelphia	41 G/R	1,348,688
Allen Lane Apartments	Philadelphia	17 F/R	755,900
Art Apartments	Philadelphia	30 G/R	994,450
Bethesda-Kesmon Hotel	Philadelphia	45 G/R	969,774
Bradmore Apts.	Philadelphia	34 G/R	846,730
Breslyn Apartments	Philadelphia	60 F/R	3,235,100
Cecil B. Moore	Philadelphia	58 G/R	1,679,706
Cecil B. Moore/Gratz	Philadelphia	40 G/R	1,341,000
Christian Street Apartments	Philadelphia	72 G/N	2,818,568

* No longer in Agency's portfolio

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

The Pershing Square Apartment complex in Greensburg, Westmoreland County, is home to 110 older Pennsylvanians. Section 8 rental subsidies help keep the units affordable.

PROJECT	COUNTY	UNITS/ TYPE	PHFA FINANCING
Chestnut/56th St.	Philadelphia	79 G/R	4,792,046
Christian St. Commons	Philadelphia	18 G/R	652,176
Church Lane Apartments	Philadelphia	40 G/R	1,236,652
Constandino Development	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
Diamond Phase II	Philadelphia	32 G/R	976,841
Dorado Village	Philadelphia	81 F/N	4,134,700
Dorothy Lovell Gardens	Philadelphia	25 G/R	621,909
Dunlap Apartments	Philadelphia	35 E/R	548,931
Endow-A-Home	Philadelphia	18 G/R	211,000
Enon Toland Newhall Mn	Philadelphia	26 E/N	38,257
15th and Jefferson	Philadelphia	39 F/N	1,805,100
Franklin Park Apartments	Philadelphia	125 F/R	5,934,600
Francisville/Rainbow	Philadelphia	20 F/R	488,000
Green Street	Philadelphia	15 G/R	326,000
Haddington Elderly Apartments	Philadelphia	136 E/N	5,920,000
Haddington Townhouses	Philadelphia	126 F/N	6,495,700
Hamill Mill Apartments	Philadelphia	40 E/R	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/R	1,709,786
Landreth Apts.	Philadelphia	51 E/R	1,000,000
Larchwood Gardens	Philadelphia	180 G/R	2,665,623
Levering Court	Philadelphia	20 G/R	650,000
Magnolia Mews	Philadelphia	63 G/R	1,998,696
Locust Tower	Philadelphia	40 G/R	1,858,586
Monte Vista Apartments	Philadelphia	159 EF/R	7,606,500
Oak Lane/Chelten Court	Philadelphia	62 G/R	1,519,000
Ogontz Hall	Philadelphia	25 G/R	767,222
One APM Plaza	Philadelphia	24 G/R	630,000
*One Buttonwood Square	Philadelphia	304 G/N	10,220,000
Park Tower Apartments	Philadelphia	157 E/N	7,155,000
Powelton Avenue	Philadelphia	25 G/R	1,153,584
Queens Court Apartments	Philadelphia	32 G/R	1,311,455
*Queen Village II	Philadelphia	51 G/R	1,180,000
Queens Row	Philadelphia	29 G/R	828,500
Regent Street Apartments	Philadelphia	80 F/R	750,000
Sartain Apartments	Philadelphia	35 E/R	582,740
Single Parent Family	Philadelphia	4 G/R	103,751
1604 W. Allegheny Ave.	Philadelphia	60 F/N	6,897,420
Somerset Apts.	Philadelphia	24 G/N	720,000
Spring Garden Housing	Philadelphia	9 F/R	400,000
Susquehanna Townhouses	Philadelphia	37 F/R	1,807,900
*Temple University Student Housing	Philadelphia	82 G/R	2,000,000
Tenth Mem. Baptist	Philadelphia	60 E/N	118,000
Trinity Place Apartments	Philadelphia	44 G/R	535,000
Venango House	Philadelphia	106 E/N	4,820,000
Von Louhr Apartments	Philadelphia	25 F/R	619,189
West Diamond Street	Philadelphia	48 G/R	1,154,991
Berwick House Apts.	Schuylkill	13 G/R	388,289
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
Cornplanter 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
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 Campbell North	Washington	75 E/N	2,255,000
Maple City Apartments	Wayne	40 E/N	200,000
Eastmont Estates	Westmoreland	100 F/N	2,699,948
Filbern Manor	Westmoreland	127 E/N	3,800,000
Huntingdon Village	Westmoreland	96 F/N	3,960,000
Maple Hill Apartments	Westmoreland	72 F/N	2,869,500
Markvue Apartments	Westmoreland	35 G/N	563,000
Nu-Ken Tower	Westmoreland	101 E/N	4,175,000
Pershing Square	Westmoreland	111 E/N	4,285,000
Rostraver Apartments	Westmoreland	96 F/N	3,583,400
Sandalwood	Westmoreland	86 F/N	3,512,269
Wimmerton Apartments	Westmoreland	100 G/N	1,820,000
Cable House	York	83 F/R	3,565,000
Delphia House	York	104 E/N	3,050,000
George Street	York	36 G/R	981,091
Hudson Park Towers	York	70 F/R	2,032,463
Southeast Neighborhood Apartments	York	19 F/R	424,248
TOTAL PROJECTS: 291		**21,075**	**$715,643,899**

PHFA-FINANCED CONSTRUCTION LOAN PROJECTS

PROJECT	COUNTY	UNITS/ TYPE	PHFA FINANCING
Bower Hill III Apartments	Allegheny	135 E/N	$ 7,842,900
Brinton Towers	Allegheny	190 E/N	4,272,200
Heritage Park	Allegheny	108 E/N	4,171,100
Roosevelt Arms	Allegheny	191 E/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 Townhouses	Berks	200 F/N	4,483,800
Belmondo on the Delaware	Bucks	195 G/N	5,265,000
Center Square Towers	Bucks	352 E/N	7,558,400
Downingtown Sr. Citizen Housing	Chester	40 E/N	1,216,800
Bloomsburg Elderly	Columbia	76 E/N	2,407,400
Cumberland Elderly Housing	Cumberland	101 E/N	3,009,800
Maclay Street NSA Project	Dauphin	126 F/R	6,033,500
Rutherford Park Townhouses	Dauphin	85 F/N	3,534,400
Elk Towers	Elk	103 E/N	3,517,300
Mid-City Towers	Erie	132 E/N	3,437,700
Connellsville Towers	Fayette	111 E/N	4,247,600
Carmichaels Arbors	Greene	76 E/N	2,114,500
Mountainview Gardens	Greene	120 F/N	4,229,400
Robindale Heights Apartments	Indiana	20 F/N	695,600
Mulberry Tower	Lackawanna	206 E/N	6,692,900
Webster Towers	Lackawanna	98 E/N	2,076,200
North Queen St. Apartments	Lancaster	8 F/R	517,200
Westview Terrace	Lawrence	106 F/N	2,036,705
Brookside Apartments	Lebanon	100 E/N	2,098,500
Plaza II	Lebanon	128 G/N	2,521,100
Catasauqua Apartments	Lehigh	10 F/R	397,200
Lutheran Manor	Lehigh	197 E/N	5,630,500
Anthracite Apartments	Luzerne	121 E/N	3,918,000
Center City Apartments	Luzerne	176 E/N	5,525,200
City Heights	Luzerne	151 E/N	4,658,000
Eastside Moderate Income Housing	Luzerne	76 F/N	1,478,400
Freeland II Housing	Luzerne	22 E/R	1,032,100
Hillside Apartments	Luzerne	200 F/N	4,099,900
Sherman Terrace Apartments	Luzerne	344 EF/N	7,249,300
Williamsport Elderly Housing	Lycoming	101 E/N	2,758,600
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 Apartments	Monroe	80 F/N	2,288,700
Moreland Towers	Montgomery	138 E/N	2,884,700
Southside Apartments	Northampton	150 E/N	4,045,000
2400 Chestnut Street	Philadelphia	372 G/N	15,280,000
20th and South Streets	Philadelphia	61 G/R	2,055,400
American Postal Workers House	Philadelphia	300 E/N	10,465,500
Delaire Landing Phase 5	Philadelphia	216 G/N	5,204,500
Executive House	Philadelphia	301 G/N	18,634,500
Gray Manor	Philadelphia	130 E/N	5,421,000
Lutheran Elderly Housing	Philadelphia	208 E/N	6,992,400
Mount Vernon Apartments	Philadelphia	124 F/N	2,428,800
Shalom Apartments	Philadelphia	155 E/N	4,833,400
Stenton Arms Apartments	Philadelphia	113 F/R	1,158,100
University City Townhouses	Philadelphia	70 F/N	3,807,400
University Plaza Apartments	Philadelphia	442 E/N	15,500,800
Verona Apartments	Philadelphia	117 G/R	2,614,800
West Poplar Apartments	Philadelphia	140 F/N	4,939,800
Wister Townhouses	Philadelphia	200 F/N	7,308,700
Lewisburg Elderly Housing	Union	80 E/N	2,698,900
Oak Hill Apartments	Venango	120 F/N	2,313,100
Pin Oak Village	Venango	100 F/R	1,752,700
Belvedere Acres	Washington	96 F/N	3,799,000
Washington Arbors	Washington	101 E/N	2,587,200
TOTAL PROJECTS: 64		**9058**	**$281,040,405**

PHFA-FINANCED RURAL TURNKEY PUBLIC HOUSING CONSTRUCTION LOAN PROJECTS

PROJECT	COUNTY	UNITS/ TYPE	PHFA FINANCING
West View Elderly	Allegheny	100 E/N	$4,196,970
Monaca Elderly Turnkey	Beaver	100 E/N	4,583,304
Birdsboro Elderly Turnkey	Berks	16 E/N	664,938
Fleetwood Elderly Turnkey	Berks	20 E/N	710,113
Sinking Springs	Berks	25 F/N	1,319,220
Wyalusing Elderly	Bradford	30 E/N	1,186,447
Slippery Rock Turnkey	Butler	50 E/N	2,144,700
Lehighton Turnkey	Carbon	10 G/N	550,426
Oxford Elderly Turnkey	Chester	48 E/N	2,015,473
Renovo Family Turnkey	Clinton	27 F/N	1,617,248
Pomfret Street Apartments	Cumberland	25 F/N	1,188,387
Williamstown Boro Family Turnkey	Dauphin	10 F/N	469,658
Williams Township Family Turnkey	Dauphin	40 F/N	2,071,757
J. Leonard Ostrow Turnkey	Erie	80 E/N	2,742,400
Millcreek Elderly Housing	Erie	65 E/N	2,000,000
North East Elderly Turnkey	Erie	40 E/N	1,443,786
Burrell Township Turnkey	Indiana	50 EF/N	2,291,580
Saltsburg Family Turnkey	Indiana	25 F/N	1,226,070
Carbondale Elderly Turnkey	Lackawanna	45 E/R	1,750,795
Lebanon City Turnkey	Lebanon	39 F/N	1,584,798
Slatington Elderly	Lehigh	75 E/N	3,752,946
Foster Township Turnkey	McKean	42 EF/N	1,792,422

** 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	PHFA FINANCING
McKean County Turnkey	McKean	136 EF/N	2,437,400
Skuylkill Haven Turnkey	Schuylkill	40 F/N	1,596,695
Middleburg Family Turnkey	Snyder	40 F/N	1,757,096
Arnold Family Housing	Westmoreland	20 F/N	1,004,945
Greensburg Family	Westmoreland	20 F/N	955,533
Lower Burrell Elderly Turnkey	Westmoreland	125 F/N	4,361,280
Trafford Elderly Turnkey	Westmoreland	100 E/N	3,708,320
Fairview Township Turnkey	York	75 E/N	3,209,697
TOTAL PROJECTS: 30		**1518**	**$60,334,404**

PHFA-FINANCED RURAL RENTAL HOUSING PROJECTS

PROJECT	COUNTY	UNITS/ TYPE	PHFA FINANCING
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 Manor	Dauphin	51 E/N	1,672,105
Strathmeade Square	Franklin	23 F/N	846,000
Nathan Village Apartments	Lancaster	51 E/N	1,322,622
Oak Bottom Village	Lancaster	24 F/N	795,800
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 Housing for the Elderly	Westmoreland	36 E/N	1,357,578
Derry Area Senior Citizens Housing	Westmoreland	18 E/N	342,000
TOTAL PROJECTS: 15		**677**	**$20,014,450**

HUD 202 ELDERLY HOUSING PROJECTS WITH PHFA "GAP" FINANCING

PROJECT	COUNTY	UNITS/ TYPE	PHFA FINANCING
Penn Gardens	Bucks	20 E/N	$ 65,000
Franklin Residences	Franklin	15 E/R	50,000
United Neighborhood Housing	Lackawanna	16 E/R	96,000
Allied Human Services Housing	Lawrence	8 E/N	31,985
Tulpehocken Terrace	Lebanon	46 E/N	55,000
Jefferson East Apartments	Montgomery	36 E/N	180,000
Antonian Towers	Northampton	50 E/N	190,183
Enon Toland Newhall	Philadelphia	26 E/N	38,257
Tenth Memorial Baptist	Philadelphia	60 E/N	118,000
Bridge Street Commons	Venango	30 E/N	44,500
Maple City Apartments	Wayne	40 E/N	200,000
TOTAL PROJECTS: 11		**347**	**$1,068,925**

E = Elderly F = Family N = New Construction R = Rehabilitated Dwelling

FINANCIAL STATEMENT

Pennsylvania Housing Finance Agency

REPORT ON AUDITS OF FINANCIAL STATEMENTS
for the years ended June 30, 1991 and 1990
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, 1991 and 1990, the related statements of revenues, expenses and changes in fund balances for the years then ended, the statement of cash flows for the year ended June 30, 1991, and the statement of changes in financial position for the year ended June 30, 1990. 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, 1991 and 1990, the results of its operations for the years then ended, its cash flows for the year ended June 30, 1991, and its changes in financial position for the year ended June 30, 1990 in conformity with generally accepted accounting principles.

As discussed in Note N to the financial statements, the Agency presented a statement of cash flows for the year ended June 30, 1991 in place of a statement of changes in financial position which was presented for the year ended June 30, 1990.

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 41 and 42 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 audits 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.

Coopers & Lybrand

5 North Fifth Street
Harrisburg, Pennsylvania
September 18, 1991

Balance Sheets

June 30, 1991 and 1990

	1991				1990			
	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)	$55,311,070	274,414,953	375,980,623	705,706,646	66,933,396	279,671,252	421,992,218	768,596,866
Mortgage loans receivable (Note F)	814,765	594,083,988	1,055,937,442	1,650,836,195	477,191	584,027,145	873,565,196	1,458,069,532
Construction advances (Note F)	—	23,387,420	—	23,387,420	—	14,475,130	—	14,475,130
Deferred and other assets	2,510,938	8,376,968	4,077,437	14,965,343	2,271,732	8,568,914	3,712,609	14,553,255
Due from other funds	24,346,923	—	—	24,346,923	448,666	—	788,085	1,236,751
	$82,983,696	900,263,329	1,435,995,502	2,419,242,527	$70,130,985	886,742,441	1,300,058,108	2,256,931,534
LIABILITIES AND FUND BALANCES:								
Notes payable (Note H)	—	5,000,000	19,553,103	24,553,103	—	18,000,000	—	18,000,000
Accrued interest payable	—	21,023,401	44,881,966	65,905,367	—	20,787,800	42,552,635	63,340,435
Accounts payable and accrued expenses	563,244	15,707	—	578,951	611,466	—	—	611,466
Escrow and other liabilities	1,367,483	116,227,471	7,871,848	125,466,802	1,544,112	105,202,885	7,536,162	114,283,159
Bonds payable (Note I)	—	675,580,929	1,274,693,579	1,950,274,508	—	663,132,787	1,193,290,064	1,856,422,851
Due to other funds	—	2,178,819	22,168,104	24,346,923	—	1,236,751	—	1,236,751
Total liabilities	1,930,727	820,026,327	1,369,168,600	2,191,125,654	2,155,578	808,360,223	1,243,378,861	2,053,894,662
Fund balances (Note J):								
Reserved	345,863	3,360,000	23,522,557	27,228,420	345,863	3,360,000	22,809,129	26,514,992
Unreserved:								
Designated	37,877,574	53,000,000	3,669,622	94,547,196	35,146,993	43,000,000	993,985	79,140,978
Undesignated	42,829,532	23,877,002	39,634,723	106,341,257	32,482,551	32,022,218	32,876,133	97,380,902
Total fund balances	81,052,969	80,237,002	66,826,902	228,116,873	67,975,407	78,382,218	56,679,247	203,036,872
	$82,983,696	900,263,329	1,435,995,502	2,419,242,527	$70,130,985	886,742,441	1,300,058,108	2,256,931,534

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, 1991 and 1990

	1991 General Fund	1991 Multi-Family Program	1991 Single Family Program	1991 Combined Total	1990 General Fund	1990 Multi-Family Program	1990 Single Family Program	1990 Combined Total
REVENUES:								
Interest income:								
Investments	$6,356,506	15,756,976	34,795,911	56,909,393	6,124,703	17,454,089	37,848,267	61,427,059
Mortgage loans receivable (Note F)	73,741	54,533,767	87,611,650	142,219,158	50,115	52,783,262	74,579,635	127,413,012
Construction advances (Note F)	—	471,528	—	471,528	—	455,663	—	455,663
Total interest income	6,430,247	70,762,271	122,407,561	199,600,079	6,174,818	70,693,014	112,427,902	189,295,734
Fees and charges	4,666,037	140,010	1,267,766	6,073,813	4,110,372	—	835,188	4,945,560
Amortization of deferred gain	—	215,425	—	215,425	—	594,938	—	594,938
Gain on sale of investments	3,141,873	56,383	—	3,198,256	75,078	1,563	31,500	108,141
Residual receipts	—	990,802	—	990,802	—	—	—	—
Total operating revenue	14,238,157	72,164,891	123,675,327	210,078,375	10,360,268	71,289,515	113,294,590	194,944,373
EXPENSES:								
Interest on notes (Note H)	—	893,705	4,993,279	5,886,984	—	1,359,744	—	1,359,744
Interest on bonds (Note I)	—	58,588,598	108,341,690	166,930,288	—	57,694,299	99,409,287	157,103,586
Salaries and related benefits	5,302,276	—	—	5,302,276	4,677,504	—	—	4,677,504
General and administrative	2,512,860	—	—	2,512,860	2,507,577	—	—	2,507,577
Loan loss provision	—	2,800,000	400,000	3,200,000	—	1,900,000	360,000	2,260,000
Total operating expenses	7,815,136	62,282,303	113,734,969	183,832,408	7,185,081	60,954,043	99,769,287	167,908,411
Income before extraordinary items	6,423,021	9,882,588	9,940,358	26,245,967	3,175,187	10,335,472	13,525,303	27,035,962
Extraordinary gain (loss):								
Early extinguishment of debt (Note I)	—	(13,906)	(1,152,060)	(1,165,966)	—	523	(399,468)	(398,945)
Property conversion (Note L)	—	—	—	—	—	6,155,571	—	6,155,571
Net income	6,423,021	9,868,682	8,788,298	25,080,001	3,175,187	16,491,566	13,125,835	32,792,588
Fund balances at beginning of year	67,975,407	78,382,218	56,679,247	203,036,872	67,689,203	59,001,669	43,553,412	170,244,284
Fund balance transfers, net (Note D)	6,654,541	(8,013,898)	1,359,357	—	(2,888,983)	2,888,983	—	—
Fund balances at end of year	81,052,969	80,237,002	66,826,902	228,116,873	67,975,407	78,382,218	56,679,247	203,036,872

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

Statement of Cash Flows

for the year ended June 30, 1991

	General Fund	Multi-Family Program	Single Family Program	Combined Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$ 6,423,021	9,868,682	8,788,298	25,080,001
Adjustments to reconcile net income to net cash provided (used for) operating activities:				
Depreciation and amortization	228,353	1,632,916	2,176,212	4,037,481
Loss on early extinguishment of debt	—	13,906	1,152,060	1,165,966
Loan loss provision	—	2,800,000	400,000	3,200,000
Interest expense on notes and bonds, excluding amortization and accretion	—	57,967,643	112,849,707	170,817,350
Interest income on investments	(6,356,506)	(15,756,976)	(34,795,911)	(56,909,393)
Gain on sale of investments	(3,141,873)	(56,383)	—	(3,198,256)
Amortization of deferred gain	—	(215,425)	—	(215,425)
Increase (decrease) due to changes in operating assets and liabilities:				
Mortgage loans receivable	(337,574)	(12,856,843)	(183,416,517)	(196,610,934)
Construction advances	—	(8,912,290)	—	(8,912,290)
Deferred and other assets	(467,559)	(260,391)	(716,169)	(1,444,119)
Accounts payable and accrued expenses	(48,222)	15,707	—	(32,515)
Escrow and other liabilities	(176,629)	11,240,011	335,686	11,399,068
Net cash provided by (used for) operating activities	(3,876,989)	45,480,557	(93,226,634)	(51,623,066)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Due (from) to other funds	(23,898,257)	942,068	22,956,189	—
Fund balance transfers from (to) other funds	6,654,541	(8,013,898)	1,359,357	—
Proceeds from sale of bonds and notes	—	20,499,647	233,322,126	253,821,773
Maturities of bonds and notes	—	(22,245,990)	(134,698,168)	(156,944,158)
Interest paid on bonds and notes	—	(57,732,042)	(110,520,376)	(168,252,418)
Net cash provided by (used for) noncapital financing activities	(17,243,716)	(66,550,215)	12,419,128	(71,374,803)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	(61,269,224)	(164,300,646)	(248,428,367)	(473,998,237)
Interest received on investments	7,695,995	14,912,935	32,389,421	54,998,351
Proceeds from maturities of investments	66,749,188	174,844,164	325,535,227	567,128,579
Net cash provided by investing activities	13,175,959	25,456,453	109,496,281	148,128,693
Net increase (decrease) in cash and cash equivalents	(7,944,746)	4,386,795	28,688,775	25,130,824
Cash and cash equivalents at beginning of year	(420,928)	79,911,178	95,039,856	174,530,106
Cash and cash equivalents at end of year	**$ (8,365,674)**	**84,297,973**	**123,728,631**	**199,660,930**

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

Statement of Changes in Financial Position

for the year ended June 30, 1990

	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
Items not using (providing) deposits and investments:				
Amortization of discounts on notes and bonds payable	—	1,167,355	1,459,993	2,627,348
Other (accretion), amortization and depreciation	451,376	(138,188)	(454,559)	(141,371)
Loan loss provision	—	1,900,000	360,000	2,260,000
Deposits and investments provided by operations before extraordinary items	3,626,563	13,264,639	14,890,737	31,781,939
Extraordinary gain (loss):				
Early extinguishment of debt	—	523	(399,468)	(398,945)
Property conversion	—	6,155,571	—	6,155,571
Deposits and investments provided by operations	3,626,563	19,420,733	14,491,269	37,538,565
Fund balance transfers, net	(2,888,983)	2,888,983	—	—
Bond and note proceeds, net of discount	—	13,003,500	346,172,881	359,176,381
Mortgage principal payments received	51,279	5,352,827	64,510,811	69,914,917
Mortgages permanently financed	—	21,944,850	—	21,944,850
Increase in due to other funds	—	—	435,736	435,736
Increase in accrued interest payable	—	—	2,816,056	2,816,056
Decrease in deferred and other assets, net of other liabilities	—	26,332,435	552,910	26,885,345
Total sources of deposits and investments	788,859	88,943,328	428,979,663	518,711,850
USES OF DEPOSITS AND INVESTMENTS:				
Increase in construction advances and mortgage loans receivable	159,391	74,035,479	172,633,421	246,828,291
Payment of bond principal	—	7,003,271	303,925,000	310,928,271
Payment of note principal	—	2,000,000	—	2,000,000
Increase in due from other funds	121,379	314,357	—	435,736
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
Total uses of deposits and investments	1,382,199	83,359,901	476,558,421	561,300,521
Increase (decrease) in deposits and investments	(593,340)	5,583,427	(47,578,758)	(42,588,671)
Deposits and investments at beginning of year	67,526,736	274,087,825	469,570,976	811,185,537
Deposits and investments at end of year	**$66,933,396**	**279,671,252**	**421,992,218**	**768,596,866**

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

Notes to Financial Statements

for the years ended
June 30, 1991 and 1990

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 for 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 of 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. The Single Family Program also provides primary mortgage insurance through the Pennsylvania Housing Insurance Fund.

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.

Cash and Cash Equivalents:
The Agency considers all highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents.

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, mortgage loan discounts 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. Factors considered by management include the estimated fair market values of the properties that represent collateral, the amount of mortgage insurance to be received, if any, and the past experience and financial condition of the borrowers. Additions to the allowance are provided by charges to expense.

Nonaccrual Loans:
The Agency's policy is not to place a loan on nonaccrual status, as the accrued interest is recoverable as part of the mortgage insurance claim.

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.

Mortgage Loan Discount:
Discounts on mortgages purchased by the Agency are amortized over the lives of the related bond issues using the interest method.

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. Fund balance transfers from the Multi-Family Program include earnings in excess of the note and bond interest and other related expenses.

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. During the year ended June 30, 1991, $1,359,357 was transferred from the General Fund to the Single Family Program to meet capital reserve and self-insurance requirements for Single Family Mortgage Revenue Bonds. There were no such transfers during the year ended June 30, 1990.

During the year ended June 30, 1991, $8,013,898 of earnings in excess of note and bond interest and other related expenses was transferred from the Multi-Family Program. There were no such transfers during the year ended June 30, 1990. During the year ended June 30, 1990, $2,888,983 was transferred to transfer the rental housing demo program from the General Fund to the Multi-Family Program.

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; noncollateralized 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, 1991 and 1990:

	1991	1990
Deposits (overdraft)	$ (2,732,999)	(5,276,774)
Investments	708,439,645	773,873,640
Total deposits and investments	$705,706,646	768,596,866

Management is not aware of any violations of statutory authority or contractual provisions for deposits and investments during the years ended June 30, 1991 and 1990.

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, 1991					
Demand deposits (overdrafts)	$ 133,817	—	379,814	513,631	(2,732,999)
June 30, 1990					
Demand deposits (overdrafts)	$ (171,660)	—	481,375	309,715	(5,276,774)

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, 1991					
Corporate bonds	$ 6,492,289	—	—	6,492,289	6,109,113
Investment agreements	141,116,721	—	—	141,116,721	141,116,721
Repurchase agreements	93,147,509	18,583,000	—	111,730,509	111,730,509
U.S. Government obligations	135,700,772	—	—	135,700,772	154,390,033
U.S. Government Agency obligations	222,256,141	—	—	222,256,141	223,302,464
Other	61,551,437	—	—	61,551,437	61,551,437
Totals	$660,264,869	18,583,000	—	678,847,869	698,200,277
Add amounts not categorized because securities are not used as evidence of the investments:					
Mutual funds				29,591,776	29,591,776
Total investments				708,439,645	727,792,053
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	$744,776,295	$5,753,000	—	750,529,295	771,378,320
Add amounts not categorized because securities are not used as evidence of the investments:					
Mutual funds				23,344,345	23,344,345
Total investments				773,873,640	794,722,665

The amortized cost and estimated market values of investments in debt securities as of June 30, 1991 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Corporate bonds	$ 6,492,289	27,650	410,826	6,109,113
Investment agreements	141,116,721	—	—	141,116,721
Repurchase agreements	111,730,509	—	—	111,730,509
U.S. Government obligations	135,700,772	21,660,618	2,971,357	154,390,033
U.S. Government agency obligations	222,256,141	2,809,270	1,762,947	223,302,464
Other	61,551,437	—	—	61,551,437
Mutual funds	29,591,776	—	—	29,591,776
	$708,439,645	**24,497,538**	**5,145,130**	**727,792,053**

The amortized cost and estimated market value of debt securities at June 30, 1991, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Market Value
Due in one year or less	$520,671,309	520,601,768
Due after one year through five years	44,760,359	46,070,741
Due after five years through ten years	41,522,358	42,941,402
Due after ten years	101,485,619	118,178,142
	$708,439,645	**727,792,053**

Proceeds from sales of investments in debt securities during 1991 were $34,731,553. Gross gains of $3,198,256 and gross losses of $0 were realized on those sales.

Cash and cash equivalents included in deposits and investments at June 30, 1991 comprise the following:

Deposits (overdrafts)	$ (2,732,999)
Investment agreements	1,158,737
Repurchase agreements	79,678,000
U.S. Government agency obligations	30,413,979
Other	61,551,437
Mutual funds	29,591,776
	$199,660,930

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, and self-insurance through the Agency's

Pennsylvania Housing Insurance Fund. In addition, the Agency has designated a portion of fund balance for self-insurance for certain multi-family and single family loans (see Note J). A summary of multi-family construction advances and mortgage loans receivable at June 30, 1991 and 1990 is as follows:

	Mortgage Loans Receivable	Mortgage Construction Advances
June 30, 1991:		
Insured and subsidized	$ 46,675,578	592,910
Insured and nonsubsidized	37,004,548	16,142,888
Uninsured and subsidized	492,850,614	—
Uninsured and nonsubsidized	29,853,248	6,651,622
	606,383,988	23,387,420
Allowance for potential loan losses	12,300,000	—
	$594,083,988	**23,387,420**
Interest rate range	**1.0%-14.0**	**7.5%-10.25%**
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
	593,527,145	14,475,130
Allowance for potential loan losses	9,500,000	—
	$584,027,145	**14,475,130**
Interest rate range	**1.0%-14.0%**	**7.0%-9.5%**

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. Substantially all single family mortgage loans are covered by commercial insurers.

The Agency has reimbursement agreements covering up to $250 million in mortgage loans with various commercial mortgage insurers 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. The Agency has restricted funds to cover a portion of the potential exposure under these agreements.

The Agency provides primary mortgage insurance coverage for single family mortgage loans through the Pennsylvania Housing Insurance Fund. This self-insurance fund is part of the Single Family Program. At June 30, 1991, the total loans covered under this program was $38,590,456.

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 single family mortgage loans originating from proceeds obtained from single family bond issues Series C through 1991-30. The total principal outstanding of mortgage loans self-insured by the Agency was $1,034,587,637 and $853,230,445 at June 30, 1991 and 1990, respectively.

Changes in the allowance for possible loan losses for the Multi-Family and Single Family Program are as follows:

	Multi-Family Program		Single Family Program	
	1991	1990	1991	1990
Balance, July 1	$ 9,500,000	7,600,000	360,000	400,000
Provision charged to income	2,800,000	1,900,000	400,000	360,000
Charge-offs	—	—	(188,574)	(400,000)
Balance, June 30	$12,300,000	9,500,000	571,426	360,000

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

Included in Single Family Program mortgage loans receivable at June 30, 1991 are $4,525,794 of mortgages pending sale to Federal National Mortgage Association. There were no mortgages pending sale at June 30, 1990.

G. Servicing Portfolio:

Included in the Single Family Program are mortgage loans serviced for investors which are not in the financial statements. The total amount of loans serviced for others was $74,807,553 at June 30, 1991. There were no loans serviced for others at June 30, 1990.

H. 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, 1991 and 1990, the Agency had notes payable outstanding of $5,000,000 and $18,000,000, respectively, which bears interest at 8% for 1991 and at rates ranging from 8% to 9.5% for 1990.

On September 28, 1990, the Agency entered into a $100,000,000 mortgage funding note payable with the Department of Treasury of the Commonwealth of Pennsylvania. Under the agreement, the Agency received $100,000,000 to provide low interest mortgage loans to first time homeowners. The note bears interest at a variable rate based on a formula which reflects the reinvestment rate of the note proceeds. At June 30, 1991, the Agency had notes payable outstanding of $19,553,103, which bears interest at 6.11%.

I. 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, 1991	Amount Outstanding June 30, 1990
Residential Development Bonds:				
Issue A	4.50–7.60%	2019	$ 75,315,000	76,145,000
Issue B	4.00–6.60%	2020	28,410,000	28,775,000
Issue 1977 (refunding)	3.60–6.50%	2023	82,980,000	83,835,000
Issue C	4.25–6.375%	2020	20,915,000	21,170,000
Issue D	4.50–6.75%	2021	73,985,000	74,820,000
Issue E	5.50–7.25%	2022	19,975,000	20,170,000
Issue F	5.80–7.60%	2022	54,510,000	55,285,000
Issue G	7.125%	2012	7,165,000	7,245,000
Issue H	6.00–7.70%	2023	49,460,000	50,165,000
Issue I	5.50–9.25%	2023	48,160,000	48,650,000
Issue J	9.50–14.50%	2013	23,855,000	24,005,000
Issue K	8.50–13.625%	2013	21,600,000	21,750,000
Issue L	7.75–12.125%	2025	27,390,000	27,665,000
Issue M	7.25–11.00%	2014	19,750,000	19,970,000
Issue N	9.75%	2014	3,115,000	3,150,000
Issue O	10.375%	2015	6,755,000	6,815,000
Issue P	10.375%	2015	5,415,000	5,465,000
Issue 1990 T-1 (refunding)	8.875%	1997	1,770,000	—
Issue 1991 T-3	8.25%	1994	2,155,000	—
State Workers' Insurance Fund	9.8%	2014	7,850,000	8,000,000
State Workers' Insurance Fund:				
Issue 1990B	9.29%	2015	4,440,000	4,500,000
Issue 1991C	8.9%	2016	12,500,000	—
Section 23 Assisted Bonds:				
Issue 1977A	5.75%	1995	563,000	670,000
Multi-Family Housing Bonds:				
Issue 1980	9.80–10.00%	2023	11,110,000	11,160,000
Issue 1982A	9.75–13.50%	2024	61,685,000	61,830,000
Issue 1982B	9.50–10.875%	2024	13,920,000	13,980,000
Issue 1985A	6.75–9.375%	2028	14,959,951	15,106,386
Issue 1985B	8.875%	2028	1,725,000	1,730,000
Issue 1987A	7.00–8.50%	2002	610,000	660,000
Issue 1988A	10.65%	2008	1,425,000	1,455,000
Issue 1990 T-2 (refunding)	8.625%	1995	2,355,000	—
Limited Obligation Residential Development Bonds:				
Issue 1984A	6.50–11.25%	2006	1,322,242	1,417,242
Issue 1985B	6.50–9.50%	2005	—	1,605,000
Moderate Rehabilitation Bonds:				
Issue 1984A	6.50–10.375%	2001	3,360,000	3,545,000
Issue 1984	5.25–9.00%	2017	4,710,000	4,920,000
Multi-Family Development Bonds:				
Issue 1989B	8.25%	2015	3,545,000	3,575,000
Federal National Mortgage Association:				
Issue 1990A	7.5%	2023	3,793,000	—
			722,553,193	709,233,628
Unamortized bond discount			(46,972,264)	(46,100,841)
			$675,580,929	663,132,787

The 1990 Issue T-1 bonds were issued in connection with a plan of finance, pursuant to which the Agency has entered into an agreement to issue $23,905,000 of Residential Development Refunding Bonds to refund the Agency's outstanding Issue L Bonds in 1992.

The Issue 1990 T-2 bonds were issued in connection with a plan of finance, pursuant to which the Agency has agreed to issue $37,700,000 of Multi-Family Housing Refunding Bonds to refund all of the Agency's outstanding 1982A bonds and a portion of the Issue 1982B Bonds in 1992.

The Issue 1991 T-3 bonds were issued in conjunction with a plan of finance, pursuant to which the Agency has agreed to issue $45,115,000 High Coupon Escrow Refunding obligations evidencing forward purchase of residential development refunding bonds (1991 Issue A) to refund all of the Agency's outstanding issue J and issue K bonds. The Agency issued subscriptions for the purchase of the bonds on March 7, 1991. The bonds will be issued on November 26, 1991.

During the year ended June 30, 1991, the Agency defeased, prior to maturity, $1,605,000 of limited obligation residential development bonds, issue 1985B. The Agency defeased the bonds by depositing sufficient funds with a trustee for the purpose of making future interest and principal payments. The funds, which were placed in our escrow account, were invested in U.S. Treasury State and Local Government Notes. The defeased principal outstanding on these bonds was $1,550,000 at June 30, 1991. As the obligation has been satisfied in substance the Agency has accounted for the bonds as though redeemed. An extraordinary loss of $61,003 resulted from the defeasance.

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 1985B. An extraordinary gain of $523 resulted from the redemptions.

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

Issue	Interest Rate Range At Issuance	Final Maturity Date	Amount Outstanding June 30, 1991	1990
Single Family Mortgage Revenue Bonds:				
Series C	6.00–9.375%	2014	$ 57,864,325	59,399,325
Series D	5.75–9.75%	2014	55,098,949	61,062,774
Series E	6.00–10.25%	2015	11,484,838	35,604,838
Series F	7.50–11.625%	2015	4,565,000	13,855,000
Series G	6.00–9.625%	2016	144,175,000	145,630,000
Series H	5.50–9.875%	2016	73,968,488	76,203,488
Series I	6.00–10.00%	2016	21,587,875	23,145,321
Series J	4.50–9.0%	2013	40,446,666	41,666,666
Series K	4.50–7.9%	2013	51,191,868	52,356,868
Series L	4.00–7.125%	2014	38,085,000	38,685,000
Series N	4.60–8.25%	2014	52,610,000	53,450,000
Series O	5.75–8.20%	2018	76,385,000	79,350,000
Series P	4.75–8.00%	2016	24,925,000	25,210,000
Series Q	6.00–8.375%	2018	49,780,000	50,000,000
Series R	6.20–8.125%	2019	79,700,000	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	24,900,000	25,000,000
Series W	6.30–7.80%	2020	50,295,000	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	35,000,000
Series Z	6.00–7.55%	2016	27,000,000	27,000,000
Series 1990–27	6.50–8.15%	2021	46,805,000	47,000,000
Series 1990–28	6.3–7.65%	2023	80,000,000	—
Series 1990–29	6.1–7.375%	2016	30,000,000	—
Series 1990–30	5.3–7.3%	2017	25,000,000	—
			1,296,203,009	1,215,454,280
Unamortized bond discount			(21,509,430)	(22,164,216)
			$1,274,693,579	1,193,290,064

During the year ended June 30, 1991, $36,781,271 of Single Family Mortgage Revenue Bonds, Series D, E, F, I and O were redeemed prior to maturity by the Agency using mortgage prepayments and undisbursed bond proceeds. Extraordinary losses of $1,152,060 resulted from the redemptions as unamortized bond discount and related costs of issuance for the bonds redeemed were expensed.

During the year ended June 30, 1990, $48,235,000, 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 resulted from the redemptions as unamortized bond discount and related costs of issuance for the bonds redeemed were expensed.

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, 1991:

Year Ending June 30:	Multi-Family Program Principal	Interest	Single Family Program Principal	Interest	Total Principal and Interest Maturities
1992	$ 8,398,117	57,409,311	19,720,000	102,902,947	188,430,375
1993	10,129,678	57,005,383	22,405,000	101,369,451	190,909,512
1994	11,676,474	56,198,435	24,210,000	99,642,841	191,727,750
1995	12,531,124	55,279,224	23,828,207	97,797,459	189,436,014
1996	11,653,969	54,299,706	23,439,474	96,142,822	185,535,971
Thereafter	668,163,831	812,554,002	1,182,600,328	1,496,369,622	4,159,687,783
	$722,553,193	1,092,746,061	1,296,203,009	1,994,225,142	5,105,727,405

J. 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 balance as follows:

	June 30, 1991	1990
Single Family Self-Insurance Fund	$18,327,574	14,141,993
Multi-Family Self-Insurance Fund	10,000,000	10,000,000
Additional Single Family Insurance Program	4,550,000	6,005,000
HOMES Program	5,000,000	5,000,000
	$37,877,574	35,146,993

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 1991–30 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 1991–30. 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.

Multi-Family Program:

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

	June 30,	
	1991	1990
Capital Reserve not funded by bond proceeds	$1,960,000	1,960,000
Development Reserve	1,400,000	1,400,000
	$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,	
	1991	1990
HOMES Program	$53,000,000	43,000,000

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.

Single Family Program:

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

	June 30,	
	1991	1990
Risk Retention	$ 5,000,000	2,000,000
Capital Reserve not funded by bond proceeds	4,478,090	9,055,628
Self-Insurance Fund held by Trustee	14,044,467	11,753,501
	$23,522,557	22,809,129

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, 1991 and 1990, respectively, amounted to $49,203,349 and $47,569,325, including amounts funded by bond proceeds. Such amounts were $9,317,259 and $10,105,697, 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 Agency has designated a portion of the Single Family Program Fund balance as follows:

	June 30,	
	1991	1990
Closing Cost Subsidy Program	$1,214,622	993,985
Additional Single Family Insurance Program	2,455,000	—
	$3,669,622	993,985

The Closing Cost Subsidy, is a program established to assist qualified Single Family home buyers with the initial costs incurred at the inception of a mortgage.

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.

K. 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, 1991 and 1990, 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, 1990 and 1989 was approximately $3,960,000 and $3,679,000, 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:
   a. 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, 1991 and 1990, Plan membership consisted of:

	1991	1990
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	55	54
Current employees:		
Vested	101	84
Nonvested	35	47
	191	185

Funding Status and Progress:
The amount shown on the following page as 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, 1991 and 1990. 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 or seniority, and (d) no post-retirement benefit increases.

Total assets in excess of pension benefit obligation at January 1, 1991 and 1990, the most recent valuation dates, were as follows:

	1991	1990
Pension benefit obligation:		
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$ 697,323	678,208
Current employees:		
Accumulated employee contributions	26,017	25,097
Employer contributions—vested	3,098,702	2,514,304
Employer contributions—nonvested	119,331	182,685
Total pension benefit obligation	3,941,373	3,400,294
Plan assets at market value	5,945,961	5,523,141
Assets in excess of pension benefit obligation	$2,004,588	2,122,847

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

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 1990 and 1989 were $223,638 and $257,506, respectively, representing normal cost (5.6% and 7.0%, respectively, of current covered payroll) and were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of January 1, 1991 and 1990, respectively. The Agency contributed $222,719 and $255,906 (5.6% and 7.0%, respectively, of current covered payroll); employees contributed $919 and $1,600 (0.02% and 0.04%, respectively, of current covered payroll) for Plan years 1990 and 1989, 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 41 and 42.

	Plan Year Ended December 31		
	1990	1989	1988
Net assets available for benefits expressed as a percentage of the pension benefit obligation	150.86%	162.43%	155.60%
Assets in excess of pension benefit obligation expressed as a percentage of covered payroll	50.63%	57.70%	44.12%
Employer contributions expressed as a percentage of covered payroll	5.62%	6.96%	6.63%

L. 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.

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.

M. 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, 1991 and 1990 amounted approximately to $103,800,000 and $100,200,000, 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.

Financial Instruments with Off-Balance Sheet Risk and Concentrations of Credit Risk:
The Agency is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to originate and/or purchase single family and multi-family residential and construction mortgages. Such instruments generally have fixed expiration dates or termination clauses and may require payment of a fee to the Agency. Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Agency uses the same credit policies in making commitments as it does for on-balance sheet instruments. Collateral for all single family and multi-family residential and construction mortgage commitments consists of liens on residential real estate. The Agency's exposure to credit loss in the event of nonperformance by the other party to these commitments to extend credit is represented by their contractual amounts. Outstanding commitments by the Agency to make or acquire single family and multi-family mortgages aggregated approximately $285,300,000 and $20,300,000 respectively, at June 30, 1991.

All of the Agency's business activity is within the Commonwealth of Pennsylvania. With regard to single family mortgages, all mortgages are to low income customers and are secured by the related residential real estate. With regard to multi-family mortgages, all mortgages are to developers who rent to low income tenants with the mortgage being collateralized by the related residential real estate.

N. Statement of Cash Flows:

In September 1989, the Governmental Accounting Standards Board issued Statement of Governmental Accounting Standards No. 9 (GASB No. 9) which requires a statement of cash flows as part of a full set of financial statements in place of a statement of changes in financial position. Accordingly, the financial statements for the year ended June 30, 1991, include a statement of cash flows. As permitted by GASB No. 9, the statement of changes in financial position for the year ended June 30, 1990 is shown as originally presented.

O. Subsequent Events:

On August 28, 1991, the Agency issued $85,000,000 (Series 1991-31) and $35,000,000 (Series 1991-32) Single Family Mortgage Revenue Bonds, which are due in varying amounts from April 1, 1993 through October 1, 2023, bearing interest rates ranging from 4.98% to 8.95%. The proceeds of these bonds will be used for Single Family Mortgage Loans.

Analysis of Funding Progress

Ten-Year Historical Trend Information

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)
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
1990	5,945,961	3,941,373	150.86	2,004,588	3,959,624	50.63

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.

* *At market value*

Revenues by Source and Expenses by Type

Ten-Year Historical
Trend Information

Plan Year Ended December 31	Revenue by Source					Employer Contributions as a Percentage of Covered Payroll
	Employee Contributions	Employer Contributions	Investment Income	Realized and Unrealized Gains and (Losses)	Total	
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
1990	919	222,719	425,721	(128,097)	521,262	5.62

Plan Year Ended December 31	Expenses by Type			
	Benefits	Administrative Expenses	Refunds	Total
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
1990	42,763	—	—	42,763

Contributions were made in accordance with actuarially determined contribution requirements. In 1981 the Plan was amended to convert it from a contributory to a noncontributory 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.

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[illegible] Sheibley, Investment Coordinator
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[illegible], Secretary

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Wendy [illegible], Personnel Assistant
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