OUR FIRST TWENTY YEARS

PENNSYLVANIA HOUSING FINANCE AGENCY

1992 ANNUAL REPORT

COVER PHOTO: The value of any society may be judged by the way it cares for its citizens. Lindsey and Kelly Mummau of Lancaster are two of the nearly 12,000,000 reasons why the Pennsylvania Housing Finance Agency works to make the Commonwealth a better place to live.

PENNSYLVANIA HOUSING FINANCE AGENCY

OUR MISSION

Most Pennsylvanians, about 80 percent, live in homes that are safe, adequate and affordable. The other 20 percent live in houses or apartments that are unsafe, overcrowded, inadequate, expensive, or temporary, and in some cases, all of those. Translated into simple terms, this means that 2,400,000 residents need better housing.

Helping to improve living conditions for these citizens is the mission of the Pennsylvania Housing Finance Agency. It is a large and important job that has gotten no easier during the twenty years of the Agency's existence.

In the face of declining resources, increasing family dysfunction, rapidly aging housing stock, the ravages of past inflation, neglect, discrimination, overburdened cities and inadequately served rural areas, the Agency's task becomes more formidable and demands ever greater creativity. Performing well has never been so difficult or more important.

The Pennsylvania Housing Finance Agency has implemented programs in response to needs for funding home mortgage loans, preventing foreclosures, developing supportive services and subsidizing affordable rental units for families of low and moderate income, older adults, individuals who are disabled and those with special housing needs. With a dedication to the principal that all citizens have a right to decent, safe and affordable places to live, the Agency will commit all its resources and talent toward fulfilling this purpose.

MEMBERS OF THE BOARD


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


Ronald S. Mintz


James W. Brown
Chief of Staff
to Governor Robert P. Casey


Mark Schwartz, Esq.


Hillard Madway

PENNSYLVANIA HOUSING FINANCE AGENCY

OUR MISSION

Most Pennsylvanians, about 80 percent, live in homes that are safe, adequate and affordable. The other 20 percent live in houses or apartments that are unsafe, overcrowded, inadequate, expensive, or temporary, and in some cases, all of those. Translated into simple terms, this means that 2,400,000 residents need better housing.

Helping to improve living conditions for these citizens is the mission of the Pennsylvania Housing Finance Agency. It is a large and important job that has gotten no easier during the twenty years of the Agency's existence.

In the face of declining resources, increasing family dysfunction, rapidly aging housing stock, the ravages of past inflation, neglect, discrimination, overburdened cities and inadequately served rural areas, the Agency's task becomes more formidable and demands ever greater creativity. Performing well has never been so difficult or more important.

The Pennsylvania Housing Finance Agency has implemented programs in response to needs for funding home mortgage loans, preventing foreclosures, developing supportive services and subsidizing affordable rental units for families of low and moderate income, older adults, individuals who are disabled and those with special housing needs. With a dedication to the principal that all citizens have a right to decent, safe and affordable places to live, the Agency will commit all its resources and talent toward fulfilling this purpose.

MEMBERS OF THE BOARD

Karen A. Miller
Secretary of Community Affairs

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

Sarah W. Hargrove
Secretary of Banking

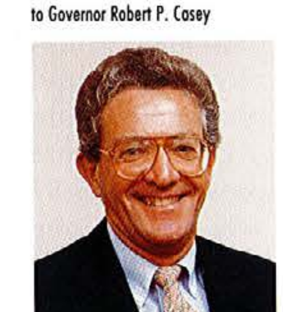
Catherine Baker Knoll
State Treasurer

Herman A. Silverman

Ronald S. Mintz

James W. Brown
Chief of Staff
to Governor Robert P. Casey

Mark Schwartz, Esq.



Hillard Madway

MESSAGE TO THE GOVERNOR

Twenty years ago the General Assembly created the Pennsylvania Housing Finance Agency (PHFA). The continued support of the Governor, the Legislature and the citizens of the Commonwealth remains critical to the Agency's success. This annual report has been prepared to give a perspective on PHFA's activities during the past few years.

RENTAL HOUSING

Rental housing that meets the needs of low income families, the elderly and the disabled has always been a priority at the Agency. From 1972 through 1986, more than 30,000 apartments were financed with a total Agency investment approaching one billion dollars.

By 1987, the elimination of federal housing subsidies left no support from Washington to complement the attractive financing packages the Agency had at its disposal. As a result, the development of rental housing for Pennsylvania's lower income citizens became economically infeasible. In response, the Agency developed its own self-supporting subsidy program, known as HOMES. This effort is funded with PHFA reserves.

The Agency worked with the nation's major credit rating agencies in establishing the HOMES program to ensure that a withdrawal from reserves wouldn't negatively affect operating capability. Consequently, PHFA securities remain rated among the best of their kind in the nation. Each year the Agency requests additional scrutiny by Standard and Poor's and Moody's Investor Services before any commitment to the HOMES program is made.

During the past five years, the Agency has provided over $78 million in HOMES subsidy funds. Coupled with PHFA bond financing, HOMES will make 5,400 units of affordable rental housing available to older adults, lower income families, the disabled and the homeless. PHFA's financial commitment in turn has generated $370 million in multifamily construction.

HOMEOWNERSHIP

In 1981 the Legislature authorized PHFA to finance homes for first time home buyers. To date, the Agency has raised more than two billion dollars to make homeownership possible for 44,000 Commonwealth families.

PHFA mortgage loans have also been targeted to low income families earning less than $20,000 a year. To make ownership possible for them, the Agency developed a Closing Cost Assistance Program. Most credit worthy lower income families can make the monthly mortgage payments. It is the down payment and the closing cost expenses that precludes them from purchasing. Closing Cost Assistance provides loans of up to $2,500 to pay front-end fees and is forgiven after families have lived in the house for five years. This subsidy also comes from the Agency's reserves.

Besides helping families buy their own homes, the economic impact of new construction generated by the PHFA Single Family Program is significant as the information below illustrates. More than 20,000 full time construction jobs paying over $400 million in wages and nearly $50 million of state and local taxes are a direct consequence of PHFA-financed new home construction.

In addition to the traditional statewide homeownership program, special efforts have been initiated to reach moderate income home buyers and stimulate the construction industry during the recent downturn in the economy: Knoll HomeStart I and II financed 2,900 homes with $207 million and a demonstration Lease/Purchase program will finance 250 homes with $15 million. Both these programs, administered by the Agency, are being financed by the State Treasurer through investments in PHFA securities.

MORTGAGE FORECLOSURE ASSISTANCE

Unique in the nation, the Pennsylvania General Assembly developed a foreclosure abatement program in 1983. Known as the Homeowners' Emergency Mortgage Assistance Program (HEMAP), this effort has been administered by PHFA since its inception. With funding from the Legislature, HEMAP has saved the homes of 12,900 families, thus allowing these citizens to acquire new job skills, training and professions.

The Legislature's faith in its citizens has not been misplaced. Over $22 million has already been repaid by homeowners who were helped by this bellwether effort.

OTHER ACTIVITIES

PHFA administers several other programs having considerable impact on the state's housing and economy. Among these are: the Low Income Housing Tax Credit Program ($46.9 million supporting 10,385 rental housing units in the Commonwealth); the Rental Rehabilitation Program ($9.3 million resulting in the rehabilitation of 2,200 units of low income apartments); and, the Supportive Services Program for senior citizens which provides basic help with chores and everyday activities for older Pennsylvanian's living in PHFA-financed developments.

NATIONAL PERSPECTIVE

Several additional facts about the Agency are worth noting:

- PHFA devotes more dollars from its reserves to support homeownership and rental housing development than any other state housing finance agency in the nation.
- Only six states have made more homeownership loans than PHFA and their programs were started years earlier.
- Ninety-five percent of all Agency-financed rental units are for households with incomes at 80 percent of median or below.
- Among northeastern states, only the Massachusetts Housing Agency has financed more multifamily projects than PHFA, and only Maine has a lower average income for single family borrowers.

The Agency has made over $3.1 billion available for housing in its 20 year history. Approximately one in every hundred Commonwealth households has had its housing situation improved in some way through the use of a PHFA program.

The following pages show in a small way how PHFA has benefitted a few Pennsylvanians and tell a little about the people who have made the help possible.

On behalf of the Board and staff of the Pennsylvania Housing Finance Agency, we pledge our best efforts to keep making the Commonwealth a better place to call home, and hope the years to come will be as productive as the ones we have already experienced.

Karen O Miller

Karen Miller
Chairperson

Karl Smith

Karl Smith
Executive Director

Alice Green lives in Pittsburgh at the PHFA-financed K. Leroy Irvis Tower where she reads her favorite book, the Bible, whenever she likes.

ALICE GREEN

"It's nice not having to depend on others for help. If I see something in the newspapers, now I can read it and get it on sale."

Alice Green never really had the opportunity to learn to read or write when she was a child. Coming from a large family that lived miles from the nearest school, she received very little formal education. She married young and soon had children of her own. All throughout her early years she knew only farming but she always wanted to read the Bible.

When an adult literacy course was offered at Pittsburgh's K. Leroy Irvis Tower, she jumped at the chance. She has completed more than a year in the program and has already earned one certificate. Having learned to read and write, Mrs. Green now manages her own finances, too.

The outlook is bright for young Pennsylvanians who live in decent housing.

Charles Washington has kept PHFA's mail moving since 1983 where he combines his duties as messenger with his fondness for working with people.

Christine Rodgers joined PHFA as a closing coordinator in 1980 and was one of nine charter members of the Homeowners' Emergency Mortgage Assistance Program staff in 1984, where she is now a Hearing Examiner in the Appeals Branch. She brings experiences as a legal administrator and loan officer to this demanding position.

THE TODDS

Shirley and David Todd were able to buy their own home in West Pittston with the help of a PHFA mortgage loan. They found their house through a program managed by the Housing Development Corporation of Northeastern Pennsylvania, which also provided a rehabilitation loan to bring the property up to local code standards.

"If it wasn't for the PHFA loan, we'd never be able to afford the house."

Karen Fells has been with PHFA for three years. She is an Escrow Coordinator in the Single Family Division where she is responsible for tax and insurance payments for homeowners participating in the Statewide Homeownership Program.

Vera Nelson is a sixteen year PHFA veteran. She has contributed to the development of more than 30,000 section-eight apartments and now coordinates rental housing tax credits for affordable multifamily housing.

The Todds are one of 125 families who have received loans under a cooperative housing arrangement between HDC and PHFA. Twelve families took advantage of the Agency's Closing Cost Assistance Program, as well.

Most of these homebuyers have modest incomes: the average is $23,600 with purchase prices averaging $37,000 and rehabilitation loans of $6,500.

United Security Mortgage Corporation of Wilkes-Barre was the lender for the Todds' loan. The Luzerne County Office of Community Development funded the rehab. Such multi-source financing is typical of successful sponsorship in both homeownership and rental housing development programs.

Shirley and David Todd like their home in West Pittston. So do their children, Erin and Garth. Mr. Todd is an insurance auditor and Mrs. Todd is a homemaker. They had previously lived in rental housing.

Chauncey Westbrook learned music from his pianist mother and practiced the art professionally for fifty years. His fourth floor apartment at Hamill Mill Apartments is the perfect place to compose music and enjoy his retirement.

"We need more of these kind of places."

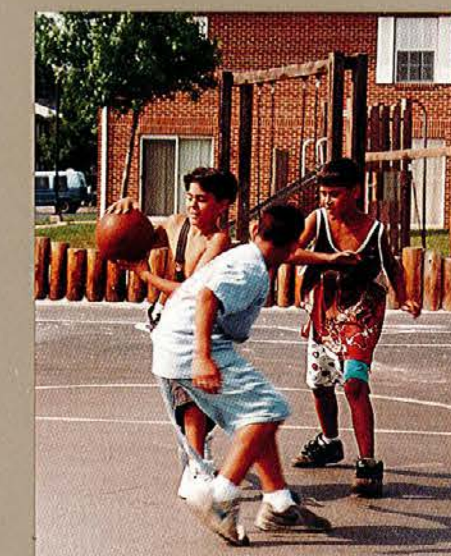
CHAUNCEY WESTBROOK

Retired musician Chauncey Westbrook resides in the Hamill Mill Apartments, a HOMES-assisted rental development in the Germantown section of Philadelphia.

Having played guitar with such jazz greats as Miles Davis, Duke Ellington, and Lena Horne, he now composes mostly for himself on a vintage Commodore personal computer.

He played the role of Gitfiddle, a down-on-his-luck guitarist, in the 1988, 1989, and 1990 Philadelphia productions of Langston Hughes' *Simply Heavenly*.

Mr. Westbrook has lived in Philadelphia since 1984. After several unsatisfactory housing experiences, he decided that the renovated Hamill Mill was the place for him when he visited during an open house. Asked to list the three apartments he wanted to rent, he wrote "405, 405, 405." He called every day to check on his status. Mr. Westbrook's persistence paid off. He was the third resident to move in.



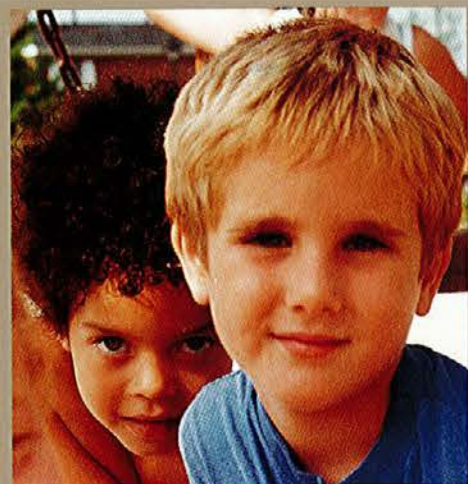
Suitable recreation facilities are important for young and old alike.

Stephanie White came to PHFA as a data entry clerk in 1979 and worked in the Management and Finance Divisions before moving to HEMAP three years ago. She is an Administrative Assistant in the division's Accounting Department.

George Bemesderfer brings 27 years of residential lending experience to his job as a Loan Officer with the Pennsylvania Housing Insurance Fund.

Nancy Twyman combines her responsibilities as the mother of two teenage children with her duties as a Management Representative in PHFA's Norristown Office. The Bronx native was an assistant manager in the New Bedford Massachusetts Housing Authority. She and her husband live in Yeadon.

THE KIDS



Stephen Rucker and Brandon Ward, residents of Orchard Apartments, attend kindergarten together.

Decent homes are at the heart of stable communities. The future of the Commonwealth, and the nation, is the future of the children. Providing safe, secure and affordable rental apartments in which to raise families is a primary focus of the Pennsylvania Housing Finance Agency.

Orchard Apartments, an 81 unit development in Cumberland County, is one such facility that has been financed by the Agency. Families flourish here, and help contribute to the most valuable resource, children.

Joyce Sheehan has held many jobs in her life, including work repairing aircraft engines during the Second World War, as a legal secretary for a leading Pennsylvania law firm, in the Boeing Vertol Division where she won eight awards for suggestions the company adopted, and in sales with the AMP Corporation. She is now the Agency's receptionist.

Lynnsey Leonard and Valentina Caraballo, each three years old, are best friends.

Construction coordinator Donna Rodgers monitors the progress of multifamily developments from beginning through issuance of certificates of occupancy. Donna has been with PHFA's Technical Service Division for five years and is working toward a degree in Construction Management at the Harrisburg Area Community College.

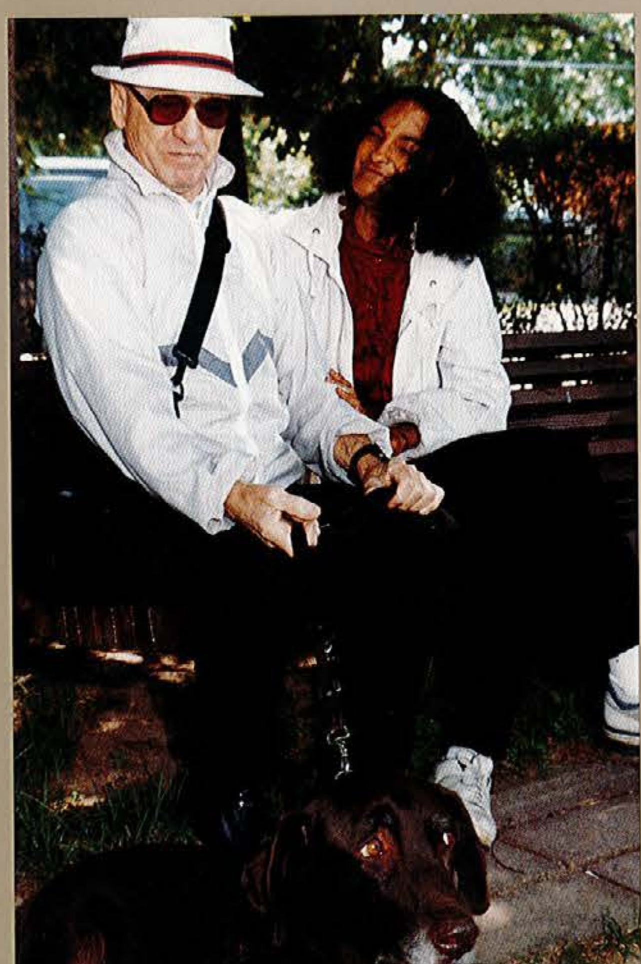
The clean, well maintained facilities of the Orchard Apartments, Cumberland County, are ideal playing grounds for Ryan Leonard, a first grader, and his furry companion, who's also just learning his way around.

NETTIE CIMADAMORE

Nettie Cimadamore conducts weekly exercise classes for the residents of Park Tower Apartments in Philadelphia. As a physical therapist, she understands the need for all persons, regardless of age or infirmity, to engage in regular exercise.

Clarence Miller and Jean Davis are good friends. Clarence lives at Park Tower Apartments with his dog, Zack. Jean's mother, visually impaired because of diabetes, is also a resident there.

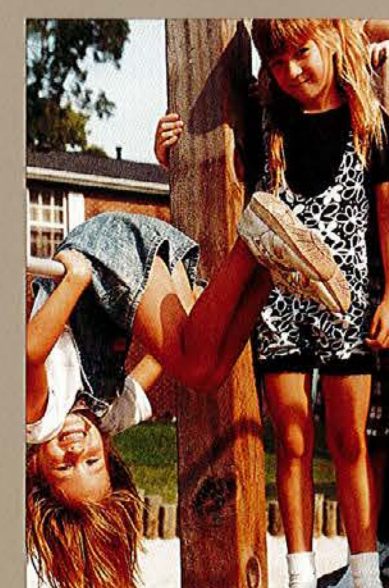
Jean, who is developmentally disabled, lives nearby and helps with shopping, groceries, and other errands.



Sixty-one different PHFA-financed developments participate in the Supportive Services Program like the one offered at Park Tower. This innovative effort encourages resident managers to implement wellness and nutrition programs, housekeeping and personal care services, transportation programs and other activities that enhance the quality of life for older adults residing in the Agency's rental complexes.

The Supportive Services Program has proven so successful among seniors that a demonstration support program for families residing at Diamond Street Housing of Philadelphia is being tested. Elderly volunteers from the Sartain Apartments are acting as consultants for the program, instructing their younger counterparts on the basics of parenting, budgeting, and similar much needed life skills. If this measure proves worthwhile, PHFA hopes to make it available in other family housing complexes.

Brenda Thomas started working at PHFA thirteen years ago as a receptionist. She went on to work in the Finance Division for two years followed by the Management Division where she has been working for the past eight years as a secretary.



Vigorous, regular exercise adds life to the years, and years to the lives of the participants, no matter what the age.

Gertrude King, a 104 year old resident of the Bellefield in Pittsburgh, maintains her independence with the help of the Agency's Supportive Services Program.

Pictured here with 23 year old elementary school teacher Kimberly Eisenhart, the continuity of life can be imagined. Mrs. King was born in the late 1800's. Some of Miss Eisenhart's pupils will probably live to see the twenty-second century.

GERTRUDE KING

PHFA isn't concerned with producing monuments to itself, but instead with financing developments which offer enduring houses and apartments for Commonwealth citizens. Such places offer good homes for women like Gertrude King of Pittsburgh.

When Mrs. King was born the Wright Brothers were still making bicycles, no radio programs had been broadcast, and Henry Ford hadn't produced a single Model-T. In fact, she has lived during a time when more than ninety percent of technical and scientific discoveries have been made. Mrs. King is 104 years old. She keeps active and independent with the help of the Supportive Services Program.

Jallissa Caraballo and Shamira Gutierrez can look forward to lives rich in promise because of the work of those who have gone before.

Naomi Garcia is another veteran employee, having started as a secretary in the Management Division in 1983. She is now an Assistant Finance Officer, responsible for monthly mortgage servicing postings. Bilingual, Naomi has helped translate lease documents into Spanish and frequently assist the mortgage hotline with Spanish speaking callers.

Daryl Martin likes doing challenging things. He was a dairy farmer before entering the computer field ten years ago. With PHFA since 1985, he is a Senior Program Analyst, designing and implementing computer programs to meet the Agency's needs.

Millersville Manor in Lancaster County is home to 135 residents including these ladies. They are, from left, seated: Mary Cox and Marie Adams; and standing, Louise Hoffer, Edna Brenner, Cecilia Keller, Bessie Esheman, Kathleen Eddins, and Betty Campbell.

Kathryn Anderson (right) began her employment at Millersville Manor as a secretary 18 years ago. She is now the manager. Her daughter, Janelle, (left), a junior at Lancaster Mennonite High School, is a frequent volunteer helper at the development. Activities director, Carol Mummau (center), has designed a program that incorporates physical, social and spiritual endeavors to meet the needs of the residents.

REPORT OF INDEPENDENT ACCOUNTANTS ON

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 1992 AND 1991
AND REQUIRED SUPPLEMENTAL INFORMATION

Table of Contents

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, 1992 and 1991, the related statements of revenues, expenses and changes in fund balances and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 1992 and 1991, the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplemental information, Analysis of Funding Progress and Revenues by Source and Expenses by Type, on pages 39 and 40, 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, 1992

Balance Sheets

(in thousands)

June 30, 1992 and 1991

	1992				1991			
	General Fund	Multi-Family Program	Single Family Program	Totals (Memorandum Only)	General Fund	Multi-Family Program	Single Family Program	Totals (Memorandum Only)
ASSETS:								
Deposits and Investments (Note E)	$43,654	340,885	600,710	985,249	$55,311	274,415	375,981	705,707
Mortgage loans receivable (Note F)	760	616,849	1,154,880	1,772,489	815	594,084	1,055,937	1,650,836
Construction advances (Note F)	—	14,027	—	14,027	—	23,387	—	23,387
Deferred and other assets	2,915	8,669	4,807	16,391	2,511	8,377	4,078	14,966
Due from other funds	40,882	—	—	40,882	24,347	—	—	24,347
	$88,211	**980,430**	**1,760,397**	**2,829,038**	**$82,984**	**900,263**	**1,435,996**	**2,419,243**
LIABILITIES AND FUND BALANCES:								
Notes payable (Note H)	—	5,000	70,637	75,637	—	5,000	19,553	24,553
Accrued interest payable	—	20,866	35,315	56,181	—	21,023	44,882	65,905
Accounts payable and accrued expenses	597	—	—	597	563	16	—	579
Escrow and other liabilities	1,188	121,174	10,790	133,152	1,368	116,227	7,872	125,467
Bonds payable (Note I)	—	737,803	1,536,830	2,274,633	—	675,581	1,274,694	1,950,275
Due to other funds	—	3,165	37,717	40,882	—	2,179	22,168	24,347
Total liabilities	1,785	888,008	1,691,289	2,581,082	1,931	820,026	1,369,169	2,191,126
Fund balances (Note J):								
Reserved	346	3,360	29,332	33,038	346	3,360	23,522	27,228
Unreserved:								
Internally designated	54,259	55,000	3,617	112,876	37,878	53,000	3,670	94,548
Undesignated	31,821	34,062	36,159	102,042	42,829	23,877	39,635	106,341
Total fund balances	86,426	92,422	69,108	247,956	81,053	80,237	66,827	228,117
	$88,211	**980,430**	**1,760,397**	**2,829,038**	**$82,984**	**900,263**	**1,435,996**	**2,419,243**

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

Statements of Revenues, Expenses and Changes in Fund Balances

(in thousands)

for the years ended June 30, 1992 and 1991

	1992				1991			
	General Fund	Multi-Family Program	Single Family Program	Totals (Memorandum Only)	General Fund	Multi-Family Program	Single Family Program	Totals (Memorandum Only)
REVENUES:								
Interest income:								
Investments	$ 4,973	13,727	24,663	43,363	6,356	15,757	34,796	56,909
Mortgage loans receivable (Note F)	72	55,619	93,522	149,213	74	54,534	87,612	142,220
Construction advances (Note F)	—	542	—	542	—	471	—	471
Total interest income	5,045	69,888	118,185	193,118	6,430	70,762	122,408	199,600
Fees and charges	6,618	—	1,587	8,205	4,666	140	1,268	6,074
Amortization of deferred gain	—	239	—	239	—	216	—	216
Gain on sale of investments	3,282	1	—	3,283	3,142	56	—	3,198
Residual receipts	—	2,145	—	2,145	—	991	—	991
Total operating revenue	14,945	72,273	119,772	206,990	14,238	72,165	123,676	210,079
EXPENSES:								
Interest on notes (Note H)	—	648	2,879	3,527	—	894	4,993	5,887
Interest on bonds (Note I)	—	58,937	113,209	172,146	—	58,588	108,342	166,930
Salaries and related benefits	5,775	—	—	5,775	5,302	—	—	5,302
General and administrative	2,958	—	—	2,958	2,513	—	—	2,513
Loan loss provision	—	—	400	400	—	2,800	400	3,200
Total operating expenses	8,733	59,585	116,488	184,806	7,815	62,282	113,735	183,832
Income before extraordinary items	6,212	12,688	3,284	22,184	6,423	9,883	9,941	26,247
Extraordinary loss:								
Early extinguishment of debt (Note I)	—	(1,340)	(1,005)	(2,345)	—	(14)	(1,152)	(1,166)
Net income	6,212	11,348	2,279	19,839	6,423	9,869	8,789	25,081
Fund balances at beginning of year	81,053	80,237	66,827	228,117	67,975	78,382	56,679	203,036
Fund balance transfers, net (Note D)	(839)	837	2	—	6,655	(8,014)	1,359	—
Fund balances at end of year	**$86,426**	**92,422**	**69,108**	**247,956**	**81,053**	**80,237**	**66,827**	**228,117**

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

Statements of Cash Flows

(in thousands)

for the years ended June 30, 1992 and 1991

	1992				1991			
	General Fund	Multi-Family Program	Single Family Program	Totals (Memorandum Only)	General Fund	Multi-Family Program	Single Family Program	Totals (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES:								
Net income	$ 6,212	11,348	2,279	19,839	6,423	9,869	8,789	25,081
Adjustments to reconcile net income to net cash provided (used for) operating activities:								
Depreciation and amortization	237	1,681	2,504	4,422	228	1,633	2,176	4,037
Loss on early extinguishment of debt	—	1,340	1,005	2,345	—	14	1,152	1,166
Loan loss provision	—	—	400	400	—	2,800	400	3,200
Interest expense on notes and bonds, excluding amortization and accretion	—	57,832	115,567	173,399	—	57,965	112,850	170,815
Interest income on investments	(4,973)	(13,727)	(24,663)	(43,363)	(6,356)	(15,757)	(34,796)	(56,909)
Gain on sale of investments	(3,282)	(1)	—	(3,283)	(3,142)	(56)	—	(3,198)
Amortization of deferred gain	—	(239)	—	(239)	—	(216)	—	(216)
Increase (decrease) due to changes in operating assets and liabilities:								
Mortgage loans receivable	55	(22,765)	(100,268)	(122,978)	(338)	(12,855)	(183,417)	(196,610)
Construction advances	—	9,360	—	9,360	—	(8,912)	—	(8,912)
Deferred and other assets	(641)	(866)	(1,079)	(2,586)	(468)	(260)	(715)	(1,443)
Accounts payable and accrued expenses	34	—	—	34	(48)	16	—	(32)
Escrow and other liabilities	(179)	5,169	2,917	7,907	(177)	11,240	336	11,399
Net cash provided by (used for) operating activities	(2,537)	49,132	(1,338)	45,257	(3,878)	45,481	(93,225)	(51,622)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Due (from) to other funds	(16,535)	986	15,549	—	(23,898)	942	22,956	—
Fund balance transfers from (to) other funds	(839)	837	2	—	6,655	(8,014)	1,359	—
Proceeds from sale of bonds and notes	—	119,191	437,213	556,404	—	20,500	233,322	253,822
Maturities of bonds and notes	—	(59,416)	(126,226)	(185,642)	—	(22,246)	(134,698)	(156,944)
Interest paid on bonds and notes	—	(57,990)	(125,134)	(183,124)	—	(57,732)	(110,521)	(168,253)
Net cash provided by (used for) noncapital financing activities	(17,374)	3,608	201,404	187,638	(17,243)	(66,550)	12,418	(71,375)
CASH FLOWS FROM INVESTING ACTIVITIES:								
Purchase of investments	(33,601)	(113,982)	(334,625)	(482,208)	(61,269)	(164,301)	(248,428)	(473,998)
Interest received on investments	6,804	13,369	29,982	50,155	7,696	14,913	32,389	54,998
Proceeds from maturities of investments	44,630	134,443	267,162	446,235	66,749	174,844	325,535	567,128
Net cash provided by investing activities	17,833	33,830	(37,481)	14,182	13,176	25,456	109,496	148,128
Net increase (decrease) in cash and cash equivalents	(2,078)	86,570	162,585	247,077	(7,945)	4,387	28,689	25,131
Cash and cash equivalents at beginning of year	(8,366)	84,298	123,729	199,661	(421)	79,911	95,040	174,530
Cash and cash equivalents at end of year	**$(10,444)**	**170,868**	**286,314**	**446,738**	**(8,366)**	**84,298**	**123,729**	**199,661**
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS:								
Total deposits and investments per the balance sheets	$ 43,654	340,885	600,710	985,249	55,311	274,415	375,981	705,707
Less:								
Investments not meeting the definition of cash equivalents	54,098	170,017	314,396	538,511	63,677	190,117	252,252	506,046
Cash and cash equivalents at end of year	**$(10,444)**	**170,868**	**286,314**	**446,738**	**(8,366)**	**84,298**	**123,729**	**199,661**

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

Notes to Financial Statements

(dollar amounts in thousands)

for the years ended June 30, 1992 and 1991

A. Authorizing Legislation:

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

Total Columns on Financial Statements:
Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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. Fund balance transfers from the General Fund are used primarily to meet Self-Insurance Fund requirements for Single Family Mortgage Revenue Bonds.

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, 1992 and 1991:

	1992	1991
Deposits (overdraft)	$ (7,226)	(2,733)
Investments	992,475	708,440
Total deposits and investments	$985,249	705,707

Management is not aware of any violations of statutory authority or contractual provisions for deposits and investments during the years ended June 30, 1992 and 1991.

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, 1992					
Demand deposits (overdrafts)	$200	—	1,906	2,106	(7,226)
June 30, 1991					
Demand deposits (overdrafts)	$134	—	380	514	(2,733)

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 investment agreements, mutual funds and investment in state treasurers investment pool. 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
June 30, 1992	Category 1	Category 2	Category 3	Total	
Corporate bonds	$ 6,788	—	—	6,788	6,856
Repurchase agreements	10,726	13,281	—	24,007	24,007
U.S. Government obligations	149,021	—	—	149,021	174,955
U.S. Government agency obligations	253,478	—	—	253,478	255,240
Short-term investments	251,567	—	—	251,567	251,567
Totals	$671,580	13,281	—	684,861	712,625
Add amounts not categorized because securities are not used as evidence of the investments:					
Investment agreements				132,969	132,969
Mutual funds				100,231	100,231
Investment in state treasurer's investment pool				74,414	74,414
Total investments				$922,475	1,020,239
June 30, 1991					
Corporate bonds	$ 6,492	—	—	6,492	6,109
Repurchase agreements	93,148	18,583	—	111,731	111,731
U.S. Government obligations	135,701	—	—	135,701	154,390
U.S. Government agency obligations	222,256	—	—	222,256	223,302
Short-term investments	41,203	—	—	41,203	41,203
Totals	$498,800	18,583	—	517,383	536,735
Add amounts not categorized because securities are not used as evidence of the investments:					
Investment agreements				141,117	141,117
Mutual funds				29,592	29,592
Investment in state treasurer's investment pool				20,348	20,348
Total investments				$708,440	727,792

The amortized cost and estimated market values of investments in debt securities as of June 30, 1992 and 1991 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
1992				
Corporate bonds	$ 6,788	106	38	6,856
Repurchase agreements	24,007	—	—	24,007
U.S. Government obligations	149,021	27,527	1,593	174,955
U.S. Government agency obligations	253,478	3,399	1,637	255,240
Short-term investments	251,567	—	—	251,567
Investment agreements	132,969	—	—	132,969
Mutual funds	100,231	—	—	100,231
State treasurer's investment pool	74,414	—	—	74,414
	$992,475	31,032	3,268	1,020,239
1991				
Corporate bonds	$ 6,492	28	411	6,109
Repurchase agreements	111,731	—	—	111,731
U.S. Government obligations	135,701	21,660	2,971	154,390
U.S. Government agency obligations	222,256	2,809	1,763	223,302
Short-term investments	41,203	—	—	41,203
Investment agreements	141,117	—	—	141,117
Mutual funds	29,592	—	—	29,592
State treasurer's investment pool	20,348	—	—	20,348
	$708,440	24,497	5,145	727,792

The amortized cost and estimated market value of debt securities at June 30, 1992, 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	$768,667	768,039
Due after one year through five years	73,610	75,666
Due after five years through ten years	56,630	61,474
Due after ten years	93,568	115,060
	$992,475	1,020,239

Proceeds from sales of investments in debt securities, prior to maturity, during 1992 and 1991 were $20,479 and $34,732, respectively. Gross gains of $3,283 and $3,198, respectively, were realized on those sales.

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 as well as subsidizes certain projects through its Section 8 Program. Insurance for the Single Family Program is 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 balances for self-insurance for certain multi-family and single family loans (see Note J). A summary of multi-family mortgage loans receivable and construction advances at June 30, 1992 and 1991 is as follows:

	Mortgage Loans Receivable	Mortgage Construction Advances
June 30, 1992:		
Insured and subsidized	$ 48,959	—
Insured and nonsubsidized	41,020	9,532
Uninsured and subsidized	490,187	—
Uninsured and nonsubsidized	48,983	4,495
	629,149	14,027
Allowance for potential loan losses	12,300	—
	$616,849	14,027
Interest rate range	1.0%–14.0%	5.5%–10.25%

	Mortgage Loans Receivable	Mortgage Construction Advances
June 30, 1991:		
Insured and subsidized	$ 46,676	593
Insured and nonsubsidized	37,004	16,143
Uninsured and subsidized	492,851	—
Uninsured and nonsubsidized	29,853	6,651
	606,384	23,387
Allowance for potential loan losses	12,300	—
	$594,084	23,387
Interest rate range	1.0%–14.0%	7.5%–10.25%

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 reimbursed agreements covering up to $320 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, 1992 and 1991, the total loans covered under this program were $100,180 and $38,590, respectively.

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 1992-35. The total principal outstanding of mortgage loans self-insured by the Agency was $1,114,202 and $1,034,588 at June 30, 1992 and 1991, respectively.

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

	Multi-Family		Single Family	
	1992	1991	1992	1991
Balance, July 1	$12,300	9,500	571	360
Provision charged to income	—	2,800	400	400
Charge-offs	—	—	(258)	(189)
Balance, June 30	$12,300	12,300	713	571

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, 1992 and 1991 are $24,149 and $4,526, respectively, of mortgages pending sale to Federal National Mortgage Association.

G. Servicing Portfolio:

Included in the Single Family Program are mortgage loans serviced for investors which are not included in the financial statements. The total amount of loans serviced for others was $120,921 and $74,808 at June 30, 1992 and 1991, respectively.

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. 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 multi-family programs. At June 30, 1992 and 1991, the outstanding balance was $5,000, which bears interest at 6.5% and 8.0%, respectively.

In September 1990, the Agency issued a Knoll Homestart Program Note I in the amount of $100,000 pursuant to an agreement with the Department of Treasury of the Commonwealth of Pennsylvania. Under the agreement, the Agency received $100,000 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, 1992 and 1991, the outstanding balance was $1,823 and $19,553, respectively, which bears interest at 4.0% and 6.11%, respectively.

In November 1991, the Agency issued a Knoll Homestart Program Note II in the amount of $100,000 to continue funding the program. At June 30, 1992, the outstanding balance was $68,814, which bears interest at a fixed rate of 3.95%.

I. Bonds Payable:

Bonds have been issued to provide financing of mortgage loans under the Multi-Family and Single Family Programs. 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.

The most restrictive covenants require minimum capital reserve requirements for the Multi-Family and Single Family Programs. The capital reserve fund has been established by the Agency to meet this requirement.

The capital reserve requirement for Multi-Family Bonds requires that a one year debt service minimum balance be maintained at all times. The capital reserve fund at June 30, 1992 and 1991, amounted to $100,288 and $90,949, respectively, including amounts funded by bond proceeds. Such amounts were $44,665 and $25,142, respectively, in excess of the requirement.

The capital reserve requirement for Single Family Bonds 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, 1992 and 1991 amounted to $57,690 and $49,203, respectively, including amounts funded by bond proceeds. Such amounts were $9,910 and $9,317, respectively, in excess of the requirement.

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, 1992	1991
Residential Development Bonds:				
Issue A	4.50–7.60%	2019	$ 74,445	75,315
Issue B	4.00–6.60%	2020	28,020	28,410
Issue 1977 (refunding)	3.60–6.50%	2023	82,085	82,980
Issue C	4.25–6.375%	2020	20,645	20,915
Issue D	4.50–6.75%	2021	73,100	73,985
Issue E	5.50–7.25%	2022	19,765	19,975
Issue F	5.80–7.60%	2022	53,690	54,510
Issue G	7.125%	2012	7,020	7,165
Issue H	6.00–7.70%	2023	48,705	49,460
Issue I	5.50–9.25%	2023	47,635	48,160
Issue J	9.50–14.50%	2013	—	23,855
Issue K	8.50–13.625%	2013	—	21,600
Issue L	7.75–12.125%	2025	27,090	27,390
Issue M	7.25–11.00%	2014	19,510	19,750
Issue N	9.75%	2014	3,080	3,115
Issue O	10.375%	2015	6,690	6,755
Issue P	10.375%	2015	5,360	5,415
Issue 1990 T-1 (refunding)	8.875%	1997	1,770	1,770
Issue 1991 T-3	8.25%	1994	2,155	2,155
Issue 1991A (refunding)	6.65–7.60%	2013	45,115	—
Issue 1992A (refunding)	7.95%	2025	23,905	—
State Workers' Insurance Fund	9.8%	2014	7,680	7,850
State Workers' Insurance Fund:				
Issue 1990B	9.29%	2015	4,345	4,440
Issue 1991C	8.9%	2016	12,375	12,500
Issue 1992D	8.21%	2017	7,500	—
Section 23 Assisted Bonds:				
Issue 1977A	5.75%	1995	450	563
Multi-Family Housing Bonds:				
Issue 1980	9.80–10.00%	2023	11,055	11,110
Issue 1982A	9.75–13.50%	2024	61,520	61,685
Issue 1982B	9.50–10.875%	2024	13,855	13,920
Issue 1985A	6.75–9.375%	2028	14,804	14,960
Issue 1985B	8.875%	2028	1,720	1,725
Issue 1987A	7.00–8.50%	2002	555	610
Issue 1988A	10.65%	2008	1,391	1,425
Issue 1990 T-2 (refunding)	8.625%	1995	2,355	2,355
Issue FHA-1992	7.75–8.20%	2024	37,700	—
Limited Obligation Residential Development Bonds:				
Issue 1984A	6.50–11.25%	2006	1,217	1,322
Moderate Rehabilitation Bonds:				
Issue 1984A	6.50–10.375%	2001	3,165	3,360
Issue 1984	5.25–9.00%	2017	4,480	4,710
Multi-Family Development Bonds:				
Issue 1989B	8.25%	2015	3,515	3,545
Federal National Mortgage Association:				
Issue 1990A	7.5%	2023	3,793	3,793
			783,260	722,553
Unamortized bond discount			(45,457)	(46,972)
			$737,803	**675,581**

The Issue 1992A (refunding) bonds were issued in connection with a plan of finance, pursuant to which the Agency has entered into an agreement to refund the Agency's outstanding Issue L bonds in 1992.

The Issue FHA-1992 bonds were issued in connection with a plan of finance, pursuant to which the Agency has agreed to refund all of the Agency's outstanding 1982A bonds and a portion of the Issue 1982B bonds in 1992.

During the year ended June 30, 1992, the Agency redeemed prior to maturity $23,685 and $21,430 of residential development bonds, Issue J and K, respectively. An extraordinary loss of $1,340 resulted from the redemptions.

During the year ended June 30, 1991, the Agency defeased, prior to maturity, $1,605 of limited obligation residential development bonds, Issue 1985B, which resulted in an extraordinary loss of $61. 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 an escrow account, were invested in U.S. Treasury, state and local government notes. The defeased principal outstanding on these bonds was $1,550 at June 30, 1991. During the year ended June 30, 1992, the Agency redeemed the bonds prior to maturity with the funds from the escrow account.

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, 1992	1991
Single Family Mortgage Revenue Bonds:				
Series C	6.00–9.375%	2014	$ 56,874	57,864
Series D	5.75–9.75%	2014	23,325	55,099
Series E	6.00–10.25%	2015	—	11,485
Series F	7.50–11.625%	2015	—	4,565
Series G	6.00–9.625%	2016	142,615	144,175
Series H	5.50–9.875%	2016	63,835	73,968
Series I	6.00–10.00%	2016	19,840	21,588
Series J	4.50–9.0%	2013	39,152	40,447
Series K	4.50–7.9%	2013	49,952	51,192
Series L	4.00–7.125%	2014	37,440	38,085
Series N	4.60–8.25%	2014	49,915	52,610
Series O	5.75–8.20%	2018	71,915	76,385
Series P	4.75–8.00%	2016	24,620	24,925
Series Q	6.00–8.375%	2018	49,325	49,780
Series R	6.20–8.125%	2019	79,050	79,700
Series S	6.70–7.60%	2016	24,815	25,000
Series T	7.00–7.875%	2020	24,875	25,000
Series U	6.15–7.80%	2020	78,945	79,335
Series V	6.00–7.80%	2016	24,700	24,900
Series W	6.30–7.80%	2020	49,840	50,295
Series X	6.80–8.15%	2024	65,170	66,000
Series Y	6.20–7.45%	2016	34,840	35,000
Series Z	6.00–7.55%	2016	26,785	27,000
Series 1990–27	6.50–8.15%	2021	46,065	46,805
Series 1990–28	6.3–7.65%	2023	80,000	80,000
Series 1990–29	6.1–7.375%	2016	30,000	30,000
Series 1991–30	5.3–7.3%	2017	25,000	25,000
Series 1991–31	5.40–8.95%	2023	85,000	—
Series 1991–32	7.15%	2015	35,000	—
Series 1992–33	4.50–6.90%	2017	49,800	—
Series 1992–34	4.50–7.00%	2024	75,000	—
Series 1992–35	3.50%	1993	95,650	—
			1,559,343	1,296,203
Unamortized bond discount			(22,513)	(21,509)
			$1,536,830	**1,274,694**

During the year ended June 30, 1992, $59,310 of Single Family Mortgage Revenue Bonds, Series D, E, F, H, I, N, O, X and 1990-27 were redeemed prior to maturity by the Agency using mortgage prepayments and undisbursed bond proceeds. Extraordinary losses of $1,005 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, 1991, $36,781 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 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, 1992:

Year Ending June 30:	Multi-Family Program		Single Family Program		Total Principal and Interest Maturities
	Principal	Interest	Principal	Interest	
1993	$107,705	52,927	114,945	116,936	392,513
1994	13,516	51,649	22,855	112,637	200,657
1995	12,901	50,552	23,430	111,263	198,146
1996	12,194	49,578	25,620	109,194	196,586
1997	13,039	48,649	28,530	107,560	197,778
Thereafter	623,905	692,863	1,343,963	1,493,994	4,154,725
	$783,260	946,218	1,559,343	2,051,584	5,340,405

The 1993 principal and interest payments for the Multi-Family Program include $97,590 and $3,950, respectively, of Issue L, Issue 1982A and Issue 1982B Bonds which were redeemed prior to maturity on July 1, 1992.

The 1993 principal and interest payments for the Single Family Program includes $95,650 and $3,348, respectively, issued during the year ended June 30, 1992 as convertible option bonds with a first mandatory tender date of June 1, 1993. If interest rates are favorable at the first mandatory tender date, it is the Agency's intention to remarket the convertible option bonds as long-term bonds.

J. Reserved and Internally Designated Fund Balances:

General Fund:
The General Fund reserved fund balance of $346 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 internally designated a portion of the General Fund balance as follows:

	June 30, 1992	1991
Single Family Self-Insurance Fund	$23,709	18,328
Multi-Family Self-Insurance Fund	10,000	10,000
Additional Single Family Insurance Program	4,550	4,550
HOMES Program	15,000	5,000
Housing initiatives	1,000	—
	$54,259	37,878

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 1992-35 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 1992-35. 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 primary mortgage insurance losses in the event of default on single family mortgage loans.

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

The designation for housing initiatives has been established to provide below market financing for Multi-Family and Single Family Special Projects financed by the Agency.

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

	June 30, 1992	1991
Capital Reserve not funded by bond proceeds	$1,960	1,960
Development Reserve	1,400	1,400
	$3,360	3,360

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 internally designated a portion of the Multi-Family Program fund balance as follows:

	June 30, 1992	1991
HOMES Program	$55,000	53,000

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, 1992	1991
Risk Retention	$ 8,000	5,000
Capital Reserve not funded by bond proceeds	5,372	4,478
Self-Insurance Fund held by Trustee	15,960	14,044
	$29,332	23,522

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 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 internally designated a portion of the Single Family Program fund balance as follows:

	June 30, 1992	1991
Closing Cost Subsidy Program	$1,162	1,215
Additional Single Family Insurance Program	2,455	2,455
	$3,617	3,670

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 risk sharing agreement primary mortgage insurance 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, 1992 and 1991, 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, 1991 and 1990 was approximately $4,411 and $3,960, 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 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. A participant is eligible for normal retirement after attainment of age 65, or age 55 and completion of 30 years of service, or at any age after completion of 35 years of service. 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 three plan years of highest pay.

As of January 1, 1992 and 1991, Plan membership consisted of:

	1992	1991
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	59	55
Current employees:		
Vested	100	101
Nonvested	54	35
	213	191

Funding Status and Progress:
The amount shown below 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, 1992 and 1991. 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, 1992 and 1991, the most recent valuation dates, were as follows:

	1992	1991
Pension benefit obligation:		
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$ 905	697
Current employees:		
Accumulated employee contributions	30	26
Employer contributions—vested	3,624	3,099
Employer contributions—nonvested	220	119
Total pension benefit obligation	4,779	3,941
Plan assets at market value	7,112	5,946
Assets in excess of pension benefit obligation	$2,333	2,005

There were no changes in actuarial assumptions used in calculating the pension benefit obligation during the Plan years ended December 31, 1991 and 1990.

The following changes occurred in the benefit provisions used in calculating the pension benefit obligation during the plan year ended December 31, 1991:

- Participant eligibility for normal retirement was changed from age 65 to attainment of age 65, age 55 and completion of 30 years of service, or any age after completion of 35 years of service.
- Average monthly pay was changed from the 5 consecutive Plan years of highest pay during the last 10 years preceding retirement to the 3 Plan years of highest pay.
- Eligibility for early retirement was changed from attainment of age 55 and completion of 5 years of service to attainment of age 55 and completion of 5 years of service or any age after completion of 10 years of service. Also, the early retirement benefit was changed from the benefit accrued to the date of early retirement, reduced 1/3 of 1% for each month early to the benefit accrued to the date of early retirement, reduced 1/6 of 1% for each month early.

The effect of these changes in the benefit provisions was to increase the pension benefit obligation $147 during the plan year ended December 31, 1991. There were no changes in the benefit provisions used in calculating the pension benefit obligation during the plan year ended December 31, 1990.

Contribution Required and Contributions Made:
The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the aggregate actuarial cost method. Significant actuarial assumptions used to compute 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 1991 and 1990 were $262 and $224, respectively, representing normal cost (5.9% and 5.6%, respectively, of current covered payroll) and were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of January 1, 1992 and 1991, respectively. The Agency contributed $258 and $223 (5.8% and 5.6%, respectively, of current covered payroll); employees contributed $4 and $1 (0.10% and 0.02%, respectively, of current covered payroll) for Plan years 1991 and 1990, 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 39 and 40.

	Plan Year Ended December 31		
	1991	1990	1989
Net assets available for benefits expressed as a percentage of the pension benefit obligation	148.82%	150.86%	162.43%
Assets in excess of pension benefit obligation expressed as a percentage of covered payroll	52.90%	50.63%	57.70%
Employer contributions expressed as a percentage of covered payroll	5.85%	5.62%	6.96%

L. Commitments and Contingencies:

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

Federal Grants:
The Agency administers significant financial assistance payments 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, 1992 and 1991 amounted approximately to

$106,000 and $103,800, respectively. All federal financial assistance administered 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 $251,969 and $31,560 respectively, at June 30, 1992. Interest rates for single family mortgages are set by the related bond issue. At June 30, 1992, the rate was 7.85%. The Agency has the ability to adjust the rate based on market conditions. Interest rates for multi-family mortgages are established at the mortgage closing and are based on the related bond issue and market conditions.

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

Financial instruments which potentially subject the Agency to concentrations of credit risk consist primarily of deposits and investments. The related values as presented in the financial statements are subject to various market fluctuations which include changes in the interest rate environment and general economic conditions.

Mortgage Revenue Bond Authority:

The federal legislation that empowers the Agency to issue mortgage revenue bonds expired June 30, 1992, and new legislation authorizing the issuance of mortgage revenue bonds has not been enacted as of September 18, 1992.

M. **Subsequent Events:**

On July 1, 1992, the Agency redeemed prior to maturity $97,590 of Multi-Family Residential Development Bonds Issues L, 1982A and 1982B. An extraordinary loss of $3,313 resulted from the redemptions.

On August 1, 1992, the Agency redeemed prior to maturity $22,000 of Single Family Mortgage Revenue Bonds Series D and G. An extraordinary loss of $361 resulted from the redemptions.

On September 10, 1992, the Agency's board of directors approved the issuance of up to $184,000 Multi-Family Residential Development Bonds (Refunding Issue) to refund all of the Agency's outstanding Issues E, F, H, I and M Bonds.

Analysis of Funding Progress

Plan Year Ended December 31	(1) Net Assets Available for Benefits*	(2) Pension Benefit Obligation	(3) Percentage Funded (1)/(2)	(4) Overfunded or (Unfunded) Pension Benefit Obligation (1)–(2)	(5) Annual Covered Payroll	(6) Overfunded or (Unfunded) Pension Benefit Obligation as a Percentage of Covered Payroll (4)/(5)
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
1991**	7,112,838	4,779,470	148.82	2,333,368	4,411,010	52.90

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

**In fiscal year 1991, the following changes occurred in the benefit provisions used in calculating the benefit obligation:

- Participant eligibility for normal retirement was changed from age 65, to attainment of age 65, or age 55 and completion of 30 years of service, or at any age after completion of 35 years of service.
- Average monthly pay was changed from the 5 consecutive Plan years of highest pay during the last 10 years preceding retirement, to the 3 Plan years of highest pay.
- Eligibility for early retirement was changed from attainment of age 55 and completion of 5 years of service, to attainment of age 55 and completion of 5 years of service, or at any age after completion of 10 years of service. Also, the early retirement benefit was changed from the benefit accrued to the date of early retirement, reduced 1/3 of 1% for each month early to the benefit accrued to the date of early retirement, reduced 1/6 of 1% for each month early.

The effect of these changes in the benefit provisions was to increase the pension benefit obligation $147,000 during the plan year ended December 31, 1991.

Revenues by Source and Expenses by Type

Plan Year Ended December 31	Revenue by Source: Employee Contributions	Employer Contributions	Investment Income	Realized and Unrealized Gains and (Losses)	Total	Employer Contributions as a Percentage of Covered Payroll
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
1991	4,309	257,851	371,024	528,267	1,161,451	5.85

Plan Year Ended December 31	Expenses by Type: Benefits	Administrative Expenses	Refunds	Total
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
1991	50,253	—	—	50,253

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.

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

STAFF COMPLEMENT

EXECUTIVE

Karl Smith — Executive Director

Carrie M. Barnes, Executive Assistant
George C. Bemesderfer, Jr., Insurance Fund Loan Officer
Robert F. Bobincheck, Director of Insurance Fund
Paula J. Brightbill, Secretary
William W. Fogarty, Director of Government Affairs
Phillip M. Friday, Director of Information Resources
Holly J. Glauser, Assistant Counsel
John F. Goryl, Associate Counsel
Kimberly Green-Jones, Secretary
Brenda Jack, Research Associate
Anne Johnson, Legal Administrator
Tonya N. Lopez, Administrative Assistant
Debbie S. Martin, Secretary
Constance M. Mohler, Legal Administrator
W. Roy Newsome, Jr., Special Assistant
Rebecca L. Peace, Chief Counsel
Pamela S. Pryzie, Public Information Officer
JoLynn M. Stoy, Associate Counsel

FINANCE AND ADMINISTRATION

Brian A. Hudson — Assistant Executive Director

Finance Division

Susan M. Belles, Staff Accountant I
Kimberly A. Brandt, Secretary
Waverly R. Dixon, Secretary
Agnes M. Enck, Assistant Finance Officer
Pamela K. Frazier, Investment Officer II
Naomi P. Garcia, Assistant Finance Officer
Linda A. Hall, Assistant Finance Officer
Anthony J. Julian, Jr., Deputy Director of Finance
Joseph Knopic, Manager of Project Financing
Clinton C. Lattany, Jr., Staff Accountant I
Trudy R. Lehman, Assistant Finance Officer
Eleanor A. Matthias, Finance Officer
Penny M. Mullins, Finance Coordinator
Sue Ann Peck, Finance Coordinator
Kathleen D. Raley, Accounts Payable Coordinator
John H. Richards, Staff Accountant II
Constance M. Ross, Staff Accountant II
Donna M. Sciortino, Senior Investment Officer
Virginia B. Sheibley, Investment Coordinator
Cheryl A. Troester, Finance Coordinator

Personnel & Administration Division

Deborah A. Zlogar, Director
Arlene M. Frontz, Personnel Coordinator
Wendy K. Klinger, Personnel Assistant
Joyce M. Sheehan, Receptionist
George W. Ulrich, Micrographic Technician
[illegible] A. Washington, Messenger II

[illegible] Services Division

[illegible], Director
[illegible], Senior Computer Programmer Analyst
Deborah A. Geary, Computer Programmer Analyst I
Shirley A. Kirk, Senior Computer Programmer Analyst
Daryl C. Martin, Senior Computer Programmer Analyst
Gladiola L. Oaks, Computer Programmer Analyst I
Edward J. Raley, Project Leader

MULTI-FAMILY OPERATIONS

David L. Evans — Assistant Executive Director

Development Division

William A. Bennett, Tax Credit Officer
Myrna Bernstein, Administrative Assistant
Frank Bobak, Jr., Development Officer I
Eileen J. Demshock, Manager, Tax Credit Program
P. David Doray, Real Estate Analyst
Michael J. Kearney, Development Officer II
Sandra L. Klunk, Program Coordinator
William J. Koons, Deputy Director of Development
Kathy S. Levin, Development Officer II
Kathleen J. Mehalko, Development Coordinator
LaVera A. Nelson, Tax Credit Coordinator
Richard N. Nichols, Manager, Rental Rehabilitation & Special Projects
Anthony D. Santeusanio, Rental Rehabilitation Officer
Brian L. Shull, Development Officer II

Management Division

W. Alan Shenk, Director
Jill M. Bornman, Senior Certified Occupancy Specialist
John Brazen, Financial Analyst I
Carol A. Carroll, Management Coordinator
Barbara M. Conjar, Management Representative
Carl R. Dudeck, Jr., Financial Analyst II
Susan C. Elter, Financial Analyst II
Donna J. Farnham, Insurance Coordinator
Carolyn Harle, Manager of Project Operations
Nancy L. Holley, Secretary
Stephanie L. Konicki, Data Occupancy Specialist
Mary Jane Margay, Financial Analyst I
Marge A. McCutcheon, Secretary
Harry E. Neuhart, Financial Analyst I
Gary W. Paiano, Management Representative
Rajesh Thakrar, Financial Analyst I
Brenda B. Thomas, Secretary
Joseph T. Toia, Manager of Financial Operations
Peggy A. Wedde, Data Occupancy Specialist
Cynthia K. Zlogar, Financial Analyst II

Management — Norristown Office

Patricia A. Coley, Management Representative
Peggy A. Colson, Secretary
Frank T. Dorwart, Management Representative
Susan R. Garthwaite, Senior Management Representative/Manager
Mary I. Johnson, Administrative Assistant
Elizabeth Sonneborn, Management Representative
Nancy Twyman, Management Representative

Management — Pittsburgh Office

Kristina DiPietro, Management Representative
Carrie B. Emerson, Management Representative
Lucy G. Hixon, Regional Coordinator of Supportive Services
Carolyn J. James, Secretary
Imelda H. Labadie, Administrative Assistant
Barbara A. Raffaele, Secretary
Mary Ann Sipos, Management Representative
Brenda B. Wells, Senior Management Representative/Manager

Technical Services Division

Riitta M. Lukkari, Director
E.F. Ciarrocca, Staff Engineer
Donald F. Clarke, Staff Architect
Sherry J. Daniels, Secretary
Mark J. DeHarde, Technical Advisor
Pat E. Foca, Manager of Facilities & Construction Operations
James E. Galia, Technical Services Representative
Eugene T. Garrison, Technical Services Representative
Douglas S. Haughton, Jr., Cost Estimator & Contract Reviewer
Jay R. Hausher, Technical Services Representative
Carolyn W. Heatherly, Administrative Assistant
Elmer C. Jones, Technical Services Representative
Robert V. Lezzer, Engineer Reviewer & Energy Coordinator
Donna J. Rodgers, Construction Coordinator
Charles E. Swope, Technical Services Representative
Larry B. Thorn, Technical Services Representative
Robert A. Wochley, Technical Services Representative

SINGLE FAMILY OPERATIONS

Donald J. Plunkett — Assistant Executive Director

Single Family Division

Edwin A. Beam, Jr., Mortgage Servicing Representative
William D. Bradley, Administrative Assistant
Rose Falco, Manager of Loan Servicing
Karen L. Fells, Escrow Coordinator
Diana M. Franklin, Underwriter II
Thomas L. Gouker, Mortgage Servicing Representative
Thomas R. Harbaugh, Servicing Coordinator
Ben G. Housman, Jr., Loan Officer I
Anne C. Klitsch, Loan Officer I
Vikki C. Lauer, Loan Officer I
Tammy S. Leitzel, Administrative Assistant
Manuel Lopez, Servicing Coordinator
William J. Manahan, Chief Underwriter
Thresa A. Mateer, Administrative Assistant
Cathy A. Matter, Assistant Mortgage Servicing Representative
Denise L. Mattern, Loan Officer I
Tammy J. Miller, Loan Officer II
Clifford S. Morton, Loan Officer II
Leroy K. Patton, Purchasing Coordinator
Bonita M. Russell, Assistant Mortgage Servicing Representative
Jennifer L. Smallwood, Escrow Coordinator
Linda A. Stewart, Loan Officer I
Ray E. Trimmer, Manager of Single Family Loan Originations
JoAnn Wade, Assistant Mortgage Servicing Representative
LuAnne F. Wiest, Escrow Coordinator
Allan R. Williamson, Loan Officer I
Karen L. Zapotosky, Loan Officer I

Homeowner's Emergency Mortgage Assistance Program

Frederick M. Reed, Director
Nancy J. Abbott, Administrative Assistant
Elaine M. Artz, Staff Accountant I
J. Kathleen Beane, Administrative Services Coordinator
Vivian O. Beason, Administrative Assistant
Kimberly A. Brinkerhoff, Senior Closing Officer
Penny L. Brown, Collections Clerk
Lynda A. Clark, Loan Processor
Carlene D. Cook, Administrative Assistant
Michael D. Cooper, Senior Hearing Examiner
Viktoria Copenhaver, Closing Coordinator
Marguerite M. Dowling, Staff Accountant I
Robert L. Dryden, Closing Officer
Gena K. Fairfax, Secretary
Barbara A. Gilbert, Data Entry Clerk
Dollie D. Himes, Loan Officer
Resa P. Kepner, Administrative Assistant
Carolyn L. Kochenour, Loan Officer
Kathleen D. Krupa, Senior Accountant
Ann A. Mermelstein, Loan Officer
Tanyia Miller, Loan Processor
Mildred N. Minter, Administrative Assistant
Elaine P. Morris, Hearing Examiner
Tonya L. Moss, Collections Clerk
Lin C. Patch, Appeals Coordinator
W. Christine Rodgers, Hearing Examiner
Anne M. Rose, Secretary
Daryl D. Rotz, Manager of Loan Processing
Patricia E. Roussel, Senior Loan Officer
Lisa A. Rudy, Assistant Loan Officer
Roberta A. Sheaffer, Loan Officer
Linda A. Smeltz, Loan Officer
Angela C. Smith, Secretary
Mary E. Smith, Assistant Accountant I
Carmela M. Swartz, Hearing Examiner
Lori S. Toia, Loan Officer II
Stephanie H. White, Administrative Assistant
Helene M. Yohn, Collections Clerk Trainee
Audrey E. Zerance, Administrative Assistant

Revenues by Source and Expenses by Type

Plan Year Ended December 31	Revenue by Source: Employee Contributions	Employer Contributions	Investment Income	Realized and Unrealized Gains and (Losses)	Total	Employer Contributions as a Percentage of Covered Payroll
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
1991	4,309	257,851	371,024	528,267	1,161,451	5.85

Plan Year Ended December 31	Expenses by Type: Benefits	Administrative Expenses	Refunds	Total
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
1991	50,253	—	—	50,253

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.

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

STAFF COMPLEMENT

EXECUTIVE
Karl Smith—Executive Director

Carrie M. Barnes, Executive Assistant
George C. Bemesderfer, Jr., Insurance Fund Loan Officer
Robert F. Bobincheck, Director of Insurance Fund
Paula J. Brightbill, Secretary
William W. Fogarty, Director of Government Affairs
Phillip M. Friday, Director of Information Resources
Holly J. Glauser, Assistant Counsel
John F. Goryl, Associate Counsel
Kimberly Green-Jones, Secretary
Brenda Jack, Research Associate
Anne Johnson, Legal Administrator
Tonya N. Lopez, Administrative Assistant
Debbie S. Martin, Secretary
Constance M. Mohler, Legal Administrator
W. Roy Newsome, Jr., Special Assistant
Rebecca L. Peace, Chief Counsel
Pamela S. Pryzie, Public Information Officer
JoLynn M. Stoy, Associate Counsel

FINANCE AND ADMINISTRATION
Brian A. Hudson—Assistant Executive Director

Finance Division
Susan M. Belles, Staff Accountant I
Kimberly A. Brandt, Secretary
Waverly R. Dixon, Secretary
Agnes M. Enck, Assistant Finance Officer
Pamela K. Frazier, Investment Officer II
Naomi P. Garcia, Assistant Finance Officer
Linda A. Hall, Assistant Finance Officer
Anthony J. Julian, Jr., Deputy Director of Finance
Joseph Knopic, Manager of Project Financing
Clinton C. Lattany, Jr., Staff Accountant I
Trudy R. Lehman, Assistant Finance Officer
Eleanor A. Matthias, Finance Officer
Penny M. Mullins, Finance Coordinator
Sue Ann Peck, Finance Coordinator
Kathleen D. Raley, Accounts Payable Coordinator
John H. Richards, Staff Accountant II
Constance M. Ross, Staff Accountant II
Donna M. Sciortino, Senior Investment Officer
Virginia B. Sheibley, Investment Coordinator
Cheryl A. Troester, Finance Coordinator

Personnel & Administration Division
Deborah A. Zlogar, Director
Arlene M. Frontz, Personnel Coordinator
Wendy K. Klinger, Personnel Assistant
Joyce M. Sheehan, Receptionist
George W. Ulrich, Micrographic Technician
Charles A. Washington, Messenger II

Computer Services Division
Stanley C. Wohler, Director
Kathleen Deitzler, Senior Computer Programmer Analyst
Deborah A. Geary, Computer Programmer Analyst I
Shirley A. Kirk, Senior Computer Programmer Analyst
Daryl G. Martin, Senior Computer Programmer Analyst
Gladiola L. Oaks, Computer Programmer Analyst I
Edward J. Raley, Project Leader

MULTI-FAMILY OPERATIONS
David L. Evans—Assistant Executive Director

Development Division
William A. Bennett, Tax Credit Officer
Myrna Bernstein, Administrative Assistant
Frank Bobak, Jr., Development Officer I
Eileen J. Demshock, Manager, Tax Credit Program
P. David Doray, Real Estate Analyst
Michael J. Kearney, Development Officer II
Sandra L. Klunk, Program Coordinator
William J. Koons, Deputy Director of Development
Kathy S. Levin, Development Officer II
Kathleen J. Mehalko, Development Coordinator
LaVera A. Nelson, Tax Credit Coordinator
Richard N. Nichols, Manager, Rental Rehabilitation & Special Projects
Anthony D. Santeusanio, Rental Rehabilitation Officer
Brian L. Shull, Development Officer II

Management Division
W. Alan Shenk, Director
Jill M. Bornman, Senior Certified Occupancy Specialist
John Brazen, Financial Analyst I
Carol A. Carroll, Management Coordinator
Barbara M. Conjar, Management Representative
Carl R. Dudeck, Jr., Financial Analyst II
Susan G. Elter, Financial Analyst II
Donna J. Farnham, Insurance Coordinator
Carolyn Harle, Manager of Project Operations
Nancy L. Holley, Secretary
Stephanie L. Konicki, Data Occupancy Specialist
Mary Jane Margay, Financial Analyst I
Marge A. McCutcheon, Secretary
Harry E. Neuhart, Financial Analyst I
Gary W. Paiano, Management Representative
Rajesh Thakrar, Financial Analyst I
Brenda B. Thomas, Secretary
Joseph T. Toia, Manager of Financial Operations
Peggy A. Wedde, Data Occupancy Specialist
Cynthia K. Zlogar, Financial Analyst II

Management—Norristown Office
Patricia A. Coley, Management Representative
Peggy A. Colson, Secretary
Frank T. Dorwart, Management Representative
Susan R. Garthwaite, Senior Management Representative/Manager
Mary I. Johnson, Administrative Assistant
Elizabeth Sonneborn, Management Representative
Nancy Twyman, Management Representative

Management—Pittsburgh Office
Kristina DiPietro, Management Representative
Carrie B. Emerson, Management Representative
Lucy G. Hixon, Regional Coordinator of Supportive Services
Carolyn J. James, Secretary
Imelda H. Labadie, Administrative Assistant
Barbara A. Raffaele, Secretary
Mary Ann Sipos, Management Representative
Brenda B. Wells, Senior Management Representative/Manager

Technical Services Division
Riitta M. Lukkari, Director
E.F. Ciarrocca, Staff Engineer
Donald F. Clarke, Staff Architect
Sherry J. Daniels, Secretary
Mark J. DeHarde, Technical Advisor
Pat E. Foca, Manager of Facilities & Construction Operations
James E. Galia, Technical Services Representative
Eugene T. Garrison, Technical Services Representative
Douglas S. Haughton, Jr., Cost Estimator & Contract Reviewer
Jay R. Hausher, Technical Services Representative
Carolyn W. Heatherly, Administrative Assistant
Elmer C. Jones, Technical Services Representative
Robert V. Lezzer, Engineer Reviewer & Energy Coordinator
Donna J. Rodgers, Construction Coordinator
Charles E. Swope, Technical Services Representative
Larry B. Thorn, Technical Services Representative
Robert A. Wochley, Technical Services Representative

SINGLE FAMILY OPERATIONS
Donald J. Plunkett—Assistant Executive Director

Single Family Division
Edwin A. Beam, Jr., Mortgage Servicing Representative
William D. Bradley, Administrative Assistant
Rose Falco, Manager of Loan Servicing
Karen L. Fells, Escrow Coordinator
Diana M. Franklin, Underwriter II
Thomas L. Gouker, Mortgage Servicing Representative
Thomas R. Harbaugh, Servicing Coordinator
Ben G. Housman, Jr., Loan Officer I
Anne C. Klitsch, Loan Officer I
Vikki C. Lauer, Loan Officer I
Tammy S. Leitzel, Administrative Assistant
Manuel Lopez, Servicing Coordinator
William J. Manahan, Chief Underwriter
Thresa A. Mateer, Administrative Assistant
Cathy A. Matter, Assistant Mortgage Servicing Representative
Denise L. Mattern, Loan Officer I
Tammy J. Miller, Loan Officer II
Clifford S. Morton, Loan Officer II
Leroy K. Patton, Purchasing Coordinator
Bonita M. Russell, Assistant Mortgage Servicing Representative
Jennifer L. Smallwood, Escrow Coordinator
Linda A. Stewart, Loan Officer I
Ray E. Trimmer, Manager of Single Family Loan Originations
JoAnn Wade, Assistant Mortgage Servicing Representative
LuAnne F. Wiest, Escrow Coordinator
Allan R. Williamson, Loan Officer I
Karen L. Zapotosky, Loan Officer I

Homeowner's Emergency Mortgage Assistance Program
Frederick M. Reed, Director
Nancy J. Abbott, Administrative Assistant
Elaine M. Artz, Staff Accountant I
J. Kathleen Beane, Administrative Services Coordinator
Vivian O. Beason, Administrative Assistant
Kimberly A. Brinkerhoff, Senior Closing Officer
Penny L. Brown, Collections Clerk
Lynda A. Clark, Loan Processor
Carlene D. Cook, Administrative Assistant
Michael D. Cooper, Senior Hearing Examiner
Viktoria Copenhaver, Closing Coordinator
Marguerite M. Dowling, Staff Accountant I
Robert L. Dryden, Closing Officer
Gena K. Fairfax, Secretary
Barbara A. Gilbert, Data Entry Clerk
Dollie D. Himes, Loan Officer
Resa P. Kepner, Administrative Assistant
Carolyn L. Kochenour, Loan Officer
Kathleen D. Krupa, Senior Accountant
Ann A. Mermelstein, Loan Officer
Tanyia Miller, Loan Processor
Mildred N. Minter, Administrative Assistant
Elaine P. Morris, Hearing Examiner
Tonya L. Moss, Collections Clerk
Lin C. Patch, Appeals Coordinator
W. Christine Rodgers, Hearing Examiner
Anne M. Rose, Secretary
Daryl D. Rotz, Manager of Loan Processing
Patricia E. Roussel, Senior Loan Officer
Lisa A. Rudy, Assistant Loan Officer
Roberta A. Sheaffer, Loan Officer
Linda A. Smeltz, Loan Officer
Angela C. Smith, Secretary
Mary E. Smith, Assistant Accountant I
Carmela M. Swartz, Hearing Examiner
Lori S. Toia, Loan Officer II
Stephanie H. White, Administrative Assistant
Helene M. Yohn, Collections Clerk Trainee
Audrey E. Zerance, Administrative Assistant

PENNSYLVANIA HOUSING FINANCE AGENCY
2101 North Front Street, Harrisburg, Pennsylvania 17105-8029
(717) 780-3800