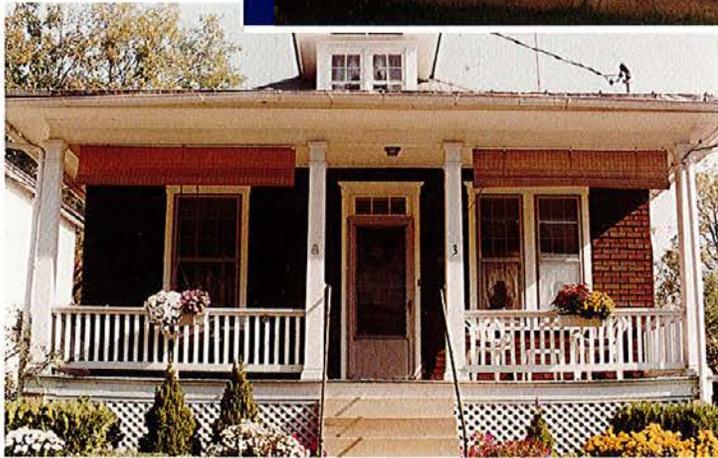
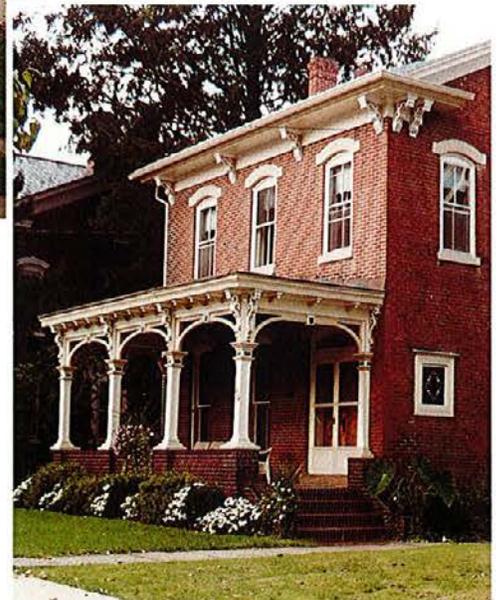


PENNSYLVANIA HOUSING
FINANCE AGENCY
1995 ANNUAL REPORT



**MISSION OF THE
PENNSYLVANIA HOUSING
FINANCE AGENCY**

Helping to improve living conditions for citizens residing in unsafe, overcrowded, inadequate or expensive homes and apartments is the mission of the Pennsylvania Housing Finance Agency. It is a large and important job that has gotten no easier during the twenty-three 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 talents toward fulfilling this purpose.



ON THE COVER—
The front porches of Pennsylvania homes have welcomed friends, neighbors and total strangers for more than three centuries.

**MEMBERS
OF THE BOARD**



Chairman
**The Honorable
William C. Bostic**
Secretary of Community Affairs



Raymond S. Angeli
President,
Lackawanna Junior College



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



**The Honorable
Thomas B. Hagen**
Secretary of Commerce



Maisha Jackson
Director
Philadelphia New
Communities Corporation



**The Honorable
Catherine Baker Knoll**
State Treasurer



Gary Lenker
Vice President and
Director of Operations
Donco Construction, Inc.



Hillard Madway



Daniel J. Milliron
Altoona



Ronald S. Mintz



Charles W. Prine, Jr.



**The Honorable
Richard C. Rishel**
Secretary of Banking



Mark Schwartz
Executive Director
Regional Housing
Legal Services



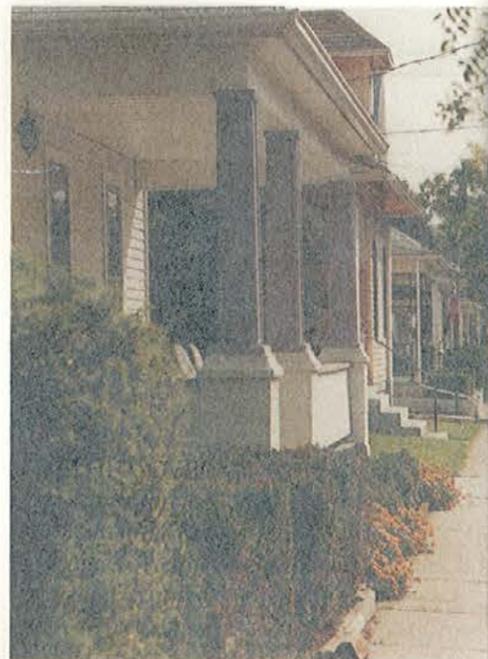
Herman Silverman
Chairman
Silverman Family Partnership

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The programs of the Pennsylvania Housing Finance Agency may be divided into three broad categories:

single family homeownership; multifamily rental housing development; and, foreclosure abatement through the Homeowners' Emergency Mortgage Assistance Program.

These programs have a tremendous impact on the Commonwealth. Since its creation in 1972, the Agency has provided financing for more than 40,000 affordable apartments for older adults, families and persons with special housing needs, offered lower-than-market-rate mortgage loans to 59,000 first time homebuyers, and saved the homes of 19,000 families from foreclosure. Working with the multifamily development community, builders, counseling agencies, lending institutions, Realtors, and other public and private organizations, the Agency is able to provide the single most important factor in housing programs: money.

PHFA has become the major provider of statewide housing programs and assistance in Pennsylvania. It could have never accomplished this without the encouragement and support of the Governor, the Legislature, the Pennsylvania Congressional delegation and a dedicated, committed Board. This report describes the programs that are used to increase the stock of decent, affordable housing for the Keystone State.

SINGLE FAMILY HOMEOWNERSHIP

Statewide Homeownership Program Provides mortgage loans to first time homebuyers who meet income and home purchase price guidelines. Loans are made by participating lenders.

Lower Income Homeownership Program Provides mortgage loans to low income first time homebuyers who meet income and home purchase price guidelines. Requires counseling and education for participants. Participating lenders also make these loans.

Closing Cost Assistance Program Pays up to \$2,000 toward closing costs for houses that are bought by participants in the Lower Income Homeownership Program. Qualifying participants must have dependent children or be disabled.

Funds for all three of these programs come from the sale of mortgage revenue bonds to private investors across the nation.

Mortgage Risk Retention Program (Pennsylvania Housing Insurance Fund) Offers debt risk coverage to lenders who participate in PHFA's homeownership programs for high loan-to-value home mortgage loans that are not insured with private mortgage insurance or that do not have government guarantees or insurance. This program is funded from Agency reserves.

Homestead Program Pays up to \$15,000 toward closing costs and down payment for houses that are purchased using PHFA financed home mortgage loans. A new measure that is part of the United States Department of Housing and Urban Development's HOME program, Homestead is administered by PHFA under an agreement with the Pennsylvania Department of Community Affairs.

MULTIFAMILY RENTAL HOUSING DEVELOPMENT

PennHOMES Program (Formerly the HOMES Program) Provides interim and permanent mortgage financing to developers of affordable rental housing. Residents must meet income guidelines. Funds come from a number of sources, including residential development bonds and Agency reserves. In 1995, PHFA also received \$5,000,000 of federal HOME appropriations for the program.

Rental Housing Tax Credit Program Allocates federal income tax credits to developers of affordable rental housing for lower income renters. The federal government designates the amount of tax credits that PHFA may allocate. That amount is approximately \$15,000,000 a year.

Bridge Loan Program Provides up-front financing of tax credit syndication for developers equity in PHFA-financed developments. Loans can be made for as much as 90 percent of development costs. Funds come from Agency reserves, the Commonwealth of Pennsylvania and for certain projects in the City of Philadelphia, the Pew Charitable Trust.

FORECLOSURE PREVENTION

Homeowners' Emergency Mortgage Assistance Program Provides funding to cure loan delinquencies and make monthly mortgage payments to lenders on behalf of qualifying homeowners for a period of up to three years. Recipients must meet eligibility guidelines defined in state law (Act 91 of 1983). Financing is provided by annual state appropriations.

In addition to the three major program areas above, PHFA occasionally undertakes additional measures, sometimes with

other organizations. One such effort is the Individual On-Lot Sewage Disposal System Loan Program in cooperation with the Pennsylvania Infrastructure Investment Authority (PENNVEST) and the Department of Environmental Protection.

This program provides loans of up to \$15,000 to homeowners who need to repair or improve their on-lot sewage disposal systems. A number of participating local banks, mortgage bankers and savings and loan companies have become active in this worthwhile endeavor.

In 1995, 23 rental developments in 15 counties were selected for PennHOMES financing. When these developments are completed, they will offer 827 badly needed affordable units.

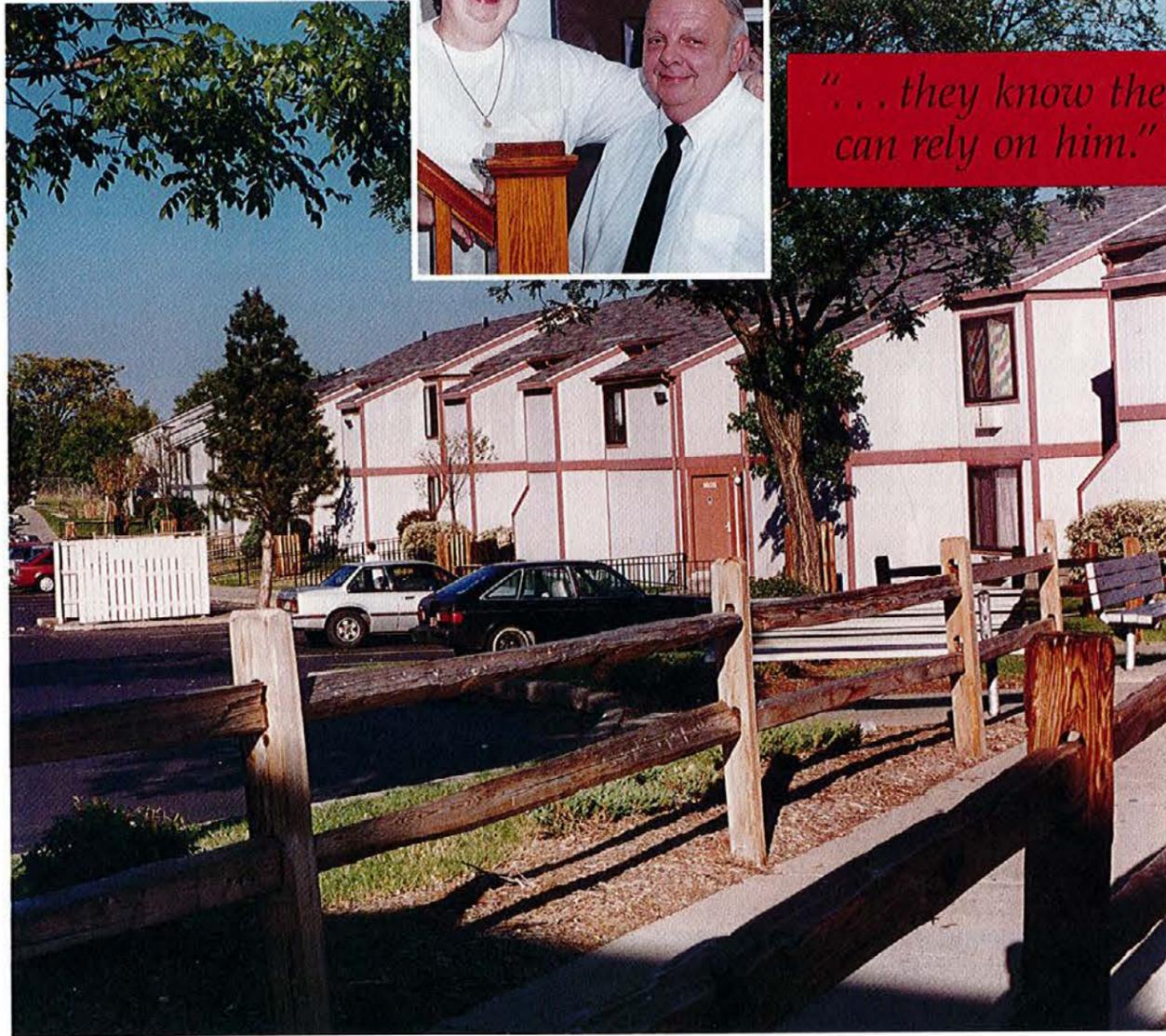
The families who received PHFA home mortgage loan financing in 1995 number more than 5,000. Of these, nearly a thousand received some form of closing cost assistance.

Because of the Homeowners' Emergency Mortgage Assistance Program, this year 950 Pennsylvania Families were able to remain in their homes, seek new employment and training and regain financial stability. This unique program again leads the nation in homelessness prevention.

The Board and Staff of the Agency respectfully submit this Annual Report to the Governor, the General Assembly, the State Congressional delegation and the Citizens of the Commonwealth.



Karl Smith
Karl Smith
Executive Director



"... they know they can rely on him."

PETER SWALLOW

In his twelve years as security guard at Village Park apartments in Scranton, Peter Swallow has received numerous honors but nothing compared to his most recent award. In October 1995 Governor Tom Ridge presented Peter with the Citizens Crime Prevention Volunteer Recognition, the highest award available to a civilian.

After working as a supervisor for the Sandvik Steel Company for 14 years Peter retired and came to work at Village Park apartments. He quickly got to know all the

tenants and it was this that helped him in his position as guard. Now residents seek him out if they have concerns and management knows they can rely on him to handle any situation that may arise.

Peter gets along with young and old alike. He makes sure that every child under 12 receives a big bag of candy and 60 cents on their birthdays. Their parents like his friendly smile and depend on him to keep things safe for them and their families.

Peter and his wife live in Blakely where they raised their three children. The Swallows recently celebrated their 44th wedding anniversary.



Karen Zapotosky is a Single Family final document officer. She is responsible for follow up and processing of home-ownership loan documents. Her fourteen years at the Agency have helped her organize a busy schedule at home raising her two daughters, Nicole, 7, and Sarah, 5.

Sandy Klunk started working at PHFA in 1975 as a secretary in the Technical Services division. She later worked with the Rental Rehabilitation program and relies on this experience in her present job as program coordinator for the Multifamily Policy division. She enjoys cross stitching and keeping pace with her two daughters, Laurie and Jill.



Brian Hudson came to PHFA in 1975 as a staff accountant. He later managed Agency investments and became Director of the Finance division. In his current position as Deputy Executive Director, Brian supervises all financial transactions, manages the Agency's in-house investment portfolio and oversees the Personnel and Computer Services divisions. He enjoys his time with his wife, Vickie, and three sons, Stephen, 6, Adam, 10 and Brian, 22.



Technical Services Representative **Elmer Jones** visits PHFA construction sites to perform project inspections, approve payouts, and recommend changes. He enjoys flying and riding his motorcycle. Elmer and his wife, Pat, live in Palmyra.



Paula Brightbill is captain of the Agency's volleyball team. As administrative assistant in the Information Resources division, Paula organizes numerous mass mailings, fields thousands of inquiries and assists with PHFA Board meetings.

As an investment officer **Kimberly Green** helps manage the Agency's considerable portfolio, handling new bond issue bids and tracking daily activity. A former varsity standout on the Eastern Illinois University woman's basketball team, Kimberly was also an assistant coach for the Harrisburg High School team. She continues her interest in the sport by playing in a local league.





"Being in the right place at the right time..."

Being in the right place at the right time meant everything for Anita Christman and her three year old son Kyle. After renting from her parents for several years Anita decided it was time to explore her homebuying options and went to a local lender. There she found out about a new mortgage loan program sponsored by PHFA and available to first time homebuyers.

Anita, who works as a vendor coordinator for the Franklin and Adams County WIC program, is Chambersburg's first Homestead applicant. She purchased a three bedroom townhouse in Kennsington Heights development. In addition to some cosmetic changes she installed a chain link fence so her son could play outside.

PHFA's Homestead program allows families to buy houses by helping with downpayments and closing costs. Qualified homebuyers can borrow between \$1,000 and \$15,000. The loans are no-interest second mortgages that requires no repayment as long as the buyer lives in and owns the house.

Anita's son Kyle enjoys his home so much that he gives people tours and has helped his mom do some painting and fixing-up.

Kimberly Boal can rarely be found at her desk because she oversees the operation of 280 personal computers and makes sure the Agency network is running properly. Kim and her husband, Brian, have more than just their recent wedding to celebrate. Their new home was completed the same day they were married.



Randy Belin works in the Norristown office as a program coordinator for the Family Services program. He monitors the activities between property managers and locally based service providers to insure the needs of tenants are being met. He lives in Willing Boro with his wife, Kim, and their three year old daughter, Calise.

As a tax credit data entry clerk, **Nancy Lackey** makes sure that the regulations of the tax credit program are met. When she is not busy at her job, she is making the most of her time staying in shape by running and exercising in the Agency's aerobic class. In the winter months Nancy and her family can be found on area ski slopes.



At Tasker Village in Philadelphia tenants have access to various social services, such as housing counseling, education and safety-training. This development offers four one bedroom, ten two bedroom and fourteen three bedroom units to lower income families.



After working as a pre-school teacher for five years, **Norie Hostetter** decided a change of pace was in order and took the job as the PHFA receptionist. When she is not busy greeting visitors, Norie enjoys playing sports at her church. She participates in the volleyball, soccer and softball programs.



Pat Roussel started at PHFA as a loan officer in the Agency's HEMAP division. After five years she took on the additional responsibilities of senior loan officer. In this capacity she supervises the loan officers, trains staff and makes sure applications are processed in a timely manner. Pat and her husband have four children and four grandchildren.



Having worked in the financial field for several years, **Dave Doray** relies on experience to help him do his job as the Agency's Real Estate Analyst. He looks at the economics of multi-family rental projects, determines market and rent demand, whether enough individuals are in a specific area and if rents are competitive. An avid outdoorsman, Dave just returned from a hiking trip to Colorado.



KEARSLEY CARE HOUSING

The new construction of PHFA structures provides thousands of jobs and pays millions of dollars in wages. Kearsley Care Housing in Philadelphia will offer 60 personal care units for elderly residents. The tenants will also receive supportive services such as housekeeping, transportation, 24-hour emergency medical service and daily social and leisure activities programs. The Agency's PennHOMES program will provide a million dollars of financing.



As legal administrator, **Anne Johnson** has her hands full coordinating the Agency's bond closings, preparing the necessary documents for project closings and assisting legal staff with general correspondence. Anne is active in the Harrisburg area animal rescue association.



Frank Dorwart has the dual role of Senior Management Representative and Manager of the Norristown office. He is responsible for supervising the staff, assisting with field operations and making sure compliance codes are understood. Frank and his wife of 28 years, Mary Anne, like to work around the house and travel.



In addition to her regular secretarial responsibilities of typing and filing, **Juanita Underwood** is responsible for making sure an adequate supply of brochures, workbooks and forms are available for the homeownership programs. She enjoys taking pictures in her free time.

PHFA FINANCES APARTMENTS

The Pennsylvania Housing Finance Agency has made multi-family mortgage loans of \$1,193,615,530 to finance 38,161 apartments across the Commonwealth.

PERMANENTLY FINANCED PHFA RENTAL HOUSING APARTMENT PROJECTS

PROJECT	COUNTY	UNITS/TYPE	PHFA FINANCING	PROJECT	COUNTY	UNITS/TYPE	PHFA FINANCING
Gettysburg Scattered Site	Adams	16 G/N	\$ 583,689	South Park Apartments	Allegheny	101 F/N	4,219,591
McIntosh Court	Adams	12 HG/N	75,000	*Squires Manor Phase I	Allegheny	132 G/N	2,412,000
Mountain House Apartments	Adams	7 H	360,411	Thomas Village Family Apartments	Allegheny	66 F/N	2,820,260
Baldwin Towers	Allegheny	99 E/N	4,048,475	Towne North Tower	Allegheny	135 E/N	4,705,000
Bedcliff	Allegheny	66 G/R	167,500	Village Green Apartments	Allegheny	100 F/N	3,991,905
Bellefield Dwellings	Allegheny	158 EF/R	4,330,000	William S Moorhead Tower	Allegheny	142 F/R	5,855,000
Bridgeville Towers	Allegheny	102 E/N	3,305,000	Womanspace East	Allegheny	16 F/R	277,392
Brighton Place Housing Development	Allegheny	32 G/R	640,000	Woodside Place of Oakmont	Allegheny	36 HH/N	889,016
Carson Towers	Allegheny	133 E/R	4,210,000	Beaver Falls Plaza	Beaver	121 E/N	3,800,000
Central Hill	Allegheny	91 G/R	227,806	Conway Towers	Beaver	85 E/N	3,112,800
Crawford Roberts Redevelopment	Allegheny	203 G/N	1,000,000	P R V Manor	Beaver	35 E/N	1,550,000
Crawford Square II	Allegheny	71 G/N	2,378,000	Spring Run Apartments Phase I	Beaver	101 F/N	4,190,000
Debra House	Allegheny	15 H/R	406,585	Valley View Apartments	Beaver	120 F/N	3,710,000
Dorothy Day Apartments	Allegheny	17 G/R	100,000	Penn Bedford Apartments	Bedford	50 E/R	2,037,745
Eastland Apartments	Allegheny	27 F/R	825,000	777 Court Street	Berks	90 G/N	2,465,000
*Fairfax Apartments	Allegheny	247 G/R	3,965,000	Abraham Lincoln Apartments	Berks	50 E/R	1,000,000
Granada Apartments	Allegheny	22 E/R	690,000	B'nai B'rith House of Reading	Berks	175 E/N	4,910,000
Heritage Park	Allegheny	108 E	4,171,100	Bookbindery Collaborative	Berks	41 G/R	740,427
Hilltop Apartments	Allegheny	152 F/N	3,125,000	Transitional Housing	Berks	13	311,040
Homewood Brushton Apartments	Allegheny	5 F	52,378	Fleetwood Sr. Housing	Berks	33 E/N	707,999
Honus-Wagner Apartments	Allegheny	129 E/N	4,411,500	Penns Commons Court	Berks	46 E/N	1,335,570
Hulton Arbors	Allegheny	78 F/N	3,480,000	Reading Elderly Housing	Berks	201 E/N	7,115,000
K. Leroy Irvis Tower	Allegheny	191 E/N	6,440,000	River Oak Apartments	Berks	72 F/N	2,238,548
Lyceum Et Al	Allegheny	28 F	1,152,700	Sencit Townehouse	Berks	201 E/N	5,135,000
Meadows Apartments	Allegheny	79 G/R	1,456,311	Altoona Housing	Blair	21	1,226,199
Melvin Court/Churchill Apartments	Allegheny	43 G/R	1,230,390	Cherry Grove Apartments	Blair	76 F/N	2,905,000
Millions Manor	Allegheny	40 E/R	800,000	Greenfields	Blair	58 F/N	1,985,000
Munroe Tower	Allegheny	101 E/N	3,680,000	Harmony House	Blair	10 G/R	507,121
One Point Breeze Apartments	Allegheny	36 G/R	150,104	Lexington Park	Blair	24 G/R	494,410
Penn Arbors	Allegheny	125 E/N	5,084,295	Spring Manor	Blair	51 E/N	1,804,035
Penn Park	Allegheny	20 F/N	720,000	Tyrone Elderly Housing	Blair	100 E/N	2,495,000
Punta Gorda Place	Allegheny	20 G/N	189,837	Tyrone Family Housing	Blair	50 F/N	1,520,000
Riverview Park Apartments	Allegheny	168 G/N	3,250,000				
Rolling Woods	Allegheny	85 F/N	3,539,137				
Shields Building	Allegheny	30 E/R	625,000				

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

*No longer in Agency's portfolio

PROJECT	COUNTY	UNITS/TYPE	PHFA FINANCING	PROJECT	COUNTY	UNITS/TYPE	PHFA FINANCING	PROJECT	COUNTY	UNITS/TYPE	PHFA FINANCING	PROJECT	COUNTY	UNITS/TYPE	PHFA FINANCING
Chemung View	Bradford	101 E/N	3,157,900	Washington Square	Dauphin	101 G/N	4,860,000	Cherry Place	Lebanon	41 E/N	1,011,580	Easton Senior Citizens			
Galilee Village	Bucks	120 E/N	2,785,000	Apartment II	Dauphin	312 G/N	7,025,000	Highland Glen	Lebanon	96 F/N	3,805,000	Housing	Northampton	98 F/N	1,776,000
Meadow Glen	Bucks	91 F/N	3,741,513	Williamsburg Estates	Dauphin			Plaza Apartments	Lebanon	128 G/N	2,250,000	Ferry Street	Northampton	10 HG/N	457,844
Penn Gardens	Bucks	20 E/N	65,000	Woodlayne Court				Tulpehocken Terrace	Lebanon	46 E/N	55,000	Main Street			
Robert Morris				Apartment	Dauphin	44 G/R	1,200,000	627 Hamilton				Apartment	Northampton	23 E/R	702,510
Apartment	Bucks	40 G/R	2,281,828	Daniel Scott Commons	Delaware	72 F/N	3,272,500	Apartment	Lehigh	30 E/R	1,023,986	South Third Street			
Silverlake Apartments	Bucks	15 G/N	672,837	Fifth Street Apartments	Delaware	21 G/R	400,000	Allentown NSA I	Lehigh	21 F/R	524,397	Apartment	Northampton	22 E/R	765,808
St. Barnabas Circle	Bucks	10	698,888	Palmerhouse	Delaware	124 E/N	5,564,859	Allentown Towne				Center City			
Towpath House				Penn Street				House Apartments	Lehigh	160 E/N	4,195,000	Apartment	Northumberland	34 G/R	1,220,726
Apartment	Bucks	17 G/R	280,500	Robert H. Stinson				Catasauqua				Coal Township Elderly			
Woodview Apartments	Bucks	119 E	4,455,000	Tower	Delaware	150 H/N	4,840,000	Apartment	Lehigh	10 E/R	397,200	Housing	Northumberland	100 E/N	2,860,000
Butler Arbors	Butler	120 E/N	3,050,000	*Barnabas Court	Erie	57 E/N	1,820,000	Catasauqua				Milton Apartments	Northumberland	80 F/N	3,165,000
Historic Lafayette				Covington Valley				Apartment	Lehigh	36 E/R	1,205,083	Mt Carmel Elderly			
Apartment	Butler	62 E/R	1,325,000	Estates	Erie	43 F/N	1,662,959	Color Clinic	Lehigh	12 F/R	643,733	Housing	Northumberland	100 E/N	2,700,000
Barnesboro Family				Girard Towers	Erie	51 E/N	1,875,038	Gordon Street				River Front Apartments	Northumberland	200 E/N	5,492,700
Project	Cambria	62 F/N	2,167,552	*Glenwood Manor				Apartment	Lehigh	20 H/N	370,995	Willow Court	Northumberland	30 E/N	1,006,172
Garden Terrace				Apartment	Erie	224 G/R	4,341,760	Mill Apartments	Lehigh	45 E/R	1,520,588	Perry Manor	Perry	50 F/N	1,970,000
Apartment	Cambria	101 E/N	3,110,000	Hands/Scalise				Ridge Manor II	Lehigh	30 E/N	1,190,005	15th & Jefferson	Philadelphia	39 F/R	1,805,100
Haida Village	Cambria	31 F/N	1,131,548	Apartment	Erie	30 G/R	971,389	South 6th Street Rehab	Lehigh	49 F/R	1,750,000	Allegheny	Philadelphia	60	1,565,622
Lodge Run	Cambria	31 E	1,018,403	Independence House	Erie	12 H/N	400,000	Tenth Street I	Lehigh	23 G/R	251,709	Allegheny West			
Mountview Manor	Cambria	61 E/N	1,825,000	Pennsylvanian	Erie	112 E/R	2,655,000	Woodland Manor	Lehigh	70 F/N	2,620,000	Phase I	Philadelphia	41 G/R	1,348,688
Gardens of Gypsy Hill	Carbon	71 F/N	2,380,000	Richford Arms	Erie	100 E/R	3,150,000	Edwardsville Village	Luzerne	252 F/N	4,950,000	Allegheny West			
Lansford Townhouses	Carbon	51 F/N	1,814,400	Sharp Apartments	Erie	10	120,000	Exeter Sr. Citizens				Phase II	Philadelphia	45 G/R	1,224,128
Lehigh Coal &				Tandem Townhouses	Erie	48 F/N	1,880,000	Apartment	Luzerne	46 E/N	1,051,551	Allen Lane Apartments	Philadelphia	17 F/R	755,900
Navigation Building	Carbon	27 E/R	815,000	Union City Estates	Erie	51 F/N	1,907,808	First Valley/Daniel J.				Art Apartments	Philadelphia	30 G/R	994,450
Philipsburg Towers	Centre	102 E/N	2,705,000	Simpson				Flood Tower	Luzerne	211 E/N	6,500,000	*Bakers Bay Retirement	Philadelphia	196	10,967,000
Sylvan View Estates	Centre	49 G/N	1,853,086	Manor/Hunter's				Freeland II Housing	Luzerne	22 E/R	1,032,100	Bradmore Apartments	Philadelphia	34 G/R	846,730
City Clock Apartments	Chester	30 E/R	751,500	Ridge	Fayette	126 F/N	3,510,000	Hazlewood	Luzerne	99 E/N	2,520,000	Breslyn Apartments	Philadelphia	60 F/R	3,235,100
The Oxford	Chester	22 G/R	575,780	Union Gardens	Fayette	95 F/N	3,947,849	Ken Pollock				Cecil B Moore/			
Park Spring				Uniontown Senior				Apartment	Luzerne	40 E/N	194,343	16th Street	Philadelphia	98 G/R	1,679,706
Apartment	Chester	151 F	4,120,000	Housing	Fayette	36 E/R	100,081	Marion Terrace	Luzerne	200 F/N	5,800,000	Cecil B Moore/Gratz	Philadelphia	40 G/R	1,341,000
Parkeburg School	Chester	35 E/R	783,709	Barclay Village	Franklin	86 F/N	2,335,000	Marlboro Place	Luzerne	76 G/N	1,345,000	Chestnut/56th Street			
Regency Park				Franklin Residences	Franklin	15 E/R	50,000	Sherman Terrace				Apartment	Philadelphia	78 G/R	4,793,000
Apartment	Chester	126 F/N	4,870,000	Waynesboro Trinity				Apartment	Luzerne	344 EF/N	7,249,300	Christian Street			
Trinity House	Chester	134 E/N	4,810,000	House	Franklin	76 E/N	3,315,000	Ten East South	Luzerne	130 G/N	4,370,000	Commons	Philadelphia	18 G/R	652,176
Vincent Heights	Chester	91 E/N	3,354,100	*Blairsville House	Indiana	87 E/N	1,550,000	Townhomes of Hanover	Luzerne	40	2,530,962	Christian Street			
W C Atkinson Services				Clairvaux Commons	Indiana	85 E/R	659,498	Townhomes of				Apartment	Philadelphia	55 G/N	2,812,494
Center	Chester	18	512,364	Schoolhouse Square	Indiana	24	408,000	Hanover II	Luzerne	40	2,136,465	Church Lane			
Broadwood Tower	Clarion	66 E/N	1,920,000	Mahoning Towers	Jefferson	101 E/N	2,450,000	Berkshire Manor	Lycoming	20 E/R	625,000	Apartment	Philadelphia	40 G/R	796,652
Dubois Sr. Apartments	Clearfield	39 E/N	1,024,455	Allied Terrace	Lackawanna	121 E/N	4,200,000	Grier Street Manor	Lycoming	30 E/N	490,161	Costantino			
Hillside Village	Columbia	51 F/N	1,720,000	Cross Apartments	Lackawanna	6 G/R	203,374	Emery Towers	McKean	102 E/N	4,411,208	Development	Philadelphia	57 F/R	2,265,413
Schain Building	Columbia	24 G/R	384,000	Mulberry Tower	Lackawanna	206 E/N	6,692,900	Connelly Manor	Mercer	127 E/N	3,768,000	*Delaire Landing	Philadelphia	180 G/N	3,845,000
Bartlett Gardens	Crawford	43 E/R	1,145,000	Olyphant Apartments	Lackawanna	90 E/N	3,581,407	Greenville House	Mercer	101 E/N	3,501,900	Diamond Phase II			
Elm Street Apartments	Crawford	18 E/R	463,191	Scranton Townhouse/				Reynolds West Estates	Mercer	101 F/N	3,935,000	Residences	Philadelphia	32 G/R	976,841
Forest Green Estates	Crawford	100 F/N	3,405,000	Village Park	Lackawanna	160 F/N	5,655,000	Wade D. Mertz Towers	Mercer	103 E/N	3,095,000	Dorado Village	Philadelphia	81 F/N	4,082,100
Shryock Sr. Citizens	Crawford	41 E/R	1,000,000	United Neighborhood				Kish Apartments	Mifflin	141 E/N	3,725,000	Dorothy Lovell			
Titusville Housing for				Sr. Housing	Lackawanna	16 E/R	96,000	*Pocono Creek				Gardens	Philadelphia	25 G/R	818,309
Elderly	Crawford	65 E/N	1,968,000	Bloomfield Apartments	Lancaster	66 G/N	2,200,707	Apartment	Monroe	100 G/N	2,265,000	Dunlap Apartments	Philadelphia	35 E/R	548,931
Cumberland Elderly				The Franklin	Lancaster	41 E/R	1,076,449	Cooperative Housing				Edgewood Manor			
Housing	Cumberland	101 E	3,009,800	King Theatre				Initiative I	Montgomery	11 G/R	448,800	Apartment	Philadelphia	49 G/R	1,096,484
Orchard Apartments	Cumberland	81 F/N	3,115,200	Apartment	Lancaster	43 E/R	1,320,390	Dock Village	Montgomery	100 F/N	4,275,000	Endow-A-Home	Philadelphia	18 G/R	252,000
Pomfret Street				Lancaster Arms	Lancaster	74 F/N	3,376,419	Jefferson East				Endow-A-Home			
Apartment	Cumberland	25 F	1,188,387	Market House				Apartment	Montgomery	36 E/N	83,815	Phase II	Philadelphia	18 G/R	211,000
Susquehanna View				Apartment	Lancaster	51 E/R	1,920,000	*Meadowick Village	Montgomery	273 G/N	7,050,000	Enon-Toland Newhall			
Apartment	Cumberland	201 E/N	5,533,500	Millersville Manor	Lancaster	121 E/R	2,875,000	Housing				Manor	Philadelphia	26 E/N	38,257
*Village of Timber Hill	Cumberland	56 G/N	1,407,300	Oak Bottom Village II	Lancaster	56 G/N	1,444,063	Norriswood				Fairmount Apartments	Philadelphia	65 G/R	660,000
Allison Hill South	Dauphin	27 G/RN	703,446	Old North Mansion	Lancaster	67 F/N	2,295,000	Apartment	Montgomery	42 G/R	814,319	Francisville III	Philadelphia	21	384,000
Cumberland Court				Apartment	Lancaster	18 G/R	300,742	Oakwood Gardens	Montgomery	48 F/R	1,430,000	Francisville/Rainbow			
Apartment	Dauphin	108 F/N	2,365,000	Plum Tree Apartments	Lancaster	15 F/R	605,000	Rolling Hills	Montgomery	232 F/N	6,250,000	Project	Philadelphia	20 F/R	488,000
Ecumenical				Prince Street Towers	Lancaster	200 E/N	5,640,000	Stephanie Lane	Montgomery	24 G/N	1,345,000	Franklin Park			
Communities Inc.	Dauphin	84 E	1,542,000	*Rothsville School				Telford Gardens				Apartment	Philadelphia	125 F/R	5,931,900
Edison Village	Dauphin	125 EF/R	5,385,000	Apartment	Lancaster	15 G/R	535,565	1801 Apartments	Northampton	49 F/R	1,765,000	Germantown YMCA	Philadelphia	128	1,000,000
Governor Hotel				Sassafras Alley	Lancaster	64 G/R	2,214,362	338 Wyandotte Street				Gratz Commons	Philadelphia	39	823,000
Apartment	Dauphin	46 E/R	1,000,000	Umbrella Works	Lancaster	83 G/R	1,957,479	Apartment	Northampton	34 E/R	1,007,252	Grays Ferry	Philadelphia	71 G/N	1,429,028
Hershey Plaza	Dauphin	216 E/N	7,245,000	Allied Human Services	Lawrence	8 N	31,985	55 Broadway				Green Street Project	Philadelphia	15 G/R	326,000
Highspire School				Castleton Apartment				Apartment	Northampton	7	357,085	Haddington Elderly			
Apartment	Dauphin	42 E/R	1,109,000	Complex	Lawrence	73 E/R	1,907,052	Apartment	Northampton	26	530,000	Housing	Philadelphia	136 E/N	5,920,000
Hill Cafe Apartments	Dauphin	27 G/R	743,750	Dennis Schill Manor	Lawrence	71 E/N	2,835,000	Antonian Towers	Northampton	50 E/N	190,183	Haddington			
Interfaith Apartments	Dauphin	126 E/N	4,365,000	Hileman Apartments	Lawrence	41 F/R	1,120,000	Atlantic Street				Townhouses	Philadelphia	126 F	6,468,000
Martin Luther King				6th & Willow Streets				Apartment	Northampton	22 F/N	767,827	Hamill Mill Apartments	Philadelphia	40 E/R	1,407,815
Housing	Dauphin	10 G/R	481,641	Elderly Housing	Lebanon	40 E/N	1,069,203	Bangor Elderly	Northampton	101 E	3,825,000	Hestonville Apartments	Philadelphia	24	587,619
Pheasant Hill Estates	Dauphin	172 E/N	4,681,600					Belvidere Apartments	Northampton	20	821,391	Hope Haven	Philadelphia	10 R	222,801
												Hope Haven II	Philadelphia	10 R	100,000

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

*No longer in Agency's portfolio

PROJECT	COUNTY	UNITS/TYPE	PHEA FINANCING
Housing Options & Opportunities	Philadelphia	5 H/R	96,000
Jardines Del Borinquen	Philadelphia	45 G/R	1,012,062
Kairos House	Philadelphia	36 G/R	1,064,350
Kearsley Care Housing Kensington	Philadelphia	60 E/N	1,000,000
Townhouses	Philadelphia	71 F/N	3,400,300
Kensington YWCA	Philadelphia	46 E/R	1,564,786
Landreth Apartments	Philadelphia	51 E/R	1,575,000
Larchwood Gardens	Philadelphia	180 G/R	2,665,623
Levering Court	Philadelphia	19 G/R	650,000
Locust Tower Apartments	Philadelphia	40 G/R	1,858,586
Lower Germantown Housing	Philadelphia	50	1,195,255
Lower Germantown Housing II	Philadelphia	34	430,764
Magnolia Mews Apartments	Philadelphia	63 G/R	1,998,696
Mansion Court	Philadelphia	30	600,000
Model Cities 6	Philadelphia	71	1,632,804
Monte Vista Apartments	Philadelphia	159 EF/R	7,587,000
MPB Parish School	Philadelphia	28	672,000
Norris Street	Philadelphia	21 G/N	449,000
Oak Lane/Cheltenham Court	Philadelphia	62 G/R	1,689,100
Ogontz Hall	Philadelphia	25 G/R	767,222
Ogontz II	Philadelphia	15 G/R	337,500
One APM Plaza	Philadelphia	24 G/R	465,000
*One Buttonwood Square	Philadelphia	304 G/N	10,220,000
Park Tower Apartments	Philadelphia	157 E/N	7,155,000
Parkside Apartments	Philadelphia	65	2,626,000
Philadelphia Mr Project	Philadelphia	136 WG	2,150,005
Powelton Gardens	Philadelphia	25 G/R	1,160,584
*Queen Village II	Philadelphia	51 G/R	1,180,000
Queens Row	Philadelphia	29 G/R	828,500
Queens Court Apartments	Philadelphia	32 G/R	1,311,455
Regent Street Apartments	Philadelphia	80 F/R	750,000
Sarah Allen Homes	Philadelphia	36	1,085,625
Sartain Apartments	Philadelphia	35 E/R	582,734
Single Parent Family	Philadelphia	4 G/R	103,751
Somerset Apartments	Philadelphia	24 G/N	720,000
Spring Garden Apartments	Philadelphia	9 F/R	400,000
Susquehanna II	Philadelphia	47	1,657,470
Susquehanna Townhouses	Philadelphia	36 F/R	1,807,900
Tasker Village	Philadelphia	28	560,000
Temple University Student Housing	Philadelphia	82 G/R	2,000,000
Tenth Memorial Senior Housing	Philadelphia	59 E/N	118,000
Tioga Gardens	Philadelphia	33	689,419
Trinity Place Apartments	Philadelphia	44 G/R	535,000
Turning Point	Philadelphia	6	87,236
Venango House	Philadelphia	106 E/N	4,820,000
Villanueva Townhouses	Philadelphia	30	532,000
Villas De Hace	Philadelphia	24	701,854
Von Louhr Apartments	Philadelphia	25 F/R	619,189
West Diamond Street	Philadelphia	48 G/R	1,154,991
Westminster Apartments	Philadelphia	43	1,589,909
Wistar Court	Philadelphia	55	3,250,000
Wister Townhouse Apartments	Philadelphia	200 F/N	7,308,700
Berwick House Apartments	Schuylkill	13 G/R	388,289

PROJECT	COUNTY	UNITS/TYPE	PHEA FINANCING
Mahanoy Elderly Housing	Schuylkill	124 E/N	3,940,000
Majestic House	Schuylkill	74 E/R	2,520,000
Pine Meadow	Snyder	100 F/N	3,715,000
Stayman Park	Snyder	77 E/N	2,470,000
Coleman Towers	Somerset	51 E/N	2,007,847
Laurel Village II	Somerset	48 F/N	1,570,000
Village At Somerset	Somerset	101 F/N	5,172,967
Hallstead	Susquehanna	40 E	200,000
Montrose Square	Susquehanna	81 E/N	2,750,000
Mansfield Village	Tioga	51 F/N	1,883,130
Kelly Apartments	Union	80 E/N	2,130,000
Lewisburg Elderly Housing	Union	80 E/N	2,698,900
Bridge Street Commons	Venango	30 E/N	44,500
Franklin Arbors	Venango	88 E/N	2,365,000
Oak Hill Apartments	Venango	120 F/N	2,313,100
Pin Oak Village	Venango	100 F/N	1,752,700
Bentleyville Apartments	Washington	102 F/N	3,925,000
Canon House	Washington	104 E/N	3,165,000
Char House	Washington	104 E/N	3,430,000
Liberty Tower	Washington	104 E/N	3,730,000
Penn Park	Washington	25 F/R	801,000
Thomas Campbell North	Washington	75 E/N	2,255,000
Maple City Apartments	Wayne	40 E/N	200,000
Eastmont Estates	Westmoreland	103 F/N	2,699,948
Filbern Manor	Westmoreland	127 E/N	3,800,000
Huntingdon Village	Westmoreland	96 F/N	3,960,000
Maple Hill Apartments	Westmoreland	72 F/N	2,869,500
Markvue Apartments	Westmoreland	35 G/N	563,000
Nu-Ken Tower	Westmoreland	101 E/N	4,175,000
Pershing Square	Westmoreland	111 E/N	4,285,000
Rostraver Apartments	Westmoreland	96 F/N	3,583,400
Sandalwood	Westmoreland	86 F/N	3,512,269
Wimmerton Apartments	Westmoreland	100 G/N	1,820,000
Cable House	York	83 F/R	3,565,000
Delphia House	York	104 E/N	3,050,000
Dutch Kitchen	York	59 G/R	600,000
George Street Project	York	36 G/R	981,091
Hudson Park Towers	York	70 F/R	1,712,463
Parkside Townhouses	York	53 G/N	1,850,457
Southeast Neighborhood Apartments	York	19 F/R	354,885
TOTAL PROJECTS: 372		26,311	\$830,388,882

PHEA-FINANCED CONSTRUCTION LOAN PROJECTS

PROJECT	COUNTY	UNITS/TYPE	PHEA FINANCING
Bower Hill III Apartments	Allegheny	135 E/N	\$ 7,842,900
Brinton Towers	Allegheny	190 E/N	4,272,200
Heritage Park	Allegheny	108 E/N	4,171,100
Roosevelt Arms	Allegheny	191 E/R	5,290,100
Settlers Place	Allegheny	164 F/N	5,732,100
Squirrel Hill	Allegheny	117 E/R	3,648,600
Scottswood	Beaver	106 F/N	4,246,300
Wilson Townhouses	Berks	200 F/N	4,483,800
Belmondo on the Delaware	Bucks	195 G/N	5,265,000
Center Square Towers	Bucks	352 E/N	7,558,400
Downingtown Sr. Citizen Housing	Chester	40 E/N	1,216,800
Bloomsburg Elderly	Columbia	76 E/N	2,407,400
Cumberland Elderly Housing	Cumberland	101 E/N	3,009,800
Maclay Street NSA Project	Dauphin	126 F/R	6,033,500
Rutherford Park Townhouses	Dauphin	85 F/N	3,534,400
Elk Towers	Elk	103 E/N	3,517,300
Mid-City Towers	Erie	132 E/N	3,437,700
Connellsville Towers	Fayette	111 E/N	4,247,600
Carmichaels Arbors	Greene	76 E/N	2,114,500
Mountainview Gardens	Greene	120 F/N	4,229,400
Robindale Heights Apartments	Indiana	20 F/N	695,600
Mulberry Tower	Lackawanna	206 E/N	6,692,900
Webster Towers	Lackawanna	98 E/N	2,076,200
North Queen St. Apartments	Lancaster	8 F/R	517,200
Westview Terrace	Lawrence	106 F/N	2,036,705
Brookside Apartments	Lebanon	100 E/N	2,098,500
Plaza II	Lebanon	128 G/N	2,521,100
Catasauqua Apartments	Lehigh	10 F/R	397,200
Lutheran Manor	Lehigh	197 E/N	5,630,500
Anthracite Apartments	Luzerne	121 E/N	3,918,000
Center City Apartments	Luzerne	176 E/N	5,525,200
City Heights	Luzerne	151 E/N	4,658,000
Eastside Moderate Income Housing	Luzerne	76 F/N	1,478,400
Freeland II Housing	Luzerne	22 E/R	1,032,100
Hillside Apartments	Luzerne	200 F/N	4,099,900
Sherman Terrace Apartments	Luzerne	344 EF/N	7,249,300
Williamsport Elderly Housing	Lycoming	101 E/N	2,758,600
Pine Tree Village	Mercer	128 F/N	5,198,900
Riverview Manor	Mercer	123 F/N	2,512,000
Shenango Village	Mercer	100 F/N	1,877,500
Courtland Plaza	Monroe	101 E/N	2,793,300
Creekview Apartments	Monroe	80 F/N	2,288,700
Moreland Towers	Montgomery	138 E/N	2,884,700
Southside Apartments	Northampton	150 E/N	4,045,000
2400 Chestnut Street	Philadelphia	372 G/N	15,280,000
20th and South Streets	Philadelphia	61 G/R	2,055,400
American Postal Workers House	Philadelphia	300 E/N	10,465,500
Delaire Landing Phase 5	Philadelphia	216 G/N	5,204,500
Executive House	Philadelphia	301 G/N	18,634,500
Gray Manor	Philadelphia	130 E/N	5,421,000
Lutheran Elderly Housing	Philadelphia	208 E/N	6,992,400
Mount Vernon Apartments	Philadelphia	124 F/N	2,428,800
Shalom Apartments	Philadelphia	155 E/N	4,833,400

PROJECT	COUNTY	UNITS/TYPE	PHEA FINANCING
Stenton Arms Apartments	Philadelphia	113 F/R	1,158,100
University City Townhouses	Philadelphia	70 F/N	3,807,400
University Plaza Apartments	Philadelphia	442 E/N	15,500,800
Verona Apartments	Philadelphia	117 G/R	2,614,800
West Poplar Apartments	Philadelphia	140 F/N	4,939,800
Wister Townhouses	Philadelphia	200 F/N	7,308,700
Lewisburg Elderly Housing	Union	80 E/N	2,698,900
Oak Hill Apartments	Venango	120 F/N	2,313,100
Pin Oak Village	Venango	100 F/R	1,752,700
Belvedere Acres	Washington	96 F/N	3,799,000
Washington Arbors	Washington	101 E/N	2,587,200
TOTAL PROJECTS: 64		9,058	\$281,040,405

PHEA-FINANCED RURAL RENTAL HOUSING PROJECTS

PROJECT	COUNTY	UNITS/TYPE	PHEA FINANCING
Rayburn Manor	Armstrong	46 F/N	\$ 1,415,367
Washington Glen	Bucks	42 F/N	1,475,418
Emerald Estates	Cambria	35 E/N	1,373,000
McAteer Village	Clearfield	35 F/N	1,231,580
Titusville Manor	Crawford	47 F/N	1,421,055
Hummelstown Manor	Dauphin	51 E/N	1,672,105
Strathmeade Square	Franklin	23 F/N	846,000
Nathan Village Apartments	Lancaster	51 E/N	1,322,622
Oak Bottom Village	Lancaster	24 F/N	795,800
Oak Hollow	Lancaster	56 F/N	947,900
Hillcrest Village	Montgomery	72 F/N	2,223,900
Valley Manor	Montgomery	40 F/N	1,279,125
Valley Vista	Montgomery	101 E/N	2,311,000
Avonmore Housing for the Elderly	Westmoreland	36 E/N	1,357,578
Derry Area Senior Citizens Housing	Westmoreland	18 E/N	342,000
TOTAL PROJECTS: 15		677	\$20,014,450

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

*No longer in Agency's portfolio

**PHEA-FINANCED
RURAL TURNKEY PUBLIC HOUSING
CONSTRUCTION LOAN PROJECTS**

PROJECT	COUNTY	UNITS/TYPE	PHEA FINANCING
West View Elderly	Allegheny	100 E/N	\$ 4,196,970
Monaca Elderly Turnkey	Beaver	100 E/N	4,583,304
Birdsboro Elderly Turnkey	Berks	16 E/N	664,938
Fleetwood Elderly Turnkey	Berks	20 E/N	710,113
Sinking Springs	Berks	25 F/N	1,319,220
Wyalusing Elderly	Bradford	30 E/N	1,186,447
Slippery Rock Turnkey	Butler	50 E/N	2,144,700
Lehigh Turnkey	Carbon	10 G/N	550,426
Oxford Elderly Turnkey	Chester	48 E/N	2,015,473
Renovo Family Turnkey	Clinton	27 F/N	1,617,248
Pomfret Street Apartments	Cumberland	25 F/N	1,188,387
Williamstown Boro Family Turnkey	Dauphin	10 F/N	469,658
Williams Township Family Turnkey	Dauphin	40 F/N	2,071,757
J. Leonard Ostrow Turnkey	Erie	80 E/N	2,742,400
Millcreek Elderly Housing	Erie	65 E/N	2,000,000
North East Elderly Turnkey	Erie	40 E/N	1,443,786
Burrell Township Turnkey	Indiana	50 EF/N	2,291,580
Saltsburg Family Turnkey	Indiana	25 F/N	1,226,070
Carbondale Elderly Turnkey	Lackawanna	45 E/R	1,750,795
Lebanon City Turnkey	Lebanon	39 F/N	1,584,798
Slatington Elderly	Lehigh	75 E/N	3,752,946
Foster Township Turnkey	McKean	42 EF/N	1,792,422
McKean County Turnkey	McKean	136 EF/N	2,437,400
Schuylkill Haven Turnkey	Schuylkill	40 F/N	1,596,695
Middleburg Family Turnkey	Snyder	40 F/N	1,757,096
Arnold Family Housing	Westmoreland	20 F/N	1,004,945
Greensburg Family	Westmoreland	20 F/N	955,533
Lower Burrell Elderly Turnkey	Westmoreland	125 F/N	4,361,280
Trafford Elderly Turnkey	Westmoreland	100 E/N	3,708,320
Fairview Township Turnkey	York	75 E/N	3,209,697
TOTAL PROJECTS: 30		1,518	\$60,334,404

**HUD 202
ELDERLY HOUSING PROJECTS
WITH PHEA "GAP" FINANCING**

PROJECT	COUNTY	UNITS/TYPE	PHEA FINANCING
McIntosh Center	Adams	12 G/N	\$ 75,000
Central Hill	Allegheny	92 G/R	227,806
Bedcliff	Allegheny	66 G/R	167,500
Penn Gardens	Bucks	20 H/N	65,000
Franklin Residences	Franklin	15 E/R	50,000
United Neighborhood Housing	Lackawanna	16 E/R	96,000
Allied Human Services Housing	Lawrence	8 H/N	31,985
Tulpehocken Terrace	Lebanon	46 E/N	55,000
Ken Pollock	Luzerne	40 E/N	194,343
Jefferson East Apartments	Montgomery	36 E/N	83,815
Antonian Towers	Northampton	50 E/N	190,183
Enon Toland Newhall Manor	Philadelphia	26 E/N	38,257
Tenth Memorial Baptist Hallstead	Philadelphia	60 E/N	118,000
Bridge Street Commons	Susquehanna	40 E/N	200,000
Maple City Apartments	Venango	30 E/N	44,500
	Wayne	40 E/N	200,000
TOTAL PROJECTS: 16		597	\$1,837,389

Pennsylvania Housing Finance Agency

**REPORT OF INDEPENDENT ACCOUNTANTS
ON FINANCIAL STATEMENTS**
for the years ended June 30, 1995 and 1994

AND REQUIRED SUPPLEMENTAL INFORMATION

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Report of Independent Accountants

Coopers
& Lybrand

Coopers & Lybrand L.L.P.

a professional services firm

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, 1995 and 1994, and 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 did not audit the financial statements of the Homeowners Emergency Mortgage Assistance Program (HEMAP) which statements reflect total assets and revenues constituting 3 percent and 9 percent, respectively of the related totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for HEMAP, is based solely on the report of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit 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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 1995 and 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note C to the financial statements, the Agency changed its method of accounting for refundings of debt for the year ended June 30, 1995.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Analysis of Funding Progress and Revenues by Source and Expenses by Type, on pages 42 and 43, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. 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.

One South Market Square
Harrisburg, Pennsylvania
October 2, 1995

Coopers & Lybrand L.L.P. is a member of Coopers & Lybrand International, a limited liability association incorporated in Switzerland.

BALANCE SHEETS
as of June 30, 1995 and 1994

		1995				1995		1994					
		General Fund	Multi-Family Program	Single Family Program	Insurance Fund	HEMAP	Totals (Memorandum Only)	General Fund	Multi-Family Program	Single Family Program	Insurance Fund	HEMAP	Totals (Memorandum Only)
<i>(in thousands)</i>													
Assets	Deposits and investments (Note E)	\$102,100	229,492	278,875	15,737	1,984	628,188	72,310	211,557	267,478	13,648	5,629	570,622
	Mortgage loans receivable (Note F)	3,020	584,286	1,379,193	—	76,677	2,043,176	3,220	618,736	1,187,918	—	67,005	1,876,879
	Construction advances (Note F)	—	24,445	—	—	—	24,445	—	23,298	—	—	—	23,298
	Deferred and other assets	3,590	7,268	4,617	—	142	15,617	3,337	7,693	4,089	—	126	15,245
	Due from other funds	10,640	—	—	—	—	10,640	24,911	—	—	—	—	24,911
		<u>\$119,350</u>	<u>845,491</u>	<u>1,662,685</u>	<u>15,737</u>	<u>78,803</u>	<u>2,722,066</u>	<u>103,778</u>	<u>861,284</u>	<u>1,459,485</u>	<u>13,648</u>	<u>72,760</u>	<u>2,510,955</u>
Liabilities and Fund Balances	Bonds payable (Note I)	\$ —	579,452	1,529,117	—	—	2,108,569	—	597,076	1,330,772	—	—	1,927,848
	Notes payable (Note H)	—	24,000	—	—	—	24,000	—	23,000	—	—	—	23,000
	Escrow and other liabilities	281	147,190	19,463	506	2,913	170,353	857	141,756	14,635	475	2,462	160,185
	Accrued interest payable	—	16,899	28,040	—	—	44,939	—	18,269	24,184	—	—	42,453
	Accounts payable and accrued expenses	1,877	—	23	—	167	2,067	1,102	—	—	—	292	1,394
	Accrued mortgage claims	—	—	—	183	—	183	—	—	—	100	—	100
	Due to other funds	—	2,585	7,375	—	680	10,640	—	2,800	21,810	—	301	24,911
	Total liabilities	<u>2,158</u>	<u>770,126</u>	<u>1,584,018</u>	<u>689</u>	<u>3,760</u>	<u>2,360,751</u>	<u>1,959</u>	<u>782,901</u>	<u>1,391,401</u>	<u>575</u>	<u>3,055</u>	<u>2,179,891</u>
	Fund balances (Note K):												
	Reserved	—	1,960	19,989	10,000	75,043	106,992	346	3,360	17,411	10,000	69,705	100,822
	Unreserved:												
	Internally designated	62,500	66,500	6,955	5,048	—	141,003	57,500	66,500	5,205	3,073	—	132,278
	Undesignated	54,692	6,905	51,723	—	—	113,320	43,973	8,523	45,468	—	—	97,964
	Total fund balances	<u>117,192</u>	<u>75,365</u>	<u>78,667</u>	<u>15,048</u>	<u>75,043</u>	<u>361,315</u>	<u>101,819</u>	<u>78,383</u>	<u>68,084</u>	<u>13,073</u>	<u>69,705</u>	<u>331,064</u>
		<u>\$119,350</u>	<u>845,491</u>	<u>1,662,685</u>	<u>15,737</u>	<u>78,803</u>	<u>2,722,066</u>	<u>103,778</u>	<u>861,284</u>	<u>1,459,485</u>	<u>13,648</u>	<u>72,760</u>	<u>2,510,955</u>

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

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
for the years ended June 30, 1995 and 1994

	1995				1995		1994				Totals (Memorandum Only)	
	General Fund	Multi- Family Program	Single Family Program	Insurance Fund	HEMAP	Totals (Memorandum Only)	General Fund	Multi- Family Program	Single Family Program	Insurance Fund		HEMAP
<i>(in thousands)</i>												
Revenues												
Interest income:												
Investments	\$ 5,979	5,726	15,259	1,075	315	28,354	4,230	8,150	14,158	961	314	27,813
Mortgage loans receivable (Note F)	334	53,363	97,346	—	1,208	152,251	205	53,908	91,133	—	1,254	146,500
Construction advances (Note F)	—	414	—	—	—	414	—	442	—	—	—	442
Total interest income	6,313	59,503	112,605	1,075	1,523	181,019	4,435	62,500	105,291	961	1,568	174,755
Fees and charges	9,122	—	1,363	1,098	154	11,737	7,900	—	1,198	515	123	9,736
Amortization of deferred gain	—	520	—	—	—	520	—	497	—	—	—	497
Gain on sale of investments	15	—	—	—	—	15	1,405	5,752	355	—	—	7,512
Grant revenue	—	14,124	—	—	18,500	32,624	—	1,100	—	—	19,500	20,600
Residual receipts	—	2,391	—	—	—	2,391	—	425	—	—	—	425
Nonrecurring income (Note N)	983	737	—	—	—	1,720	—	—	—	—	—	—
Total operating revenue	16,433	77,275	113,968	2,173	20,177	230,026	13,740	70,274	106,844	1,476	21,191	213,525
Expenses												
Interest on notes (Note H)	—	1,215	—	—	—	1,215	—	533	—	—	—	533
Interest on bonds (Note I)	—	37,444	102,177	—	—	139,621	—	43,017	100,887	—	—	143,904
Salaries and related benefits	7,582	—	—	—	1,293	8,875	7,089	—	—	—	1,259	8,348
General and administrative	3,259	2,321	—	—	1,819	7,399	3,287	232	—	—	1,738	5,257
Loan loss provision	—	30,000	400	—	11,727	42,127	—	9,100	325	—	8,783	18,208
Mortgage claims	—	—	—	198	—	198	—	—	—	117	—	117
Total operating expenses	10,841	70,980	102,577	198	14,839	199,435	10,376	52,882	101,212	117	11,780	176,367
Income before extraordinary item	5,592	6,295	11,391	1,975	5,338	30,591	3,364	17,392	5,632	1,359	9,411	37,158
Extraordinary loss:												
Early extinguishment of debt (Note I)	—	(252)	(88)	—	—	(340)	—	(16,305)	(6,830)	—	—	(23,135)
Net income (loss)	5,592	6,043	11,303	1,975	5,338	30,251	3,364	1,087	(1,198)	1,359	9,411	14,023
Fund balances at beginning of year	101,819	78,383	68,084	13,073	69,705	331,064	82,894	102,132	60,007	11,714	60,294	317,041
Fund balance transfers, net (Note D)	9,781	(9,061)	(720)	—	—	—	15,561	(24,836)	9,275	—	—	—
Fund balances at end of year	\$117,192	75,365	78,667	15,048	75,043	361,315	101,819	78,383	68,084	13,073	69,705	331,064

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

STATEMENTS OF CASH FLOWS
for the years ended June 30, 1995 and 1994

	1995				1995		1994					
	General Fund	Multi-Family Program	Single Family Program	Insurance Fund	HEMAP	Totals (Memorandum Only)	General Fund	Multi-Family Program	Single Family Program	Insurance Fund	HEMAP	Totals (Memorandum Only)
<i>(in thousands)</i>												
Cash Flows from Operating Activities												
Net income (loss)	\$ 5,592	6,043	11,303	1,975	5,338	30,251	3,364	1,087	(1,198)	1,359	9,411	14,023
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:												
Depreciation and amortization	261	755	2,111	—	28	3,155	297	1,006	2,687	—	25	4,015
Loss on early extinguishment of debt	—	252	88	—	—	340	—	16,305	6,830	—	—	23,135
Loan loss provision	—	30,000	400	—	11,727	42,127	—	9,100	325	—	8,783	18,208
Interest expense on notes and bonds, excluding amortization and accretion	—	38,060	102,861	—	—	140,921	—	43,007	100,909	—	—	143,916
Interest income on investments	(5,979)	(5,726)	(15,259)	(1,075)	(315)	(28,354)	(4,230)	(8,150)	(14,158)	(961)	(314)	(27,813)
Gain on sale of investments	(15)	—	—	—	—	(15)	(1,405)	(5,752)	(355)	—	—	(7,512)
Amortization of deferred gain	—	(520)	—	—	—	(520)	—	(497)	—	—	—	(497)
Increase (decrease) due to changes in operating assets and liabilities:												
Mortgage loans receivable	200	4,450	(192,518)	—	(21,695)	(209,563)	(2,517)	(9,108)	19,552	—	(19,957)	(12,030)
Construction advances	—	(1,147)	—	—	—	(1,147)	—	(8,802)	—	—	—	(8,802)
Deferred and other assets	(513)	(94)	(913)	—	(38)	(1,558)	(1,621)	(4,361)	(701)	—	(47)	(6,730)
Escrow and other liabilities	(576)	5,955	4,828	31	451	10,689	(93)	10,555	(596)	475	673	11,014
Accounts payable and accrued expenses	775	—	23	—	(125)	673	229	—	—	—	27	256
Accrued mortgage claims	—	—	—	83	—	83	—	—	—	100	—	100
Net cash provided by (used for) operating activities	(255)	78,028	(87,076)	1,014	(4,629)	(12,918)	(5,976)	44,390	113,295	973	(1,399)	151,283
Cash Flows from Noncapital Financing Activities												
Due (from) to other funds	\$14,271	(215)	(14,435)	—	379	—	(15,985)	(247)	16,232	—	—	—
Fund balance transfers from (to) other funds	9,781	(9,061)	(720)	—	—	—	15,561	(24,836)	9,275	—	—	—
Proceeds from sale of bonds and notes	—	1,000	258,069	—	—	259,069	—	315,950	236,442	—	—	552,392
Redemptions and maturities of bonds and notes ..	—	(18,113)	(60,715)	—	—	(78,828)	—	(361,854)	(322,419)	—	—	(684,273)
Interest paid on bonds and notes	—	(39,430)	(98,985)	—	—	(138,415)	—	(45,570)	(104,045)	—	—	(149,615)
Net cash provided by (used for) noncapital financing activities	24,052	(65,819)	83,214	—	379	41,826	(424)	(116,557)	(164,515)	—	—	(281,496)
Cash Flows from Investing Activities												
Purchase of investments	(91,630)	(97,041)	(181,254)	—	(26,649)	(396,574)	(80,824)	(134,119)	(149,332)	—	(180,593)	(544,868)
Interest received on investments	8,975	3,625	13,331	1,075	315	27,321	7,196	11,892	12,599	961	314	32,962
Proceeds from sales and maturities of investments	68,595	103,954	145,541	—	29,783	347,873	78,100	193,766	131,325	—	181,688	584,879
Net cash provided by (used for) investing activities	(14,060)	10,538	(22,382)	1,075	3,449	(21,380)	4,472	71,539	(5,408)	961	1,409	72,973
Net increase (decrease) in cash and cash equivalents	9,737	22,747	(26,244)	2,089	(801)	7,528	(1,928)	(628)	(56,628)	1,934	10	(57,240)
Cash and cash equivalents at beginning of year ...	2,813	116,123	102,709	3,648	(1,137)	224,156	4,741	116,751	159,337	1,714	(1,147)	281,396
Cash and cash equivalents at end of year	\$12,550	138,870	76,465	5,737	(1,938)	231,684	2,813	116,123	102,709	3,648	(1,137)	224,156
Reconciliation of cash and cash equivalents to the balance sheets:												
Total deposits and investments per the balance sheets	102,100	229,492	278,875	15,737	1,984	628,188	72,310	211,557	267,478	13,648	5,629	570,622
Less:												
Investments not meeting the definition of cash equivalents	89,550	90,622	202,410	10,000	3,922	396,504	69,497	95,434	164,769	10,000	6,766	346,466
Cash and cash equivalents at end of year	\$12,550	138,870	76,465	5,737	(1,938)	231,684	2,813	116,123	102,709	3,648	(1,137)	224,156

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

NOTES TO FINANCIAL STATEMENTS

for the years ended June 30, 1995 and 1994

(dollar amounts in thousands)

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 to authorize the Agency to make or purchase loans to finance the purchase, construction, improvement or rehabilitation of owner-occupied single family residences, and to finance the construction and rehabilitation of housing units without requiring the housing units to be subsidized or assisted by a federal government program.

The Act was further amended to authorize the Agency to furnish emergency mortgage assistance to mortgagors facing foreclosure because of circumstances beyond their control, through the form of loans.

The Agency has been determined to be a component unit of the Commonwealth of Pennsylvania for financial reporting purposes and thus, the financial results of the Agency will be included in the Commonwealth's June 30, 1995 financial statements.

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. Borrowers participating in the Single Family Program have the option of obtaining primary mortgage insurance through the Pennsylvania Housing Insurance Fund.

INSURANCE FUND:

Through the Insurance Fund, the Agency provides primary mortgage insurance coverage for single family mortgage loans, and charges the participants a premium for this service.

HEMAP:

The Homeowners Emergency Mortgage Assistance Program (HEMAP) was created by Act 91 of the General Assembly as a separate fund within the Agency. Transactions relate to the furnishing of emergency mortgage assistance to mortgagors facing foreclosure because of circumstances beyond their control, through the form of loans, in an amount sufficient to bring the mortgage current, and, if necessary, to provide continuing assistance for a period of up to 36 months. The mortgagor's obligation to repay the loan does not commence until there is the financial ability to do so. As stated in Act 91, no Agency funds are being expended on HEMAP, however, it does rely on the Agency for various administrative services, for which it pays a support services fee.

During the year ended June 30, 1994, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 14, "The Reporting Entity." As a result, HEMAP has been determined to be part of the reporting entity. Accordingly, HEMAP has been included as a separate fund in the financial statements. A separately published audit report of HEMAP is available for public inspection in the Agency's Finance Department.

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.

The Agency follows GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting" (Statement No. 20) for reporting and disclosure purposes.

As permitted by Statement No. 20, the Agency has elected to not apply Financial Accounting Standards Board pronouncements issued after November 30, 1989 unless the GASB specifically adopts the FASB Statement or interpretation.

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 amortized cost, plus accrued interest. Premiums and discounts 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. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in economic conditions. Additions to the allowance are provided by charges to expense.

MORTGAGE REAL ESTATE OWNED:

During the normal course of business, the Agency purchases single family properties at foreclosure proceedings to avoid or minimize losses on mortgage loans. These properties are recorded at cost, and are held and managed by the Agency until purchasers are located. Subsequent costs directly related to the sale or improvement of the real estate are capitalized, as they are recoverable as part of the insurance claim. Losses arising from the properties are charged to the allowance for potential loan losses when incurred.

NONACCRUAL LOANS:

The Agency's policy is not to place a loan on nonaccrual status. For those mortgage loans fully insured, the accrued interest is recoverable as part of the mortgage insurance claim. In management's opinion, there is adequate reserve in the allowance for potential loan losses for any unrecovered accrued interest for mortgages which are self-insured by the Agency.

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 ORIGATION 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.

DEFERRED GAIN:

In prior years, in an effort to maintain the low-income status of various multi-family projects, the Agency acquired these projects, at below market value, from the original owners. The Agency in turn sold these properties, at market price to the current owners with the condition that they would retain their low-income status.

The deferred gain (the excess of the selling price over the Agency's acquisition price) is included in escrow and other liabilities and is being amortized over the lives of the current owners' mortgage loans using the installment method.

DEFERRED COSTS OF REFUNDING:

During the current year, the Agency implemented GASB Statement No. 23, "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities." GASB Statement No. 23 requires that the difference between the reacquisition price and the net carrying amount of the defeased debt be deferred and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. On the balance sheet, the amount of the unamortized deferred costs of refunding is reported as a deduction from or addition to the new debt. As permitted by Statement No. 23, the Agency has elected not to retroactively apply these provisions to previously issued financial statements. During the year ended June 30, 1995, the Agency deferred a \$903 loss on refunding Single Family Mortgage Revenue Bonds. As of June 30, 1995, the unamortized deferred costs of refunding was \$884.

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. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

RECLASSIFICATIONS:

Certain 1994 HEMAP amounts have been reclassified to conform to current year presentation.

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 Single Family Program consist of expired commitment fees from the single family mortgage originators.

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, 1995 and 1994:

	1995	1994
Deposits	\$ 2,993	3,289
Investments.....	625,195	567,333
Total deposits and investments	<u>\$628,188</u>	<u>570,662</u>

Management is not aware of any violations of statutory authority or contractual provisions for deposits and investments during the years ended June 30, 1995 and 1994.

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, 1995					
Demand deposits	<u>\$300</u>	<u>976</u>	<u>10,145</u>	<u>11,421</u>	<u>2,993</u>
June 30, 1994					
Demand deposits	<u>\$200</u>	<u>760</u>	<u>19,623</u>	<u>20,583</u>	<u>3,289</u>

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

INVESTMENTS:

The Agency categorizes investments according to the level of credit risk assumed by the Agency. Category 1 includes investments that are insured, registered or held by the Agency's agent in the Agency's name. Category 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the Agency's name. Category 3 includes uninsured and unregistered investments held by the counterparty, its trust department or its agent, but not in the Agency's name. Certain investments have not been categorized because securities are not used as evidence of the investment. These uncategorized investments represent the Agency's ownership interests in investment agreements, mutual funds and investment in State Treasurer's 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
	Category 1	Category 2	Category 3	Total	
June 30, 1995					
Corporate bonds	\$ 3,827	—	—	3,827	3,800
Repurchase agreements ..	59,513	—	—	59,513	59,513
U.S. Government obligations	78,508	—	—	78,508	99,764
U.S. Government agency obligations	246,781	—	—	246,781	248,116
Short-term investments ..	77,423	—	—	77,423	77,423
Totals	<u>\$466,052</u>	<u>—</u>	<u>—</u>	<u>466,052</u>	<u>488,616</u>
Add amounts not categorized because securities are not used as evidence of the investments:					
Investment agreements				68,412	68,412
Mutual funds				87,572	87,572
Investment in State Treasurer's investment pool				3,159	3,159
Total investments				<u>\$625,195</u>	<u>647,759</u>

	Carrying Amount				Market Value
	Category 1	Category 2	Category 3	Total	
June 30, 1994					
Corporate bonds	\$ 6,933	—	—	6,933	6,972
Repurchase agreements ..	94,952	—	—	94,952	94,952
U.S. Government obligations	78,277	—	—	78,277	94,676
U.S. Government agency obligations	175,751	—	—	175,751	174,369
Short-term investments ..	47,749	—	—	47,749	47,749
Totals	<u>\$403,662</u>	<u>—</u>	<u>—</u>	<u>403,662</u>	<u>418,718</u>

Add amounts not categorized because securities are not used as evidence of the investments:

Investment agreements	96,696	96,696
Mutual funds	62,972	62,972
Investment in State Treasurer's investment pool	4,003	4,003
Total investments	<u>\$567,333</u>	<u>582,389</u>

The amortized cost and estimated market values of investments in debt securities as of June 30, 1995 and 1994 are as follows:

	1995			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Corporate bonds	\$ 3,827	—	27	3,800
Repurchase agreements	59,513	—	—	59,513
U.S. Government obligations	78,508	21,256	—	99,764
U.S. Government agency obligations	246,781	2,921	1,586	248,116
Short-term investments	77,423	—	—	77,423
Investment agreements	68,412	—	—	68,412
Mutual funds	87,572	—	—	87,572
State Treasurer's investment pool	3,159	—	—	3,159
Totals	<u>\$625,195</u>	<u>24,177</u>	<u>1,613</u>	<u>647,759</u>
1994				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Corporate bonds	\$ 6,933	43	4	6,972
Repurchase agreements	94,952	—	—	94,952
U.S. Government obligations	78,277	16,399	—	94,676
U.S. Government agency obligations	175,751	1,443	2,825	174,369
Short-term investments	47,749	—	—	47,749
Investment agreements	96,696	—	—	96,696
Mutual funds	62,972	—	—	62,972
State Treasurer's investment pool	4,003	—	—	4,003
Totals	<u>\$567,333</u>	<u>17,885</u>	<u>2,829</u>	<u>582,389</u>

The amortized cost and estimated market value of investments at June 30, 1995, 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		
Due after one year through five years	\$460,646	460,356
Due after five years through ten years	70,082	73,393
Due after ten years	43,858	48,656
	<u>50,609</u>	<u>65,354</u>
	<u>\$625,195</u>	<u>647,759</u>

Proceeds from sales of investments in debt securities, prior to maturity, during 1995 and 1994 were \$35,768 and \$86,375, respectively. Net gains of \$15 and \$7,512, 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 Insurance Fund. In addition, the Agency has internally designated a portion of fund balances for self-insurance for certain multi-family and single family loans (see Note K). A summary of multi-family mortgage loans receivable and construction advances at June 30, 1995 and 1994 is as follows:

	Mortgage Loans Receivable	Construction Advances
June 30, 1995:		
Insured and subsidized	\$ 46,355	—
Insured and nonsubsidized	50,446	5,789
Uninsured and subsidized	454,917	—
Uninsured and nonsubsidized	<u>84,913</u>	<u>18,656</u>
Allowance for potential loan losses	636,631	24,445
	<u>52,345</u>	—
	<u>\$584,286</u>	<u>24,445</u>
June 30, 1994:		
Insured and subsidized	\$ 46,793	—
Insured and nonsubsidized	45,677	18,473
Uninsured and subsidized	465,859	—
Uninsured and nonsubsidized	<u>82,690</u>	<u>4,825</u>
Allowance for potential loan losses	641,019	23,298
	<u>22,283</u>	—
	<u>\$618,736</u>	<u>23,298</u>

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

The Agency has reimbursement agreements covering up to \$288,500 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's maximum potential exposure is estimated to be approximately \$7,000. Although the Agency has internally restricted a portion of its fund balance in connection with this potential exposure, no losses have ever resulted under these agreements. The Agency discontinued originating mortgage loans under these agreements in September 1993.

The Agency provides primary mortgage insurance coverage for single family mortgage loans through the Insurance Fund which ranges from 20% to 30% (depending on the loan to value ratio at origination) of the unpaid principal balance. At June 30, 1995 and 1994, the total loans covered under this program were \$253,094 and \$213,007, respectively, and the coverage provided is estimated to be approximately \$72,384 and \$60,877, respectively. The participants in this program are charged an annual premium for this service.

The claims liability of \$183 and \$100 reported in the Insurance Fund as of June 30, 1995 and 1994, respectively, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Insurance Fund's claims liability amount are as follows:

	1995	1994
Balance, July 1	\$100	—
Current year claims and changes in estimates	198	117
Claim payments	<u>(115)</u>	<u>(17)</u>
Balance, June 30	\$183	100

The Agency has elected to self-insure certain losses sustained by reason of default in payments by eligible borrowers in excess of primary insurance for single family mortgage loans originating from proceeds obtained from single family bond issues Series C through 1995-45. The total principal outstanding of mortgage loans self-insured by the Agency was \$1,363,905 and \$1,177,050 at June 30, 1995 and 1994, respectively. As of June 30, 1995, cumulative pool losses since inception of the self-insurance program were \$1,070.

The HEMAP mortgage loans receivable are collateralized by liens on the respective properties. There is no assurance that sufficient equity will remain in the properties after satisfaction of other lenders, to which the Program has a secondary lien position. Of the total mortgage loans receivable outstanding, \$23,281 and \$21,541 as of June 30, 1995 and 1994, respectively, are currently required to make repayments.

Changes in the allowance for potential loan losses for the Multi-Family and Single Family Programs are as follows at June 30, 1995 and 1994:

	Multi-Family		Single Family		HEMAP	
	1995	1994	1995	1994	1995	1994
Balance, July 1	\$22,345	13,700	903	640	47,818	40,232
Provision charged to income	30,000	9,100	400	325	11,727	8,873
Charge-offs	—	(455)	(132)	(62)	(4,297)	(1,287)
Balance, June 30	<u>\$52,345</u>	<u>22,345</u>	<u>1,171</u>	<u>903</u>	<u>55,248</u>	<u>47,818</u>

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

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 \$153,262 and \$162,993 at June 30, 1995 and 1994, respectively.

H. Notes Payable The Agency's lines of credit, with the Department of Treasury of the Commonwealth of Pennsylvania, for the funding of Multi-Family Programs and the outstanding borrowings are as follows:

	1995	1994
\$15,000 line of credit, bearing interest from the date of issuance at a rate equal to the current yield on two-year Treasury Notes plus 20 basis points, 4.47%-6.98% at June 30, 1995 and 4.47% at June 30, 1994	\$ 4,000	3,000
\$50,000 line of credit, bearing a fixed interest rate on the date of a draw at a rate equal to the current yield on two-year Treasury Notes plus 15 basis points, 4.24%-6.13% at June 30, 1995 and 1994	20,000	20,000
	<u>\$24,000</u>	<u>23,000</u>

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 certain Multi-Family bonds requires that a one-year debt service minimum balance be maintained at all times. The capital reserve fund at June 30, 1995 and 1994, amounted to \$18,927 and \$18,532, respectively, including amounts funded by bond proceeds. Such amounts were \$17,442 and \$16,935, 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, 1995 and 1994 amounted to \$59,153 and \$54,081, respectively, including amounts funded by bond proceeds. Such amounts were \$11,742 and \$12,649, 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,	
			1995	1994
Residential Development Bonds:				
Issue P	10.375%	2015	\$ —	5,235
Issue 1990 T-1 (refunding)	8.875%	1997	1,040	1,420
Issue 1991 T-3	8.25%	1994	—	775
Issue 1991A (refunding)	6.65-7.60%	2013	40,645	41,655
Issue 1992A (refunding)	7.95%	2025	23,810	23,905
Issue 1992 (refunding)	3.65-6.5%	2023	166,940	170,095
Issue 1993 (refunding)	3.5-5.8%	2022	205,835	205,835
State Workers' Insurance Fund:				
Issue 1994	6.99%	2019	36,630	37,180
Section 23 Assisted Bonds:				
Issue 1977A	5.75%	1995	—	204
Multi-Family Housing Bonds:				
Issue 1982B	9.50-10.875%	2024	4,875	4,875
Issue 1985A	6.75-9.375%	2028	3,058	3,086
Issue 1985B	8.875%	2028	1,690	1,700
Issue 1987A	7.00-8.50%	2002	430	465
Issue 1988A	10.65%	2008	1,272	1,316
Issue 1990 T-2 (refunding)	8.625%	1995	—	1,000
Issue FIIA-1992	7.75-8.20%	2024	37,210	37,550
Moderate Rehabilitation Bonds:				
Issue 1984A	6.50-10.375%	2001	2,170	2,725
Issue 1985B	5.25-9.00%	2017	3,695	3,975
Multi-Family Development Bonds:				
Issue 1989B	8.25%	2015	545	555
Issue 1993A (refunding)	5.38%	2022	37,390	41,400
Issue 1993F	6.53%	2019	12,290	12,500
Federal National Mortgage Association:				
Issue 1990A	7.5%	2023	3,711	3,745
			583,236	601,196
			(3,784)	(4,120)
			<u>\$579,452</u>	<u>597,076</u>
Unamortized bond discount				

During the year ended June 30, 1995, the Agency redeemed prior to maturity \$8,770 of Multi-Family Residential Development Bonds, Issues 1977, P and 1993A and \$295 of Moderate Rehabilitation Bonds, Issue 1984A. An extraordinary loss of \$252 resulted from the redemptions.

During the year ended June 30, 1994, the Agency redeemed prior to maturity \$343,332 of Multi-Family Residential Development Bonds, Issues A, B, C, D, G, N, O, 1977, 1980, 1984A, 1985A, 1989B, 1990B, 1991C, 1992D, and 1992E. An extraordinary loss of \$16,685 resulted from the redemptions. In addition, the Agency recorded an extraordinary gain of \$380 relating to the early redemption of a note payable.

The Agency defeased Multi-Family Residential Development Bonds, Issues H and M in prior years, by depositing sufficient funds in an irrevocable trust with an escrow agency to provide for all future debt service payments. The funds were invested in U.S. Treasury strips. The defeased principal outstanding on these bonds was \$7,120 at June 30, 1995 and 1994.

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,	
			1995	1994
Single Family Mortgage Revenue Bonds:				
Series H	5.50-9.875%	2016	\$ —	3,205
Series J	4.50-9.00%	2013	11,040	12,620
Series K	4.50-7.90%	2013	45,712	47,217
Series L	4.00-7.125%	2014	35,190	36,000
Series N	4.60-8.25%	2014	20,730	22,290
Series O	5.75-8.20%	2018	37,265	41,410
Series P	4.75-8.00%	2016	23,575	23,950
Series Q	6.00-8.375%	2018	7,365	7,935
Series R	6.20-8.125%	2019	76,720	77,570
Series S	6.70-7.60%	2016	23,590	24,025
Series T	7.00-7.875%	2020	24,050	24,345
Series U	6.15-7.80%	2020	75,235	76,170
Series V	6.00-7.80%	2016	23,925	24,200
Series W	6.30-7.80%	2020	47,720	48,290
Series X	6.80-8.15%	2024	28,355	64,600
Series Y	6.20-7.45%	2016	33,750	34,140
Series Z	6.00-7.55%	2016	25,325	25,840
Series 1990-27	6.50-8.15%	2021	44,635	45,145
Series 1990-28	6.30-7.65%	2023	76,230	76,975
Series 1990-29	6.10-7.375%	2016	29,510	29,755
Series 1991-30	5.30-7.30%	2017	24,150	24,585
Series 1991-31	5.40-8.95%	2023	81,825	83,150
Series 1991-32	7.15%	2015	35,000	35,000
Series 1992-33	4.50-6.90%	2017	48,980	49,535
Series 1992-34	4.50-7.00%	2024	74,160	75,000
Series 1992-35	2.88-9.48%	2016	95,015	95,650
Series 1993-36	3.40-5.45%	2014	53,655	54,155
Series 1993-37	5.45-5.60%	2025	75,000	75,000
Series 1994-38	3.50-6.125%	2024	29,795	30,000
Series 1994-39	3.90-6.875%	2024	39,770	40,000
Series 1994-40	4.00-6.90%	2025	39,770	40,000
Series 1994-41	4.00-6.65%	2025	50,000	—
Series 1994-42	5.50-6.85%	2025	60,000	—
Series 1994-43	4.75-7.50%	2025	50,000	—
Series 1995-44	6.30-8.40%	2027	50,000	—
Series 1995-45	5.00-7.55%	2026	50,000	—
Unamortized bond discount			1,547,042	1,347,757
Unamortized deferred costs for refundings			(17,041)	(16,985)
			(884)	—
			<u>\$1,529,117</u>	<u>1,330,772</u>

During the year ended June 30, 1995, \$3,495 of Single Family Mortgage Revenue Bonds, Series N and O were redeemed prior to maturity by the Agency using mortgage prepayments. Extraordinary losses of \$88 resulted from the redemptions as unamortized bond discount and related costs of issuance for the bonds redeemed were expensed. Additionally, during the year ended June 30, 1995, \$37,395 of Single Family Mortgage Revenue Bonds, Series H and X were redeemed prior to maturity by the Agency using undisbursed bond proceeds. Although a deferred loss of \$903 resulted from the refundings, the Agency in effect obtained an economic gain (difference between the present value of the old and new debt service payments) of \$6,626 and was able to reduce its aggregate debt service payments as a result of these transactions by a total of \$15,263 over the succeeding 31 years from the current refunding.

During the year ended June 30, 1994, \$295,316 of Single Family Mortgage Revenue Bonds, Series C, D, G, H, I, J, N, O, Q, U, W, X, 1990-28 and 1990-29 were redeemed prior to maturity by the Agency using mortgage prepayments and undisbursed bond proceeds. Extraordinary losses of \$6,830 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, 1995:

Year Ending June 30:	Multi-Family Program		Single Family Program		Total Principal and Interest Maturities
	Principal	Interest	Principal	Interest	
1996	\$ 15,954	36,155	24,885	106,845	183,839
1997	14,614	35,257	24,735	105,616	180,222
1998	15,093	34,468	26,725	104,040	180,326
1999	15,778	33,626	28,580	102,608	180,592
2000	16,494	32,727	29,905	100,399	179,525
Thereafter	505,303	364,017	1,412,212	1,385,669	3,667,201
	<u>\$583,236</u>	<u>536,250</u>	<u>1,547,042</u>	<u>1,905,177</u>	<u>4,571,705</u>

The 1996 principal and interest payments for the Multi-Family Program include \$2,030 and \$181, respectively, of Multi-Family Housing Bonds Issue 1985D and Multi-Family Moderate Rehabilitation Revenue Bonds Issue 1985B Bonds which were redeemed prior to maturity on August 1, 1995.

The 1996 principal and interest payments for the Single Family Program include principal and interest payments of \$2,100 and \$80, respectively, of Series N and O Bonds, which were redeemed prior to maturity on October 2, 1995.

J. Operating Leases

The Agency is obligated under noncancellable operating leases for their buildings. Future minimum payments under these leases at June 30, 1995 are:

1996	\$ 607
1997	593
1998	573
1999	580
2000	588
Thereafter	3,101
	<u>\$6,042</u>

Total rental expense was \$647 and \$613 for the years ended June 30, 1995 and 1994, respectively.

K. Reserved and Internally Designated Fund Balances

GENERAL FUND:

The General Fund reserved fund balance of \$346 at June 30, 1994 represents funds required to be held in trust under the terms of the indenture of the Multi-Family Housing Bond Issue 1980. These bonds were redeemed during fiscal 1995, and consequently this reserve has been eliminated.

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,	
	1995	1994
Single Family Self-Insurance Fund	\$16,500	16,500
Multi-Family Self-Insurance Fund	10,000	10,000
PennHOMES Program	35,000	30,000
Housing initiatives	1,000	1,000
	<u>\$62,500</u>	<u>57,500</u>

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. In 1993, this requirement was reduced to not less than 1% of anticipated mortgages to be originated on Issues I through 1992-35, less \$10,000. 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 PennHOMES 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,	
	1995	1994
Capital Reserve not funded by bond proceeds	\$1,960	1,960
Development Reserve	—	1,400
	<u>\$1,960</u>	<u>3,360</u>

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 Bond Issue which required the Development Reserve was redeemed prior to June 30, 1995 and therefore, this reserve is no longer required.

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

	June 30,	
	1995	1994
PennHOMES Program	<u>\$66,500</u>	<u>66,500</u>

The designation for the PennHOMES 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,	
	1995	1994
Capital Reserve not funded by bond proceeds	\$ 1,503	—
Self-Insurance Fund held by trustee	18,486	17,411
	<u>\$19,989</u>	<u>17,411</u>

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,	
	1995	1994
Closing Cost Subsidy Program	\$4,500	2,750
Additional Single Family Insurance Program	2,455	2,455
	<u>\$6,955</u>	<u>5,205</u>

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.

INSURANCE FUND:

Restrictions on the Insurance Fund fund balance are as follows:

	June 30,	
	1995	1994
Risk retention	<u>\$10,000</u>	<u>10,000</u>

The risk retention reserve was established as an alternative to private single family mortgage insurance. Through the risk retention program, the Agency retains the risk of mortgage default for mortgage loans.

The Agency has internally designated a portion of the Insurance Fund fund balance as follows:

	June 30,	
	1995	1994
Additional risk retention	<u>\$5,048</u>	<u>3,073</u>

The designation for the additional risk retention reserve has been established to provide additional private single family mortgage insurance.

HEMAP:

Restrictions on the HEMAP fund balance are as follows:

	June 30,	
	1995	1994
Emergency Mortgage Assistance Program	<u>\$75,043</u>	<u>69,705</u>

The designation for the emergency mortgage assistance program has been established to provide assistance to mortgagors facing foreclosure because of circumstances beyond their control, through the form of loans.

L. 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, 1995 and 1994, 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, 1994 and 1993 was approximately \$5,640 and \$5,440, respectively.

Full-time employees become eligible for participation in the Plan after completion of one year of service. A participant's benefits vest upon the completion of 5 years of service. Under the provisions of the Plan, participants with prior military experience may receive credit for their time of service in the military providing they contribute funds equivalent to the cost of their pension benefits accumulated during their military service. The Plan was previously amended to convert it from a contributory to a non-contributory pension plan. At the time of the amendment, participants had the option to receive a refund in the amount of their contributions, with interest, or increase their pension benefits. Substantially all employees elected to withdraw their contributions from 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 twelve plan quarters of highest pay.

As of January 1, 1995 and 1994, Plan membership consisted of:

	1995	1994
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	73	65
Current employees:		
Vested	118	116
Nonvested	66	60
	<u>257</u>	<u>241</u>

FUNDING STATUS AND PROGRESS:

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

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

The pension benefit obligation was computed as part of an actuarial valuation performed as of January 1, 1995 and 1994. 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 3.5% in 1995 and 4% in 1994 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, 1995 and 1994, the most recent valuation dates, were as follows:

	1995	1994
Pension benefit obligation:		
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$1,735	1,434
Current employees:		
Accumulated employee contributions	24	20
Employer contributions—vested	4,920	4,819
Employer contributions—nonvested	249	276
Total pension benefit obligation	6,928	6,549
Plan assets at market value	9,091	8,806
Assets in excess of pension benefit obligation	<u>\$2,163</u>	<u>2,257</u>

During the Plan year ended December 31, 1994, there were several changes in the actuarial assumptions used in calculating the pension benefit obligation as follows:

	Prior	Current
Pre-retirement Mortality	UP 1984 Table	GA 1983 Table
Post-retirement Mortality	UP 1984 Table, with a 2-year age setback for both males and females	GA 1983 Table
Turnover Rate	Table D-1	Table D-3
Annual salary increases	5.0%	4.5%

The effect of these changes was an increase in the pension benefit obligation of \$365.

There were no changes in the benefit provisions used in calculating the pension benefit obligation during the Plan year ended December 31, 1994.

CONTRIBUTIONS 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 Plan years 1994 and 1993 were \$415 and \$333, respectively, representing normal cost (7.4% and 6.1%, respectively, of current covered payroll) and were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of January 1, 1995 and 1994, respectively. The Agency contributed \$411 and \$332 (7.3% and 6.1%, respectively, of current covered payroll); employees contributed \$4 and \$1 (1.02% and .02%, respectively, of current covered payroll) for Plan years 1994 and 1993, respectively.

The effect of the changes in the actuarial assumptions was an increase of \$57 in the required contribution for the 1995 Plan year.

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 42 and 43.

	Plan Year Ended December 31		
	1994	1993	1992
Net assets available for benefits expressed as a percentage of the pension benefit obligation	131.22%	134.46%	140.42%
Assets in excess of pension benefit obligation expressed as a percentage of covered payroll	38.35%	41.49%	48.35%
Employer contributions expressed as a percentage of covered payroll	7.29%	6.12%	6.34%

M. Commitments and Contingencies

LITIGATION:

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

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, 1995 and 1994 amounted approximately to \$112,000 and \$110,000, 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.

During the year ended June 30, 1995, the Agency received \$14,000 in grant revenue from the Commonwealth of Pennsylvania, of which \$10,000 is to be utilized for the Bridge Loan Program and \$4,000 is to be utilized for the PennHOMES Program. The Bridge Loan Program provides up-front financing of tax credit syndication for developers' equity, and the PennHOMES Program provides below market and deferred interest financing to developers of affordable rental housing.

COMMITMENTS:

Outstanding commitments by the Agency to make or acquire single family, multi-family and HEMAP mortgages aggregated approximately \$91,690, \$14,378 and \$21,443, respectively, at June 30, 1995.

N. Nonrecurring Income

Nonrecurring income represents items of income which, although required to be classified as revenues of the Agency, are unusual and nonrecurring in nature and do not relate directly to normal ongoing business activity. The nonrecurring income at June 30, 1995 in the General Fund consists of expired commitment fees from the single family mortgage originators and recovered amounts relating to the embezzlement of escrow funds by a single family mortgage servicer. The nonrecurring income at June 30, 1995 in the Multi-Family Program represents interest earned in prior years on funds previously reserved under certain multi-family bonds. The bonds have been redeemed and consequently, the funds are no longer reserved. As a result, the Agency recognized this income during the current fiscal year.

O. Subsequent Events

On June 8, 1995 the Agency's Board of Directors approved the issuance of Single Family Mortgage Revenue Bonds, Series 1995-46, in an amount not to exceed \$75,000. The proceeds of these bonds, anticipated to be issued in October 1995, will be used to fund the purchase of new Single Family Mortgage Loans.

On July 26, 1995, the Agency issued \$4,680 Multi-Family Limited Obligation Rental Housing 501(c)(3) Bonds, Issue 1995. The proceeds of these bonds will be used to provide second mortgages to four Section 8 Multi-Family Projects.

On August 1, 1995, the Agency redeemed prior to maturity \$350 of Multi-Family Moderate Rehabilitation Revenue Bonds Issue 1985B and \$1,680 of Multi-Family Housing Bonds Issue 1985B using the proceeds of a mortgage restructuring and prepayment, respectively. An extraordinary loss of \$81 resulted from the redemptions.

On October 2, 1995, the Agency redeemed prior to maturity \$2,100 of Single Family Mortgage Revenue Bonds, Series N and O using mortgage prepayments. An extraordinary loss of \$41 resulted from the redemptions.

REQUIRED SUPPLEMENTAL INFORMATION

Analysis of Funding Progress

Plan Year Ended December 31	(1) Net Assets Available for Benefits*	(2) Pension Benefit Obligation	(3) Percentage Funded (1)/(2)	(4) Assets in Excess of Pension Benefit Obligation (1)-(2)	(5) Annual Covered Payroll	(6) Assets in Excess of Pension Benefit Obligation as a Percentage of Covered Payroll (4)/(5)
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
1992	7,864,913	5,600,986	140.42	2,263,927	4,682,595	48.35
1993	8,805,927	6,549,346	134.46	2,256,581	5,369,330	42.03
1994	9,090,611	6,927,611	131.22	2,163,000	5,542,521	39.03

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				Total	Employer Contributions as a Percentage of Covered Payroll
	Employee Contributions	Employer Contributions	Investment Income	Realized and Unrealized Gains and (Losses)		
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
1992	700	296,773	329,098	193,626	820,197	6.34
1993	1,226	331,673	398,975	328,011	1,059,885	6.18
1994	3,831	410,807	372,561	(387,415)	399,784	7.41

Plan Year Ended December 31	Expenses by Type		
	Benefits	Administrative Expenses	Total
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
1992	65,367	2,755	68,122
1993	110,907	7,964	118,871
1994	115,100	—	115,100

Contributions were made in accordance with actuarially determined contribution requirements.

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.

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