Pennsylvania Housing Finance Agency

ANNUAL REPORT 2001

In Memoriam

In 2001, the Pennsylvania Housing Finance Agency was saddened by the passing of four staff members whose contributions had a significant impact on making the Commonwealth a better place to live. This annual report is dedicated to the memories of Laura Feehrer, Vincent House, Bob Hanna and Bob Dryden.

Our Mission

In order to make the Commonwealth a better place to live while fostering community and economic development, the Pennsylvania Housing Finance Agency provides the capital for decent, safe and affordable homes and apartments for older adults, persons of modest means and those with special housing needs.

Contents

Our Programs. Your Ingenuity.

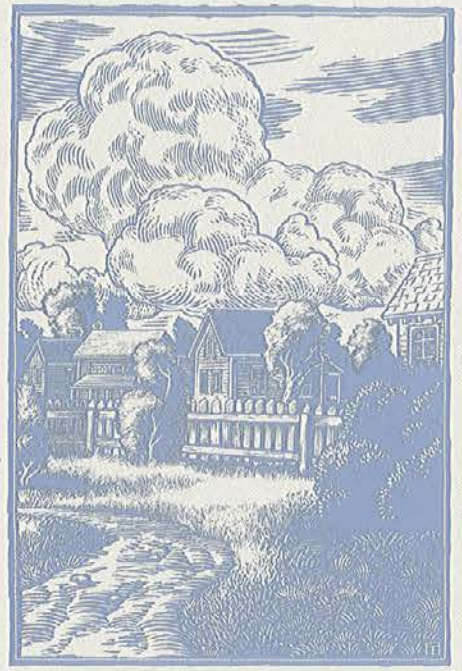
The Pennsylvania Housing Finance Agency is making home in Pennsylvania more than a state of mind. Combining our programs with your ingenuity, we're making it a statewide reality.

PHFA

2001 HIGHLIGHTS

In 2001, the Pennsylvania Housing Finance Agency:

- Awarded $6,100,000 under the Homeownership Choice Program to fund efficient development of affordable houses in older urban areas of Philadelphia, Harrisburg, Williamsport and Coatesville.
- Allocated $18,986,000 of rental housing tax credits to 56 affordable apartment developments.
- Under the PennHOMES program, committed $14,406,000 for 915 rental units in 20 apartment complexes, and granted initial feasibility approval of $17,649,000 for 851 units in 18 developments.
- Provided $11,500,000 of Homeowners' Emergency Mortgage Assistance loans to 1,350 families to help keep them from losing their homes to foreclosure. To date, program had made $295,000,000 of loans to 28,300 families and had been repaid in excess $142,000,000.
- Promoted understanding of affordable housing among homebuyers, builders, developers, elected officials, real estate professionals and the general public at more than 50 workshops, seminars and public meetings.
- Financed the purchase of houses for 6,200 Pennsylvania families with $473,000,000 of funding from the Hafer HomeBuyer Program and PHFA-issued mortgage revenue bonds. At the end of 2001, the Agency's home mortgage loan financing totaled $5,700,000,000 for almost 98,000 homebuyers.



- Administered almost $120,000,000 of HUD Section 8 contracts to assist lower income families, senior citizens and persons with disabilities living at 35,876 subsidized apartments in 460 Pennsylvania developments.
- As an organization, was responsible for a contribution of $40,703 to the 2001 State Employee Combined Appeal/United Way Campaign, an average of $168.80 for each donor. Because several retirees also made donations in the annual effort, PHFA's participation rate was 107 percent of its workforce.

A Message From Governor

MARK SCHWEIKER

Good housing is a critical element in enhancing the quality of life for Pennsylvanians. That is why the work of the Pennsylvania Housing Finance Agency is so important.

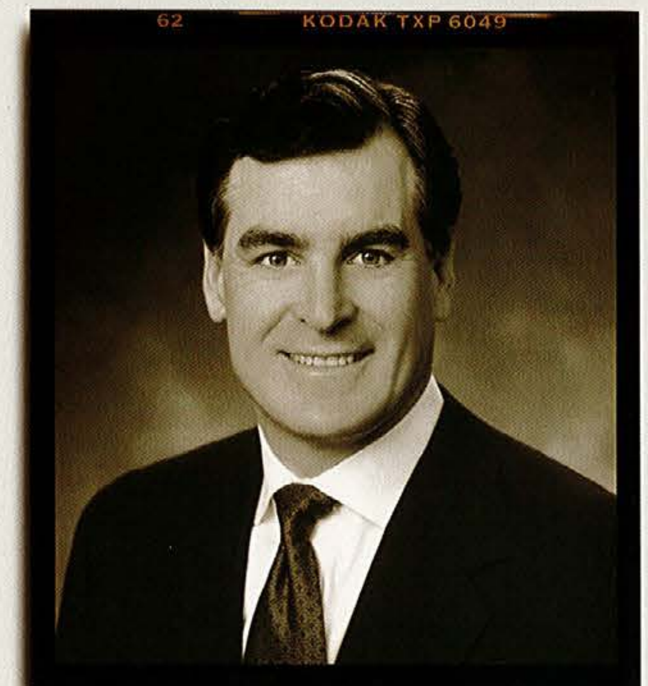
PHFA understands that housing is the cornerstone of a strong community.

The Agency's skill in providing capital that encourages community and economic development means that more families have the opportunity to buy places of their own, move into affordable rental units, find proper services to meet their changing needs or save their homes from foreclosure.

Everyone benefits from this: safe dwellings help parents provide secure environments for raising their children; senior apartments enable older adults to enjoy their later years among others with whom they can share experiences and activities; and, accessible design allows persons with disabilities to live independently.

Housing also has a huge impact on Pennsylvania's economy by encouraging employment in building and construction, lending, real estate and associated industries. Its effects on retail sales of furniture, appliances, gardening supplies and countless other items are profound and far-reaching.

PHFA's ability to raise funds among private-sector investors nationwide is essential to ensuring that all Pennsylvanians have good housing, and the state is richer in so many ways because of its effort.



Thanks to the Pennsylvania Housing Finance Agency, this Commonwealth is truly a great place to call home.

Mark Schweiker

A Message From Executive Director

WILLIAM C. BOSTIC

The Pennsylvania Housing Finance Agency is dedicated to providing the highest quality of service to the Commonwealth. As the state's leader in affordable housing, the Agency's internal processes and business practices have evolved over the years to meet the challenges in the industry.

A few examples illustrate this fact: in PennHOMES Multifamily Development Program, the Agency has developed a single application package to streamline a cumbersome procedure; less than a year after its introduction, about three-quarters of the Agency's single-family program mortgage reservations are now placed over the internet; the Agency restructured its real estate owned portfolio to significantly reduce costs associated with nonperforming loans; and, the **Inventory of Assisted Rental Housing,** a document that has been printed by PHFA since 1987, is now available on the Web site.

Successful innovation also anticipates changes that organizations hope never to have to place into action. In PHFA's case that means a "continuity of business" operations plan that will allow us to keep the doors open in the event of natural disasters, critical technological or infrastructure failures or man-made incidents including terrorist and civil disturbance actions.

Throughout the Agency, change, innovation, consolidation and reinvention are the signposts that help navigate us forward. This does not, however, cause us to be oblivious to the larger issues on which we work.

In 2001, PHFA released the results of a comprehensive statewide housing study conducted, on our behalf, by the State Data Center. We commissioned this study because of a need to understand the Commonwealth's housing conditions and demographic changes. We also wanted to know how well the affordable housing services we offer are meeting the needs of the state's residents.

Some of what the report revealed came as no surprise. The rate of homeownership is high in Pennsylvania. Single family homes continue to be the preferred housing style, and the promotion of homeownership is clearly an important public policy goal.

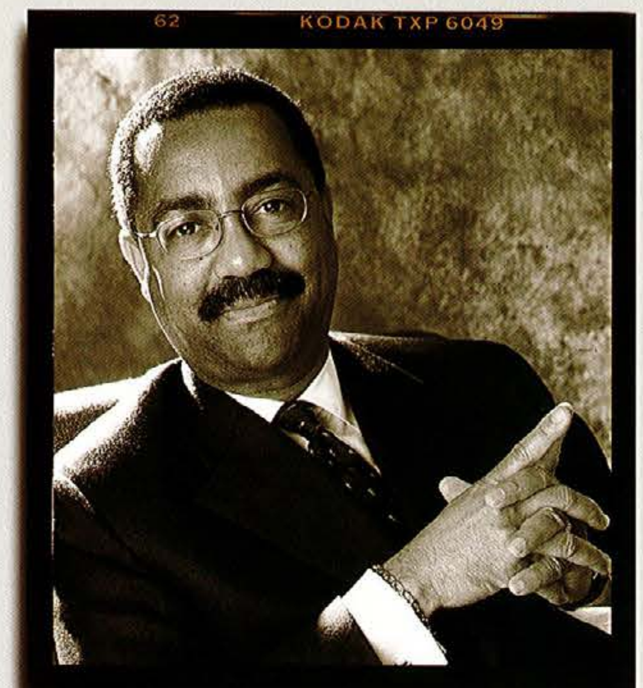
The fact that a significant percentage of the residents of this state are either 65 years or older also comes as no shock. The study estimated that in the year 2000, there were 1,907,698 residents, 15.6 percent of Pennsylvanians, 65 years and older, and that this will increase to 2,307,831, 18.4 percent of the total population, in 2020.

These relatively simple facts about our older residents carry enormous implications, however, for the work we do here. First, older persons are more likely to have disabilities or other health problems that prevent them from living independently without special adaptations to their environments. Second, these same people are more likely to live in older houses that are less amenable to adaptation. Third, older persons tend to have fairly fixed incomes that constrain their housing choices.

It is inevitable that PHFA will continue to play a role, as we have in the past, in responding to the housing needs of these citizens. The question is how significant that role will be if the number of older residents rises by nearly one-half million over the next two decades.

Another emerging area of concern shown in the housing study is the low rate of homeownership among women-headed families with dependent children. Only half of them own their homes. Conversely, over 85 percent of married couple families with children under age 18 own their homes. Other research shows that women-headed households are increasing in Pennsylvania and that their poverty rates continue to be high. Fifty percent of female-headed families reported an annual income of less than $20,000, compared to fewer than ten percent of married couple families.

Assisting in closing the gap between current ownership rates for whites and racial minorities in Pennsylvania poses a significant challenge. Our housing researchers concluded that racial differences in homeownership are only partially explained by income. At all income levels, nonwhite Pennsylvanians were found to be less likely to live in owner-occupied homes than were whites.



Obviously, PHFA can't, on its own, resolve all these problems. What we can do, however, is act with the same commitment that we have amply displayed so many times in the past when we were confronted by challenges. We must see ourselves as a catalyst for change, an agent to encourage the affordable housing community to join us in creating programs and services that anticipate and serve the needs of the Commonwealth's residents.

William C. Bostic

Our Programs. Your Ingenuity.

THE LONG FAMILY

Polly already knew her dad could fly.

Now he can reach the kitchen sink.

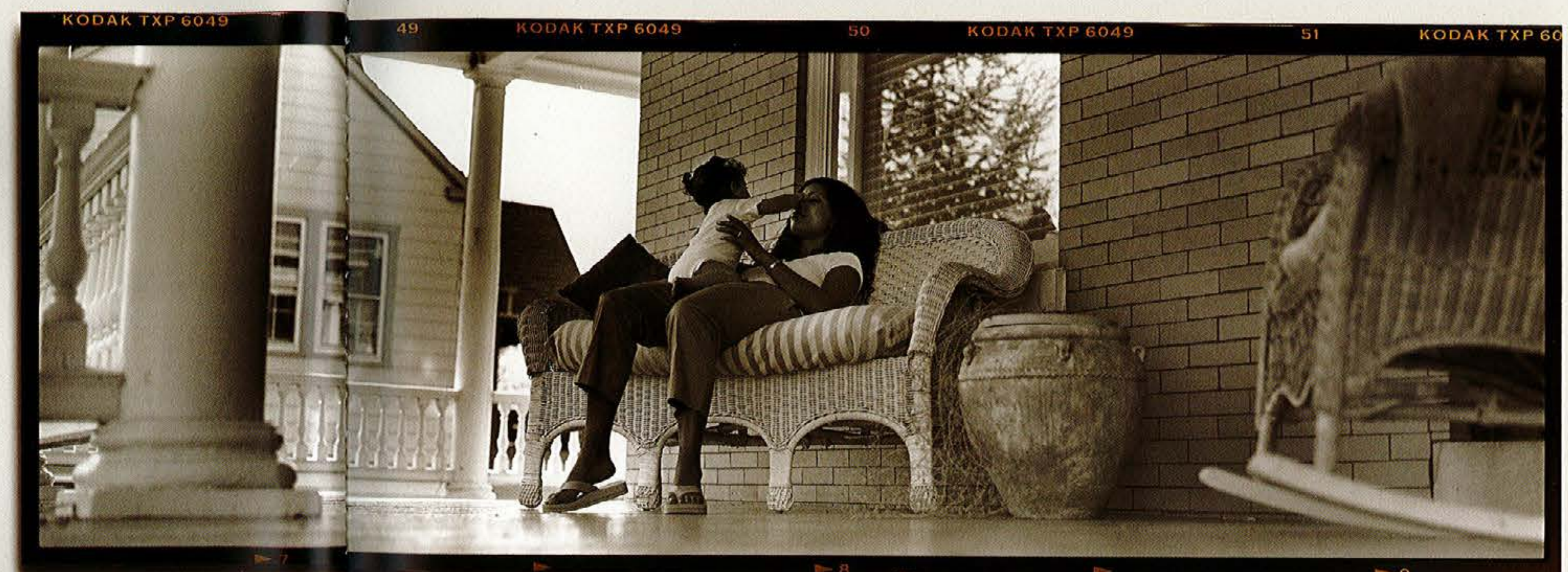
Sometimes ordinary families face extraordinary circumstances. The Access Loan Program from PHFA helps Pennsylvanians modify their homes, so they can reserve their individuality for more important things.

Our Programs. Your Ingenuity.

CONSTANCE BROWN

She didn't have the luxury of playing with dolls.

For a certain someone, this was a very good thing.



The best companions for children are more children. In a PHFA family apartment, siblings can grow up together in a safe environment, knowing that someday it will mean the world to a whole new generation.

Our Programs. Your Ingenuity.

PEGGY MEYERS

Earl just isn't a smock kind of guy.

Luckily for him, Peggy's here to stay.

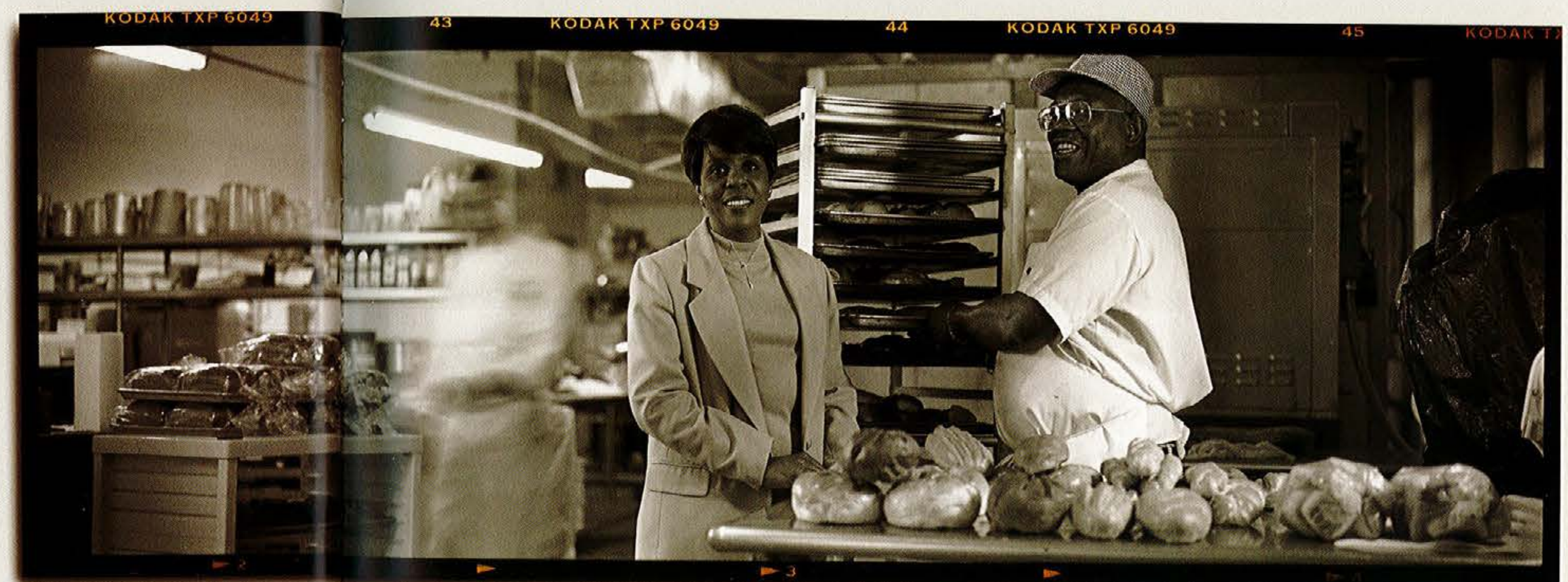
Owning a home brings people together like nothing else can. With a PHFA first-time homebuyer loan, more Pennsylvanians are getting a new lease on life, without the rent.

Our Programs. Your Ingenuity.

ALICE SANDERS

She promised her husband she would never lose her smile.

She promised herself she would never lose their home.



It's the survivors who breathe new life into our communities. When so much else is lost, the Homeowners' Emergency Mortgage Assistance Program from PHFA is saving homes—and those infectious smiles.

PHFA Board of Directors

Top row, left to right:
Chairman, The Honorable **James B. Kauffman, Jr.,** Secretary of Banking; Vice Chairman, **Gary E. Lenker,** Vice President and Director of Operations, Donco Construction, Inc.

Second row, left to right:
Raymond S. Angeli, President, Lackawanna Junior College; The Honorable **Barbara Hafer,** State Treasurer; **Thomas B. Hagen,** Chairman, Team Pennsylvania Foundation

Third row, left to right:
The Honorable **Feather Houston,** Secretary of Public Welfare; **Brenda Maisha Jefferson Jackson,** Housing Consultant; The Honorable **Samuel A. McCullough,** Secretary of Community and Economic Development

Fourth row, left to right:
Richard G. Mingey, Chief Operating Officer, Richard G. Kelly and Son, Inc.; **Ronald S. Mintz,** Developer and Investor; **John Paone,** President, Thomas Mill Associates, Inc.; **Charles W. Prine, Jr.,** Former President, Action Housing, Inc., Former Senior Vice President, Ryan Homes, Inc.; **Mark Schwartz,** Executive Director, Regional Housing Legal Services

Pennsylvania Housing Finance Agency

Report of Independent Accountants on Financial Statements

for the years ended June 30, 2001 and 2000

and Required Supplemental Information

PENNSYLVANIA HOUSING FINANCE AGENCY

FINANCIAL TABLE OF CONTENTS

Report of Independent Accountants

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
One South Market Square
Harrisburg PA 17101-9916
Telephone (717) 231-5900
Facsimile (717) 232-5672

To the Members of the Pennsylvania Housing Finance Agency

In our opinion, the accompanying balance sheets and the related statements of revenues, expenses and changes in fund balances and cash flows present fairly, in all material respects, the financial position of the Pennsylvania Housing Finance Agency (Agency) at June 30, 2001 and 2000, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. 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 audit. We did not audit the financial statements of the Homeowners Emergency Mortgage Assistance Program (HEMAP), which statements reflect 1.74 percent and .39 percent of the total assets and revenues, respectively, of the related totals for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for HEMAP, is based solely on the report of the other auditors. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the financial statements present only the Pennsylvania Housing Finance Agency and are not intended to present fairly the financial position of the Commonwealth of Pennsylvania, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2001 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants for the year ended June 30, 2001. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

PricewaterhouseCoopers LLP

October 13, 2001

Pennsylvania Housing Finance Agency

Balance Sheets

as of June 30, 2001 and 2000

(in thousands)	2001 General Fund	2001 Multi-Family Program	2001 Single Family Program	2001 Insurance Fund	2001 HEMAP	2001 Totals (Memorandum Only)	2000 General Fund	2000 Multi-Family Program	2000 Single Family Program	2000 Insurance Fund	2000 HEMAP	2000 Totals (Memorandum Only)
ASSETS												
Deposits and investments (Note E)	$ 124,705	$ 371,616	$ 425,662	$ 31,821	$ 5,607	$ 959,411	$ 115,892	$ 361,052	$ 338,998	$ 28,740	$ 5,593	$ 850,275
Mortgage loans receivable (Note F)	—	528,724	2,186,912	—	59,227	2,774,863		546,354	2,228,238	—	69,327	2,843,919
Construction advances (Note F)	—	19,851	—	—	—	19,851	—	9,113	—	—	—	9,113
Deferred and other assets	6,900	4,374	11,333	10	142	22,759	6,115	4,671	10,522	8	112	21,428
Due from other funds	13,587	—	—	—	—	13,587	12,174	—	—	—	—	12,174
	$ 145,192	$ 924,565	$ 2,623,907	$ 31,831	$ 64,976	$ 3,790,471	$ 134,181	$ 921,190	$ 2,577,758	$ 28,748	$ 75,032	$ 3,736,909
LIABILITIES AND FUND BALANCES												
Bonds payable (Note I)	—	524,274	2,329,509	—	—	2,853,783		529,380	2,342,736	—	—	2,872,116
Notes payable (Note H)	—	3,554	37,547	—	—	41,101	—	5,026	1,103	—	—	6,129
Escrow and other liabilities	289	220,984	42,798	—	3,177	267,248	323	221,334	38,113	181	3,230	263,181
Accrued interest payable	—	14,924	33,588	—	—	48,512	—	15,394	34,103	—	—	49,797
Accounts payable and accrued expenses	1,911	—	73	—	276	2,260	1,533	—	74	—	228	1,835
Accrued mortgage claims	—	—	—	870	—	870	—	—	—	1,211	—	1,211
Due to other funds	—	5,746	7,389	—	452	13,587	—	4,889	7,285	—	462	12,636
Total liabilities	2,200	769,482	2,450,904	870	3,905	3,227,361	1,856	776,023	2,423,714	1,692	3,920	3,207,205
Fund balances (Note K)												
Reserved	—	1,960	42,723	10,000	61,071	115,754	—	1,960	42,081	10,000	71,112	125,153
Unreserved												
Internally designated	49,000	141,740	16,205	20,961	—	227,906	48,750	137,490	15,705	17,056	—	219,001
Undesignated	93,992	11,383	114,075	—		219,450	83,575	5,717	96,258	—	—	185,550
Total fund balances	142,992	155,083	173,003	30,961	61,071	563,110	132,325	145,167	154,044	27,056	71,112	529,704
	$ 145,192	$ 924,565	$ 2,623,907	$ 31,831	$ 64,976	$ 3,790,471	$ 134,181	$ 921,190	$ 2,577,758	$ 28,748	$ 75,032	$ 3,736,909

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

Pennsylvania Housing Finance Agency

Statements of Revenues, Expenses and Changes in Fund Balances

for the years ended June 30, 2001 and 2000

2001

(in thousands)	General Fund	Multi-Family Program	Single Family Program	Insurance Fund	HEMAP	Totals (Memorandum Only)
REVENUES						
Interest income						
Investments	$ 6,382	$ 10,842	$ 24,569	$ 2,194	$ 347	$ 44,334
Mortgage loans receivable (Note F)	28	49,102	141,038	—	1,014	191,182
Construction advances (Note F)	—	241	—	—	—	241
Total interest income	6,410	60,185	165,607	2,194	1,361	235,757
Fees and charges	20,360	—	1,609	2,624	257	24,850
Amortization of deferred gain	—	633	—	—	—	633
Net increase (decrease) in the fair value of investments	736	2,040	2,683	204	—	5,663
Pass-through grants (Note C)	—	149,950	—	—	—	149,950
Residual receipts	—	1,743	—	—	—	1,743
Nonrecurring income	—	—	—	—	—	—
Total operating revenue	27,506	214,551	169,899	5,022	1,618	418,596
EXPENSES						
Interest on notes (Note H)	—	127	2,830	—	—	2,957
Interest on bonds (Note I)	—	34,142	144,665	—	—	178,807
Salaries and related benefits	11,236	—	—	—	1,556	12,792
General and administrative	6,859	3,047	—	137	1,641	11,684
Pass-through grants (Note C)	—	149,950	—	—	—	149,950
Loan loss provision	—	16,000	3,000	—	8,162	27,462
Mortgage claims	—	—	—	980	—	980
Write-off of real estate deposit	—	—	—	—		
Total operating expenses	18,095	203,266	150,495	1,117	11,659	384,632
Income before extraordinary item	9,411	11,285	19,404	3,905	(10,041)	33,964
Extraordinary loss						
Early extinguishment of debt (Note I)	—	(10)	(548)	—	—	(558)
Net income	9,411	11,275	18,856	3,905	(10,041)	33,406
Fund balances at beginning of year	132,325	145,167	154,044	27,056	71,112	529,704
Fund balance transfers and other changes (Note D)	1,256	(1,359)	103	—	—	—
Fund balances at end of year	$ 142,992	$ 155,083	$ 173,003	$ 30,961	$ 61,071	$ 563,110

2000

(in thousands)	General Fund	Multi-Family Program	Single Family Program	Insurance Fund	HEMAP	Totals (Memorandum Only)
REVENUES						
Interest income						
Investments	$ 4,161	$ 10,086	$ 21,895	$ 1,988	$ 385	$ 41,515
Mortgage loans receivable (Note F)	77	50,358	138,088	—	979	189,502
Construction advances (Note F)	—	91	—	—	—	91
Total interest income	4,238	60,535	162,983	1,988	1,364	231,108
Fees and charges	15,980	—	2,138	2,579	296	20,993
Amortization of deferred gain	—	731	—	—	—	731
Net increase (decrease) in the fair value of investments	(708)	(2,195)	(2,061)	(175)	—	(5,139)
Pass-through grants (Note C)	—	111,769	—	—	—	111,769
Residual receipts	—	1,641	—	—	—	1,641
Nonrecurring income	2	—	—	—	—	2
Total operating revenue	19,512	172,481	163,060	4,392	1,660	361,105
EXPENSES						
Interest on notes (Note H)	—	168	3,159	—	—	3,327
Interest on bonds (Note I)	—	34,850	141,549	—	—	176,399
Salaries and related benefits	10,252	—	—	—	1,518	11,770
General and administrative	4,607	2,299	—	234	1,789	8,929
Pass-through grants (Note C)	—	111,769	—	—	—	111,769
Loan loss provision	—	15,000	3,000	—	5,406	23,406
Mortgage claims	—	—	—	1,750	—	1,750
Write-off of real estate deposit	500	—	—	—	—	500
Total operating expenses	15,359	164,086	147,708	1,984	8,713	337,850
Income before extraordinary item	4,153	8,395	15,352	2,408	(7,053)	23,255
Extraordinary loss						
Early extinguishment of debt (Note I)	—	(1)	(697)	—	—	(698)
Net income	4,153	8,394	14,655	2,408	(7,053)	22,557
Fund balances at beginning of year	122,042	142,797	135,671	24,648	78,165	503,323
Fund balance transfers and other changes (Note D)	6,130	(6,024)	3,718	—	—	3,824
Fund balances at end of year	$ 132,325	$ 145,167	$ 154,044	$ 27,056	$ 71,112	$ 529,704

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

Pennsylvania Housing Finance Agency

STATEMENTS OF CASH FLOWS

for the years ended June 30, 2001 and 2000

	2001						2000					
(in thousands)	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)
Cash flows from operating activities												
Net income (loss)	$ 9,411	$ 11,275	$ 18,856	$ 3,905	$ (10,041)	$ 33,406	$ 4,153	$ 8,394	$ 14,655	$ 2,408	$ (7,053)	$ 22,557
Adjustments to reconcile net income to net cash provided by (used in) operating activities												
Depreciation and amortization	402	645	4,670	—	40	5,757	477	716	2,806	—	42	4,041
Loss on early extinguishment of debt	—	10	548	—	—	558	—	1	697	—	—	698
Loan loss provision	-	16,000	3,000	-	8,462	27,462	—	15,000	3,000	—	5,406	23,406
Interest expense on notes and bonds, excluding amortization and accretion	—	34,269	147,495	—	—	181,764	—	35,018	144,708	—	—	179,726
Interest income on investments	(6,382)	(10,842)	(24,569)	(2,194)	(347)	(44,334)	(4,161)	(10,086)	(24,895)	(1,988)	(385)	(41,515)
Net (increase) decrease in fair value of investments	(736)	(2,040)	(2,683)	(204)	—	(5,663)	708	2,195	2,061	175	—	5,139
Amortization of deferred gain		633			—	633	—	731		—	—	731
Increase (decrease) due to changes in operating assets and liabilities												
Mortgage loans receivable	-	1,630	36,221	-	1,638	39,489	—	(7,017)	(177,285)	—	1,058	(183,244)
Construction advances	—	(10,738)	—	—	—	(10,738)		8,657	—	—	—	8,657
Deferred and other assets	(1,140)	(147)	(1,644)	(2)	(70)	(3,003)	(742)	(338)	(2,812)	—	(44)	(3,936)
Escrow and other liabilities	(31)	(983)	4,685	(481)	(53)	3,134	157	13,234	(2,947)	(423)	(126)	9,895
Accounts payable and accrued expenses	378	—	(1)	—	48	425	(95)	—	(46)	—	(11)	(152)
Accrued mortgage claims	—	—	—	(341)		(341)	—	—	—	1,081		1,081
Net cash provided by (used in) operating activities	1,899	39,712	186,578	683	(323)	228,549	497	66,505	(40,058)	1,253	(1,113)	27,084
Cash flows from noncapital financing activities												
Due (from) to other funds	(1,413)	857	104	—	(10)	(462)	5,088	1,174	(6,262)	—	(39)	(39)
Fund balance transfers from (to) other funds and other changes	1,256	(1,359)	103	—	—	—	6,130	(6,024)	3,718	—	—	3,824
Proceeds from sale of bonds and notes	—	14,400	332,929	—		347,329	—	—	539,704	—	—	539,704
Redemptions and maturities of bonds and notes	—	(21,205)	(311,966)	—	—	(333,171)	—	(19,060)	(370,462)		—	(389,522)
Interest paid on bonds and notes	—	(34,739)	(148,310)	—	—	(183,049)	—	(35,504)	(143,441)	—	—	(178,948)
Net cash provided by (used in) noncapital financing activities	(157)	(42,046)	(127,140)	—	(10)	(169,353)	11,218	(59,414)	23,254	—	(39)	(24,981)
Cash flows from investing activities												
Purchase of investments	(151,114)	$ (181,557)	$ (18,471)	$ —	$ (6,351)	$ (357,493)	$ (53,980)	$ (129,419)	$ (41,490)	$ —	$ (6,162)	$ (231,051)
Interest received on investments	6,382	10,842	24,569	2,194	347	44,334	4,161	10,086	24,895	1,988	385	41,515
Proceeds from sales and maturities of investments	235,001	268,206	143,470	—	6,252	652,929	67,842	117,008	31,544		6,929	223,323
Net cash provided by (used in) investing activities	90,269	97,491	149,568	2,194	248	339,770	18,023	(2,325)	14,949	1,988	1,152	33,787
Net increase (decrease) in cash and cash equivalents	92,011	95,157	209,006	2,877	(85)	398,966	29,738	4,766	(1,855)	3,241	—	35,890
Cash and cash equivalents at beginning of year	29,738	214,115	167,346	18,439	(413)	429,225		209,349	169,201	15,198	(413)	393,335
Cash and cash equivalents at end of year	$ 121,749	$ 309,272	$ 376,352	$ 21,316	$ (498)	$ 828,191	$ 29,738	$ 214,115	$ 167,346	$ 18,439	$ (413)	$ 429,225
Reconciliation of cash and cash equivalents to the balance sheets												
Total deposits and investments per the balance sheets	124,705	371,616	425,662	31,821	5,607	959,411	115,892	361,052	338,998	28,740	5,593	850,275
Less												
Investments not meeting the definition of cash equivalents at fair value at end of year	2,956	62,344	49,310	10,505	6,105	131,220	86,154	146,937	171,652	10,301	6,006	421,050
Cash and cash equivalents at end of year	121,749	$ 309,272	$ 376,352	$ 21,316	$ (498)	$ 828,191	$ 29,738	$ 214,115	$ 167,346	$ 18,439	$ (413)	$ 429,225
Supplemental schedule of noncash operating activities												
Mortgage loan receivable (charge offs), net of recoveries	$ —	$ (375)	$ (2,842)	$ —	$ (8,001)	$ (11,218)	$ —	$ 37	$ (1,210)	$	$ (9,981)	$ (11,154)

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

A. Authorizing Legislation

The Pennsylvania Housing Finance Agency (Agency) is a corporate and political body 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, 2001 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. The Multi-Family Program also provides funds for the bridge loan program. This program provides funds to multi-family construction projects, to be used as owner's equity. These funds assist the construction project to finance pre-construction costs.

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 coverage.

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.

The Agency follows 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.

Funding from repayments are estimated to continue to be sufficient to meet continuing loan program obligations and administrative costs. HEMAP is currently reviewing restructuring options, including legislative changes, that would make it self-sustaining or allow for a reduction of the appropriation.

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 (FASB) 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.

Investment Securities

The Agency values its investments in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires the investments to be carried at fair value.

The fair value of the Agency's investment securities is based upon values provided by external investment managers and quoted market prices.

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.

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 the lower of cost or market value. Costs incurred subsequent to foreclosure which are directly related to the sale or improvement of the real estate are capitalized to the extent they enhance the value of the property. At the time of foreclosure, losses are charged to the allowance for loan losses. Subsequent losses are charged to expenses when incurred.

Mortgage Loan Interest

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

Mortgage Loan Origination Fees and Costs

Loan origination fees range from 1% to 2.5% of the loan commitment for the Multi Family Program and from 0% to 1% of the mortgage amount for the Single Family Program. The Single Family loan origination fees are retained by the financial institutions which originate Agency loans.

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

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

Amortization of Notes and Bonds Payable Discounts

Underwriter discounts relating to notes and bonds payable, including original issue discounts, are amortized over the lives of the 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

The Agency follows GASB Statement No. 23, "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities," which requires that the difference between the reacquisition price and the net carrying amount of 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. During the years ended June 30, 2001 and 2000, the Agency deferred losses of $0 and $3,658, respectively, on refunding Single Family Mortgage Revenue Bonds. As of June 30, 2001 and 2000, the unamortized deferred costs of refunding are $11,565 and $12,266, respectively.

Pass-through Grants

The Agency has implemented GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance." GASB Statement No. 24 requires that all cash pass-through grants received by a governmental entity be reported in its financial statements. The effect of applying these provisions is to increase both operating revenues and operating expenses by $149,950 and $111,769 for the years ended June 30, 2001 and 2000, respectively. This change has no effect on net income.

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.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation. The reclassifications had no impact on total assets, liabilities, fund balances, net income, or cash flows.

D. Fund Balance Transfers and Other Changes

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. Also included in fund balance transfers and other changes at June 30, 2000 is $3,824 related to the reclassification of earnings from certain escrow deposits in previous years.

E. Deposits, Investments and Securities Lending

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 of America, 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, 2001 and 2000:

	2001	2000
Deposits	$ 23,092	$ 10,689
Investments	936,319	839,586
Total deposits and investments	$ 959,411	$ 850,275

Management is not aware of any violations of statutory authority or contractual provisions for deposits and investments during the years ended June 30, 2001 and 2000.

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				
	Category 1	Category 2	Category 3	Total	Carrying Amount
June 30, 2001					
Demand deposits	$ 200	$ —	$ 23,444	$ 23,644	$ 23,092
June 30, 2000					
Demand deposits	$ 200	$ —	$ 22,927	$ 23,127	$ 10,689

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 the 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 the State Treasurer's investment pool.

	Amortized Cost			Total Carrying Amount/ Fair Value
	Category 1	Category 2	Total Amortized Cost	
June 30, 2001				
Corporate bonds	$ 1,003	$ —	$ 1,003	$ 1,022
Repurchase agreements	—	294	294	294
U.S. Government and agency securities	114,448	—	114,448	129,145
Short-term investments	491,392	5,811	497,203	497,203
Totals	$ 606,843	$ 6,105	$ 612,948	$ 627,664
Add amounts not categorized because securities are not used as evidence of the investments				
Investment agreements			8,690	8,690
Money market accounts			299,965	299,965
Total investments			$ 921,603	$ 936,319

	Amortized Cost			Total Carrying Amount/ Fair Value
	Category 1	Category 2	Total Amortized Cost	
June 30, 2000				
Corporate bonds	$ 2,276	$ —	$ 2,276	$ 2,264
Repurchase agreements	32,241	—	32,241	32,241
U.S. Government and agency securities	398,494	—	398,494	407,559
Short-term investments	216,928	6,006	222,934	222,934
Totals	$ 649,939	$ 6,006	655,945	664,998
Add amounts not categorized because securities are not used as evidence of the investments				
Investment agreements			52,275	52,275
Money market accounts			122,313	122,313
Total investments			$ 830,533	$ 839,586

The Agency has implemented GASB Statement No. 28, "Accounting and Financial Reporting for Securities Lending Transactions." Under the authority of the Agency's Board, the Agency may lend securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The Agency's primary custodial bank manages the securities lending program and receives cash, securities or irrevocable bank letters of credit as collateral. The collateral securities cannot be pledged or sold by the Agency unless the borrower defaults. Cash, collateral securities, and letters of credit are initially pledged at 102% of the market value of the securities lent, and additional collateral has to be provided by the next business day if its value falls to less than 100% of the market of the securities lent. As of June 30, 2001 and 2000, the Agency had no securities on loan.

The amortized cost and estimated market values of investments in debt securities as of June 30, 2001 and 2000 are as follows:

	2001			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate bonds	$ 1,003	$ 19	$ —	$ 1,022
Repurchase agreements	294	—	—	294
U.S. Government obligations	49,685	13,246	—	62,931
U.S. Government agency obligations	64,763	1,505	(54)	66,214
Short-term investments	497,203	—	—	497,203
Investment agreements	8,690	—	—	8,690
Money market accounts	299,965	—	—	299,965
	$ 921,603	$ 14,770	$ (54)	$ 936,319

	2000			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate bonds	$ 2,276	$ 17	$ (29)	$ 2,264
Repurchase agreements	32,241	—	—	32,241
U.S. Government obligations	52,190	10,879	—	63,069
U.S. Government agency obligations	346,304	1,663	(3,477)	344,490
Short-term investments	222,934	—	—	222,934
Investment agreements	52,275	—	—	52,275
Money market accounts	122,313	—	—	122,313
	$ 830,533	$ 12,559	$ (3,506)	$ 839,586

The amortized cost and estimated market value of investments at June 30, 2001, 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	$ 824,384	$ 824,570
Due after one year through five years	57,002	59,617
Due after five years through ten years	19,647	24,154
Due after ten years	20,570	27,978
	$ 921,603	$ 936,319

Proceeds from sales of investments in debt securities, prior to maturity, during 2001 and 2000 are $0 and $0, respectively. Net gains of $0 and $0, respectively, are 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, 2001 and 2000 is as follows:

	Mortgage Loans Receivable	Construction Advances
June 30, 2001		
Insured and subsidized	$ 44,421	$ —
Insured and nonsubsidized	51,411	19,851
Uninsured and subsidized	378,826	—
Uninsured and nonsubsidized	196,649	—
	671,307	19,851
Allowance for potential loan losses	142,583	—
	$ 528,724	$ 19,851

	Mortgage Loans Receivable	Construction Advances
June 30, 2000		
Insured and subsidized	$ 44,791	$ —
Insured and nonsubsidized	50,474	9,113
Uninsured and subsidized	378,440	—
Uninsured and nonsubsidized	199,607	—
	673,312	9,113
Allowance for potential loan losses	126,958	—
	$ 546,354	$ 9,113

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 $95,672 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. 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, 2001 and 2000, the total loans covered under this program are $352,576 and $392,247, respectively, and the coverage provided is estimated to be approximately $101,011 and $112,184, respectively. The participants in this program are charged an annual premium for this coverage.

In order to increase the Insurance Fund's capacity to provide primary mortgage insurance for single family mortgage loans, the Agency purchased shared risk coverage through a commercial mortgage insurer during fiscal year 1996. This coverage extends to all loans that were outstanding as of August 31, 1995 and provides that the Agency shall remain solely liable for 10% of the product of multiplying the Insurance Fund coverage percentage (20% to 30%) times the aggregate outstanding principal balance for each loan. After exhaustion of the Agency's retention, the commercial insurer is liable on a per loan basis for losses up to the limit of the Insurance Fund's coverage in each loan-to-value ratio category. Of the total loans covered under the Insurance Fund, $120,032 are covered under this shared risk contract at June 30, 2001, and the Agency's maximum potential exposure is $3,472.

The claims liability of $870 and $1,211 reported in the Insurance Fund as of June 30, 2001 and 2000, respectively, is based on the requirements of GASB Statement No. 30, "Risk Financing Omnibus," which amends GASB 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues." GASB 30 requires that the basis for estimating the liability for unpaid claims, including the effects of specific incremental claim adjustment expenditures/expenses, salvage, and subrogation, and whether other allocated or unallocated claim adjustment expenditures/expenses are included. Changes in the Insurance Fund's claim liability amounts are as follows:

	2001	2000
Balance, July 1	$ 1,211	$ 130
Current year claims and changes in estimates	980	1,750
Claim payments	(1,321)	(669)
Balance, June 30	$ 870	$ 1,211

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 2001-71. The total principal outstanding of mortgage loans self-insured by the Agency is $2,139,690 and $2,185,853 at June 30, 2001 and 2000, respectively. As of June 30, 2001, cumulative pool losses since inception of the self-insurance program are $7,972.

The HEMAP mortgage loans receivable are collateralized by liens on the respective properties. The assistance HEMAP provides is considered a second mortgage on the property. In cases of default, there is no assurance that any equity will remain after the primary lender is satisfied. Of the total mortgage loans receivable outstanding, $91,561 and $95,865 as of June 30, 2001 and 2000, 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, 2001 and 2000:

	Multi-Family		Single Family		HEMAP	
	2001	2000	2001	2000	2001	2000
Balance, July 1	$ 126,958	$ 111,921	$ 3,176	$ 1,386	$ 49,989	$ 54,564
Provision charged to income	16,000	15,000	3,000	3,000	8,462	5,406
Charge-offs, net of recoveries	(375)	37	(2,842)	(1,210)	(8,001)	(9,981)
Balance, June 30	$ 142,583	$ 126,958	$ 3,334	$ 3,176	$ 50,450	$ 49,989

The Agency has internally designated a portion of fund balances 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 is $393,825 and $171,729 at June 30, 2001 and 2000, 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 and Single Family Programs and the outstanding borrowings are as follows:

	2001	2000
$50,000 Note for funding of the Hafer Homebuyer Program, bearing interest from the date of issuance at a rate equal to the daily short-term investment pool rate, which was 4.25% at June 30, 2001.	$ 37,547	$ —
$100,000 Note for funding of the Hafer Homebuyer Program, bearing interest from the date of issuance at a rate equal to the daily short-term investment pool rate, which was 6.72% at June 30, 2000.	—	1,103
Additionally, the Agency has the following notes payable outstanding for the funding of the Bridge Loan Program:		
Regional Housing Development Corporation Bridge Loan Note bearing a fixed interest rate of 3%.	3,554	4,796
Redevelopment Authority of the City of Philadelphia Bridge Loan Note bearing a fixed interest rate of 0%.	—	230
Total notes payable	$ 41,101	$ 6,129

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 are 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 these requirements.

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, 2001 and 2000, amounts to $20,181 and $18,680, respectively, including amounts funded by bond proceeds. Such amounts are $9,371 and $7,602, 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, 2001 and 2000 amounts to $74,345 and $80,424, respectively, including amounts funded by bond proceeds. Such amounts are $2,598 and $8,233, 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	Amounts Outstanding June 30, 2001	2000
Residential Development Bonds				
Issue 1991A (refunding)	6.65–7.60 %	2013	$ 33,025	$ 34,510
Issue 1992A (refunding)	7.950 %	2025	20,670	21,300
Issue 1992 (refunding)	3.65–6.5 %	2023	136,620	142,350
Issue 1993 (refunding)	3.5–5.8 %	2022	174,125	180,050
State Workers' Insurance Fund				
Issue 1991	6.990 %	2019	29,925	31,095
Multi-Family Housing Bonds				
Issue 1982B	9.50–10.875 %	2024	4,875	4,875
Issue 1985A	6.75–9.375 %	2028	2,117	2,156
Issue 1987A	7.00–8.500 %	2002	135	195
Issue FHA-1992	7.75–8.200 %	2024	34,630	35,140
Moderate Rehabilitation Bonds				
Issue 1984A	6.50–10.375 %	2001	—	215
Issue 1985B	5.25–9.000 %	2017	1,355	1,555
Multi-Family Development Bonds				
Issue 1989B	8.250 %	2015	485	495
Issue 1993A (refunding)	5.380 %	2022	27,860	30,790
Issue 1993F	6.530 %	2019	10,700	11,010
Issue 1997G	7.630 %	2027	10,545	10,670
Issue 1998H	6.300 %	2028	17,440	17,675
Issue 2000I	4.5–5.0 %	2002	14,400	—
Federal National Mortgage Association				
Issue 1990A	7.500 %	2023	3,435	3,490
Subordinate Limited Obligation Bonds				
Issue 1995	5.50–6.15 %	2021	4,192	4,296
			526,534	531,867
Unamortized bond discount			(2,260)	(2,487)
			$ 524,274	$ 529,380

During the year ended June 30, 2001, the Agency redeemed prior to maturity $2,165 of Multi-Family Housing Bonds, Series 1984A and 1993A. An extraordinary loss of $10 resulted from the redemptions.

During the year ended June 30, 2000, the Agency redeemed prior to maturity $1,207 of Multi-Family Housing Bonds, Series 1985B and 1988A. An extraordinary loss of $1 resulted from the redemptions.

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 is $7,120 at June 30, 2001 and 2000.

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

Issue	Interest Rate Range at Issuance	Final Maturity Date	Amounts Outstanding June 30, 2001	2000
Single Family Mortgage Revenue Bonds				
Series Q	6.00–8.375 %	2018	$ 505	$ 1,445
Series R	6.20–8.125 %	2019	—	700
Series U	6.15–7.800 %	2020	2,365	3,800
Series X	6.80–8.150 %	2024	—	440
Series Z	6.00–7.550 %	2016	—	1,185
Series 1990 - 27	6.50–8.150 %	2021	—	380
Series 1990 - 29	6.10–7.375 %	2016	5,100	6,185
Series 1991 - 30	5.30–7.300 %	2017	10,030	11,465
Series 1991 - 31	5.40–8.950 %	2023	59,230	63,675
Series 1991 - 32	7.150 %	2015	30,420	30,420
Series 1992 - 33	4.50–6.900 %	2017	25,005	27,940
Series 1992 - 34	4.50–7.000 %	2024	68,000	69,195
Series 1992 - 35	2.88–9.480 %	2016	86,355	87,975
Series 1993 - 36	3.40–5.450 %	2014	46,755	48,035
Series 1993 - 37	5.45–5.600 %	2025	75,000	75,000
Series 1994 - 38	3.50–6.125 %	2024	19,685	22,470
Series 1994 - 39	3.90–6.875 %	2024	36,140	37,070
Series 1994 - 40	4.00–6.900 %	2025	36,180	37,100
Series 1994 - 41	4.00–6.650 %	2025	45,365	46,230
Series 1994 - 42	5.50–6.850 %	2025	58,515	59,335
Series 1994 - 43	4.75–7.500 %	2025	5,690	6,370
Series 1995 - 44	6.30–8.400 %	2027	46,795	47,385
Series 1995 - 45	5.00–7.550 %	2026	41,705	42,810
Series 1995 - 46	3.95–6.300 %	2027	46,585	47,370
Series 1996 - 47	4.20–6.750 %	2027	47,905	49,160
Series 1996 - 48	4.00–6.150 %	2028	41,490	43,855
Series 1996 - 49	4.60–6.450 %	2027	47,980	48,685
Series 1996 - 50	3.64–6.350 %	2027	35,915	39,035
Series 1996 - 51	4.55–6.375 %	2028	65,595	68,385
Series 1996 - 52	4.40–7.000 %	2027	56,655	62,445
Series 1996 - 53	4.20–6.150 %	2027	58,070	64,570
Series 1997 - 54	5.375–7.22 %	2028	38,645	41,515
Series 1997 - 55	3.70–5.750 %	2013	28,620	30,165

continued

Issue	Interest Rate Range at Issuance	Final Maturity Date	Amounts Outstanding June 30, 2001	Amounts Outstanding June 30, 2000
Series 1997 - 56	4.00 -6.150 %	2028	$ 63,360	$ 67,785
Series 1997 - 57	4.30–6.150 %	2029	45,255	47,420
Series 1997- 58	4.30–5.450 %	2009	64,400	68,990
Series 1997 - 59	4.00–5.150 %	2029	66,635	70,260
Series 1997 - 60	4.00–5.100 %	2009	67,045	71,200
Series 1997 - 61	4.00–4.900 %	2008	69,780	72,665
Series 1997 - 62	4.25–5.200 %	2011	70,080	73,485
Series 1999 - 63	3.95–5.150 %	2030	61,069	62,101
Series 1999 - 64	3.65–5.250 %	2030	73,726	75,375
Series 1999 - 65	3.25–5.250 %	2030	94,730	98,380
Series 1999 - 66	4.05–6.95 %	2030	139,560	143,735
Series 1999 - 67	4.05–7.51 %	2030	143,330	149,840
Series 1999 - 68	4.30–7.02 %	2030	74,985	75,000
Series 2000 - 69	4.35–6.25 %	2031	74,595	75,000
Series 2000 - 70	4.30–6.791 %	2028	75,000	—
Series 2001 - 71	3.375 %	2001	7,785	—
			2,358,235	2,373,031
Unamortized bond discount			(17,161)	(18,029)
Unamortized deferred costs of refundings			(11,565)	(12,266)
			$ 2,329,509	$ 2,342,736

During the year ended June 30, 2001, the Agency redeemed prior to maturity $53,850 of Single Family Mortgage Revenue Bonds Series Z, 1990-29, 1991-30, 1991-31, 1992-33, 1994-38, 1994-41, 1994-42, 1995-44, 1995-45, 1995-46, 1996-47, 1996-48, 1996-50, 1996-51, 1996-52, 1996-53, 1997-54, 1997-56, 1997-57, 1997-58, 1997-59, 1997-60, 1997-61, 1997-62, 1998-64, 1999-65, 1999-66, 1999-67 and 1999-68, using mortgage prepayments. Extraordinary losses of $548 resulted from the redemptions as unamortized bond discount and related costs of issuance for the bonds redeemed were expensed. During the year ended June 30, 2001, the Agency did not redeem any Single Family Mortgage Revenue Bonds prior to maturity, using bond proceeds.

During the year ended June 30, 2000, the Agency redeemed prior to maturity $72,395 of Single Family Mortgage Revenue Bonds Series Z, 1990-28, 1990-29, 1991-30, 1991-31, 1992-33, 1994-38, 1994-41, 1994-42, 1995-44, 1995-45, 1996-47, 1996-48, 1996-50, 1996-51, 1996-52, 1996-53, 1997-54, 1997-56, 1997-57, 1997-58, 1997-59, 1997-60, 1997-61, 1997-62, 1998-64, 1999-65, and 1999-66, using mortgage prepayments. Extraordinary losses of $697 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, 2000, the Agency redeemed prior to maturity $159,365 of Single Family Mortgage Revenue Bonds, Series S, T, W, Y, Z, 1990-27, 1990-28, and 1990-29, using bond proceeds. Although a deferred loss of $3,658 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 $44,859 and was able to reduce its aggregate debt service payments as a result of these transactions by a total of $81,217 over the succeeding 25 years from the current refundings.

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 if they are from undisbursed bond proceeds. A provision of the bonds includes 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, 2001:

Year Ending June 30,	Multi-Family Program Principal	Multi-Family Program Interest	Single Family Program Principal	Single Family Program Interest	Total Principal and Interest Maturities
2002	$ 20,221	$ 33,072	$ 55,710	$ 133,152	$ 242,158
2003	32,267	31,652	46,980	134,809	245,708
2004	20,425	30,098	47,575	132,314	230,412
2005	21,524	28,845	50,945	130,027	231,341
2006	22,845	27,491	52,155	126,822	229,313
2007-2011	139,100	113,239	328,170	586,478	1,166,987
2012-2016	139,800	66,343	407,125	477,415	1,090,683
2017-2021	96,848	27,338	506,000	346,586	976,772
2022-2026	29,383	6,072	561,920	180,307	777,682
2027-2031	4,118	353	320,695	41,357	366,523
2032-2036	—	—	10,665	390	11,055
	$ 526,534	$ 364,503	$ 2,387,940	$ 2,289,657	$ 5,568,634

J. Operating Leases

The Agency is obligated under noncancelable operating leases for its buildings. Future minimum payments under these leases at June 30, 2001 are:

2002	$ 1,038
2003	847
2004	745
2005	679
2006	51
	$ 3,360

Total rental expense is $816 and $769 for the years ended June 30, 2001 and 2000, respectively.

K. Reserved and Internally Designated Fund Balances

General Fund

The 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, 2001	June 30, 2000
Single Family Self-Insurance Fund	$ 16,500	$ 16,500
Multi-Family Self-Insurance Fund	10,000	10,000
PennHOMES Program	15,000	10,000
Housing initiatives	6,000	15,000
Home buyer counseling	1,500	6,000
		1,250
	$ 49,000	$ 48,750

The designation for the Single Family Self-Insurance Fund has been established 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 and subsequent issues. The Single Family Self-Insurance Fund has been established at not less than 1% of anticipated mortgages to be originated on Issues I and subsequent issues. The Single Family Series I resolution requires that a Self-Insurance Fund be held by the trustee. This is 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.

The designation for home buyer counseling has been established to provide funding for home buying education to first time home buyers.

Multi-Family Program

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

	June 30, 2001	June 30, 2000
Capital Reserve not funded by bond proceeds	$ 1,960	$ 1,960

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

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

	June 30, 2001	June 30, 2000
PennHOMES Program	$ 136,490	$ 132,365
Senior housing with supportive services	4,000	4,000
Supportive Services	1,250	1,125
	$ 141,740	$ 137,490

The designation for the PennHOMES Program, which is funded from unrestricted multi-family proceeds, has been established to lower development costs for apartment projects financed by the Agency.

The designation for senior housing with supportive services has been established to provide funding for rental housing and specialized resident services for elderly residents.

The designation for supportive services has been established to provide multi-family projects with funds for resident services.

Single Family Program

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

	June 30, 2001	June 30, 2000
Capital Reserve not funded by bond proceeds	$ 18,925	$ 18,283
Self-Insurance Fund held by trustee	23,798	23,798
	$ 42,723	$ 42,081

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, 2001	June 30, 2000
Closing Cost Subsidy Program	$ 13,750	$ 13,250
Additional Single Family Insurance Program	2,455	2,455
	$ 16,205	$ 15,705

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, 2001	June 30, 2000
Risk retention	$ 10,000	10,000

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, 2001	June 30, 2000
Additional risk retention	$ 20,961	$ 17,056

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,	
	2001	2000
Emergency Mortgage Assistance Program	$ 61,071	$ 71,112

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

L. Pension Plan

The Agency follows GASB Statement Nos. 25 and 27, "Financial Reporting for Defined Benefit Pension Plans," and "Accounting for Pensions by State and Local Governmental Employers." GASB Statement No. 25 requires that the statements of plan assets be presented and certain note disclosures be reported in the notes to the financial statements. GASB Statement No. 27 requires that pension plan costs and net pension plan obligations be reported in the financial statement notes.

The statements of plan net assets as of December 31, 2000 and 1999 are as follows:

Pennsylvania Housing Finance Agency
Employees' Retirement Plan
Statements of Plan Net Assets
(in thousands)
as of December 31, 2000 and 1999

	2000	1999
ASSETS		
Short-term investments:		
Money markets	$ 942	$ 1,343
Mutual funds	17,048	16,460
Total short-term investments	17,990	17,803
Receivables:		
Employer		
Interest and dividends	53	59
Total receivables	53	59
Investments, at fair value:		
U.S. Government obligations	2,952	3,567
Domestic stocks	1,059	1,848
Total investments	4,011	5,415
Total assets	$ 22,054	$ 23,277
NET ASSETS		
Net assets held in trust for pension benefits (a schedule of funding progress for each plan is presented on page 31)	$ 22,054	$ 23,277

Pennsylvania Housing Finance Agency
Employees' Retirement Plan
Statements of Changes in Plan Net Assets

(in thousands)

for the years ended December 31, 2000 and 1999

	2000	1999
Additions:		
Contributions:		
Employer	$ 375	$ 167
Plan members	—	—
Total contributions	375	167
Investment income		
Interest and dividends	2,822	1,987
Net (depreciation) appreciation in fair value of investments	(3,934)	1,384
Total additions	(737)	3,538
Deductions		
Benefits	486	403
Net (decrease) increase	(1,223)	3,135
Net assets held in trust for pension benefits		
Beginning of year	23,277	20,142
End of year	$ 22,054	$ 23,277

Summary of Significant Accounting Policies

Basis of Accounting

Pennsylvania Housing Finance Agency Employees' Retirement Plan financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and are payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported at market value which approximates fair value as determined by the investment trustee. Short-term money market investments are reported at cost, which approximates fair value. Short-term mutual funds are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated market value, which approximates fair value.

Plan Descriptions and Funding Policy

Membership of the plan consists of the following at December 31, 2000 and 1999:

	2000	1999
Retirees and beneficiaries receiving benefits	47	44
Terminated plan members entitled to but not yet receiving benefits	67	69
Active plan members	221	193
Total	335	306
Number of participating employers	1	1

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 the Agency. As of June 30, 2001 and 2000, substantially all eligible full-time employees are participants in the Plan.

Full-time employees become eligible for participation in the Plan after completion of one year of service. A participant's benefits vest upon the completion of 5 years of service. Under the provisions of the Plan, participants with prior military experience may receive credit for their time of service in the military providing they contribute funds equivalent to the cost of their pension benefits accumulated during their military service.

The Plan was previously amended to convert it from a contributory to a noncontributory pension plan. At the time of the amendment, participants had the option to receive a refund in the amount of their contributions, with interest, or increase their pension benefits. Substantially all employees elected to withdraw their contributions 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.

Funding Policy

The contribution requirements of Plan members are established and may be amended by the Board of the Agency. 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.

Annual Pension Cost and Net Pension Obligation

The Agency's annual pension cost and net pension obligation to the Plan are as follows:

	2000	1999
Annual required contribution	$ 88	$ 135
Employer contributions made	(375)	(167)
Change in net pension obligation	(287)	(32)
Net pension obligation, beginning of year	(159)	(127)
Net pension obligation, end of year	$ (446)	$ (159)

The annual required contribution for the current year was determined as part of the January 1, 2001 actuarial valuation using the aggregate actuarial cost method. The actuarial assumptions include (a) a 7.5% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% per year. Both (a) and (b) include an inflation component based on long-term historical average rates. The assumptions do not include postretirement benefit increases, which are funded by State appropriation when granted. The actuarial value of assets is determined using market values determined by the trustee.

Three-Year Trend Information

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 1998	\$ 208	160.3 %	\$ (127)
December 31, 1999	135	123.4 %	(159)
December 31, 2000	\$ 88	126.3 %	\$ (446)

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, 2001 and 2000 amounts to \$149,950 and \$111,769, 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.

Commitments

Outstanding commitments by the Agency to make or acquire single family, multi-family and HEMAP mortgages aggregate approximately \$169,318, \$35,376 and \$3,331, respectively, at June 30, 2001.

N. Subsequent Events

On September 26, 2001, the Agency issued \$225,000 Series 2001-72 Single Family Mortgage Revenue Bonds. The proceeds of these Bonds will be used to refund certain of the Agency's Outstanding Single Family Mortgage Revenue Bonds and to fund new single family mortgage loans.

Required Supplemental Information

(Unaudited)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/1991	\$ 6,001,640	\$ 5,173,084	\$ (828,556)	116.0 %	\$ 3,959,624	(20.9) %
1/1/1992	\$ 7,112,838	\$ 6,186,234	\$ (926,604)	115.0 %	\$ 4,411,010	(21.0) %
1/1/1993	\$ 7,864,913	\$ 7,108,441	\$ (756,172)	110.6 %	\$ 4,616,834	(16.4) %
1/1/1994	\$ 8,805,927	\$ 8,311,636	\$ (494,291)	105.9 %	\$ 5,369,330	(9.2) %
1/1/1995	\$ 9,090,611	\$ 9,206,150	\$ 15,539	98.7 %	\$ 5,512,521	2.1 %
1/1/1996	\$ 11,670,289	\$ 10,483,711	\$ (1,186,578)	111.3 %	\$ 5,940,613	(20.0) %
1/1/1997	\$ 13,747,019	\$ 12,172,812	\$ (1,574,207)	112.9 %	\$ 6,207,591	(25.4) %
1/1/1998	\$ 16,964,790	\$ 13,519,709	\$ (3,445,081)	125.5 %	\$ 6,260,962	(55.0) %
1/1/1999	\$ 20,141,983	\$ 15,248,566	\$ (4,893,417)	132.1 %	\$ 6,620,237	(73.9) %
1/1/2000	\$ 23,276,799	\$ 17,220,429	\$ (6,056,370)	135.2 %	\$ 7,264,117	(83.4) %
1/1/2001	\$ 22,054,056	\$ 19,250,828	\$ (2,803,228)	114.6 %	\$ 8,254,152	(34.0) %

Schedule of Contributions from the Employer and Other Contributing Entities

Calendar Year Ended	Annual Required Contribution	Contributions From Employer	Percentage Contributed
1991	\$ 257,851	\$ 257,851	100.0 %
1992	\$ 296,773	\$ 296,773	100.0 %
1993	\$ 331,673	\$ 331,673	100.0 %
1994	\$ 410,807	\$ 410,807	100.0 %
1995	\$ 402,720	\$ 402,720	100.0 %
1996	\$ 319,844	\$ 319,844	100.0 %
1997	\$ 367,179	\$ 368,000	100.2 %
1998	\$ 208,114	\$ 333,590	160.3 %
1999	\$ 135,384	\$ 167,000	123.4 %
2000	\$ 87,968	\$ 375,000	426.3 %

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

Notes to Supplemental Schedules

Additional information as of the latest actuarial valuation follows:

	2001	2000
Valuation date	January 1, 2001	January 1, 2000
Actuarial cost method	Aggregate actuarial cost method	Aggregate actuarial cost method
Amortization method	Level dollar	Level dollar
Asset valuation method	Market value as determined by the trustee	Market value as determined by the trustee
Actuarial assumptions		
Investment rate of return	7.5%	7.5%
Projected salary increases	4.5%	4.5%
Includes inflation at cost-of-living adjustments	Moderate, based on long-term historical average rates	Moderate, based on long-term historical average rates

Staff List

EXECUTIVE

William C. Bostic, Executive Director
Carrie M. Barnes, Executive Assistant
Robert F. Bobincheck, Associate Director of Strategic Planning & Policy
Margaret A. Breech, Legal Assistant
Paula J. Brightbill, Assistant Public Information Officer
Darryl Cox, Director of Strategic Planning & Policy
William W. Fogarty, Director of Government Affairs
Phillip M. Friday, Director of Information Resources
Stephanie B. Gardner, Administrative Assistant
Holly J. Glauser Abel, Associate Counsel
John F. Goryl, Associate Counsel
Anne Johnson, Legal Administrator
Kimberly McKinnon, Research Associate II
Charlotte L. Nelson, Executive Assistant
Rebecca L. Peace, Chief Counsel
JoLynn M. Stoy, Associate Counsel

FINANCE AND ADMINISTRATION

Brian A. Hudson - Deputy Executive Director and Chief Financial Officer

FINANCE DIVISION

LaSonya E. Buchannan, Administrative Assistant
Joan E. Duckett, Quality Control Officer
Gena K. Fairfax, Administrative Coordinator
Pamela K. Frazier, Senior Investment Officer
Justin A. Henery, Staff Accountant I
Larry E. Jackson, Senior Internal Auditor
Theodore F. Jackson, Compliance Officer II
April L. Karaki, Assistant Finance Officer
Crystal A. Kerstetter, Staff Accountant II
Joseph Knopic, Manager of Project Financing
Teresa W. Ortenzio, Administrative Assistant
Kathleen D. Raley, Finance Officer I
John H. Richards, Senior Accountant
Donna M. Sciortino, Senior Investment Officer
Heather A. Shull, Investment Officer I
Christine M. Stewart, Staff Auditor II
Kelly R. Wilson, Secretary

ACCOUNTING & LOAN SERVICING DIVISION

Anthony J. Julian, Jr., Director
Janet M. Askman, Escrow Coordinator
Crystal L. Baker, Loan Counselor II
Edwin A. Beam, Jr., Manager of REO's
George C. Bemesderfer, Jr., Manager of Loan Servicing
Cheryl A. Boyanowski, Loan Counselor III
Sonya M. Boyer, Administrative Assistant
Shanta D. Briddell, Loan Counselor II
Thomas F. Brzana, Jr., Manager of Servicing Systems
Christine A. Burke, REO Coordinator
Ruby M. Dodson, Loan Counselor IV
Marguerite M. Dowling, Senior Mortgage Servicing Representative
John L. Dye, Loan Counselor II
Tracy L. Dressler, Finance Officer I
Candace R. Fausnacht, Loan Counselor I
Karen L. Fells, Mortgage Servicing Representative II
Julie D. Fissel, Mortgage Servicing Representative I
Joanne H. Fitzgerald, Escrow Coordinator
Lisa R. Fulton, Assistant Mortgage Servicing Representative
Charles F. Funk, Jr., Single Family Clerk II
Mary L. Garcia, Assistant Mortgage Servicing Representative
Naomi P. Garcia, Finance Officer I
Stephanie Jo Glatfelter, REO Coordinator
Brian J. Good, Loan Counselor III
Thomas L. Gouker, Manager of Mortgage Servicing
Doreen D. Gutshall, Loan Counselor III
Linda A. Hall, Finance Officer I
Debbie M. Hammond, Administrative Assistant
Sherry C. Horn, Loan Counselor II
Kevin M. Hoskins, Loan Counselor I
Ben G. Housman, Jr., Mortgage Servicing Representative II
Kristina L. Jarrett, Secretary
Anne C. Klitsch, Mortgage Servicing Representative I
F. Elise Knaub, Finance Officer I
Nancy J. Lackey, Escrow Coordinator
Deborah R. Lowman, Secretary
Edgardo I. Martinez, Loan Counselor III
Thresa A. Mateer, Mortgage Servicing Representative I
Cathy A. Matter, Mortgage Servicing Representative II
Eleanor A. Matthias, Finance Officer II
Jessica L. McCann, Loan Counselor IV
Mildred N. Minter, Administrative Coordinator
Kimberley A. Moyer, Mortgage Servicing Representative II
Penny M. Mullins, Finance Officer I
Sue A. Peck, Finance Officer II
Nichole L. Proctor, Assistant Finance Officer
Rosa E. Roque, Loan Counselor IV
Constance M. Ross, Senior Accountant
Bonita M. Russell, Senior Mortgage Servicing Representative
Jennifer L. Smallwood, Mortgage Servicing Representative II
Ronald L. Smith, Mortgage Servicing Representative II
Richelle L. Strawser, Mortgage Servicing Representative II
Tina L. Strayer, Loan Counselor II
JoAnn Wade, Mortgage Servicing Representative II
Janet J. Wargo, Assistant Mortgage Servicing Representative
Charlene A. White, REO Clerk II
LuAnne F. Wiest, Assistant Mortgage Servicing Representative
Debra J. Williams, Administrative Assistant
Priscilla Williams, Escrow Coordinator
Thomas J. Zugay, Mortgage Servicing Representative II

HUMAN RESOURCES DIVISION

Deborah A. Zlogar, Director
Sharon D. Brooks, Receptionist
Arlene M. Frontz, Purchasing Officer
M. David Griffin, Human Resources Coordinator
Wendy K. Klinger, Human Resources Officer
Charles A. Washington, Messenger II

INFORMATION TECHNOLOGY DIVISION

Richard N. Nichols, Director
Brenda J. Bailey, Web/Application Developer II
Kimberly A. Boal, Network Engineer
Kris A. Clymans, Network Communications Administrator
Kathleen Deitzler, Senior Computer Programmer Analyst
Deborah A. Geary, Computer Programmer Analyst II
Shirley A. Kirk, Senior Computer Programmer Analyst
Trudy R. Lehman, Network Administrator
Daryl G. Martin, Senior Computer Programmer Analyst
Kimberly A. McCullough, Help Desk Associate
Gladiola L. Oaks, Computer Programmer Analyst II
Edward J. Raley, Manager of Information Technology
Harry N. Ramsey, III, Senior Computer Programmer Analyst
John B. Senich, Telecommunications Administrator
Kevin J. Wike, Senior Computer Programmer Analyst

MULTIFAMILY OPERATIONS

David L. Evans - Assistant Executive Director

DEVELOPMENT DIVISION

William J. Koons, Director of Development
Richard C. Allen, Tax Credit Officer I
William G. Bailey, Jr., Development Officer II
Susan M. Belles, Senior Tax Credit Officer
Frank Bobak, Jr., Systems Analyst II
Diane B. Brodbeck, Assistant Tax Credit Officer
P. David Doray, Development Officer II
Douglas S. Haughton, Jr., Development Officer II
Stacey R. Mason, Administrative Assistant
Ann A. Mermelstein, Development Officer II
LaVera A. Nelson, Assistant Tax Credit Officer
Debra C. Russ, Multifamily Coordinator
Brian L. Shull, Senior Development Officer
J. Gail Shull, Tax Credit Officer I
Beth A. Silvick, Development Officer I
Eileen J. Staudt, Manager of Tax Credit Program
Linda A. Stewart, Tax Credit Officer II
Patricia A. Williams, Development Coordinator

HOUSING SERVICES DIVISION

Lisa J. Yaffe, Director
John A. Crowley, Housing Services Representative II
Sandra L. Klunk, Assistant Housing Services Representative

HOUSING MANAGEMENT DIVISION

Joseph E. Toia, Director
Kristina L. Avery, Secretary
John R. Bink, Financial Analyst I
Carol A. Carroll, Housing Management Officer
Barbara M. Conjar, Housing Management Representative II
Frank T. Dorwart, Manager of Project Operations
John J. Dotsey, Senior Financial Analyst
Carl R. Dudeck, Jr., Manager of Financial Operations
Hernando Espinosa, Housing Management Representative I
Kathy E. Esworthy, Tax Credit Analyst II
Donna J. Farnham, Insurance Officer
Paul A. Fanula, Financial Analyst I
Charlotte M. Folmer, Financial Analyst I
Kim A. Gallagher, Tax Credit Coordinator
Angela M. Harris, Financial Analyst I
Stephanie L. Keich, Assistant Data Occupancy Officer
Kathleen D. Kropa, Financial Analyst II
Mary Jane Margay, Senior Financial Analyst
Marge A. McCutcheon, Administrative Assistant
Kristen Nagel, Contract Administration Officer
Harry E. Neuhart, Financial Analyst II
Linda S. Newport, Senior Contract Administration Officer
Gary W. Paiano, Housing Management Representative I
Sharon Pennella, Tax Credit Coordinator
Maryellen Schenck, Tax Credit Coordinator
Peggy A. Snyder, Data Occupancy Officer II
Daniel Sommerville, Contract Administration Officer
M. Dona Stewart, Housing Management Representative I
Victoria T. Tauser, Data Entry Clerk II
Brenda B. Thomas, Administrative Assistant
Sandra L. Urban, Contract Administration Coordinator
Jaudelle R. Wood, Data Entry Clerk I

TECHNICAL SERVICES DIVISION

J. Wylie Bradley, Director
Ronette J. Bachert, Environmental/Site Specialist
Kimberly J. Boyer, Construction Document Examiner
Clark A. Grumbine, Technical Services Representative I
Sherry J. Heidelmark, Architectural & Engineering Administrative Coordinator
Kevin L. Kanoff, Staff Engineer/Energy Coordinator
Mark E. Kocan, Technical Services Representative I
Michael G. Kosick, Manager of Facilities & Construction Operations
Donna J. Rodgers, Construction Coordinator
Dorothy L. Shipley, Facilities & Construction Administrative Coordinator
Stanley E. Salwocki, Construction Document Examiner
Robert A. Wochley, Senior Technical Services Representative

SINGLE FAMILY OPERATIONS

Donald J. Plunkett, Assistant Executive Director

SINGLE FAMILY DIVISION

Daniel A. Barbour, Loan Officer I
Ellen W. M. Bechtel, Loan Officer I
Elaine S. Cox, Secretary
Frederick W. Fegan II, Senior Loan Officer
Leah R. Finley, Secretary
Lauren M. Heckman, Secretary
Norie F. Kerstetter, Loan Officer I
Vikki C. Laner, Loan Officer I
Tammy S. Leitzel, Loan Officer I
Tammy J. Miller, Senior Underwriter
Clifford S. Morton, Single Family Systems Manager
Patricia A. Musser, Loan Officer I
Leroy K. Patton, Loan Officer I
Carol E. Purdy, Loan Officer I
Sandra D. Sholley, Single Family Loan Coordinator
Coral F. Smith, Purchasing Coordinator
Amanda M. Truman, Single Family Loan Coordinator
Juanita M. Underwood, Assistant Loan Officer
Allan R. Williamson, Loan Officer II
Denise E. Wolfgang, Loan Officer II
Karen L. Zapotosky, Senior Loan Officer
Gary P. Zimmerman, Loan Officer I

HOMEOWNERS' EMERGENCY MORTGAGE ASSISTANCE PROGRAM

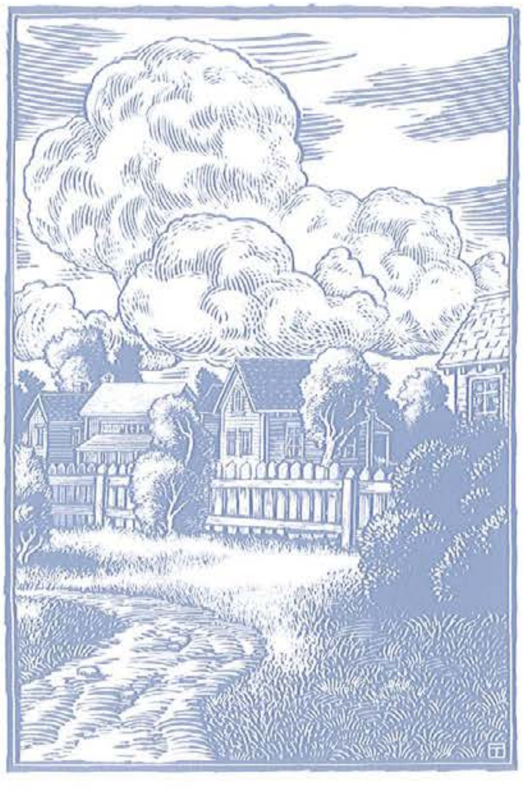
Daryl D. Rotz, Director
Elaine M. Artz, Staff Accountant II
Tracy J. Bennett, Administrative Assistant
Lynda A. Clark, Loan Officer I
Sonya L. Clemons, Loan Closing Coordinator
Michael D. Cooper, Senior Hearing Examiner
Viktoria E. Denlinger, Loan Closing Coordinator
Pamela L. Fisher, Loan Officer I
Barbara A. Gilbert, Data Entry Clerk
Donald K. Goss, Loan Officer II
Stephanie Haxey, Assistant Accountant I
Diane M. Hoffman, Senior Accountant
Shirley J. Kembel, Administrative Assistant
Resa P. Kepner, Appeals Coordinator
Donette G. Klinger, Secretary
Sherry A. Mahoney, Secretary
Tonya L. Moss, Loan Closing Coordinator
Amy L. Ney, Secretary
Lin C. Patch, Appeals Coordinator
George F. Pfeiffer, Loan Officer I
Carole J. Piccolo, Loan Officer I
Bonnie L. Putt, Administrative Assistant
Kristin L. Rode, Administrative Services Coordinator
W. Christine Rodgers, Hearing Examiner II
Lisa A. Rudy, Loan Officer I
Rebecca A. Shraffler, Senior Loan Closing Officer
Angela C. Smith, Loan Officer I
Gary Spitz, Secretary
Anne M. Tellup, Closing Officer
Lori S. Toia, Manager of Loan Processing
Carmela M. Vega, Hearing Examiner I
Audrey L. Zerance, Administrative Assistant

Norristown Office

Nancy Twyman, Manager of Norristown Office
Peggy A. Colson, Norristown Office Coordinator
Theodore B. Currier, Jr. Technical Services Representative I
Jonna J. Davis, Housing Management Representative I
James L. Galia, Technical Services Representative II
Jay R. Hausher, Senior Technical Services Representative
Mary L. Johnson, Assistant Housing Management Representative
John S. Paczewski, Technical Services Representative II
Christine L. Ramsay, Housing Management Representative II
Elizabeth Sonneborn, Housing Services Representative I
Barbara P. Stephens, Public Affairs Officer
Lorraine Weaver Laward, Housing Management Representative I

Pittsburgh Office

Brenda B. Wells, Western Regional Manager
Mary E. Berry, Pittsburgh Office Coordinator
Carla H. Falkenstein, Housing Services Representative II
Margaret L. MacCall, Housing Management Representative I
Aloise L. Tomich, Housing Management Representative I
Roy D. Redman, Housing Management Representative I
Robert S. Rider, Technical Services Representative I
Mary Ann Sipos, Senior Housing Management Representative
Charles F. Swope, Technical Services Representative II
Marcia M. Treece, HEMAP Closing Officer
Larry B. Thom, Senior Technical Services Representative
Cheryl A. Vodzak, Secretary



Pennsylvania Housing Finance Agency

2101 North Front Street
Harrisburg, PA 17110
717-780-3800
TTY 717-780-1869
www.phfa.org