

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance by RIHousing with the Resolution and the covenants contained therein concerning certain conditions imposed by applicable federal tax law as described herein, (i) interest on the Series 85-A Bonds and Series 85-B Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); (ii) interest on the Series 85-A Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals; and (iii) interest on the Series 85-B Bonds is a specific preference item for purposes of the alternative minimum tax provisions of the Code applicable to individuals. Interest on the Series 85-A Bonds and the Series 85-B Bonds may affect the federal alternative minimum tax imposed on certain corporations. Interest on the Series 85-T Bonds is included in gross income for federal income tax purposes. Further, pursuant to the provisions of the Rhode Island Housing and Mortgage Finance Corporation Act, income on the Series 85 Bonds (including any profit on the sale thereof) is free from Rhode Island personal income taxes. See "TAX MATTERS."

\$160,425,000

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION

\$85,940,000 Homeownership Opportunity Bonds, Series 85-A (Non-AMT) (Social Bonds)

\$6,560,000 Homeownership Opportunity Bonds, Series 85-B (AMT)

\$67,925,000 Homeownership Opportunity Bonds, Series 85-T (Federally Taxable)

Dated Date/Delivery Date:	March 26, 2025.
Due:	April 1 and October 1, as shown on the inside cover page hereof.
Series 85 Bonds:	Homeownership Opportunity Bonds, Series 85-A (Non-AMT) (Social Bonds), Homeownership Opportunity Bonds, Series 85-B (AMT) and Homeownership Opportunity Bonds, Series 85-T (Federally Taxable) of Rhode Island Housing and Mortgage Finance Corporation.
Series 85-A Bonds as Social Bonds:	The Series 85-A Bonds are designated as "Social Bonds." See "DESIGNATION OF THE SERIES 85-A BONDS AS SOCIAL BONDS," "APPENDIX H - RIHOUSING IMPACT FRAMEWORK" and "APPENDIX I - S&P SECOND-PARTY OPINION" for a discussion of the designation of the Series 85-A Bonds as "Social Bonds."
Book-Entry Only System:	The Depository Trust Company, New York, New York ("DTC"). See "BOOK-ENTRY ONLY SYSTEM."
Denominations:	\$5,000, or any integral multiple thereof.
Interest Rates:	As set forth on the inside cover page hereof.
Interest Payment Dates:	Each April 1 and October 1, commencing October 1, 2025.
Use of Proceeds:	To originate new Program Loans and to refund certain outstanding Bonds.
Security:	The Series 85 Bonds will not constitute general obligations of RIHousing but will constitute special revenue obligations of RIHousing and will be secured by and payable solely from a pledge of certain Revenues and Accounts established under the Resolution, all as more fully set forth herein. RIHousing has no taxing power. The Series 85 Bonds are not a debt or liability of the State of Rhode Island or any political subdivision thereof.
Trustee /Paying Agent:	The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida.
Bond Counsel:	Kutak Rock LLP, Atlanta, Georgia.
Underwriters' Counsel:	Hawkins Delafield & Wood LLP, New York, New York.
Special Counsel:	Troutman Pepper Locke LLP, Providence, Rhode Island.

RBC Capital Markets
BofA Securities
Jefferies

J.P. Morgan
Fidelity Capital Markets
Ramirez & Co., Inc.
Roosevelt & Cross Incorporated

Morgan Stanley
HilltopSecurities
Raymond James

MATURITY SCHEDULE

\$85,940,000 Series 85-A Bonds (Non-AMT) (Social Bonds)

\$12,930,000 Series 85-A Serial Bonds — Price: 100.000%

<u>Maturity Date</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>CUSIP[†]</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>CUSIP[†]</u>
October 1, 2028	\$ 95,000	3.10%	76221SGN5	April 1, 2034	\$ 390,000	3.70%	76221SGZ8
April 1, 2029	100,000	3.15	76221SGP0	October 1, 2034	400,000	3.70	76221SHA2
October 1, 2029	140,000	3.20	76221SGQ8	April 1, 2035	1,115,000	3.75	76221SHB0
April 1, 2030	180,000	3.25	76221SGR6	October 1, 2035	1,145,000	3.80	76221SHC8
October 1, 2030	195,000	3.30	76221SGS4	April 1, 2036	1,180,000	3.85	76221SHD6
April 1, 2031	215,000	3.35	76221SGT2	October 1, 2036	1,175,000	3.90	76221SHE4
October 1, 2031	270,000	3.40	76221SGU9	April 1, 2037	1,185,000	3.95	76221SHF1
April 1, 2032	300,000	3.50	76221SGV7	October 1, 2037	1,220,000	3.95	76221SHG9
October 1, 2032	335,000	3.55	76221SGW5	April 1, 2038	1,260,000	4.00	76221SIJQ5
April 1, 2033	360,000	3.60	76221SGX3	October 1, 2038	1,295,000	4.00	76221SIJR3
October 1, 2033	375,000	3.65	76221SGY1				

\$5,580,000 4.125% Series 85-A Term Bonds due October 1, 2040 CUSIP[†]: 76221SHH7 Price: 100.000%

\$16,365,000 4.500% Series 85-A Term Bonds due October 1, 2045 CUSIP[†]: 76221SHJ3 Price: 100.000%

\$20,940,000 4.650% Series 85-A Term Bonds due October 1, 2050 CUSIP[†]: 76221SHK0 Price: 100.000%

\$30,125,000 4.700% Series 85-A Term Bonds due April 1, 2055 CUSIP[†]: 76221SHL8 Price: 100.000%

\$6,560,000 Series 85-B Bonds (AMT)

\$4,605,000 Series 85-B Serial Bonds — Price: 100.000%

<u>Maturity Date</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>CUSIP[†]</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>CUSIP[†]</u>
April 1, 2026	\$1,895,000	3.40%	76221SHM6	April 1, 2027	\$1,200,000	3.55%	76221SHP9
October 1, 2026	1,170,000	3.45	76221SHN4	October 1, 2027	340,000	3.60	76221SHQ7

\$1,955,000 3.65% Series 85-B Term Bonds due April 1, 2028 CUSIP[†]: 76221SHR5 Price: 100.000%

\$67,925,000 Series 85-T Bonds (Federally Taxable)

\$10,840,000 Series 85-T Serial Bonds — Price: 100.000%

<u>Maturity Date</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>CUSIP[†]</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>CUSIP[†]</u>
April 1, 2028	\$ 215,000	4.282%	76221SHS3	October 1, 2030	\$1,290,000	4.542%	76221SHX2
October 1, 2028	1,220,000	4.332	76221SHT1	April 1, 2031	1,320,000	4.620	76221SHY0
April 1, 2029	1,255,000	4.392	76221SHU8	October 1, 2031	1,315,000	4.670	76221SHZ7
October 1, 2029	1,260,000	4.422	76221SHV6	April 1, 2035	835,000	5.106	76221SIJG7
April 1, 2030	1,265,000	4.472	76221SHW4	October 1, 2035	865,000	5.136	76221SIJH5

\$2,680,000 4.770% Series 85-T Term Bonds due October 1, 2032 CUSIP[†]: 76221SJB8 Price: 100.000%

\$2,785,000 4.956% Series 85-T Term Bonds due October 1, 2033 CUSIP[†]: 76221SJD4 Price: 100.000%

\$2,950,000 5.056% Series 85-T Term Bonds due October 1, 2034 CUSIP[†]: 76221SJF9 Price: 100.000%

\$1,770,000 5.216% Series 85-T Term Bonds due October 1, 2036 CUSIP[†]: 76221SJK8 Price: 100.000%

\$1,810,000 5.266% Series 85-T Term Bonds due October 1, 2037 CUSIP[†]: 76221SJM4 Price: 100.000%

\$5,185,000 5.336% Series 85-T Term Bonds due October 1, 2040 CUSIP[†]: 76221SJN2 Price: 100.000%

\$39,905,000 6.250% Series 85-T Term Bonds due October 1, 2053 (PAC Bonds) CUSIP[†]: 76221SJP7 Price: 105.192%

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No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations, other than as contained in this Official Statement in connection with the issuance of the Series 85 Bonds described herein and, if given or made, such information or representations must not be relied upon as having been authorized by RIHousing or the Underwriters. This Official Statement does not constitute an offer to sell the Series 85 Bonds or a solicitation of an offer to buy, nor shall there be any sale of the Series 85 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been furnished by RIHousing and by other sources which are believed to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implications that there has been no change in the affairs of RIHousing or any other parties described herein since the date hereof.

This Official Statement contains forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts, projections and estimates were prepared. In light of the important factors that may materially affect economic conditions of RIHousing, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation of RIHousing that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The forecasts, projections and estimates have not been examined or compiled by RIHousing's auditors; nor have its auditors expressed an opinion or any other form of assurance on the information or its achievability. The audited financial statements referred to in this Official Statement relate to RIHousing's historical financial information and do not extend to any forecasts, projections and estimates.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 85 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION

Official Statement Relating To

\$160,425,000

Homeownership Opportunity Bonds

\$85,940,000 Series 85-A (Non-AMT) (Social Bonds)

\$6,560,000 Series 85-B (AMT)

\$67,925,000 Series 85-T (Federally Taxable)

This Official Statement, which includes the cover page and inside cover page hereof and the appendices hereto, sets forth certain information concerning the Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) and the issuance of its Homeownership Opportunity Bonds, Series 85-A (Non-AMT) (Social Bonds) (the “Series 85-A Bonds”), its Homeownership Opportunity Bonds, Series 85-B (AMT) (the “Series 85-B Bonds”; together with the Series 85-A Bonds the “Series 85 Tax-Exempt Bonds”) and its Homeownership Opportunity Bonds, Series 85-T (Federally Taxable) (the “Series 85-T Bonds”; together with the Series 85-A Bonds and the Series 85-B Bonds, the “Series 85 Bonds”), in the respective principal amounts shown above. RIHousing is a public corporation and instrumentality and agency of the State of Rhode Island (the “State”), created by the Rhode Island Housing and Mortgage Finance Corporation Act, constituting Chapter 55 of Title 42 of the General Laws of Rhode Island, 1956 (2006 Reenactment), as amended and supplemented (the “Act”).

A portion of the proceeds of the Series 85-A Bonds and a portion of the proceeds of the Series 85-B Bonds are expected to be used to replace amounts that will be applied to refund, within 90 days of the date of issuance of the Series 85 Tax-Exempt Bonds, certain Outstanding Bonds, which will make an equal amount of funds available, together with the balance of the proceeds of the Series 85-A Bonds and the proceeds of the Series 85-T Bonds, to purchase approximately \$156.2 million aggregate principal amount of Program Loans (the “New Series 85 Program Loans”). The balance of the proceeds of the Series 85-B Bonds will be used to refund certain of RIHousing’s Outstanding Homeownership Opportunity Bonds, Series 66-C2 (the “Series 66-C2 Bonds”), and in connection therewith, certain Program Loans (the “Reallocated Series 85 Program Loans”; together with the New Series 85 Program Loans, the “Series 85 Program Loans”), in an anticipated aggregate principal amount of approximately \$15.0 million (as of December 31, 2024), currently allocated to the Series 66-C2 Bonds will be reallocated to the Series 85 Bonds. Series 85 Program Loans have financed or will finance the ownership or improvement of single family housing within the State by eligible low and moderate income families as described herein. Capital contributions from RIHousing or other moneys available under the below-defined Bond Resolution will be used to pay certain costs of issuing the Series 85 Bonds. See “**SOURCES AND USES OF FUNDS**” and “**REALLOCATED SERIES 85 PROGRAM LOANS**” herein.

The Series 85 Bonds are being issued pursuant to the Act and RIHousing’s General Homeownership Opportunity Program Bond Resolution adopted October 19, 1988 (the “Bond Resolution”), as supplemented by Supplemental Resolutions thereto, adopted on February 15, 2024 and January 16, 2025 (collectively, the “Series 85 Resolution”; together with the Bond Resolution as heretofore supplemented, the “Resolution”). Reference is hereby made to the Bond Resolution and the Series 85 Resolution for a full statement of the authority for, and the terms and provisions of, the Series 85 Bonds and the covenants and agreements made for the security of the Series 85 Bonds.

The Series 85 Bonds are secured on a parity with RIHousing’s \$2,026,375,000 aggregate principal amount of Outstanding Homeownership Opportunity Bonds (as of January 1, 2025) issued under the Bond Resolution, and will be on a parity with any additional Homeownership Opportunity Bonds hereafter issued pursuant to the Bond Resolution (collectively, the “Bonds”). See “**APPENDIX D-1 — SUMMARY OF**

OUTSTANDING BOND INDEBTEDNESS OF RIHOUSING” and “APPENDIX D-2 — HOMEOWNERSHIP OPPORTUNITY BONDS OUTSTANDING AS OF JANUARY 1, 2025.”

All references to the Act, the Bond Resolution, the Bonds and the Series 85 Resolution and all summaries thereof are qualified in their entirety by reference to the definitive form of each such document (copies of which are available from RIHousing) and the information contained therein. **Capitalized terms not otherwise herein defined are used as defined in the Resolution.** (See “APPENDIX E — SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION — Certain Definitions” for definitions of certain capitalized terms used herein.)

INTRODUCTION

RIHousing was created for the purpose of stimulating the construction and rehabilitation of residential housing for persons and families of low and moderate income. Under authority granted in the Act, RIHousing has established a Homeownership Opportunity Program (the “Program”) pursuant to which it can finance (i) Mortgage Loans (such term as used herein includes mortgage loans underlying Program Securities), Home Repair Loans and Borrower Assistance Loans, as defined herein (collectively, the “Program Loans”) and (ii) obligations representing an undivided interest in a pool of mortgage loans guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation (the “Program Securities”), for the purpose of providing owner-occupied housing for persons and families of low and moderate income as determined by RIHousing under the standards set forth in the Act. Program Loans and Program Securities are referred to herein collectively as the “Program Obligations.” See “**HOMEOWNERSHIP OPPORTUNITY PROGRAM.**” RIHousing expects that a portion of the proceeds of or attributable to the Series 85 Bonds will be used to acquire approximately \$151.1 million aggregate principal amount of New Series 85 Program Loans that will be secured by first-lien mortgages on single family owner-occupied dwelling units and will be pooled into Program Securities guaranteed by the Government National Mortgage Association. See “**APPENDIX A — DESCRIPTION OF CERTAIN PRIMARY MORTGAGE INSURANCE, FEDERAL HOUSING PROGRAMS, GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA) AND THE GNMA SECURITIES, AND RHODE ISLAND MORTGAGE FORECLOSURE PROCEDURES — Government National Mortgage Association (GNMA) and the GNMA Securities.**” In addition, substantially all of the Reallocated Series 85 Program Loans are secured by first lien mortgages on single family owner-occupied dwelling units. See “**REALLOCATED SERIES 85 PROGRAM LOANS.**”

The Bond Resolution authorizes Bonds to be issued to provide funds to RIHousing to finance Program Obligations, to refund outstanding bonds of RIHousing and to fund the various Accounts established under the Bond Resolution. Certain requirements with respect to Program Loans (the “Series Program Determinations”) are provided for in Supplemental Resolutions with respect to each Series of Bonds. Such Series Program Determinations shall include, in part, whether each Program Loan shall be secured by a first lien, a coordinate first lien, a second lien, a third lien or a combination thereof and the required primary mortgage insurance, if any, and the levels of coverage thereof. RIHousing expects that approximately \$5.1 million of proceeds of the Series 85 Bonds will be used to acquire approximately \$5.1 million aggregate principal amount of New Series 85 Program Loans that will be second- or third-lien Borrower Assistance Loans (as hereinafter defined). See “**HOMEOWNERSHIP OPPORTUNITY PROGRAM — General.**”

The Series 85 Bonds are subject to redemption, including redemption at par under certain circumstances, at the times, at the prices and upon the conditions, all as described herein. See “**DESCRIPTION OF THE SERIES 85 BONDS — Redemption Provisions for Series 85 Bonds.**”

All Bonds issued and to be issued under the Resolution are special revenue obligations of RIHousing, payable solely from and secured by a pledge of (i) the Revenues received by or for the account of RIHousing from Program Obligations purchased under the Resolution, (ii) moneys and securities held in all Accounts (except the Rebate Account) established under the Resolution, including the investments thereof and the

proceeds of such investments, and (iii) all Program Obligations financed by RIHousing from the proceeds thereof.

THE SERIES 85 BONDS ARE SPECIAL REVENUE OBLIGATIONS OF RIHOUSING, PAYABLE SOLELY OUT OF THE REVENUES, MONEYS, FUNDS OR PROPERTY OF RIHOUSING PLEDGED THEREFOR UNDER THE RESOLUTION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, OR THE INTEREST ON, THE SERIES 85 BONDS. THE STATE IS NOT LIABLE FOR THE SERIES 85 BONDS, AND THE SERIES 85 BONDS ARE NOT A DEBT OF THE STATE. RIHOUSING HAS NO TAXING POWER.

RIHOUSING

General

RIHousing was created in 1973 as a public corporation and instrumentality and agency of the State, but does not constitute a department of State government. Under the Act, the purpose of RIHousing is to encourage the investment of private capital and stimulate the construction and rehabilitation of housing for persons and families of low and moderate income, to provide construction and mortgage loans, and to make provision for the purchase of mortgage loans and otherwise as is necessary to accomplish its purposes.

RIHousing has the authority to create subsidiaries and currently has several such subsidiaries (collectively, the “Subsidiaries”). Generally, the Subsidiaries were formed to invest in or hold title to various residential real estate developments, currently or previously financed by RIHousing.

Commissioners of RIHousing

The powers of RIHousing are vested in seven commissioners, consisting of the Director of the Department of Administration, the General Treasurer, the Director of Business Regulation, or the designees thereof, and four members appointed by the Governor with the advice and consent of the State Senate, who among them are to be experienced in all aspects of housing design, development, finance, management and state and municipal finance. The appointed commissioners serve for terms of four years and until they are reappointed or their respective successors are appointed and qualified. The Chairperson is designated by the Governor; the Vice Chairperson and Treasurer are elected by the members from among their number. The commissioners do not receive compensation. Meetings are held at the call of the Chairperson or whenever two commissioners so request. Four commissioners constitute a quorum, and any action taken by RIHousing may be authorized by a resolution approved by a majority but not less than three of the commissioners. A vacancy on the Board of Commissioners does not impair the right of a quorum to exercise all the rights and perform all the duties of RIHousing. The Act provides that if any commissioner of RIHousing is a director, officer or employee of or has an ownership interest in any firm or corporation interested directly or indirectly in a contract with RIHousing, such commissioner must disclose such interest to RIHousing and shall not participate in the authorization of any such contract.

The present commissioners of RIHousing are as follows.

Stefan Pryor, Chairperson.

Mr. Pryor was appointed as Chair of the Board of Commissioners by Governor Daniel McKee on March 31, 2023 after being nominated by the Governor to serve on the Board of Commissioners in February 2023 and being confirmed by the Rhode Island Senate in March 2023. Mr. Pryor served as Rhode Island’s Secretary of Housing from January 2023 until July 2024, when he stepped down to pursue opportunities in the private sector. Mr. Pryor previously was Rhode Island’s Secretary of Commerce (serving two governors for over seven years). Mr. Pryor was also Chair of the State Economic Development Executives Network, which enables top state commerce officials from

across the country to share best practices and dialogue re policy. Mr. Pryor was previously President of the Lower Manhattan Development Corporation (“LDMC”), which coordinated the rebuilding and revitalization of Lower Manhattan including the World Trade Center site following the attacks of September 11, 2001. After his service at the LMDC, Mr. Pryor was the Deputy Mayor and Director of Economic and Housing Development in Newark, New Jersey. Mr. Pryor previously served as the Education Commissioner for the State of Connecticut. During his tenure, graduation rates increased each year, and Connecticut achieved the highest score in reading among participating states on the Grade 12 National Assessment of Educational Progress (NAEP 2013). Mr. Pryor received his undergraduate and law degrees from Yale University. His term expires on July 1, 2025.

Maria Barry.

Ms. Barry is the Community Development Banking National Executive of Bank of America.[†] Ms. Barry began her career at Ernst & Young and joined Bank of America in 1987 in the Commercial Credit department. She went on to hold several risk management roles related to training, technology, and asset quality reporting for the Board of Directors. She was promoted to Director of Community Reinvestment Act in 1999, also serving as chair to the Fair Lending Policy Committee. In 2003, she joined BAML’s commercial Real Estate Team as Director of Regional Relationship Management where she was responsible for launching a new business to meet the needs of small-to-mid-sized developers. She became the Community Development Banking Market Executive for the Northeast in 2004 and National Executive in February, 2009. Ms. Barry majored in accounting and has a Bachelor of Science degree from the University of Connecticut. Her term expires on July 1, 2025.

James Diossa.

Mr. Diossa was sworn in as General Treasurer of the State of Rhode Island on January 3, 2023. Prior to his election, Mr. Diossa served as a member of the City Council and Mayor of Central Falls, becoming the youngest mayor to date in the State’s history. During his tenure as mayor, he helped Central Falls recover from the effects of bankruptcy and prior years of mismanagement. Throughout his years in public service, Mr. Diossa demonstrated his commitment to giving residents the tools and opportunities for creating sustainable wealth. This commitment continues by making information readily available — and easy to access — to current and future pensioners as well as the general public and providing assistance to municipal governments requiring pension-related guidance. In addition, he is a key champion for expanded financial literacy in the State’s schools to further help individuals and families achieve self-sufficiency. After completing two terms as mayor, he went on to serve as a Senior Advisor at Brown University’s Policy Lab. Treasurer Diossa is a graduate of Becker College. As the General Treasurer of the State, he serves *ex officio*.

Beth Dwyer.

Ms. Dwyer was appointed Director of the Department of Business Regulation in May, 2023. Prior to this appointment, she had been employed by the Rhode Island Department of Business Regulation for more than 20 years, first as General Counsel to the Insurance Division, later as Associate Director and finally as Deputy Director and Superintendent of Financial Services. Prior to government service, Ms. Dwyer was engaged in private law practice in California and Rhode Island, specializing in litigation and insurance regulation. Ms. Dwyer is a past president of the Rhode Island Women’s Bar. She was awarded the 2010 Rhode Island Attorney General’s Justice Award for Consumer

[†] BofA Securities, Inc., an affiliate of Bank of America, is acting as one of the Underwriters of the Series 85 Bonds (see “UNDERWRITING” herein).

Protection. She completed an Executive Education Program at Harvard University, John F. Kennedy School of Government Executive Education. Ms. Dwyer is a member of the National Association of Insurance Commissioners (NAIC) and has served as chair and vice chair of various committees, task forces and working groups. Ms. Dwyer is the NAIC representative to the Financial Stability Oversight Counsel (FSOC) and a member of the Federal Advisory Committee on Insurance (FACI). She currently serves as vice chair of the Financial Condition (E) Committee and Big Data (H) Working Group, co-chair of the Restructuring (E) Working Group, co-vice chair of the Climate and Resiliency (EX) Task Force, and secretary/treasurer of the National Insurance Producers Registry (NIPR) Board of Directors. Ms. Dwyer holds the designations of Chartered Life Underwriter (CLU) from The American College and Senior Professional in Insurance Regulation (SPIR) from the NAIC. She was admitted to practice law in California, Rhode Island, Massachusetts, the Federal District Courts of California and Rhode Island and the Ninth Circuit Court of Appeals. She received a JD from Pepperdine University and a Bachelor of Arts in Political Science and Public Administration from Providence College. As Director of the State Department of Business Regulation, she serves *ex officio*.

Stephen P. McAllister.

Mr. McAllister is Senior Manager of the Eastern Region for the U.S. Chamber of Commerce. The eastern region covers the six New England states, New York, New Jersey, Delaware, West Virginia and Maryland. Mr. McAllister works with chambers of commerce, members of Congress in each state, their staffs, trade associations and the media across the region to support the US Chamber's agenda. The US Chamber's goal is "to generate stronger, more robust economic growth, create jobs, and expand opportunity for all Americas." Mr. McAllister has experience working in both federal and state government. Mr. McAllister was Director of Advance for Rhode Island Governor Lincoln Chafee (D-RI), and also a Constituent and Community Liaison for United States Senator John E. Sununu (R-NH). Mr. McAllister was elected to the Warwick City Council in November, 2016. His term expires on July 1, 2025.

Kevin D. Orth.

Mr. Orth is co-Founder and Managing Member of Atlantic American Partners, LLC, a for-profit affordable housing development company based in Providence, RI. Prior to forming Atlantic American in 2001, Mr. Orth was Vice President in charge of acquisitions for Pacific American Properties, Inc. of Sausalito, California and prior to that position was an acquisitions associate at Leggat McCall Properties in Boston. Mr. Orth received a Master of City Planning degree from the University of California, Berkeley and a Bachelor of Arts degree from the University of Maryland. His term expired on July 1, 2021. Under the Act, members continue to serve until a successor is appointed and qualified.

Jonathan Womer, Vice Chairperson.

Mr. Womer was appointed by Governor Daniel McKee on May 18, 2023, to serve as the Director of the Department of Administration. Mr. Womer has a strong record of public service, both in Rhode Island and in the nation. From 2015-2021, he served as the Director of the Office of Management and Budget at the RI Department of Administration, where he worked collaboratively with the Governor and General Assembly to develop and implement the annual budget for the state. During his previous tenure at DOA, he also redesigned business processes, implemented a cloud-based budgeting system, established the state's fraud data analytics section, and created a cohesive statewide rule-making process. Mr. Womer has also served as Deputy Director for Management and Chief Information Officer for the North Carolina Office of the Governor, as Associate Vice President for Finance and Economic Analysis at the University of North Carolina, and most recently as Senior Advisor to The Policy Lab at

Brown University. He holds a BA in Public Policy from Duke University and both a Master of Public Policy and a Master of Science of Information from the University of Michigan – Ann Arbor. As Director of the Department of Administration, he serves *ex officio*.

Staff

The corporate staff, under the direction of the Executive Director, includes professionals and staff members working in RIHousing's six divisions: executive, finance, homeownership and customer service, development, loan servicing, and leased housing and rental services. Senior professional staff members of RIHousing include the following:

Carol A. Ventura – Executive Director.

Ms. Ventura was appointed Executive Director of RIHousing effective on September 11, 2019. Ms. Ventura previously held the positions of Deputy Director (2014-2019), Director of Development (2005-2014), overseeing all aspects of development financing activities, and Assistant Director of the Policy Division (2001-2005). Prior to joining the staff of RIHousing, Ms. Ventura worked as the Executive Director of a community development organization in northern Rhode Island. Ms. Ventura received a Master of Business Administration from Bryant University and a Bachelor of Science degree from Bryant College.

James Comer – Deputy Executive Director.

Mr. Comer joined RIHousing in February 2020. Prior to returning to RIHousing, Mr. Comer served as Executive Director of Women's Development Corporation, a nonprofit developer of affordable housing throughout New England. Prior to that, Mr. Comer served as Director of Operations for both the Cambridge (MA) and Fall River (MA) Housing Authorities. He also served as a development officer at RIHousing from 2004-2006. Mr. Comer received a Bachelor of Arts degree in History and Sociology from Boston College and a Master of Science degree in Public Affairs from the University of Massachusetts, Boston.

Kara L. Lachapelle – Chief Financial Officer.

Ms. Lachapelle joined RIHousing in October, 2001 and served as Assistant Controller from 2001 to 2007. She was appointed Controller in January, 2007, appointed Director of Finance in September 2010 and appointed Chief Financial Officer in December 2013. From 1997 to 2001, Ms. Lachapelle held various positions in public accounting at Rooney, Plotkin & Willey, specializing in governmental and non-profit audit clients. Ms. Lachapelle also worked in the Trust Department at Durfee Attleboro Bank. She is a member of the American Institute of Certified Public Accountants and received a Bachelor of Science degree from Bryant College.

Corinne G. Myers – General Counsel.

Ms. Myers joined the Legal Department of RIHousing in 2010, and was promoted to Deputy General Counsel in 2015. In 2021, she was appointed General Counsel. Ms. Myers holds a Juris Doctor degree from New York University School of Law and a Bachelor of Arts degree from Wellesley College. She is a member of the Rhode Island Bar Association, the Association of Corporate Counsel, and the American Bar Association's Forum on Affordable Housing & Community Development Law and Public Sector Lawyers Division. Ms. Myers is admitted to the bar in the states of Rhode Island and Massachusetts (inactive).

Christine Hunsinger – Chief Strategy & Innovation Officer.

Ms. Hunsinger joined RIHousing in October 2017, as Assistant Deputy Director of Policy and Research, responsible for providing strategic guidance and leadership to RIHousing in the development of its goals and initiatives. Prior to joining RIHousing, Ms. Hunsinger was CEO of the strategic communications/public affairs firm BGP Strategies. She has served in several academic and public positions within the State of Rhode Island, including faculty roles at Rhode Island College and Brown University, and as Director of Legislative Affairs in the Lincoln Chaffee administration. Ms. Hunsinger holds a Bachelor's degree from St. Anselm, and a Master's degree of Public Affairs from Brown University.

Brett Pelletier – Chief Administration Officer

Mr. Pelletier joined RIHousing in December 2023. Previously, he served as Chief Operating Officer of Boston-based Kirk&Company: Real Estate Counselors, an institutional real estate advisory firm, and prior to that he interned in the Boston office of the late Senator Edward M. Kennedy. Mr. Pelletier received a Bachelor of Science degree in finance from Bentley College, a Master of Liberal Arts (ALM) in finance from the Harvard University Extension School, and a Master of Business Administration (MBA) from Bryant University. Mr. Pelletier is a Fellow of the Royal Institution of Chartered Surveyors, a member of the Counselors of Real Estate, the Urban Land Institute, Lambda Alpha International, and a member of the faculty of the Cummings School of Architecture at Roger Williams University.

Bernadette MacArthur – Director of Finance.

Ms. MacArthur was appointed Director of Finance in April 2019. She joined RIHousing in 2015 as a Finance Analyst, and led the implementation of the in-house Secondary Marketing Department beginning in May 2017. Prior to joining RIHousing, Ms. MacArthur worked for Citizens Bank, N.A. in the treasury group, where she was responsible for commercial loan forecasting and liquidity analysis. Ms. MacArthur received a Bachelor of Science in Business Administration with a concentration in Finance from the University of Rhode Island.

Thomas McNulty – Manager of Treasury and Capital Planning.

Mr. McNulty joined RIHousing as Manager of Treasury and Capital Planning in April of 2017. Prior to joining RIHousing, Mr. McNulty worked for Bank of America, N.A. and its predecessor FleetBoston Financial, in the treasury group, where he was responsible for the management of the fixed income portfolio with an emphasis on mortgage backed securities (MBS). Mr. McNulty received a Bachelor of Arts in Economics from the University of Massachusetts at Amherst.

Leslie McKnight – Assistant Deputy Director of Loan Servicing.

Ms. McKnight was appointed Director of Loan Servicing in September 2003 and was appointed Assistant Deputy Director of Loan Servicing in January 2017. She joined RIHousing in June 1995, as the Default Manager. She was appointed Assistant Director of Loan Servicing in July 2000. Prior to her employment at RIHousing, Ms. McKnight worked as a Loan Workout Specialist for Plymouth Mortgage Company from 1991 to 1995. Between 1982 and 1991, she held various positions in Retail Banking and Mortgage Lending including Assistant Branch Manager at Citizens Bank. Ms. McKnight received her Bachelor of Science degree in Business Administration from Bryant College.

Peter C. Pagonis – Director of Homeownership.

Mr. Pagonis joined RIHousing in October 2013, as Lender Services Manager, and was appointed Director of Homeownership in August 2015. Prior to joining RIHousing,

Mr. Pagonis worked as a Business Development Advisor with the Peace Corps in León, Nicaragua. From 2000 to 2010, Mr. Pagonis was a Corporate Banking Associate at FleetBoston Financial, a Loan Officer at Bank of America, and an Assistant Vice President at Bank Rhode Island. Mr. Pagonis received a Master of Business Administration degree from Boston University Questrom School of Business and a Bachelor of Arts degree from St. Lawrence University.

Anne Berman – Director of Real Estate Development.

Ms. Berman joined RIHousing in 1999 as a Development Officer and was appointed Assistant Director of Development in 2003. In July 2021, Ms. Berman was appointed Director of Real Estate Development. Prior to joining RIHousing, Ms. Berman worked with non-profit organizations in Rhode Island and Florida engaged in affordable housing development and neighborhood revitalization. Ms. Berman has a Bachelor of Arts degree in Urban Studies from Connecticut College and is a graduate of the Advanced Management Development Program in Real Estate at the Harvard Graduate School of Design.

The address and telephone number of RIHousing are, respectively, 44 Washington Street, Providence, RI 02903-1721 and (401) 457-1234.

Cybersecurity

RIHousing relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, RIHousing faces multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware, phishing, business email compromise, and other attacks on computers and other sensitive digital networks, systems, and assets. Housing finance agencies and other public finance entities have been targeted by outside third parties, including technically sophisticated and well-resourced actors, attempting to misappropriate assets or information or cause operational disruption and damage. Further, third parties, such as hosted solution providers, that provide services to RIHousing, could also be a source of security risk in the event of a failure of their own security systems and infrastructure.

RIHousing uses a layered approach that employs sound operational strategies and security technology solutions to secure against, detect, and mitigate the effects of cyber threats on its infrastructure and information assets. RIHousing conducts regular information security and privacy awareness training that is mandatory for all RIHousing staff and regularly conducts risk assessments and tests of its cybersecurity systems and infrastructure. The Director of Information Technology manages all information technology and leads the efforts of RIHousing to keep its cyber assets secure.

Despite its efforts, no assurances can be given that RIHousing's security and operational control measures will be successful in guarding against any and each cyber threat and attack, especially because the techniques used are increasingly sophisticated, change frequently, are complex, and are often not recognized until launched. To date, cyber-attacks have not had a material impact on RIHousing's financial condition, results or business; however, RIHousing is not able to predict future attacks or their severity. The results of any attack on RIHousing's computer and information technology systems could impact its operations for an unknown period of time, damage RIHousing's digital networks and systems, and damage RIHousing's reputation, financial performance, and customer or vendor relationships. Such an attack also could result in litigation or regulatory investigations or actions, including regulatory actions by state and federal governmental authorities. The costs of remedying any such damage could be substantial and such damage to RIHousing's reputation and relationships could adversely affect RIHousing's ability to make loans and issue Bonds in the future.

DESIGNATION OF THE SERIES 85-A BONDS AS SOCIAL BONDS

General

RIHousing works to ensure that all Rhode Island residents have access to homeownership, keeps people in safe and healthy homes, and builds livable and sustainable communities. RIHousing finances affordable housing through a variety of channels, one of which is its longstanding Homeownership Opportunity Program, which advances RIHousing's mission by financing mortgage loans to first-time homebuyers of low-to-moderate income and provides down payment assistance. Once in a home, homeowners are further supported by RIHousing, consistent with its mission of keeping Rhode Islanders in their homes, through loan servicing provided by the RIHousing's Loan Servicing Department and through counseling and mediation services provided by the RIHousing HelpCenter. See **"HOMEOWNERSHIP OPPORTUNITY PROGRAM," "PROGRAM LOAN ORIGINATIONS GENERALLY,"** and **"OTHER PROGRAMS OF RIHOUSING — Servicing."**

RIHousing's homebuyer program, down payment assistance programs, and pre-purchase homebuyer education and counseling requirements are discussed in detail in the RIHousing Impact Framework, which is attached hereto as **"APPENDIX H – RIHOUSING IMPACT FRAMEWORK"** (the "RIHousing Impact Framework") and speaks as of the date of the S&P Second-Party Opinion (as defined below).

The Series 85-A Bonds have been designated as Social Bonds pursuant to a Second-Party Opinion provided by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), included as **"APPENDIX I – S&P SECOND-PARTY OPINION"** (the "S&P Second-Party Opinion"), in which S&P assesses the RIHousing Impact Framework and its alignment with the Social Bond Principles and mapping to the United Nations Sustainable Development Goals ("UNSDGs") adopted by the United Nations General Assembly in 2015 as part of its 2030 Agenda for Sustainable Development, each as described in the S&P Second-Party Opinion.

The term "Social Bonds" is neither defined in nor related to provisions of the Resolution. Holders of the Series 85-A Bonds do not have any security other than as provided in the Resolution and described under **"SECURITY FOR THE SERIES 85 BONDS."**

RIHousing does not assume any obligation to ensure that the Series 85-A Bonds or the loans financed with proceeds thereof align with the ICMA Social Bond Principles, map or contribute to UNSDGs or comply or meet with any other standards or principles that may be related to "Social Bonds." In addition, RIHousing does not in any way guarantee that the use of proceeds will be consistent with historical Program Loans funded from Bond proceeds as described herein.

In a press release entitled "New EMMA Feature Helps Investors Identify Green, Social, Climate and Sustainable Bond Investments," dated October 25, 2021, MSRB CEO Mark Kim stated "... there is no universally accepted [environmental, social and governance (ESG)] standard or definition on labeling an ESG security in the municipal market...." No assurance can be given that a clear definition will develop over time, or, if developed, will include the program to be financed with the proceeds of the Series 85-A Bonds. Accordingly, no assurance is or can be given to investors that any uses of the Series 85-A Bonds will meet investor expectations regarding "social" or other equivalently labelled performance objectives.

Social Bonds Designation

The International Capital Market Association, in its publication, *Social Bond Principles: Voluntary Process Guidelines for Issuing Social Bonds*, defines Social Bonds as "any type of bond instrument where the proceeds, or an equivalent amount, will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Social Projects and which are aligned with the four core components of the Social

Bond Principles” and in addition states that “Social Project categories include ... providing ... affordable housing.”

The S&P Second-Party Opinion finds that “for each social financing under the framework, RIHousing expects to allocate 100% of net proceeds to eligible affordable housing projects” and “for each sustainability financing it expects to allocate 100% of the net proceeds to projects eligible in both the affordable housing and energy efficiency categories.” The S&P Second-Party Opinion finds that the RIHousing Impact Framework aligns with the Social Bond Principles, Green Bond Principles and Sustainability Bond Guidelines (as such terms are defined in the S&P Second-Party Opinion). See the S&P Second-Party Opinion included as **“APPENDIX I – S&P SECOND-PARTY OPINION.”**

Post-Issuance Reporting

RIHousing expects to prepare annual updates, as of the last day of each fiscal year commencing with fiscal year 2025, regarding the New Series 85 Program Loans funded from proceeds of the Series 85-A Bonds. RIHousing expects that such annual update will consist of the information outlined in the Form of Social Bonds Annual Reporting in **“APPENDIX J — FORM OF SOCIAL BONDS ANNUAL REPORTING”** in this Official Statement (i.e., Total and Remaining Proceeds along with Proceeds Expended by AMI Band for all New Series 85 Program Loans financed with the proceeds of the Series 85-A Bonds); the specific form and content of such updates are in the absolute discretion of RIHousing. Once all the New Series 85 Program Loans funded from proceeds of the Series 85-A Bonds have been financed and all the lendable proceeds of the Series 85-A Bonds have been spent from the Series 85 Loan Account, no further updates will be provided. No updates will be provided with respect to the Reallocated Series 85 Program Loans, as the Reallocated Series 85 Program Loans have been fully originated.

RIHousing expects to post such annual updates as a voluntary filing on the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (“MSRB”). Although RIHousing intends to provide such annual updates, RIHousing is not required to provide such annual updates pursuant to the Disclosure Certificate (as hereinafter defined) or any other agreement to provide continuing disclosure, and the failure to do so will not constitute an event of default thereunder or under the Resolution.

Independent Second-Party Opinion on Social Bond Designation and Disclaimer

The S&P Second-Party Opinion assesses the RIHousing Impact Framework and its alignment with Social Bond Principles, Green Bond Principles and Sustainability Bond Guidelines (as such terms are defined in the S&P Second-Party Opinion) and mapping to the UNSDGs.

The S&P Second-Party Opinion does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the Series 85-A Bonds. The S&P Second-Party Opinion is not a recommendation to any person to purchase, hold or sell the Series 85-A Bonds, does not address the market price or suitability of the Series 85-A Bonds for a particular investor and does not and is not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second-Party Opinion, S&P has assumed and relied upon the accuracy and completeness of the information made publicly available by RIHousing or that was otherwise made available to S&P.

SOURCES AND USES OF FUNDS

The proceeds of or attributable to the Series 85 Bonds are expected to be used to originate New Series 85 Program Loans and refund the Series 66-C2 Bonds. Capital contributions from RIHousing or other moneys available under the Bond Resolution will be used to pay certain costs of issuing the Series 85 Bonds.

The sources of funds with respect to the Series 85 Bonds and the uses thereof, following certain replacements and refundings described above, are expected to be approximately as follows:

Sources of Funds

Principal Amount of Series 85 Bonds	\$160,425,000.00
Original Issue Premium	2,071,867.60
RIHousing Contribution	<u>1,512,205.37</u>

Total Sources of Funds	<u>\$164,009,072.97</u>
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Uses of Funds

Deposit to Series 85 Loan Accounts	\$159,996,867.60
Deposit to Redemption Account	2,500,000.00
Underwriters' Fees	1,042,205.37
Other Costs of Issuance	<u>470,000.00</u>

Total Uses of Funds	<u>\$164,009,072.97</u>
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Proceeds of the Series 85 Bonds deposited in the Redemption Account are expected to be applied to redeem the Series 66-C2 Bonds on or about April 1, 2025.

As a result of the refunding of the Series 66-C2 Bonds, Reallocated Series 85 Program Loans in the aggregate principal amount of approximately \$15.0 million (as of December 31, 2024) will be allocated to the Series 85 Bonds. See “**REALLOCATED SERIES 85 PROGRAM LOANS.**” The maturities of the Series 85 Bonds have been established based in part on the consolidated scheduled payments of the Program Loans under the Bond Resolution.

DESCRIPTION OF THE SERIES 85 BONDS

General

The Series 85 Bonds will mature on the dates and in the amounts set forth on the inside cover page hereof. The Series 85 Bonds will bear interest at the rates set forth on the inside cover page hereof, payable on each April 1 and October 1, commencing October 1, 2025, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Redemption Provisions for Series 85 Bonds

The Series 85 Bonds are subject to redemption as described below.

Optional Redemption

The Series 85 Bonds maturing on or after October 1, 2033, except the Series 85-T Bonds maturing October 1, 2053 (the “PAC Bonds”), are subject to redemption, at the option of RIHousing, as a whole or in part, on any date on or after April 1, 2033, in such amounts and maturities as RIHousing shall determine, at a redemption price equal to 100% of the principal amount of such Bonds to be redeemed, plus interest accrued to the date of redemption.

The PAC Bonds are subject to redemption, at the option of RIHousing, as a whole or in part, on any date on or after April 1, 2033, in such amounts and maturities as RIHousing shall determine, at the redemption prices provided below, plus accrued interest thereon to the date of redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
April 1, 2033	101.290%
October 1, 2033	101.036
April 1, 2034	100.783
October 1, 2034	100.594
April 1, 2035 and thereafter	100.000

If the PAC Bonds are redeemed on a date other than a redemption date listed above, the redemption price, as of such redemption date, will be determined by straight line interpolation between the redemption prices for the redemption dates listed above immediately preceding and succeeding such redemption date.

Sinking Fund Redemption

The Series 85-A Bonds maturing October 1, 2040, October 1, 2045, October 1, 2050, and April 1, 2055, the Series 85-B Bonds maturing April 1, 2028 and the Series 85-T Bonds maturing October 1, 2032, October 1, 2033, October 1, 2034, October 1, 2036, October 1, 2037, October 1, 2040 and October 1, 2053, are subject to redemption, in part, by lot, at a redemption price equal to the principal amount thereof and interest accrued thereon, from mandatory Sinking Fund Payments which are required to be made to redeem such Series 85 Bonds on the respective dates and in the respective principal amounts shown below:

Series 85-A Term Bonds due October 1, 2040

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
April 1, 2039	\$1,335,000	April 1, 2040	\$1,420,000
October 1, 2039	1,375,000	October 1, 2040 [†]	1,450,000

[†] Maturity.

Series 85-A Term Bonds due October 1, 2045

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
April 1, 2041	\$1,505,000	October 1, 2043	\$1,650,000
October 1, 2041	1,495,000	April 1, 2044	1,700,000
April 1, 2042	1,515,000	October 1, 2044	1,735,000
October 1, 2042	1,560,000	April 1, 2045	1,780,000
April 1, 2043	1,600,000	October 1, 2045 [†]	1,825,000

[†] Maturity.

Series 85-A Term Bonds due October 1, 2050

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
April 1, 2046	\$1,855,000	October 1, 2048	\$2,110,000
October 1, 2046	1,870,000	April 1, 2049	2,180,000
April 1, 2047	1,910,000	October 1, 2049	2,255,000
October 1, 2047	1,975,000	April 1, 2050	2,330,000
April 1, 2048	2,045,000	October 1, 2050 [†]	2,410,000

[†] Maturity.

Series 85-A Term Bonds due April 1, 2055

Date	Amount	Date	Amount
April 1, 2051	\$2,495,000	October 1, 2053	\$3,910,000
October 1, 2051	2,575,000	April 1, 2054	5,290,000
April 1, 2052	2,660,000	October 1, 2054	5,470,000
October 1, 2052	2,750,000	April 1, 2055 [†]	2,155,000
April 1, 2053	2,820,000		

[†] Maturity.

Series 85-B Term Bonds due April 1, 2028

Date	Amount	Date	Amount
October 1, 2027	\$895,000	April 1, 2028 [†]	\$1,060,000

[†] Maturity.

Series 85-T Term Bonds due October 1, 2032

Date	Amount	Date	Amount
April 1, 2032	\$1,335,000	October 1, 2032 [†]	\$1,345,000

[†] Maturity.

Series 85-T Term Bonds due October 1, 2033

Date	Amount	Date	Amount
April 1, 2033	\$1,370,000	October 1, 2033 [†]	\$1,415,000

[†] Maturity.

Series 85-T Term Bonds due October 1, 2034

Date	Amount	Date	Amount
April 1, 2034	\$1,450,000	October 1, 2034 [†]	\$1,500,000

[†] Maturity.

Series 85-T Term Bonds due October 1, 2036

Date	Amount	Date	Amount
April 1, 2036	\$885,000	October 1, 2036 [†]	\$885,000

[†] Maturity.

Series 85-T Term Bonds due October 1, 2037

Date	Amount	Date	Amount
April 1, 2037	\$890,000	October 1, 2037 [†]	\$920,000

[†] Maturity.

Series 85-T Term Bonds due October 1, 2040

Date	Amount	Date	Amount
April 1, 2038	\$875,000	October 1, 2039	\$960,000
October 1, 2038	895,000	April 1, 2040	985,000
April 1, 2039	930,000	October 1, 2040 [†]	540,000

[†] Maturity.

Series 85-T Term Bonds due October 1, 2053 (PAC Bonds)

Date	Amount	Date	Amount
October 1, 2040	\$ 505,000	October 1, 2047	\$1,490,000
April 1, 2041	1,135,000	April 1, 2048	1,540,000
October 1, 2041	1,125,000	October 1, 2048	1,595,000
April 1, 2042	1,140,000	April 1, 2049	1,645,000
October 1, 2042	1,175,000	October 1, 2049	1,705,000
April 1, 2043	1,205,000	April 1, 2050	1,760,000
October 1, 2043	1,240,000	October 1, 2050	1,820,000
April 1, 2044	1,285,000	April 1, 2051	1,880,000
October 1, 2044	1,310,000	October 1, 2051	1,940,000
April 1, 2045	1,345,000	April 1, 2052	2,010,000
October 1, 2045	1,380,000	October 1, 2052	2,080,000
April 1, 2046	1,400,000	April 1, 2053	2,130,000
October 1, 2046	1,415,000	October 1, 2053 [†]	1,205,000
April 1, 2047	1,445,000		

[†] Maturity.

The amounts accumulated for each Sinking Fund Payment or which have been deposited in the Redemption Account may be applied by the Trustee, at the direction of RIHousing, prior to the forty-fifth (45th) day preceding the due date of the related Sinking Fund Payment, or prior to the call for such redemption, to the purchase of the Bonds to be redeemed from such Sinking Fund Payment, at prices (including any brokerage and other charges) not exceeding the applicable redemption price, plus accrued interest to the date of purchase.

Special Redemption

The Series 85 Bonds are also subject to redemption, at the option of RIHousing, as a whole or in part, at any time, in an amount not exceeding:

(a) unexpended proceeds of the Series 85 Bonds remaining in the Loan Account. See “— **Certain Assumptions With Respect to the Series 85 Bonds**” below.

(b) any Recoveries of Principal from Program Obligations financed with any Series of Bonds to the extent not otherwise pledged or dedicated to the redemption of a particular Series of Bonds or maturity thereof. See “— **Extraordinary Mandatory Redemption of PAC Bonds**” below.

(c) amounts on deposit in the Debt Service Reserve Account in excess of the Debt Service Reserve Account Requirement and amounts in any Revenue Account in excess of the amount required to meet accrued Debt Service requirements on all Outstanding Bonds.

Series 85 Bonds redeemed with moneys described in paragraphs (a), (b) and (c) above shall be redeemed at a price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, *provided, however*, that the PAC Bonds redeemed with moneys described in paragraph (a) above shall be redeemed at a price equal to 100% of the principal amount thereof plus a premium that maintains the same yield as the respective original price thereof, plus accrued interest to the date of redemption.

In the event of any partial special redemption, RIHousing may direct the maturity or the maturities, and amounts of the Series 85 Bonds to be redeemed, *except* as aforesaid; *provided, however*, that, to the extent PAC Bonds are redeemed with moneys described in paragraphs (b) and (c) above, such PAC Bonds may not be so redeemed to the extent that such redemption will reduce the principal amount of such Outstanding PAC Bonds to an amount less than the related Applicable Outstanding Amount shown below under the heading “— **Extraordinary Mandatory Redemption of PAC Bonds.**”

Moneys described in paragraphs (b) and (c) above may be used to redeem Bonds of other Series (or subseries) issued under the Bond Resolution to the extent such moneys have not been dedicated to the redemption of Bonds of a particular Series and maturity and after applying any Recoveries of Principal allocable to the Series 85 Bonds in accordance with the provisions described below under the heading “— **Extraordinary Mandatory Redemption of PAC Bonds.**” Repayments and prepayments of Program Loans may also be used to fund new Program Loans. See “— **Cross Calling; Recycling**” below.

Proceeds of the voluntary sale of Program Obligations which are not in default are considered Recoveries of Principal and may under certain circumstances be used to redeem Bonds. However, Recoveries of Principal resulting from (i) the voluntary sale of Program Securities or (ii) the voluntary sale of Program Loans, unless such Program Loans are (a) in default, (b) not in compliance with RIHousing’s Program requirements or (c) sold in order to meet RIHousing’s tax covenants, may only be used to redeem Series 85 Bonds as described under “— **Optional Redemption**” above. Proceeds of the sale of defaulted Program Loans recovered in connection with the liquidation of such Program Loans are included within the definition of Recoveries of Principal and may be applied by RIHousing to the special redemption of Series 85 Bonds as described above.

Mandatory Redemption

Subject to a de minimis exception and to the extent then required by the Internal Revenue Code of 1986, as amended (the “Code”), the following applicable percentage of repayments and prepayments of principal of Series 85 Program Loans allocable to the Series 85 Tax-Exempt Bonds received more than 10 years after the date of original issuance of such Bonds (or the date of original issuance of bonds refunded by such Bonds, directly or through a series of refundings) will be used by RIHousing not later than the close of the first semiannual period beginning after the date of receipt of any such repayment or prepayment to redeem the Series 85 Tax-Exempt Bonds at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date. Such restriction is referred to herein as the “10 Year Rule.”

From Date	To Date	10 Year Rule Percentage
March 26, 2025	August 19, 2025	8.61%
August 20, 2025	May 15, 2026	9.12
May 16, 2026	October 13, 2026	9.21
October 14, 2026	September 18, 2028	10.25
September 19, 2028	June 25, 2029	12.63
June 26, 2029	November 24, 2029	17.42
November 25, 2029	June 17, 2030	21.37
June 18, 2030	October 20, 2030	22.92
October 21, 2030	April 21, 2031	24.51
April 22, 2031	September 14, 2031	27.67
September 15, 2031	February 9, 2032	29.92
February 10, 2032	May 11, 2032	32.13
May 12, 2032	November 9, 2032	34.63
November 10, 2032	November 27, 2033	36.32
November 28, 2033	March 25, 2035	36.77
March 26, 2035	Final Maturity of Bonds	100.00%

See “**APPENDIX F — TEN YEAR RULE PERCENTAGES**” for a table setting forth, as of each December 31, the percentage of repayments and prepayments that are subject to this restriction for Mortgage Loans attributable to each series of the Bonds.

Extraordinary Mandatory Redemption of PAC Bonds. The PAC Bonds are subject to mandatory redemption from Series 85 Directed Loan Principal Receipts (as hereinafter defined) on one or more days during each semiannual period ending on an April 1 or October 1, commencing with the semiannual period ending April 1, 2026, at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date, to the extent that, after giving effect to such redemption, the aggregate principal amount of PAC Bonds Outstanding on such redemption date is not less than the related Applicable Outstanding Amounts of such PAC Bonds as set forth below (the “Applicable Outstanding Amount”). In the event the Series 85 Directed Loan Principal Receipts are insufficient in any semiannual period to call the PAC Bonds in the amount described above, the PAC Bonds would continue to be callable in future semiannual periods from Series 85 Directed Loan Principal Receipts received in such future semiannual period as described above. In the event that there are excess Series 85 Directed Loan Principal Receipts with respect to any semiannual periods, such excess may be applied for any purpose authorized under the Resolution, including without limitation, to the redemption of other Series 85 Bonds as described under “— *Special Redemption*” above.

As used in this Official Statement, the term “Series 85 Directed Loan Principal Receipts” means, with respect to any redemption date, all principal repayments and Recoveries of Principal on Series 85 Program Loans received and not otherwise required to pay debt service on Bonds or replenish the Debt Service Reserve Account or redeem Series 85 Tax-Exempt Bonds in satisfaction of the 10 Year Rule as described under “— *Mandatory Redemption*” above, less the sum of the principal amount of Series 85 Bonds scheduled to mature or subject to sinking fund redemption on such redemption date (or, if no Series 85 Bonds are scheduled to mature or subject to sinking fund redemption on such redemption date, a pro rata portion of the next subsequent scheduled maturity amount or Sinking Fund Payment amount of such Series 85 Bonds).

See “— **Projected Weighted Average Lives of the PAC Bonds**” below for certain information related to projected weighted average lives relating to the PAC Bonds, including a brief summary description of the computations of such projected lives and certain assumptions utilized in the preparation of the computations and a discussion of the hypothetical nature of such computations.

The Applicable Outstanding Amounts are derived from assumptions that include, among other assumptions, the receipt of principal repayments and Recoveries of Principal on Series 85 Program Loans at 100% of the Securities Industry and Financial Markets Association, formerly known as the Public Securities

Association, prepayment standard or model (commonly referred to as the “PSA Prepayment Model”). The PSA Prepayment Model is based on an assumed rate of prepayment each month of the then-unpaid principal balance of the Mortgage Loans. The PSA Prepayment Model has an increasing percentage of the mortgages prepaying each month for the first thirty (30) months of the mortgages’ life and then assumes a constant prepayment rate of six percent (6%) per annum of the unpaid principal balance for the remaining life of the mortgages.

Applicable Outstanding Amounts

Semiannual Period Ending	Applicable Outstanding Amount
March 26, 2025	\$39,905,000
October, 1, 2025	39,905,000
April 1, 2026	38,715,000
October, 1, 2026	37,055,000
April 1, 2027	34,750,000
October 1, 2027	31,835,000
April 1, 2028	28,465,000
October 1, 2028	25,325,000
April 1, 2029	22,375,000
October 1, 2029	19,590,000
April 1, 2030	17,025,000
October 1, 2030	14,620,000
April 1, 2031	12,370,000
October 1, 2031	10,260,000
April 1, 2032	8,320,000
October 1, 2032	6,545,000
April 1, 2033	4,905,000
October 1, 2033	3,380,000
April 1, 2034	1,955,000
October 1, 2034	640,000
April 1, 2035 and thereafter	0

In the event that any PAC Bonds are redeemed from unexpended proceeds of the Series 85 Bonds remaining in the Loan Account, the Applicable Outstanding Amounts for each semiannual period will be reduced on a proportionate basis. Other than from unexpended proceeds of the Series 85 Bonds, RIHousing may redeem the PAC Bonds from sources other than Series 85 Directed Loan Principal Receipts solely to the extent that such redemption will not reduce the principal amount of the Outstanding PAC Bonds to an amount less than the Applicable Outstanding Amounts shown in the table above, as adjusted (if applicable) per the immediately preceding sentence, except as may be otherwise required by the Code.

Projected Weighted Average Lives of the PAC Bonds

The “projected weighted average life” of a security refers to the average amount of time that is projected to elapse from the date of delivery of such security to the date of projected payment to the investor of each dollar paid to reduce the principal of such security (assuming no losses). The projected weighted average life of a security is determined by (a) multiplying each projected reduction, if any, of the outstanding amount of such security by the number of years from the date of delivery of such security to the related redemption date or maturity date, (b) adding the results and (c) dividing the sum by the initial outstanding amount of such security.

The calculation of the projected weighted average lives of the PAC Bonds requires the making of certain assumptions (collectively, the “Portfolio Assumptions”) with respect, but not limited, to the future financing and prepayment of Program Loans as well as certain assumptions (collectively, the “RIHousing Option Assumptions”), with respect, but not limited, to the future use by RIHousing of its options under the Resolution related to: (a) the scheduled principal repayments and Recoveries of Principal on Series 85 Program Loans to: (i) the redemption of Series 85 Bonds, (ii) the financing of additional Program Loans, or (iii) the redemption of other Bonds; (b) the application of Recoveries of Principal and excess revenues related to other Series to the redemption of Series 85 Bonds; and (c) the optional redemption of all or a portion of the Series 85 Bonds on or after April 1, 2033 from any source.

Set forth in the table captioned “PAC Bonds Projected Average Lives (in years)” below (the “Table”) are projected weighted average lives for the PAC Bonds under a number of different scenarios, each such scenario representing a unique combination of assumptions, as described below. Both the Portfolio Assumptions and the RIHousing Option Assumptions are hypothetical in nature and are provided only to give a general sense of how the weighted average lives for each of the PAC Bonds might behave as such assumptions are varied. The actual characteristics and the performance of the Program Loans (including, without limitation, prepayments thereof) will differ from the Portfolio Assumptions utilized in constructing the Table, and the actual use of options under the Resolution by RIHousing will differ from the RIHousing Option Assumptions utilized in constructing the Table.

Any difference between such Portfolio Assumptions and the actual characteristics and performance of the Program Loans or between the RIHousing Option Assumptions and the actual use of such options will cause the actual weighted average lives of the PAC Bonds to differ (which difference could be significant) from the projected weighted average lives in the Table. Accordingly, RIHousing makes no representation as to the reasonableness of any of such assumptions and makes no representation that the projected average lives set forth in the Table will reflect the actual course of events. The RIHousing Option Assumptions are not necessarily consistent with the current or historical approach of RIHousing to recycling and selecting Bonds to be redeemed, and they are not binding upon or necessarily indicative of future actions of RIHousing with respect to the redemption of the Bonds.

All of the scenarios represented in the Table with respect to the PAC Bonds are based on the assumptions that (i) the New Series 85 Program Loans will consist of approximately \$156.2 million aggregate principal amount of Program Loans financed by the Series 85 Bonds with a weighted average interest rate to the borrower of approximately 6.51% and a weighted average maturity of approximately 359 months; and (ii) the Reallocated Series 85 Program Loans, as of December 31, 2024, will consist of approximately \$15.0 million aggregate principal amount of Program Loans originally financed by the Series 66-C2 Bonds with a weighted average interest rate to the borrower of approximately 4.52% and a weighted average maturity of approximately 228 months. See “**REALLOCATED SERIES 85 PROGRAM LOANS.**”

Each of the scenarios represented in the Table is based on an indicated prepayment assumption, in each case expressed as a percentage of the PSA Prepayment Model. As used in the Table, for example, (a) “0%” assumes no prepayments of the principal of the applicable Program Loans, (b) “50%” assumes the principal of the applicable Program Loans will prepay at a rate one-half times as fast as the prepayment rates for one hundred percent (100%) of the PSA Prepayment Model, (c) “75%” assumes the principal of the applicable Program Loans will prepay at a rate three-fourths times as fast as the prepayment rates for one hundred percent (100%) of the PSA Prepayment Model, (d) “200%” assumes the principal of the applicable Program Loans will prepay at a rate twice as fast as the prepayment rates for one hundred percent (100%) of the PSA Prepayment Model, and so on.

The computation of the weighted average life of the PAC Bonds under each of the scenarios represented in the Table is based on the assumption that, with respect to the fulfillment by RIHousing of its obligations pursuant to the redemption provisions described above under “**Redemption Provisions for Series 85 Bonds — Extraordinary Mandatory Redemption of PAC Bonds,**” RIHousing will redeem the PAC

Bonds on each Interest Payment Date commencing on April 1, 2026. In addition, the Table is based on the assumption that RIHousing will not redeem the Series 85 Bonds from any other source.

The computation of the weighted average life of the PAC Bonds under each of the scenarios represented in the Table is based on one of two sets of indicated assumptions about the exercise of the Optional Redemption provisions under the Resolution:

(a) In the case of scenarios labeled “Optional Redemption Exercised,” it is assumed that RIHousing will exercise its right to optionally redeem all Outstanding Series 85 Bonds on April 1, 2033.

(b) In the case of scenarios labeled “Optional Redemption Not Exercised,” it is assumed that RIHousing will not exercise its right to optionally redeem the Series 85 Bonds.

Investors owning less than all of the PAC Bonds, as applicable, may experience redemption at a rate that varies from the projected weighted average lives shown in the Table.

PAC Bonds Projected Average Lives (in years)		
% PSA	Optional Redemption Not Exercised	Optional Redemption Exercised[†]
0	22.7	8.0
25	14.7	6.9
50	8.4	5.9
75	5.0	4.9
100	5.0	4.9
200	5.0	4.9
300	5.0	4.9
400	5.0	4.9
500	5.0	4.9
600	5.0	4.9

[†] Assumes April 1, 2033 Optional Redemption date.

See the information set forth in “**APPENDIX K — PROJECTED PERCENTAGES OF INITIAL PRINCIPAL BALANCE OUTSTANDING AND PROJECTED WEIGHTED AVERAGE LIVES OF THE PAC BONDS**” attached hereto.

Cross Calling; Recycling

To the extent not required to pay debt service on the Bonds or otherwise directed to the redemption of a particular series or maturity of Bonds, RIHousing may use repayments and prepayments of principal to originate new Program Loans or to redeem Bonds. RIHousing’s decision to recycle such repayments or prepayments or to redeem Bonds will depend on, among other things, the level of interest rates applicable to RIHousing’s Bonds and the Mortgage Loans that could be originated.

As provided for in the Resolution and as specified in each series resolution, subject to certain restrictions all of RIHousing’s Outstanding Bonds are subject to redemption from repayments of principal and Recoveries of Principal allocable to any other series of Bonds. The use of repayments of principal and Recoveries of Principal allocable to one series of bonds to call bonds of another series is commonly referred to as “cross-calling” bonds. In circumstances where RIHousing has applied repayments to call bonds, RIHousing has often chosen to apply a portion of the Recoveries of Principal, excess Revenues and any other amounts available for the special redemption of Bonds to redemption of a Series of Bonds other than the series for which such Recoveries of Principal and Revenues are allocable. In such circumstances, RIHousing has

generally chosen to redeem higher interest rate Bonds prior to lower interest rate Bonds. However, there can be no assurance that RIHousing will continue to do so or that in any particular case RIHousing will not choose or be required to redeem Bonds on some other basis. Various refinancing strategies, federal tax law and other considerations may lead RIHousing to redeem lower interest rate Bonds prior to redeeming higher interest rate Bonds Outstanding under the Resolution.

A substantial portion of repayments of Mortgage Loans financed with federally tax-exempt Bonds (including the Series 85 Tax-Exempt Bonds) are required to be applied to the Series of Bonds which financed or refinanced such Mortgage Loans. Subject to a *de minimis* exception and to the extent then required by the Code, repayments and prepayments of principal of Mortgage Loans attributable to proceeds of most of RIHousing's federally tax-exempt Bonds received more than 10 years after the original date of issuance of such federally tax-exempt Bonds (or the date of original issuance of the bonds refunded by such federally tax-exempt Bonds, directly or through a series of refundings) are required to be used by RIHousing not later than the close of the first semiannual period beginning after the date of receipt of any such repayment or prepayment to redeem the related federally tax-exempt Bonds. Such restriction is referred to herein as the "10 Year Rule." See "**APPENDIX F — TEN YEAR RULE PERCENTAGES**" for a table setting forth, as of each December 31, the percentage of repayments and prepayments that are subject to this restriction for Mortgage Loans attributable to each Series of federally tax-exempt Bonds.

Other Provisions Concerning Redemption

Notice of redemption is to be given not less than 30 nor more than 60 days prior to the redemption date with respect to the Bonds. Such notice shall specify the complete official name, the Series (and subseries, if applicable), the maturities, the interest rate, and the CUSIP numbers of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at such place(s)) and, if less than all the Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds to be redeemed and, in the case of fully-registered Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the redemption price thereof, or the redemption price of the specified portions of the principal thereof in the case of registered Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall also mail a copy of such notice, first class postage prepaid, not later than the last day upon which the redemption notice is to be published, as described above, to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, but mailing to all holders of Bonds to be redeemed shall not be a condition precedent to such redemption, and failure to mail any such notice to the holder of any particular Bond shall not affect the validity of the proceedings for the redemption of other Bonds. Notices to Bondholders of at least \$1,000,000 of Bonds and national information services shall also be sent by certified mail, return receipt requested. Bondholders of at least \$1,000,000 of Bonds may request that notices also be sent to an additional address. A copy of any notice sent as described above shall be sent by the Trustee to at least two of the national information services that disseminate redemption notices or redemption notice information (so long as two such services exist). In the event of any partial redemption of Bonds of a Series or subseries, RIHousing may direct the maturity or maturities and interest rate or interest rates, as the case may be, and the amount or amounts thereof to be so redeemed. If less than all the Bonds of like subseries and maturity are to be redeemed, the particular Bonds or the respective portions thereof to be redeemed will be selected by lot by the Trustee in such manner as the Trustee in its discretion deems fair and appropriate.

The portion of any Bond of a denomination of larger than the minimum denomination of \$5,000 principal amount may be redeemed in the principal amount of such minimum denomination or a multiple thereof, and for purposes of selection and redemption, any such Bond of a denomination larger than the minimum denomination shall be considered to be that number of separate Bonds of such minimum denomination which is obtained by dividing the principal amount of such Bond by such minimum

denomination. If there shall be selected for redemption less than all of a Bond, RIHousing shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the holder thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of like subseries, maturity and interest rate in any of the authorized denominations.

If, on the redemption date, moneys for the redemption of Bonds or portions thereof, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable.

Any notice of redemption may be conditioned upon the occurrence of certain events on or prior to the redemption date, and, in each such case, such redemption notice shall clearly state that such call for redemption is conditional.

Certain Assumptions with Respect to the Series 85 Bonds

The maturities of the Series 85 Bonds have been established in part on the basis of the consolidated scheduled payments of the Program Loans under the Bond Resolution. The interest rates on the Program Loans acquired with moneys made available upon the issuance of Bonds are established, from time to time, so that payments of principal of and interest on the Program Loans outstanding under the Bond Resolution, and moneys on deposit in the various funds and accounts under the Bond Resolution (as well as income derived from investment thereof) are expected to generate sufficient revenues to pay on a timely basis the principal of and interest on all Bonds Outstanding under the Bond Resolution and certain other amounts required to be paid under the Bond Resolution.

From time to time when projecting available Revenues for various purposes, RIHousing makes assumptions regarding the range of variation in the generation of Revenues in order to determine the effect of such variation on the sufficiency of Revenues to pay debt service on the Bonds Outstanding under the Bond Resolution. Such projections may be made for a variety of purposes under the Bond Resolution as well as for RIHousing's planning purposes, including, but not limited to, in connection with the issuance of Bonds, the establishment of interest rates on Program Loans, the implementation of interest rate adjustment programs for existing Program Loans, the sale of Program Loans, the withdrawal from the Revenue Account of funds determined to be excess, and decisions by RIHousing whether, and when, to call particular Bonds with Program Loan prepayments or to purchase additional Program Loans with such prepayments.

RIHousing believes that the assumptions it uses and its procedures for reviewing such assumptions are reasonable, but cannot guarantee that actual results will not vary materially from those projected. In connection with the issuance of the Series 85 Bonds, RIHousing will cause cash flow analyses to be performed reflecting various prepayment speeds for such Program Loans. To the extent that (i) the interest rates, servicing expense, insurance premiums or other repayment terms on the Program Loans are different than assumed, (ii) Program Loans purchased by RIHousing are not paid on a timely basis in accordance with their terms, (iii) the rate of receipt of prepayments is either more rapid or less rapid than that projected, or (iv) actual investment income differs from that estimated by RIHousing, the moneys available under the Bond Resolution may be insufficient for the payment of debt service on the Bonds and operating expenses of the Program.

In the event that a mortgagor defaults on the payments on a Program Loan and foreclosure proceedings are instituted, there will be certain required time delays which, should they occur with respect to a sufficient number of Program Loans, could disrupt the flow of Revenues available for the payment of principal of and interest on the Bonds. These time delays derive from the procedures applicable to the collection of mortgage insurance or guarantees as well as those required under federal and/or Rhode Island law for the enforcement of rights of mortgagees. Those procedures and their effect on RIHousing's ability to collect on defaulted Program Loans are described in **"APPENDIX A — DESCRIPTION OF CERTAIN PRIMARY MORTGAGE INSURANCE, FEDERAL HOUSING PROGRAMS, GOVERNMENT NATIONAL**

MORTGAGE ASSOCIATION (GNMA) AND THE GNMA SECURITIES, AND RHODE ISLAND MORTGAGE FORECLOSURE PROCEDURES.” RIHousing makes no representation regarding the financial condition of any private mortgage insurance company or its ability to make full and timely payment of claims on the Program Loans on which RIHousing may experience losses. RIHousing may suffer losses on defaults of Program Loans under the mortgage insurance and guaranty programs described in **“APPENDIX A — DESCRIPTION OF CERTAIN PRIMARY MORTGAGE INSURANCE, FEDERAL HOUSING PROGRAMS, GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA) AND THE GNMA SECURITIES, AND RHODE ISLAND MORTGAGE FORECLOSURE PROCEDURES.”**

Amounts received as a result of prepayment or termination of Program Loans constitute returns of principal which may be applied to the redemption of the Series 85 Bonds or any other series of Bonds under the Bond Resolution. See **“DESCRIPTION OF THE SERIES 85 BONDS — Redemption Provisions for Series 85 Bonds — Special Redemption — Extraordinary Mandatory Redemption of PAC Bonds.”** Under the Bond Resolution and except as otherwise described herein, such amounts may be used to purchase new Program Loans, purchase or redeem Series 85 Bonds or other Bonds, or pay principal due on certain Bonds. See **“DESCRIPTION OF THE SERIES 85 BONDS — Cross Calling; Recycling.”** Pending such use, such amounts may be invested in Investment Securities. For a discussion of the current characteristics of the Mortgage Loan Portfolio, see **“MORTGAGE LOAN PORTFOLIO.”**

BOOK-ENTRY ONLY SYSTEM

The information under this heading has been furnished by The Depository Trust Company (“DTC”), New York, New York. Neither RIHousing nor the Underwriters makes any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC will act as securities depository for the Series 85 Bonds. The Series 85 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 85 Bond certificate will be issued for each maturity of each subseries of the Series 85 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 85 Bonds under the DTC system must be made by or through Direct Participants which will receive a credit for the Series 85 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 85 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 85 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 85 Bonds, except in the event that use of the book-entry system for the Series 85 Bonds is discontinued.

To facilitate subsequent transfers, all Series 85 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 85 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 85 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 85 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 85 Bonds of a Series (or subseries) and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 85 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to RIHousing as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 85 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 85 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from RIHousing or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or RIHousing subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of RIHousing or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 85 Bonds at any time by giving reasonable notice to RIHousing or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 85 Bond certificates are required to be printed and delivered.

RIHousing may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 85 Bond certificates will be printed and delivered to DTC.

SECURITY FOR THE SERIES 85 BONDS

Pledge of the Bond Resolution

The Series 85 Bonds are special revenue obligations of RIHousing secured on a parity with all Bonds issued or to be issued under the Bond Resolution by a pledge of (a) all proceeds of Bonds deposited to the Loan Account and all investments thereof; (b) all Revenues derived by RIHousing from Program Obligations financed by RIHousing from the proceeds of Bonds including, but not limited to, scheduled payments of interest and principal on Program Obligations (but not including Escrow Payments, service charges, commitment fees or financing fees), and all Accounts established under the Resolution (except the Rebate Account), including investments thereof and the proceeds of such investments, in accordance with the terms and provisions of the Resolution; and (c) all Program Obligations financed by RIHousing from the proceeds of Bonds.

Excess earnings received from investments of proceeds of federally tax-exempt Bonds (other than proceeds used to finance Program Obligations) above the yield on such Bonds, with certain adjustments, will be rebated to the United States Government. The Bond Resolution requires such excess earnings to be deposited in the Rebate Account to be used for such purpose. The Rebate Account is not pledged to payment of the Bonds. See “**APPENDIX E — SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.**”

RIHousing is permitted to direct the transfer of amounts from the Revenue Account after the close of each such Fiscal Year to the Loan Account, Debt Service Reserve Account or Redemption Account or, if the assets to liabilities under the Bond Resolution is greater than 101%, then to RIHousing free and clear of the lien of the Bond Resolution to be applied to any lawful purpose.

The pledges made in the Bond Resolution for the security of the Bonds may be released upon provision for payment of the Bonds, as further described in “**APPENDIX E — SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION — Defeasance.**”

Debt Service Reserve Account

The Bond Resolution provides that as of any particular date of calculation there shall be on deposit in the Debt Service Reserve Account an amount equal to the greater of (a) the aggregate of all amounts required to be deposited and maintained on deposit in such Account by each Supplemental Resolution authorizing a Series of Bonds, or (b) an amount equal to three percent (3%) of the sum of (i) the outstanding principal balance of all Program Loans (but not Program Securities) plus (ii) the amount on deposit to the credit of the Loan Account which is to be used to finance Program Loans and which has not been designated to provide for Costs of Issuance or capitalized interest (the “Debt Service Reserve Account Requirement”). As of December 31, 2024, the Debt Service Reserve Requirement was \$12,160,490.86. On the date of issuance of the Series 85 Bonds, the Debt Service Reserve Account will be fully funded in an amount equal to or greater than the Debt Service Reserve Account Requirement.

If RIHousing fails to make available to the Trustee sufficient funds to meet a required payment of principal or Redemption Price of, or interest on, Bonds when due, the Bond Resolution requires the Trustee, to the extent that amounts on deposit in all other Accounts (except the Rebate Account) are insufficient to make such payment, to apply moneys from the Debt Service Reserve Account to the extent necessary to make the required payments to Bondholders.

If necessary to restore the amount on deposit in the Debt Service Reserve Account to the Debt Service Reserve Account Requirement, the Trustee is required to withdraw moneys annually (to the extent moneys are available) from the Revenue Account for deposit to the credit of the Debt Service Reserve Account. There is no provision that withdrawals from the Debt Service Reserve Account be restored by RIHousing from its assets not pledged under the Bond Resolution or be replenished by the State. Moneys on deposit in the Debt Service Reserve Account in excess of the Debt Service Reserve Account Requirement shall be transferred by the Trustee, at the direction of an Authorized Officer of RIHousing, to the Loan Account, the Revenue Account, or the Redemption Account.

Pursuant to the Bond Resolution, RIHousing may elect, in a Supplemental Resolution authorizing the issuance of Additional Bonds, to fund the Debt Service Reserve Account Requirement with Cash Equivalents.

Additional Bonds

Additional Series of Bonds may be issued as provided in the Bond Resolution on a parity with the Bonds, entitled to the equal benefit, protection and security of the pledge, provisions, covenants and agreements of the Bond Resolution, but no series of Bonds may be issued if the principal amount of all Bonds issued or to be issued will exceed any limitation imposed by law nor if, upon the issuance of such Bonds, the amount credited to the Debt Service Reserve Account will be less than the Debt Service Reserve Account Requirement. In addition, RIHousing may issue any obligations which are payable from or secured by a lien on the Revenues and other property pledged under the Bond Resolution so long as such lien and pledge shall be in all respects subordinate to the lien and pledge created by the Bond Resolution. See “**APPENDIX E — SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION — Provisions for Issuance of Bonds.**”

REALLOCATED SERIES 85 PROGRAM LOANS

The Reallocated Series 85 Program Loans were originally financed by the Series 66-C2 Bonds and will be reallocated to the Series 85 Bonds upon the redemption of the Series 66-C2 Bonds. The expected Reallocated Series 85 Program Loans are described below.

Reallocated Series 85 Program Loans as of December 31, 2024

Permanent Interest Rate	Par	Weighted Average Coupon	Weighted Average Remaining Term (months)	One Year PSA [†]	Lifetime PSA [†]
3.000 - 3.499%	\$ 464,531	3.32%	254	151	147
3.500 - 3.999	4,712,014	3.67	243	82	118
4.000 - 4.499	2,582,470	4.21	215	11	88
4.500 - 4.999	728,727	4.61	230	74	90
5.000 - 5.499	4,034,824	5.14	239	29	104
5.500 - 5.999	2,508,616	5.64	188	90	211
Total	\$15,031,181	4.52%	228	58	124

Notes:

[†] One Year and Lifetime PSA speeds are based on Mortgage Loans held under the Bond Resolution of comparable coupon and year of origination. Such historical speeds are not necessarily indicative of future prepayment speeds of Reallocated Series 85 Program Loans.

PROGRAM LOAN ORIGINATIONS GENERALLY

Under RIHousing's Mortgage Purchase Agreements with its participating Mortgage Lenders, the Mortgage Lenders agree to originate and sell qualified Mortgage Loans which meet the criteria set forth in the Program Guide, the Program Bulletins and rules and regulations promulgated by RIHousing applicable to mortgage finance programs.

In prior years, RIHousing funded Mortgage Loans through the sale of mortgage-backed securities to the secondary market. Going forward, RIHousing expects a substantial portion of Program Loans will be funded with proceeds from the sale of bonds. Such bonds will include the Series 85 Bonds, a portion of the lendable proceeds of which will be applied to fund New Series 85 Program Loans. RIHousing expects that approximately \$151.1 million aggregate principal amount of New Series 85 Program Loans will be pooled into Program Securities issued by the Government National Mortgage Association. See **"APPENDIX A — DESCRIPTION OF CERTAIN PRIMARY MORTGAGE INSURANCE, FEDERAL HOUSING PROGRAMS, GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA) AND THE GNMA SECURITIES, AND RHODE ISLAND MORTGAGE FORECLOSURE PROCEDURES — Government National Mortgage Association (GNMA) and the GNMA Securities."**

RIHousing establishes the interest rates at which funds will be committed on an ongoing basis as RIHousing deems necessary and appropriate. Interest rates are determined by reference to conventional mortgage rates, availability of mortgage funding alternatives, historical interest rate patterns and RIHousing's cost of funds. RIHousing may change such terms as it deems necessary. For example, although Mortgage Loans generally have a fixed interest rate to maturity, RIHousing has allowed certain borrowers to reduce the interest rate as an inducement to avoid a prepayment of their Program Loans.

RIHousing has previously established stepped interest rate programs with respect to Mortgage Loans made to Very Low and Low Income Mortgagors and Targeted Very Low and Targeted Low Income Mortgagors. Under such stepped interest rate programs, the initial interest rate on a Mortgage Loan was less than the interest rate established for other Mortgage Loans with respect to the applicable Series. The interest rate increases in one or more "steps" during the first two to eight years subsequent to origination of such Mortgage Loan until the interest rate on such Mortgage Loan is consistent with the interest rate on the other Mortgage Loans originated with respect to the related Series. RIHousing is no longer offering stepped interest loans.

From time to time, RIHousing has acquired 0% Mortgage Loans from local Habitat for Humanity affiliates. Such Mortgage Loans are generally purchased at a discount to the principal amount payable at maturity.

In 2003, RIHousing established a program (the "Buy More Mortgage Program") permitting borrowers to obtain 35-year and 40-year Mortgage Loans under which they pay interest only for the first five years. Under the Buy More Mortgage Program, principal is amortized on a fixed rate level debt basis over the final 30 or 35 years of the Mortgage Loan. The fixed rate on the Mortgage Loan was established when the Mortgage Loan was originated and applies during the entire term of the Mortgage Loan. RIHousing ended the Buy More Mortgage Program in April 2008, and all outstanding Buy More Mortgage Loans are now fully-amortizing loans over their final 30- or 35-year original amortization period.

RIHousing offers Mortgage Loans through participating Mortgage Lenders, as well as through its own mortgage origination unit. Borrowers receiving Mortgage Loans originated by RIHousing are currently offered standard rate choices. RIHousing compensates participating Mortgage Lenders by paying a service released premium based on the rate charged on each loan delivered to RIHousing. Each Mortgage Lender is also permitted to charge the borrower other reasonable and customary appraisal, credit and closing costs fees, but will not be allowed any other fees or remuneration in making new Program Loans unless specifically authorized by RIHousing.

First-time Homebuyer Loans. RIHousing's First-time Homebuyer Loan helps buyers realize their dream of homeownership. First-time Homebuyer Loans can be combined with down payment assistance, as described below under "***Borrower Assistance Loans; Home Equity Loans,***" and can provide for borrowers to finance closing costs in addition to up to 100% of the purchase price of their home. First-time homebuyers with incomes of up to \$134,320 for a 1-2 person household or \$154,468 for a 3+ person household are eligible. The maximum purchase price for a First-time Homebuyer Loan is \$736,000 for a one- to four-family home or eligible condominium. In addition to the income and purchase price limits, eligible borrowers must take a Homebuyer Education class prior to closing. This free borrower education includes, as currently formatted, (a) Steps to Buying a Home, including the mortgage application process, (b) Overview of RIHousing's loan programs, and (c) Financial Considerations: credit, debt and planning for the future.

In addition to the required homebuyer education, RIHousing borrowers have access to RIHousing's HelpCenter, which is dedicated to providing support and education to help more Rhode Islanders protect themselves from losing their homes and make safe, informed decisions for their futures. RIHousing's HelpCenter is a free, HUD-approved, counseling agency that specializes in foreclosure prevention, providing services such as mortgage counseling, lender mediation and tax lien assistance.

Borrower Assistance Loans; Home Equity Loans. RIHousing has established programs to assist Targeted Low Income Mortgagors, Very Low Income Mortgagors and Low Income Mortgagors in obtaining First Mortgage Loans, including, without limitation, second- or third-lien mortgage loans to provide down payment and/or closing costs assistance ("Borrower Assistance Loans"), and home equity loans ("Home Equity Loans"). Such Borrower Assistance Loans and Home Equity Loans are made in accordance with the guidelines of RIHousing.

Borrower Assistance Loans for down payment and/or closing costs assistance are made with moneys made available from the issuance of Bonds under the Resolution or from available funds of RIHousing. RIHousing offers an amortizing loan of up to 6% of the purchase price, not to exceed \$20,000. This loan is priced at the first mortgage note rate with a term of 15 years. RIHousing is also offering down payment assistance in the form of a second lien, 0% interest loan with a deferred payment feature. RIHousing expects that approximately \$5.1 million aggregate principal amount of New Series 85 Program Loans will be Borrower Assistance Loans. No Reallocated Series 85 Program Loans are Borrower Assistance Loans.

Home Equity Loans are home equity loans made available by RIHousing to homeowners with existing First Mortgage Loans. Such home equity loans are secured by first, second or third mortgages. RIHousing's home equity loans were previously known as "EquiSense Loans." Substantially all of such loans are made to homeowners who have previously received mortgage loans financed under RIHousing's single-family mortgage programs. No New Series 85 Program Loans will be Home Equity Loans, and no Reallocated Series 85 Program Loans are Home Equity Loans.

Home Repair Loans. Home Repair Loans are made to eligible borrowers for the repair or improvement of residential housing with the objective of making such houses decent, safe and sanitary. Such Home Repair Loans are secured by first-, second- or third-lien mortgage loans on the subject property, which must be the borrower's principal residence.

Homeowners with incomes of up to \$154,468 are eligible for Home Repair Loans. The maximum amount of a Home Repair Loan is \$25,000 per residence or such greater amount as may be permitted by law. The interest rates on Home Repair Loans are established by RIHousing from time to time. The loan term of Home Repair Loans is from a minimum of five years to a maximum of 20 years.

Mortgage Lenders. Generally, RIHousing makes funds available for the purchase of Mortgage Loans through the issuance of its Bonds and commitments of funds to Mortgage Lenders and Mortgage Brokers or by the setting aside of specific pools of funds to be reserved for qualified borrowers or for loans in specially-designated areas in the State. In 1998, RIHousing initiated a program under which it directly originates a

portion of its Mortgage Loan portfolio. As of December 31, 2024, approximately 13.91% of the outstanding first-lien Program Loans in the Resolution have been originated by RIHousing.

Each Mortgage Lender must make loans for single family dwellings in the regular, usual and normal course of business and must be a Fannie Mae (“Fannie Mae”) or Federal Home Loan Mortgage Corporation (“Freddie Mac”) approved seller/servicer, or otherwise approved by RIHousing as having the capability and experience necessary to originate loans responsibly under the Program. RIHousing is a qualified Fannie Mae and Freddie Mac approved seller/servicer. RIHousing is also a Federal Housing Administration (“FHA”) approved delegated underwriter and a Ginnie Mae MBS Issuer.

Mortgage Agreements. Each Mortgage Lender must enter into a Mortgage Purchase Agreement or Mortgage Broker Agreement with RIHousing, pursuant to which the Mortgage Lender will agree to deliver to RIHousing Program Loans meeting the requirements of the Program Bulletins and the Rules.

Servicing; Servicing Agreements. RIHousing currently is servicing over 99.95% of the Mortgage Loans outstanding under the Resolution. See “**OTHER PROGRAMS OF RIHOUSING — Servicing.**” The remaining 0.05% of the Mortgage Loans are serviced by another Mortgage Lender. RIHousing expects to provide servicing for all New Series 85 Program Loans; however, RIHousing also may enter into Servicing Agreements with its Mortgage Lenders and servicers who have not originated Mortgage Loans, but would otherwise qualify as Mortgage Lenders under the Program. Generally each Mortgage Lender which services Mortgage Loans must enter into a Servicing Agreement in which it shall undertake to service the Mortgage Loans being sold to RIHousing for a fee payable out of amounts paid as interest on the Mortgage Loans as and when paid by the borrower of the Program Loan (the “Mortgagor”). Mortgage Lenders are required to remit interest payments on the aggregate outstanding principal balance of Mortgage Loans which they service through foreclosure, notwithstanding any default in such payments by Mortgagors. The services to be provided by the Mortgage Lender, as servicer, include delivery of monthly statements to RIHousing concerning collection of Mortgage Loan payments, payment of taxes, insurance premiums and other escrow items, and reporting to RIHousing of any default, damage or other condition affecting the mortgaged premises. The obligations of the Mortgage Lenders under the Servicing Agreements are guaranteed pursuant to a surety bond.

MORTGAGE LOAN PORTFOLIO

As of December 31, 2024, the aggregate principal balance of Mortgage Loans outstanding under the Program was approximately \$2.01 billion, of which approximately \$1.68 billion aggregate principal amount consisted of loans underlying Program Securities guaranteed by GNMA.

The following table describes the portfolio of Mortgage Loans outstanding under the Program for the period June 30, 2019 to December 31, 2024. Mortgage Loans are indicated as held either as loans underlying Program Securities guaranteed by GNMA or as Whole Loans. Whole Loans include Mortgage Loans not underlying Program Securities guaranteed by GNMA, Borrower Assistance Loans, Forgivable Loans, Deferred Payment Loans, Home Equity Loans, Habitat Loans, Home Repair Loans, and Cash Assistance Loans. Amounts in the table below as of December 31, 2024 exclude approximately \$3.5 million of Mortgage Loans underlying Program Securities in the Capital Reserve Fund.

Date	Underlying GNMAs	%	Whole Loans	%	Total
June 30, 2019	\$107,712,285	17%	\$544,685,270	83%	\$652,396,555
June 30, 2020	292,185,396	38	467,989,556	62	760,173,953
June 30, 2021	489,996,646	57	374,073,020	43	864,069,666
June 30, 2022	682,227,441	67	334,828,480	33	1,017,055,922
June 30, 2023	1,019,466,291	76	324,821,423	24	1,344,287,714
June 30, 2024	1,436,033,865	81	338,097,051	19	1,774,130,916
December 31, 2024	1,681,213,834	83	333,242,140	17	2,014,455,975

The following tables describe the portfolio of Mortgage Loans under the Program as of December 31, 2024. Amounts in such tables exclude approximately \$51.1 million of Borrower Assistance Loans, \$1.1 million of Forgivable Loans, \$5.8 million of Mortgage Loans that prepaid in December 2024 and \$3.5 million of Mortgage Loans underlying Program Securities in the Capital Reserve Fund. Totals may not add due to rounding.

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Outstanding Balance on December 31, 2024

			Less than 30 Year Original Maturity	30 Year Original Maturity	Greater than 30 Year Original Maturity	Total
Permanent Interest Rate						
0.000	-	3.000	\$10,082,131	\$101,645,720	\$427,381	\$112,155,232
3.001	-	3.500	21,520,920	286,105,351	3,026,196	310,652,468
3.501	-	4.000	7,531,637	126,846,410	9,939,043	144,317,090
4.001	-	4.500	5,988,338	121,478,331	17,677,421	145,144,090
4.501	-	5.000	1,224,970	131,679,683	16,215,246	149,119,898
5.001	-	5.500	1,613,821	110,501,815	14,631,761	126,747,398
5.501	-	6.000	187,194	183,593,415	17,220,604	201,001,213
6.001	-	6.500	401,828	443,007,031	3,049,402	446,458,261
6.501	-	7.000	372,711	213,842,411	912,623	215,127,745
7.001	-	9.000	30,122	105,766,763	-	105,796,885
Total			\$48,953,672	\$1,824,466,930	\$83,099,678	\$1,956,520,280

Current WAC: 5.19%

Permanent WAC: 5.19%

Weighted Average Remaining Term: 26.7 years

Notes:

- 1 "Less than 30 Year Original Maturity" includes certain Deferred Payment Loans, Home Equity Loans, Habitat Loans, Home Repair Loans, and Cash Assistance Loans.
- 2 "Current WAC" is the average coupon for the portfolio using the current interest rate for each individual loan, weighted by the outstanding balance of the loan.
- 3 "Permanent WAC" is the average coupon for the portfolio using the final interest rate for each Step Rate loan and Deferred Payment Loan and the current interest rate for all other loans, weighted by the outstanding balance of the loan.
- 4 "Weighted Average Remaining Term" is the average time remaining from the date of the table to the stated maturity date of the loan, weighted by the outstanding balance of the loan.

December 31, 2024

Loan Type	Outstanding Balance	Percentage
Fixed Rate	\$1,901,616,263	97.19%
Step Rate	57,729	0.00
5 + 30 Year Buy More	38,671,636	1.98%
5 + 35 Year Buy More	13,712,288	0.70%
Deferred Payment Loans	1,705,666	0.09%
Home Equity Loans	288,767	0.01%
Habitat Loans	337,467	0.02%
Home Repair Loans	130,463	0.01%
Total	\$1,956,520,280	100.00%

Notes:

- 1 "Fixed Rate" refers to loans with interest rates that are fixed for the remaining term of the loan and includes loans that were previously Step Rate loans but have reached their final Step Rate. Does not include other loans categorized below.
- 2 "Step Rate" refers to loans with interest rates that will increase in one or more "steps" during the first two to eight years of the loan and have not yet reached their final Step Rate.
- 3 "5 + 30 Year Buy More" refers to loans with interest-only payments due for the first 5 years followed by level principal and interest payments for the succeeding 30 years. The combined original term for these loans is 35 years. All of the loans in this category commenced amortizing prior to December 31, 2024.
- 4 "5 + 35 Year Buy More" refers to loans with interest-only payments due for the first 5 years followed by level principal and interest payments for the succeeding 35 years. The combined original term for these loans is 40 years. All of the loans in this category commenced amortizing prior to December 31, 2024.
- 5 "Deferred Payment Loans" refers to loans with no interest or principal payments due for the first 4 years followed by level principal and interest payments for the varying terms ranging from 17 to 30 years.
- 6 "Home Equity Loans" refers to home equity loans with interest rates fixed for the remaining term of the loan.
- 7 "Habitat Loans" refers to 0% interest rate loans purchased from local Habitat for Humanity affiliates at a price of 70% of the par value.
- 8 "Home Repair Loans" refers to home repair loans with interest rates fixed for the remaining term of the loan.

As of December 31, 2024, there were 842 delinquent Mortgage Loans (60 days and over) aggregating approximately \$125.9 million principal amount. A summary of the delinquent Mortgage Loans is reflected in the table below.

Delinquency Status	Number of Loans	% of Total Portfolio	Loan Amount	% of Loan Amount
60 days	200	1.47%	\$32,713,029	1.62%
90 days and over	642	4.73	93,173,733	4.63
Total	842	6.20%	\$125,886,762[†]	6.25%

[†] Of these delinquent loans, 18 loans in the approximate aggregate principal amount \$1,679,224 are in the process of foreclosure and are reflected in the above table (ten properties in the approximate aggregate principal amount of \$1,749,734 have been foreclosed and are not reflected in the above table).

Loan Modifications

RIHousing has a policy of exploring a variety of loss mitigation options as an alternative to foreclosure in accordance with regulatory guidelines. These homeownership retention tools promote homeownership sustainability and help to mitigate potential losses resulting from foreclosure.

In the case of delinquencies of Mortgage Loans insured or guaranteed by the Department of Veterans Affairs (“VA”) or USDA Rural Development (“USDA”), RIHousing may modify the terms of such Mortgage Loans in accordance with the requirements of the mortgage insurer or guarantor. Such modifications may include the capitalization of arrearage, the permanent reduction of the interest rate, the extension of the maturity dates and re-amortization of the outstanding principal balance of the Mortgage Loans. Additional loss mitigation options were offered in response to the COVID-19 pandemic including payment forbearance, deferment of arrearage to loan maturity (VA) and mortgage recovery advance (USDA).

In the case of delinquencies of Self-Insured Mortgage Loans, RIHousing may modify the terms of the Mortgage Loans including capitalization, interest rate reduction and mortgage term extension, generally as determined by RIHousing to be in its best interests to mitigate any potential losses.

In the case of delinquencies of Mortgage Loans insured by FHA, RIHousing modifies the terms of such Mortgage Loans in accordance with FHA requirements, subject to the waiver described below. FHA issued its Mortgagee Letter 2009-35, which, effective October 23, 2009, required lenders holding FHA-insured mortgage loans in default to modify such mortgage loans by reducing the interest rates to current market rates and by extending the term to a full 30 years from the date of loan modification. RIHousing has obtained a waiver of such requirements from FHA. In connection with this waiver, RIHousing advised FHA that it intends to consider, on a case by case basis and as an adjunct to other forbearance options, loan modifications to borrowers under FHA-insured loan programs similar to the modifications described above, including the payment by FHA of partial insurance claims. When determined to be in its best interests to mitigate potential losses, RIHousing may agree to a permanent reduction in the interest rate. Loss mitigation options for FHA-insured loans include mortgage payment forbearance, partial claims to reinstate arrearage and/or reduce the principal balance, and stand-alone modifications with interest rate adjustment to current market rates and mortgage term extension. FHA offered additional loss mitigation options in response to the COVID-19 pandemic including payment forbearance for up to 18 months, Advance Loan Modification, Emergency Partial Claim, Recovery Standalone Partial Claim, and Recovery Modification. In January 2023, FHA issued Mortgagee Letter 2023-02 expanding COVID-19 pandemic recovery loss mitigation options to all borrowers in default or imminent default, regardless of the borrower’s reason for hardship.

In addition, RIHousing borrowers were eligible to apply for the Homeowner Assistance Fund. While new applications to this program have been closed, funds are being granted to previous applicants who meet program qualifications. The funds can be used for assistance with mortgage payments, homeowner's insurance, utility payments and other specified purposes. Borrowers can access these funds in addition to the payment reduction options referenced above.

Mortgage Insurance

The existing Mortgage Loans held under the Bond Resolution as of December 31, 2024, are insured as follows:

Private Mortgage Insurance		
Genworth Mortgage Insurance Corp.	0.36%	\$ 7,310,164.89
Mortgage Guaranty Insurance Corp.	1.08	21,741,554.00
Radian Guaranty, Inc. (formerly Commonwealth)	0.08	1,587,575.47
PMI Mortgage Insurance Co.	0.21	4,309,814.51
Other	0.11	2,209,798.19
FHA Insurance ⁽¹⁾	89.30	1,798,206,115.57
The United States Department of Agriculture, Rural Development ("USDA/RD") Guaranteed ⁽¹⁾	0.15	3,011,542.60
VA Guaranteed ⁽¹⁾	1.20	24,216,567.77
Uninsured ⁽²⁾⁽³⁾	<u>7.50</u>	<u>150,985,261.03</u>
TOTAL	<u>100.00%</u>	<u>\$2,013,578,394.03</u>

Note: Amounts in this table include approximately \$3.54 million of Mortgage Loans held as Program Securities in the Capital Reserve Fund.

- ⁽¹⁾ Mortgage Loans with FHA insurance or guaranteed by USDA/RD or the VA with an aggregate principal balance of approximately \$1.68 billion underlie Program Securities guaranteed by GNMA.
- ⁽²⁾ The uninsured Mortgage Loans had at origination a principal balance not exceeding 80% of the Fair Market Value of the mortgaged property.
- ⁽³⁾ Uninsured Mortgage Loans include Borrower Assistance Loans and miscellaneous loans, including forgivable second liens, with an aggregate principal balance of approximately \$51.1 million.

Many providers of private mortgage insurance, including the providers set forth above, are experiencing significant financial difficulties and have had their credit ratings downgraded or placed on watch for a future downgrade. RIHousing makes no representations about the financial condition of any of the private mortgage insurance companies or their ability to make full and timely payment to RIHousing of claims on the Mortgage Loans on which RIHousing may experience losses.

Geographic Concentration in Rhode Island

Different geographic regions of the United States from time to time will experience weaker regional economic conditions and housing markets, and, consequently, may experience higher rates of loss and delinquency on mortgage loans generally. Any concentration of the mortgage loans in a region may present risk considerations in addition to those generally present for similar securities without that concentration. If the mortgage loans are concentrated in one or more regions, a downturn in the economy in these regions of the country would more greatly affect the mortgage portfolio than if the mortgage portfolio were more diversified.

Because of the geographic concentration of the mortgaged properties within Rhode Island, losses on the Mortgage Loans may be higher than would be the case if the mortgaged properties were more geographically diversified. For example, the economy of Rhode Island may be adversely affected to a greater degree than the economies of other areas of the country by certain regional developments. If the residential real estate markets in an area of concentration experience an overall decline in property values after the dates

of origination of the respective mortgage loans, then the rates of delinquencies, foreclosures and losses on the mortgage loans may increase and the increase may be substantial.

General Program Loan Risk

Many factors influence the ability of RIHousing to (a) use proceeds of Bonds to purchase Program Loans and (b) receive repayments on the purchased Program Loans. Changing interest rate environments, adverse general and local economic conditions, crises and calamities (including pandemics), market disruption and changes in federal and state law, can all impact the origination and repayment of Program Loans. These risks and many others cannot be controlled by RIHousing and their impact on the purchase and repayment of Program Loans cannot be predicted.

HOMEOWNERSHIP OPPORTUNITY PROGRAM

General

Under authority granted in the Act and the Bond Resolution, RIHousing has established the Program, pursuant to which it is permitted to finance Program Loans and Program Securities. Program Loans expected to be financed with the proceeds of Bonds Outstanding under the Bond Resolution will consist of (a) mortgage loans, including qualified acquisition and/or rehabilitation loans (“Mortgage Loans”) made to eligible borrowers to acquire or rehabilitate and refinance owner-occupied housing, with respect to certain series of Bonds, (b) home repair loans (“Home Repair Loans”) made to eligible borrowers to make repairs or improvements to their homes, (c) Borrower Assistance Loans made to provide down payment and/or closing costs assistance and (d) Home Equity Loans. Mortgage Loans are secured by mortgages (“Mortgages”) on owner-occupied housing consisting of one to four dwelling units or secured by a mortgage equivalent (“Mortgage Equivalent”) such as a pledge or assignment of a leaseholder share in a cooperative housing corporation or similar entity and a proprietary lease related to the financed premises or a security interest in a modular or mobile housing unit which is permanently affixed to a foundation, with the largest portion of such Mortgage Loans being secured by first-lien Mortgages on single family owner-occupied dwelling units. Borrower Assistance Loans are made only in conjunction with the origination of a Mortgage Loan and will be secured by subordinate mortgages on the related residences. Home Equity Loans are home equity loans secured by first-, second- or third-lien mortgages. RIHousing expects that substantially all New Series 85 Program Loans will be Mortgage Loans secured by first mortgages, with approximately 3.3% of New Series 85 Program Loans consisting of Borrower Assistance Loans, which are second or third-lien mortgages. RIHousing has acquired and expects to continue to acquire some Home Repair Loans and Home Equity Loans; however, any such Home Repair Loans and Home Equity Loans will not be funded from proceeds of the Series 85 Bonds but from other available sources under the Resolution. See **“MORTGAGE LOAN PORTFOLIO”** for information relating to the portfolio of Mortgage Loans currently held by RIHousing under the Bond Resolution.

No more than one-third of New Series 85 Program Loans may be used to finance the acquisition of newly-constructed residences. In addition, no more than twenty-five percent (25%) of New Series 85 Program Loans may be used to finance the purchase of single family residences in condominiums of more than fifty (50) units.

Requirements of Bond Resolution

The Bond Resolution authorizes Bonds to be issued to provide funds to RIHousing to fund Program Obligations and to provide moneys for deposit into the various Accounts established under the Bond Resolution. The Bond Resolution requires that certain matters with respect to Program Loans (the “Series Program Determinations”) be determined (or provisions for determining the Series Program Determinations at certain specified times in the future be set forth) in a Supplemental Resolution with respect to each Series of Bonds which will fund Program Loans. The Series Program Determinations include the following: (i) in the

case of Mortgage Loans, the type of Mortgage or Mortgage Equivalent which will secure each Mortgage Loan and whether such Mortgage or Mortgage Equivalent shall be a first lien, a coordinate first lien, a second lien or a combination thereof; (ii) in the case of Home Repair Loans, the type of Mortgage which will secure each Home Repair Loan and whether such Mortgage shall be a first lien, a coordinate first lien, a second lien, a third lien or a combination thereof; (iii) in the case of Borrower Assistance Loans, the type of Mortgage which will secure each Borrower Assistance Loan, whether such Mortgage shall be a second lien, a third lien or unrecorded and the eligible recipients of such Borrower Assistance Loans; (iv) whether each Program Loan shall have approximately equal monthly payments or graduated payments or have a fixed or variable rate of interest; (v) the maximum term to maturity of each Program Loan; (vi) whether the property to be financed with each Program Loan shall be a principal residence; (vii) required primary mortgage insurance, if any, and the levels of coverage thereof; (viii) limitations, if any, applicable to purchases of Program Loans relating to planned unit developments, condominiums and/or cooperatives, geographic concentration and type of principal and interest characteristics; (ix) provisions relating to Recoveries of Principal, including application thereof for redemption or financing new Program Loans; (x) maximum Costs of Issuance and Program Expenses for such Series of Bonds to be paid for from amounts held under the Resolution; (xi) restrictions, if any, on the applications of the proceeds of the voluntary sale of Program Loans; (xii) the terms of investments of funds held in the Debt Service Reserve Account; and (xiii) any other provision deemed advisable by RIHousing not in conflict with the Bond Resolution; provided that RIHousing may permit any of the above determinations to be applied to any portion of the proceeds of a Series to be established by a Certificate of an authorized officer of RIHousing to be delivered to the Trustee prior to the date that such proceeds are applied to the financing of Program Obligations together with evidence that such determinations do not affect the then current rating on the Bonds. There is no requirement in the Bond Resolution that Program Loans be secured by first-lien Mortgages.

Availability of Program Loans for Purchase

One of the principal factors in originating real estate loans is the availability of funds to make such loans at interest rates and on other terms that the prospective borrowers can afford. There are a number of ways in which mortgage loans could become available at rates competitive with those specified for Program Loans to be financed with Bond proceeds in the future. For example, prevailing interest rates for conventional mortgage loans and home improvement loans in the State could decrease or other funds to make real estate loans at rates and on other terms equivalent or more favorable than the rates and terms on the Program Loans could be made available by RIHousing, other governmental entities or other lenders. In the event that, prior to all Program Loans being originated by the Mortgage Lenders, funds to make mortgage loans were to become available in the State at rates and terms competitive with those specified for the Program Loans, the Mortgage Lenders might not be able to originate Program Loans, equal to the total available funds, with the result that there would be certain special or mandatory redemptions at par.

Mortgage Loan Servicing

Approximately 0.05% of all Mortgage Loans currently held by RIHousing are serviced by the Mortgage Lender that originated the Mortgage Loan. All remaining Mortgage Loans are serviced by RIHousing. As of December 31, 2024, the volume and type of Mortgage Loans being serviced by RIHousing was as follows: FHA \$2,463,946,625.44, VA \$31,198,572.60, USDA \$4,507,749.68, Conventional \$675,554,829.82. For context, Mortgage Loans represent approximately 70.68% of the volume of loans serviced by RIHousing for its own account, which portfolio also includes Borrower Assistance Loans (1.77%), other second liens (0.63%), multifamily loans (26.88%) and REO (0.04%).

Special Procedures for Compliance with Applicable Federal Tax Law

Most of the Program Loans held under the Bond Resolution have been financed in whole or in part with the proceeds of federally tax-exempt Bonds. RIHousing has established certain procedures for the purpose of certifying that the Program Loans financed in whole or in part with federally tax-exempt Bond

proceeds satisfy the requirements of applicable federal tax law. RIHousing has covenanted that each Program Loan made for the acquisition of a residence and financed in whole or in part with federally tax-exempt Bonds will satisfy the requirements of the Code set forth below as of the date of purchase thereof. The purchase price and income limits and other requirements set forth below are current requirements and are subject to change and the Program Loans financed in whole or in part with federally tax-exempt Bond proceeds are subject to requirements existing at the time Program Loans are originated.

(1) Each Mortgagor shall certify that the proceeds of the Program Loan will be used only to acquire a one to four-family residence that will be owned by the Mortgagor and located in the State. Such residence shall include only such property that, under applicable local law, is a fixture to land or land appurtenant to the residence that is reasonably required to maintain its basic livability and that does not provide the Mortgagor with any source of income other than incidentally;

(2) Each Mortgagor shall certify that the proceeds of the Program Loan will not be used to acquire or replace an existing mortgage and that the Mortgagor has not had a previous mortgage (whether or not paid off) on the residence to be acquired (other than a construction period loan, bridge loan or similar temporary initial financing with a term of 24 months or less);

(3) Each Mortgagor shall certify with respect to the residence to be acquired that, on the date of execution of the Program Loan, the Mortgagor (i) is presently occupying such residence (or, in the case of a two to four-dwelling unit, a unit of such residence) as his principal residence, or intends to occupy such residence (or unit of such residence) as his principal residence within a reasonable time (e.g., 60 days) after the date of execution or assumption of the Program Loan, (ii) shall continue to maintain the residence (or unit of such residence) as his principal residence, and (iii) reasonably expects that such residence (or unit of such residence) will not be used in a trade or business, as an investment property or as a recreational home;

(4) The acquisition cost of each residence must comply with the purchase price limitations then in effect or such other acquisition cost limitations as are allowable under the Code. The determination under the preceding sentences shall be made as of the date on which the commitment to make the Program Loan is made (or, if earlier, the date of purchase of the residence);

(5) Maximum income limits equal to 115% (100% for families of less than three persons) or less of applicable median family income have been established for Mortgagors in connection with Program Loans to be made for residences located in Non-Targeted Areas. No income limits will be imposed on Mortgagors in connection with one-third (1/3) of the Program Loans for residences located in Targeted Areas. For the remaining two-thirds (2/3) of the Program Loans to be made to residences located in Targeted Areas, income limits equal to 140% (120% for families of less than three persons) of applicable median family income will be imposed;

(6) Except in the case of Program Loans for Targeted Area residences and qualified rehabilitation loans or home improvement loans, and to the limited extent provided in paragraph (2) above, each Mortgagor with respect to any Program Loan purchased in whole or in part with the proceeds of the Bonds shall (i) certify that such Mortgagor did not have a present ownership interest in a principal residence of such Mortgagor at any time during the three-year period ending on the date the Program Loan is executed or assumed, and (ii) submit, for each of the preceding three years, copies of such Mortgagor's federal income tax returns which were filed with the Internal Revenue Service (or for one or more of the years in question RIHousing shall obtain such returns or a letter from the Internal Revenue Service in accordance with Revenue Procedure 82-16, 1982-9 I.R.B. 29), which returns and/or letter shall indicate that the Mortgagor did not claim deductions for taxes or interest on indebtedness with respect to property constituting the principal residence of such Mortgagor or report capital gains with respect to the sale of such property. In lieu of such tax returns or letter, RIHousing may review the Mortgagor's credit report for evidence of prior home ownership

or the Mortgagor may provide an affidavit affirming that such Mortgagor was not required to file a federal income tax return during one or all of such years in accordance with Section 6012 of the Code because the Mortgagor did not satisfy the minimum income requirements set forth in such Section;

(7) With respect to any Program Loan, the proceeds of which are to be used to acquire a two to four-unit residence, each Mortgagor shall certify, and RIHousing shall establish that such residence was first occupied as a residence at least five years before the date the Program Loan is executed or alternatively with respect to the acquisition of a two-unit residence, that such residence is located in a targeted area and the family income of the Mortgagor does not exceed 140% (120% for families of less than three persons) of the applicable median family income;

(8) The certifications required under this subheading shall be made in an affidavit executed by the Mortgagor on or before the date the Program Loan is executed and, if made before such date, shall be reaffirmed by the Mortgagor as true on and as of such Program Loan execution date; and

(9) Each Program Loan shall provide that it shall become immediately due and payable if RIHousing discovers that any certification is not true.

In the case of Program Loans for the rehabilitation of homes already owned by Mortgagors, RIHousing has also covenanted that such loans will, as of the date of purchase, satisfy all of the requirements set forth above in paragraphs (3), (5), (7) and (9). In the case of Program Loans made for the acquisition and rehabilitation of a residence or for the rehabilitation of a residence already owned by the Mortgagor, a period of at least 20 years must have elapsed between the date on which the residence was first used and the date rehabilitation commences. The expenditures for such rehabilitation must, moreover, equal or exceed 25% of the Mortgagor's adjusted basis in the rehabilitated residence determined as of the date the rehabilitation is completed or, if later, the date the residence is acquired. In the rehabilitation process, (x) at least 50% of the external walls of the residence must be retained in place as such; (y) at least 75% of the external walls of the building must be retained in place either as external or as internal walls; and (z) at least 75% of the existing internal structural framework of the building must be retained in place.

RIHousing shall maintain a staff of personnel experienced or trained in the evaluation of residential financing documentation who shall review the documentation of each Program Loan purchase application and each assuming Mortgagor's certifications to determine whether such documentation reflects compliance with the requirements of the applicable Series Program Determinations. In addition, such staff shall conduct such investigations with respect to Mortgagors and the residences financed by the proceeds of the Program Loans as are necessary to give RIHousing reasonable assurance that such certifications are true and that such requirements are met with respect to each Program Loan. RIHousing may enter into underwriting agreements with certain Mortgage Lenders pursuant to which the Mortgage Lenders would determine compliance of Mortgage Loans submitted for purchase with the underwriting criteria of RIHousing and applicable federal tax laws and regulations.

In the event RIHousing discovers that any Mortgagor certifications required as described above were not, at the time they were made, true, or that the Program Loan does not meet all the requirements of the applicable Series Program Determinations, or that any applicable requirement of subsections (c), (d), (e), (f) or (i) of Section 143 of the Code is not met with respect to the Program Loan, RIHousing shall, within a reasonable time after such failure is first discovered, either (i) sell the Program Loan and deposit in the Loan Account an amount equal to the unpaid principal amount thereof, which amount shall be obtained from (A) the proceeds of sale of the Program Loan and (B) other available funds of RIHousing, or (ii) declare the Program Loan to be immediately due and payable and take all actions necessary to promptly recover from the Mortgagor all amounts due on the Program Loan.

RIHousing intends to inform Mortgagors that failure to occupy the residence financed by Program Loans for a period of 12 consecutive months may result in the inability of the Mortgagors to deduct interest payments made during such period of non-occupancy for purposes of calculating federal taxable income.

Subject to certain exceptions, for at least one year after the date financing is first made available in any Targeted Area, at least 20% of the funds available in the Loan Account to finance Program Loans or 40% of the average annual aggregate principal amount of mortgages executed during the immediately preceding three (3) calendar years for single family owner-occupied residences in Targeted Areas, whichever is less, are required under Section 143 of the Code to be set aside to purchase Program Loans in Targeted Areas.

Sections 143(g) and 148 of the Code impose certain arbitrage requirements which must be satisfied to maintain the exclusion from gross income of interest on the Bonds of RIHousing. First, pursuant to Code Section 143(g), the yield on the Program Loans may not exceed the yield on the related Series of Bonds by more than one and one-eighth percentage points (1.125%). Second, Section 148(f) requires the amount earned on nonmortgage investments with a yield greater than the yield on the Series of Bonds, attributable to such nonmortgage investments, to be paid to the federal government. Pursuant to the Bond Resolution, RIHousing has established procedures to comply with these requirements.

For Mortgage Loans made after December 31, 1990, the Code requires a payment to the United States from certain mortgagors upon the sale of their homes (the “Recapture Provision”). The Recapture Provision requires that an amount determined to be the subsidy provided by a qualified mortgage be paid to the United States upon disposition of the home (but not in excess of 50% of the gain realized by the mortgagor). The recapture amount increases during the first 5 years of ownership, with full recapture occurring if the home is sold on or before the end of the fifth year. The recapture amount declines ratably to zero with respect to sales occurring in years 6 through 9. The Code excludes from recapture, however, part or all of the subsidy in the case of assisted individuals whose incomes are less than the prescribed amounts at the time of disposition.

Prepayments

Program Loans funded by RIHousing permit partial or complete prepayment without penalty. Such Program Loans may also be terminated prior to their respective final maturities as a result of such events as default, sale, condemnation or casualty loss. Experience indicates that some level of prepayments will occur in a portfolio of mortgage loans such as those to be held by RIHousing. A number of factors, including general economic conditions, the Recapture Provision, homeowner mobility and mortgage market interest rates, will affect the rate of actual prepayments for a particular portfolio of Program Loans. Because Program Loans under the Program may bear interest rates which are often lower than the then current market interest rates, it is difficult to predict prepayments for RIHousing’s portfolio from available data about other pools of mortgage loans. For a table showing recent prepayment experience for Program Loans allocable to each series of Bonds, see “**APPENDIX G — ESTIMATED QUARTERLY OUTSTANDING MORTGAGE LOAN BALANCE AND PREPAYMENT AMOUNTS.**” Such experience may not be an indicator of future prepayment experience generally or with respect to Program Loans allocable to any series of Bonds. Unless otherwise restricted by the related Series Resolution, RIHousing may elect to apply prepayments to the redemption of Bonds or to the purchase of new Program Loans.

Since 2002, RIHousing has offered existing mortgagors who have rates above current market rates and have inquired of RIHousing whether it is possible to refinance Program Loans an opportunity to reduce the rate applicable to their Program Loan to a rate closer to existing market rates. It is the hope of RIHousing that this would reduce the number of prepayments that occur through refinancing from other sources. RIHousing is not able to predict the extent to which this program will affect prepayments within RIHousing’s portfolio. Program Loans, other than Program Loans insured by FHA or guaranteed by VA, purchased with the proceeds of Bonds may not be assumed. Any Program Loan which is assumed must comply with all requirements of the Program at the time such Program Loan is assumed.

Changes in Federal or State Law or Regulations

Legislation or regulations affecting the Series 85 Bonds and Mortgage Loans may be considered and enacted by the United States Congress or the Rhode Island State legislature or federal or state regulatory bodies. No assurance can be given that the consideration or enactment of any such legislation will not have an adverse effect on the value of, the timing or amount of revenues available to pay, or the security for the Series 85 Bonds or other risks to the Bondholders.

INVESTMENTS AND INVESTMENT AGREEMENTS UNDER THE BOND RESOLUTION

The Series 85 Bonds are entitled to the equal benefit, protection and security provided by the investment of unexpended proceeds of Bonds issued under the Bond Resolution in various Investment Securities and investment agreements which qualify as Investment Securities as well as other assets under the Bond Resolution, Mortgage Loans, Loan Account, Debt Service Reserve Account, and Revenue Account. See **“APPENDIX E — SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION — Certain Definitions”** for a description of Investment Securities which may be acquired with amounts held under the Bond Resolution.

Funds on deposit in various Funds and Accounts under the Bond Resolution and allocated to the Series 85 Bonds are expected to be invested in investments which qualify as Investment Securities under the Bond Resolution. RIHousing is considering entering into an investment agreement with respect to amounts in one or more of the Funds or Accounts relating to the Series 85 Bonds.

Mortgage receipts are invested in Investment Securities until the semiannual bond payment date.

Funds maintained in the Debt Service Reserve Account established for any Series of Bonds bear interest at fixed rates and are invested as set forth in the following table as of December 31, 2024. See **“SECURITY FOR THE SERIES 85 BONDS — Debt Service Reserve Account.”**

Series of Bonds	Investment Securities or Investment Agreement Provider	Amount (as of December 31, 2024)	Maturity	Interest Rate
General Reserve [†]	Federal National Mortgage Association (“FNMA”)	\$731,345	October 1, 2042	3.000%
General Reserve [†]	FNMA	1,096,541	August 1, 2042	3.500
General Reserve [†]	Government National Mortgage Association (“GNMA”)	162,104	March 20, 2039	5.500
General Reserve [†]	GNMA	150,544	June 20, 2039	5.000
General Reserve [†]	GNMA	663,594	July 20, 2039	4.500
General Reserve [†]	GNMA	731,685	June 20, 2048	4.500

[†] Funded with available funds under the Resolution.

LIQUIDITY FACILITIES FOR BONDS BEARING VARIABLE RATES OF INTEREST

The table below sets forth, as of January 1, 2025, RIHousing’s Outstanding variable rate demand Bonds along with the corresponding liquidity support.

Series	Principal Amount of Bonds Outstanding	Liquidity Provider	Expiration Date	Bank Bond Term-Out End Date
79-T-2	\$41,120,000	Royal Bank of Canada	March 8, 2028	5 years [†]
80-T-2	64,710,000	TD Bank, N.A.	August 24, 2028	5 years [†]
82-T-2	26,000,000	Royal Bank of Canada	March 21, 2029	5 years [†]

[†] From date of purchase of such Bank Bonds by the Bank.

Unless there is an occurrence of certain immediate termination or immediate suspension events as defined in the applicable liquidity agreement, each liquidity agreement requires the related liquidity provider to purchase related Bonds that are tendered for purchase but not remarketed. Until remarketed, such Bonds purchased by a liquidity provider (“Bank Bonds”) will bear interest and be subject to repurchase by RIHousing in accordance with the related liquidity agreement. The terms of each liquidity facility require such repurchases by RIHousing in equal semiannual installments over a period of years as set forth in each liquidity agreement, with payments commencing on the first interest payment date occurring at least 366 days following the date of purchase of the Bank Bonds by the liquidity provider, unless certain events of default have occurred under the liquidity agreement, in which case the entire principal amount of the Bank Bonds will then be immediately due and payable on the first interest payment date occurring at least 366 days following such date of purchase of the Bank Bonds by the liquidity provider. Such repurchases are in the form of a mandatory redemption on a parity with debt service on the Bonds, and failure to pay such when due is an Event of Default under the Bond Resolution. As of January 1, 2025, no Bank Bonds were Outstanding.

Each liquidity facility expires prior to the final maturity date of the related Bonds. In connection with any scheduled expiration, RIHousing may extend the scheduled expiration, provide an alternate liquidity facility to replace the expiring standby bond purchase agreement, or convert the interest rates on the applicable Bonds to fixed interest rates or to an interest rate mode that does not require a liquidity facility. Applicable Bonds are subject to mandatory tender for purchase prior to the expiration of the related liquidity facility. There can be no assurance that RIHousing will be able to extend any expiration date or to obtain an alternate liquidity facility on terms substantially similar to the terms of an expiring liquidity facility. Under certain circumstances, a liquidity provider may terminate a liquidity facility without affording the applicable Bondowners a right to tender their Bonds.

RIHousing can give no assurance that Bonds that are the subject of a liquidity facility will not become Bank Bonds subject to applicable Bank Bond rates and accelerated principal payments as described above.

INTEREST RATE SWAP AGREEMENTS

Three Series of Outstanding Bonds, in the aggregate principal amount of approximately \$129.0 million, representing 97.84% of the aggregate principal amount of RIHousing’s Outstanding Bonds bearing variable interest rates, are the subject of interest rate swap agreements. The following table sets forth certain information regarding the existing swap agreements and related swap counterparties, as of January 1, 2025.

<u>Series</u>	<u>Counterparty</u>	<u>Current Notional Amount</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Index Rate</u>	<u>Fixed Rate</u>
79-T-2	BONY [†]	\$39,430,000	March 8, 2023	October 1, 2032	USD-SOFR + 0.10%	4.0245%
80-T-2	BANA ^{††}	63,550,000	August 24, 2023	October 1, 2036	USD-SOFR + 0.10%	3.7780
82-T-2	RBC ^{†††}	26,000,000	March 21, 2024	April 1, 2033	USD-SOFR + 0.10%	4.1510

[†] Bank of New York Mellon.

^{††} Bank of America, N.A.

^{†††} Royal Bank of Canada.

Each swap agreement obligates RIHousing to make periodic fixed rate payments to the respective swap counterparty and entitles RIHousing to receive periodic variable rate payments from such swap counterparty. Payments the swap counterparty makes to RIHousing under such swap agreement may be deposited to the Resolution as Non-Mortgage Receipts and pledged as Revenues under the Resolution. RIHousing’s requirement to make payments pursuant to such swap agreement is secured by a general obligation of RIHousing. However, payments due from RIHousing to the swap counterparty pursuant to such swap agreement, including any applicable termination amount, may be paid, at the option of RIHousing, in whole or in part, as Program Expenses from Revenues on deposit in the Revenue Fund under the Bond Resolution, on a basis subordinate to the payment of the principal of and interest on the Bonds, the funding of

the Debt Service Reserve Account Requirement, the funding of the Mortgage Reserve Account Requirement, and certain other transfers under the Resolution, and provided further that any amounts representing all or a portion of any termination payment due under the swap agreement may only be payable from the Resolution to the extent such amount would otherwise be permitted to be released free and clear of the lien of the Resolution.

RIHousing has the option of terminating each swap agreement, in whole at any time, although one party may be required to compensate the other by paying a fee intended to approximate the market value to the termination payment recipient of the swap agreement at the time of termination.

OTHER PROGRAMS OF RIHOUSING

The following information with respect to other programs of RIHousing authorized by the Act is supplied for background information purposes and obligations issued with respect thereto are not secured by the Bond Resolution, nor are they payable from the assets or revenue sources pledged to the payment of the Bonds.

Multifamily and Healthcare

RIHousing has several programs to assist in making multifamily housing and healthcare facilities available for occupancy by persons and families of low and moderate income. As of December 31, 2024, RIHousing had multifamily mortgage loans outstanding with respect to multifamily projects financed with proceeds of bonds issued under and secured by other resolutions, which mortgage loans have an outstanding aggregate principal amount of \$392,547,098 (the “Multifamily Loans”). Multifamily Loans financed with the proceeds of bonds issued under such resolutions are pledged as security only for the bonds issued under such resolutions.

Servicing

In addition to servicing its own residential loan portfolio, RIHousing has expanded its loan servicing operations to provide mortgage loan sub-servicing and document custodian services to other residential mortgage lenders and one other state housing finance agency.

TAX MATTERS

Series 85-A Bonds and Series 85-B Bonds (Series 85 Tax-Exempt Bonds)

Certain Federal Tax Law Requirements

Section 143 of the Code provides that interest on obligations of a governmental unit such as RIHousing issued to finance single family residences is excludable from gross income for federal income tax purposes only if certain requirements are met with respect to the terms, amount and purpose of the obligations, the use of the funds generated by the issuance of the obligations, the nature of the residence and the mortgage to be financed and the eligibility of the borrower executing the mortgage. Section 143 requires that RIHousing include restrictions in all relevant documents to permit financing only in accordance with such requirements and that RIHousing establish reasonable procedures to assure compliance. These requirements and procedures are described in the Mortgage Purchase Agreements and RIHousing’s Program Guide, Program Bulletins and Rules.

An issue of bonds is treated as meeting the mortgage eligibility requirements of Section 143 if (i) the issuer in good faith attempted to meet all of the mortgage eligibility requirements before the mortgages were executed, (ii) any failure to comply with the mortgage eligibility requirements is corrected within a reasonable period after such failure is first discovered and (iii) 95% or more of the proceeds of the issue which were used to make loans were used to finance residences meeting all such requirements at the time the loans were

executed. In determining whether 95% of the proceeds have been so used, Section 143 permits RIHousing to rely on affidavits of the mortgagor and of the seller and on an examination of copies of the mortgagor's federal income tax returns (or an affidavit that such returns were not required to be filed or a letter from the IRS that form 1040A or 1040EZ was filed) for the three years preceding the date the mortgage is executed even if the relevant information in such affidavits and returns should ultimately prove to be untrue. RIHousing may not rely on such affidavits or the income tax returns of the mortgagor if either it or the Mortgage Lenders know or have reason to believe that such information is false. RIHousing, in its best efforts to determine program eligibility, may review mortgagor credit reports and other available financial information instead of federal tax returns in order to supplement each mortgagor affidavit. An issue of bonds is treated as meeting the targeting and arbitrage requirements of Section 143 of the Code if (i) the issuer in good faith attempted to meet all of these requirements and (ii) any failure to meet such requirements is due to inadvertent error after taking reasonable steps to comply with these requirements.

RIHousing has included provisions in the Resolution, the Program Guide, the Mortgage Purchase Agreements, and other relevant documents and has established procedures (including receipt of certain affidavits and representations from Mortgage Lenders and Mortgagors respecting the Program Loan eligibility requirements) in order to assure compliance with the qualified mortgage eligibility requirements and the other requirements which must be met subsequent to the date of issuance. See **"HOMEOWNERSHIP OPPORTUNITY PROGRAM — Special Procedures for Compliance with Applicable Federal Tax Law."** RIHousing has covenanted in the Resolution that it will not take or refrain from taking or permit any action to be taken on its behalf or cause or permit any circumstances within its control to arise or continue that would adversely affect the exemption from federal income taxation of interest on the Series 85 Tax-Exempt Bonds. To such end, RIHousing has also agreed to adopt and maintain appropriate procedures for compliance with applicable federal tax law. RIHousing believes that the procedures and documentation requirements established for the purpose of fulfilling this covenant are sufficient to assure that the proceeds of the Series 85 Tax-Exempt Bonds will be applied in accordance with the requirements of Section 143 of the Code, to the extent applicable, so as to assure that interest on the Series 85 Tax-Exempt Bonds will be exempt from federal income taxation. In the opinion of Bond Counsel, the Program documentation establishes procedures under which, if followed, the requirements of applicable federal tax law can be met.

Section 143 of the Code requires the filing of an annual report on all mortgage loans made in a calendar year from the proceeds of bonds issued after 1984. RIHousing has established procedures to enable it to meet this reporting requirement.

Opinions of Bond Counsel

On the date of the issuance of the Series 85 Tax-Exempt Bonds, Kutak Rock LLP, Bond Counsel, will deliver its approving opinion to the effect that under then-existing laws, regulations, rulings, and judicial decisions, (i) interest on the Series 85 Tax-Exempt Bonds is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code; (ii) interest on the Series 85-A Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals; and (iii) interest on the Series 85-B Bonds is a specific preference item for purposes of the alternative minimum tax provisions of the Code applicable to individuals. The opinion described above assumes the accuracy of certain representations and the continuing compliance by RIHousing with the Resolution and the covenants contained therein designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 85-A Bonds. Failure to comply with such requirements could cause the interest on the Series 85-A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 85-A Bonds. RIHousing has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 85-A Bonds. Interest on the Series 85-A Bonds and the Series 85-B Bonds may affect the federal alternative minimum tax imposed on certain corporations.

Certain Additional Federal Tax Consequences

Although Bond Counsel has rendered its opinion that interest on the Series 85 Tax-Exempt Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on such Bonds may otherwise affect the federal income tax liability of the owners of the Series 85 Tax-Exempt Bonds. The extent of these other tax consequences will depend on such owners' particular tax status of other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Series 85 Tax-Exempt Bonds, particularly purchasers that are corporations (including subchapter S corporations, foreign corporations operating branches in the United States, and certain corporations subject to the alternative minimum tax imposed on corporations) property or casualty insurance companies, banks, thrifts or other financial institutions or certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 85 Tax-Exempt Bonds.

THE EXTENT OF THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE SERIES 85 TAX-EXEMPT BONDS WILL DEPEND UPON THE BONDHOLDER'S TAX STATUS OR OTHER ITEMS OF INCOME OR DEDUCTION. PURCHASERS OF THE SERIES 85 TAX-EXEMPT BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE CONSEQUENCES OF PURCHASING OR HOLDING THE SERIES 85 TAX-EXEMPT BONDS.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Series 85 Tax-Exempt Bonds under the Code.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 85 Tax-Exempt Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series 85 Tax-Exempt Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 85 Tax-Exempt Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Original Issue Premium and Discount. An amount equal to the excess of the issue price of any Series 85 Tax-Exempt Bond over its stated price at maturity (a "Premium Bond") constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to the optional redemption date that would produce the lowest yield for such bond. As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed.

Any Series 85 Tax-Exempt Bonds originally offered at a price below the amount payable on such Bonds at maturity are known as "Discount Bonds," the difference being hereinafter referred to as "Original Issue Discount." An owner of a Discount Bond shall accrue Original Issue Discount by using the economic accrual method, and such accruals shall be treated as (i) tax exempt interest received by the owners of such Discount Bonds, and (ii) added to the owner's tax basis for purposes of determining gain or loss upon a sale or

redemption of a Discount Bond. The amount representing Original Issue Discount that is treated as being received by an owner of a Discount Bond will be added to the owner's tax basis for purposes of determining gain or loss upon a sale or redemption of a Discount Bond.

Purchasers of Premium Bonds and Discount Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium and discount for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond or a Discount Bond.

Series 85-T Bonds (Federally Taxable Bonds)

In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered on the date of issuance of the Series 85-T Bonds (the "Federally Taxable Bonds"), under existing laws, regulations, rulings, and judicial decisions, interest on the Federally Taxable Bonds is included in gross income for federal income tax purposes.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Federally Taxable Bonds. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the Federally Taxable Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Federally Taxable Bonds.

Although there are not any regulations, published rulings or judicial decisions involving the characterization for federal income tax purposes of securities with terms substantially the same as the Federally Taxable Bonds, Bond Counsel has advised RIHousing that the Federally Taxable Bonds will be treated for federal income tax purposes as evidences of indebtedness of RIHousing and not as an ownership interest in the trust estate securing the Federally Taxable Bonds or as an equity interest in RIHousing or any other party, or in a separate association taxable as a corporation. **Interest on the Federally Taxable Bonds is includable in gross income for federal income tax purposes under Section 103 of the Code. Interest on the Federally Taxable Bonds will be fully subject to federal income taxation.** In general, interest paid on the Federally Taxable Bonds, original issue discount, if any, and recovery of accrued market discount, if any, will be treated as ordinary income to a bondholder, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital. The Code contains special federal income tax rules for "real estate mortgage investment conduits." RIHousing does not intend to treat the arrangement by which the trust estate secures the Federally Taxable Bonds as "real estate mortgage investment conduits."

Bond Premium

An investor that acquires a Federally Taxable Bond for a cost greater than its remaining stated redemption price at maturity and holds such bond as a capital asset will be considered to have purchased such bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over the bond's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any Federally Taxable Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

Market Discount

An investor that acquires a Federally Taxable Bond for a price less than the adjusted issue price of such bond may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, “market discount” means (a) in the case of a Federally Taxable Bond originally issued at a discount, the amount by which the issue price of such bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Federally Taxable Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Federally Taxable Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Federally Taxable Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Federally Taxable Bond that acquired such bond at a market discount also may be required to defer, until the maturity date of such bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner’s gross income for the taxable year with respect to such bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Federally Taxable Bond for the days during the taxable year on which the owner held such bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Federally Taxable Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Recognition of Income Generally

Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Federally Taxable Bonds under the Code.

Unearned Income Medicare Contribution Tax

Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the Federally Taxable Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the Federally Taxable Bonds and to gain on the sale of a Federally Taxable Bond.

Sales or Other Dispositions

If an owner of a Federally Taxable Bond sells the bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such bond. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a Federally Taxable Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a Federally Taxable Bond should consult its own tax advisor concerning the circumstances in which such bond would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance

The legal defeasance of the Federally Taxable Bonds may result in a deemed sale or exchange of such bonds under certain circumstances. Owners of such Federally Taxable Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding

An owner of a Federally Taxable Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Federally Taxable Bonds, if such owner, upon issuance of the Federally Taxable Bonds, fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Foreign Investors

An owner of a Federally Taxable Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Federally Taxable Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Federally Taxable Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30 percent United States withholding tax will apply to interest paid and original issue discount

accruing on Federally Taxable Bonds owned by foreign investors. In those instances in which payments of interest on the Federally Taxable Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Federally Taxable Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Federally Taxable Bond.

Tax-Exempt Investors

In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. Unrelated business taxable income generally means the gross income derived by an organization from any unrelated trade or business as defined in Section 513 of the Code. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a Federally Taxable Bond incurs acquisition indebtedness with respect to such bond, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a Federally Taxable Bond is urged to consult its own tax advisor regarding the application of these provisions.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Federally Taxable Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Federally Taxable Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, RIHousing or any dealer of the Federally Taxable Bonds might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the Federally Taxable Bonds are acquired by such plans or arrangements with respect to which RIHousing or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Federally Taxable Bonds. The sale of the Federally Taxable Bonds to a plan is in no

respect a representation by RIHousing or the Underwriters that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the Federally Taxable Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE FEDERALLY TAXABLE BONDS.

Related Tax Matters

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or otherwise prevent bondholders of the Series 85 Bonds from realizing the full current benefit of the tax status of such interest, or adversely affect the market value of the Series 85 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 85 Bonds. Purchasers of the Series 85 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial authorities as of the date of issuance and delivery of the Series 85 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

UNDERTAKING TO PROVIDE ONGOING DISCLOSURE

RIHousing has agreed in its Continuing Disclosure Certificate (the “Disclosure Certificate”) for the benefit of the holders and the beneficial owners of the Series 85 Bonds pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, §240.15c2-12) (the “Rule”) to provide the following:

(a) To the MSRB, on or before 180 days following the end of each fiscal year of RIHousing, commencing with the fiscal year ended on June 30, 2025, financial information and operating data of the type included under the headings “**MORTGAGE LOAN PORTFOLIO,**” “**INVESTMENTS AND INVESTMENT AGREEMENTS UNDER THE BOND RESOLUTION,**” “**APPENDIX D-1 — SUMMARY OF OUTSTANDING BOND INDEBTEDNESS OF RIHOUSING,**” “**APPENDIX D-2 — HOMEOWNERSHIP OPPORTUNITY BONDS OUTSTANDING AS OF JANUARY 1, 2025,**” “**APPENDIX F — TEN YEAR RULE PERCENTAGES**” and “**APPENDIX G — ESTIMATED QUARTERLY OUTSTANDING MORTGAGE LOAN BALANCE AND PREPAYMENT AMOUNTS**” (the “Annual Financial Information”), together with the annual financial statements of RIHousing prepared in accordance with GAAP, except as may be otherwise noted in the financial statements, and audited by an independent firm of certified public accountants (the “Audited Financial Statements”); provided, however, that (i) RIHousing may modify the basis upon which the financial statements are prepared if required by federal or state law and (ii) RIHousing may provide unaudited financial statements by such date in the event the Audited Financial Statements are not available, provided that such Audited Financial Statements are provided to the MSRB when they become available; and

(b) To the MSRB, in a timely manner, notice of any of the following events, not in excess of ten (10) business days after the occurrence of such event, with respect to the Series 85 Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws

on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 85 Bonds, or other material events affecting the tax status of the Series 85 Bonds; (7) modifications to rights of the holders of the Series 85 Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Series 85 Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of RIHousing; (13) the consummation of a merger, consolidation or acquisition involving RIHousing or the sale of all or substantially all the assets of RIHousing, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) the appointment of a successor or additional trustee, or the change in the name of a trustee, if material; (15) incurrence of a financial obligation of RIHousing, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of RIHousing, any of which affect holders of the Series 85 Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of RIHousing, any of which reflect financial difficulties.

For the purposes of the events identified in clauses (15) and (16) above, the term “financial obligation” means: (A) a debt obligation; (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Filings made in accordance with the Disclosure Certificate will be made by filing with EMMA.

The Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time. In addition, such Annual Financial Information may be provided by specific reference to documents available to the public on EMMA or filed with the SEC.

The Disclosure Certificate may be amended without the consent of the holders of the Series 85 Bonds (except to the extent required under clause (4)(ii) below) if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of RIHousing or the type of business conducted thereby, (2) such Disclosure Certificate as so amended would have complied with the requirements of the Rule applicable to such Disclosure Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) RIHousing shall have obtained an opinion of nationally recognized counsel expert in federal securities laws (“Securities Counsel”), addressed to RIHousing, to the same effect as set forth in clause (2) above, (4) either (i) RIHousing shall obtain an opinion of Securities Counsel, addressed to RIHousing, to the effect that the amendment does not materially impair the interests of the holders of the Series 85 Bonds or (ii) the holders of the Series 85 Bonds shall have consented to the amendment to the related Disclosure Certificate pursuant to the same procedures as are required under the Resolution for amendment to the Resolution with consent of the holders of the Bonds and (5) RIHousing shall have delivered copies of such opinion(s) and amendment to the MSRB.

In addition, RIHousing may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, if RIHousing shall have received an opinion of Securities Counsel, addressed to RIHousing, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings contained in such Disclosure Certificate to violate the Rule, taking into account any subsequent change in or official interpretation of the Rule.

RIHousing's obligations under the Disclosure Certificate shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Series 85 Bonds. In addition, the Disclosure Certificate, or any provision thereof, shall be null and void in the event that RIHousing (1) obtains an opinion of Securities Counsel, addressed to RIHousing, to the effect that those portions of the Rule which require the provisions of such Disclosure Certificate, or any of such provisions, do not or no longer apply to the Series 85 Bonds whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

The provisions of the Disclosure Certificate inure solely to the benefit of the holders and beneficial owners from time to time of the Series 85 Bonds.

The obligations of RIHousing to comply with the provisions of the Disclosure Certificate shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, Annual Financial Information and notices, by any beneficial owner of Outstanding Series 85 Bonds, or (ii) in the case of challenges to the adequacy of the financial statements or Annual Financial Information so provided, by the holders of not less than 25% in aggregate principal amount of the Series 85 Bonds at the time Outstanding. The beneficial owners' and holders' rights to enforce the provisions of the Disclosure Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of RIHousing's obligations under such Disclosure Certificate and RIHousing, its directors, officers and employees shall incur no liability under the Disclosure Certificate by reason of any act or failure to act thereunder. Without limiting the generality of the foregoing and except as otherwise provided in the Resolution, neither the commencement nor the successful completion of an action to compel performance under the Disclosure Certificate shall entitle any person to attorneys' fees, financial damages of any sort or any other relief other than an order or injunction compelling performance.

Any failure by RIHousing to perform in accordance with the Disclosure Certificate does not constitute a default or an Event of Default under the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of a default or an Event of Default do not apply to any such failure.

On December 14, 2023, RIHousing timely filed annual financial and operating data with respect to its outstanding Bonds for the fiscal year ended June 30, 2023; however, such financial and operating data filing was inadvertently not linked to three CUSIPs associated with certain Bonds then outstanding. Such financial and operating data was properly linked to all CUSIPs as of January 16, 2024.

FINANCIAL STATEMENTS OF RIHOUSING

The financial statements of RIHousing as of and for the years ended June 30, 2024 and 2023 are included in "**APPENDIX B-1 — AUDITED FINANCIAL STATEMENTS OF RIHOUSING FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**" hereto. The financial statements of RIHousing as of and for the years ended June 30, 2024 and 2023 have been audited by CliftonLarsonAllen LLP, Providence, Rhode Island, independent certified public accountants, to the extent indicated in their report thereon. CliftonLarsonAllen LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report, nor has CliftonLarsonAllen LLP audited any of RIHousing's financial statements subsequent to the completion of the audit of the financial statements as of and for the year ended June 30, 2024.

CliftonLarsonAllen LLP has reviewed the unaudited financial statements of RIHousing for the three-month period ended September 30, 2024 to the extent indicated in their report thereon, and these unaudited financial statements are included in "**APPENDIX B-2 — UNAUDITED FINANCIAL STATEMENTS OF RIHOUSING FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**" hereto.

TRUSTEE

The Trustee for the Bonds is The Bank of New York Mellon Trust Company, N.A. The Trustee also serves as bond trustee for other outstanding bonds of RIHousing. The Trustee also acts as Paying Agent for the Series 85 Bonds. Principal, premium, if any, and interest on the Series 85 Bonds will be payable at the Paying Agent's corporate trust office in Jacksonville, Florida.

RIHousing indemnifies and holds the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties under the Resolution, and which are not due to its negligence or willful misconduct. The Trustee may become the owner of Bonds, with the same rights as it would have as if it were not the Trustee. To the extent permitted by law, the Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Bond Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds Outstanding.

The Bondholders of a certain percentage of the principal amount of the Outstanding Bonds may instruct the Trustee to act as further described in "**APPENDIX E — SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION — Remedies.**" The Trustee is not under any obligation or duty to perform any act which would involve it in expense or liability, or to institute or defend any suit in respect of the Resolution, or to advance any of its own moneys, unless properly indemnified.

AGREEMENT OF THE STATE

Pursuant to the Act, the State has pledged to and agreed with the Holders of any Bonds that the State will not limit or alter the rights vested in RIHousing to fulfill the terms of any agreements made with them, or in any way impair the rights and remedies of such Holders until the Bonds, together with the interest thereon and on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged.

STATE NOT LIABLE ON BONDS

The Bonds of RIHousing shall not be in any way a debt or liability of the State or of any political subdivision thereof and shall not create or constitute an indebtedness, liability or obligation of the State or of any political subdivision or be or constitute a pledge of the faith and credit of the State or of any such political subdivision, but such Bonds shall be payable solely from revenues or funds of RIHousing under the Resolution pledged for their payment.

LEGALITY FOR INVESTMENT

The Act provides that the Bonds shall be legal investments in which all public officers and public bodies of the State, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking institutions including savings and loan associations, building and loan associations, trust companies, savings banks and savings associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the State, may properly and legally invest funds, including capital, in their control or belonging to them. The Bonds are securities which may properly and legally be deposited with and received by all public officers and bodies of the State or any agency or political subdivision of the State and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized by law.

LITIGATION

RIHousing is party to certain claims and lawsuits which are being contested. In the opinion of management, the ultimate liability with respect to these actions and claims will not have a material adverse effect on either RIHousing's financial position or the result of its operations.

APPROVAL OF LEGALITY

Legal matters incident to the issuance of the Series 85 Bonds are subject to the approval of Kutak Rock LLP, Atlanta, Georgia, Bond Counsel, whose opinion, in substantially the form of "**APPENDIX C — PROPOSED FORM OF OPINION OF BOND COUNSEL WITH RESPECT TO THE ISSUANCE OF THE SERIES 85 BONDS**" hereto will be delivered upon the issuance of the Series 85 Bonds.

Certain legal matters in connection with the issuance of the Series 85 Bonds are subject to the approval of Troutman Pepper Locke LLP (successor to Locke Lord LLP), Providence, Rhode Island, Special Counsel to RIHousing, and to the approval of Hawkins Delafield & Wood LLP, New York, New York, Counsel to the Underwriters.

RATINGS

S&P Global Ratings ("S&P") and Moody's Investors Service ("Moody's") have assigned ratings on the Series 85 Bonds at the request of RIHousing. S&P and Moody's have assigned the ratings "AA+" and "Aa1," respectively, to the Series 85 Bonds. Any explanation of the significance of such ratings should be obtained directly from S&P and Moody's, respectively. There is no assurance that a particular rating will pertain for any given period of time or that it will not be lowered or withdrawn entirely, if, in the judgment of the rating service, circumstances so warrant. Any downward revision or withdrawal of any such ratings will have an adverse effect on the market price of the Series 85 Bonds.

UNDERWRITING

RBC Capital Markets, LLC ("RBC"); J.P. Morgan Securities LLC; Morgan Stanley & Co. LLC; BofA Securities, Inc.; Fidelity Capital Markets; Hilltop Securities Inc.; Jefferies LLC; Ramirez & Co., Inc.; Raymond James & Associates, Inc.; and Roosevelt & Cross, Incorporated (collectively, the "Underwriters") have jointly and severally agreed, subject to certain conditions, to purchase the Series 85 Bonds from RIHousing at a purchase price of \$162,496,867.60, representing the aggregate principal amount of the Series 85 Bonds plus original issue premium of \$2,071,867.60. The Underwriters will be paid a fee in connection with the purchase of the Series 85 Bonds in an amount equal to \$1,042,205.37. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all the Series 85 Bonds, if any Series 85 Bonds are purchased.

The following paragraphs have been provided by the respective Underwriters named therein; RIHousing takes no responsibility as to the accuracy or completeness thereof:

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 85 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase the Series 85 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 85 Bonds that such firm sells.

Morgan Stanley & Co. LLC ("Morgan Stanley"), an underwriter of the Series 85 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley may distribute municipal securities to retail investors through the

financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 85 Bonds.

BofA Securities, Inc. (“BofA”), one of the Underwriters of the Series 85 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 85 Bonds.

The following paragraph has been provided by the Underwriters; RIHousing takes no responsibility as to the accuracy or completeness thereof:

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for RIHousing, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of RIHousing.

MUNICIPAL ADVISOR

cfX serves as the RIHousing’s municipal advisor pursuant to an engagement agreement. Subject to the terms of such engagement agreement, cfX will provide certain work products to RIHousing and the Trustee to be utilized in connection with their respective operating obligations under the Resolution. Each such work product will be based on certain information provided to cfX by RIHousing and the Trustee and other third party sources as believed by cfX to be reliable, certain assumptions provided to cfX by RIHousing and certain instructions from Bond Counsel. cfX will make no representation with respect to the accuracy of certain of such information or as to the reasonableness of such assumptions and instructions. cfX is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and is not obligated to review or ensure compliance with continuing disclosure undertakings. cfX has registered with the SEC and the MSRB as a Municipal Advisor.

MISCELLANEOUS

The references herein to the Act, the Bond Resolution and the Series 85 Resolution are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference is made to the Act, the Bond Resolution and the Series 85 Resolution for full and complete statements of provisions. The agreements of RIHousing with the holders of the Series 85 Bonds are fully set forth in the Bond Resolution and the Series 85 Resolution, and this Official Statement is not to be construed as a contract with the purchasers of the Series 85 Bonds. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

Copies of the Act, the Bond Resolution and the Series 85 Resolution are on file at the office of RIHousing.

The execution and delivery of this Official Statement by the Manager of Treasury and Capital Planning have been duly authorized by RIHousing.

**RHODE ISLAND HOUSING AND MORTGAGE
FINANCE CORPORATION**

/s/ THOMAS McNULTY

Manager of Treasury and Capital Planning

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APPENDIX A

DESCRIPTION OF CERTAIN PRIMARY MORTGAGE INSURANCE, FEDERAL HOUSING PROGRAMS, GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA) AND THE GNMA SECURITIES, AND RHODE ISLAND MORTGAGE FORECLOSURE PROCEDURES

Introduction

The United States Department of Housing and Urban Development (“HUD”), created by the Housing and Urban Development Act of 1965, is responsible for the administration of various Federal programs authorized under the National Housing Act of 1934, as amended (the “National Housing Act”), and the United States Housing Act of 1937, as amended. The Department of Veterans Affairs (“VA”) administers the mortgage guaranty program authorized under the Servicemen’s Readjustment Act of 1944, as amended. These programs may be financed by annual appropriations from Congress, as well as by mortgage insurance premiums and fees; subsidies and insurance payments are in some cases made from trust funds established under the various programs.

Following is a summary of such of these programs as they affect mortgages that RIHousing has financed or intends to finance under the Homeownership Opportunity Program.

Private Mortgage Insurance

Each Mortgage Purchase Agreement requires that any private mortgage insurer of a Program Loan must be qualified to insure mortgages purchased by the Federal Home Loan Mortgage Corporation (“FHLMC”) or Fannie Mae (“Fannie Mae”) and must be authorized to do business in the State. (Primary insurance coverage is not a requirement for mortgages with a loan to value ratio of seventy-eight percent (78%) or less).

In general, FHLMC eligibility requirements for approval of private mortgage insurers presently include certain basic criteria relating to the types of property securing insured mortgages, the risk/surplus ratio in areas of concentration, such as developments, and the geographic distribution of mortgages subject to policies issued by the insurer. The FHLMC has certain minimum financial standards for mortgage insurers, including requirements as to certain surplus and loss reserve accounts, types of assets held by the insurer, and the insurer’s general risk/surplus ratio.

Fannie Mae determines on an individual basis whether a private mortgage insurer is qualified for purposes of purchase of mortgages by Fannie Mae, weighing such general factors as the financial strength, expertise and experience of the insurer, the type of mortgages insured, the total liability of the insurer, and the types of benefits paid under each insurer’s policy. Fannie Mae also requires, before purchasing mortgages, that the insurer be authorized to transact insurance in the state where the property securing the mortgage is located.

Private insurers generally require an insured lender to give notice not later than fifteen (15) days after a borrower has failed to pay one full installment on his loan. Before presenting a claim, the insured mortgagee must acquire title to the property. When a claim (consisting of unpaid principal amount of the loan, accumulated interest through the date of the tender of conveyance of title to the mortgaged premises, real estate taxes, and hazard insurance premiums necessarily advanced by the insured and other necessary expenses including attorneys’ fees not exceeding three percent (3%) of principal and interest due) is presented, the insurer generally has the option of (i) paying a percentage of such claim, ranging from six percent (6%) to twenty percent (20%), depending upon the premium plan and coverage selected when the loan is originated, and allowing the mortgagee to retain title to the property or (ii) upon conveyance of marketable title to the property to the insurer, paying the claim in full.

Private mortgage insurance policies generally require that any physical damage or loss to the property be repaired or restored by the insured lender prior to the payment of a claim under such policy.

Privately insured mortgage loans purchased prior to May 25, 1995 were insured pursuant to coinsurance agreements (the “Insurance Agreements”) between RIHousing and Genworth, Mortgage Guaranty Insurance Corporation (“MGIC”), Commonwealth Mortgage Assurance Corporation (“CMAC”), PMI Mortgage Insurance Co. (“PMI”) and United Guaranty Insurance Company (“UGI”), respectively, pursuant to which RIHousing agreed to share the financial risk under the primary mortgage insurance policies provided by Genworth, MGIC, CMAC, PMI and UGI, respectively, to the extent set forth in the Insurance Agreements. Such obligations of RIHousing represent general obligations of RIHousing, and shall not be paid from the funds held under the Resolution. Notwithstanding the provisions of the Insurance Agreements, each such mortgage insurer shall at all times remain liable for all obligations under primary mortgage insurance policies issued by such mortgage insurer.

Many providers of private mortgage insurance, including the providers set forth above, are experiencing significant financial difficulties and have had their credit ratings downgraded or placed on watch for a future downgrade. RIHousing makes no representations about the financial condition of any of the private mortgage insurance companies or their ability to make full and timely payment to RIHousing of claims on the Mortgage Loans on which RIHousing may experience losses.

Federal Housing Administration Insurance Program

Mortgages may be insured by FHA pursuant to Section 203(b) of the National Housing Act, as amended, and the regulations promulgated thereunder at 24 C.F.R. Part 203. Such regulations provide that insurance benefits are payable only upon foreclosure (or other acquisition of possession and title) and conveyance of title to the mortgaged premises to the Secretary of Housing and Urban Development (“Secretary”). Assignment of a defaulted loan to FHA is no longer permitted, other than for those requests made prior to April 26, 1996. However, recently enacted loss mitigation options allow partial claims as a homeowner retention tool.

Home buyers under the Section 203(b) Program are required to pay an up-front mortgage insurance premium of 1.75% and annual premiums of up to 1.05%. The National Housing Act also requires that the principal amount of the mortgage loan not be in excess of 96.5% of the appraised value of the residence, plus the amount of the mortgage insurance premium paid at the time the mortgage is insured.

The National Housing Act regulations promulgated thereunder give discretionary authority to the Secretary to settle claims for insurance benefits in cash, in debentures or in a combination of both. The current FHA policy, subject to change at any time, is to make insurance payments in cash unless the mortgagee specifically requests payment in debentures. Debentures issued in satisfaction of an insurance claim have a term of 20 years, and bear interest at the HUD debenture interest rate in effect under the regulations as of the date of issuance of the insurance commitment, or of the initial endorsement of the mortgage note for insurance, whichever rate is higher.

When entitlement to insurance benefits results from foreclosure or other acquisition of possession and conveyance of title to FHA, the insurance payment is computed as of the date of default by the mortgagor, and the mortgagee is compensated for the unpaid principal balance of the loan but generally not for mortgage interest accrued and unpaid prior to that date. The “date of default” is defined as 30 days after the first failure to make a monthly payment which has not been paid subsequently. Since monthly payments are regularly made 30 days in arrears, the mortgagee in collecting insurance benefits can expect to lose sixty days’ interest at the mortgage rate. Insurance benefits include interest at the debenture interest rate then in effect covering the period from default to the date of payment; thus, assuming the mortgage interest rate is greater, the mortgagee can also expect to lose the difference between the mortgage interest rate and the debenture interest rate during such period. If insurance benefits are paid in debentures rather than cash, the mortgagee could expect to lose

such interest differential over a longer period of time. In addition, in the event the debentures are sold prior to the maturity date thereof, it is likely that the mortgagee could expect to lose a substantial portion of the principal amount thereof. Finally, the mortgagee can expect to lose certain out-of-pocket expenses of securing the property and certain of its foreclosure expenses.

When any property to be conveyed to the Secretary has been damaged by fire, earthquake, flood or tornado, it is required, as a condition to payment of an insurance claim, that such property be repaired prior to such conveyance. Property hazard insurance will be relied upon to protect RIHousing from such potential loss.

United States Department of Agriculture/Rural Development Guaranteed Rural Housing Loan Program

The Cranston-Gonzalez National Affordable Housing Act of 1990 revised and expanded the interest assistance program of the Farmers Home Administration (currently United States Department of Agriculture/Rural Development (“USDA/RD”)) for guaranteed loans under Section 502 of Title V of the Housing Act of 1949, as amended, by creating the Guaranteed Rural Housing Loan Program. Households with an Annual Income of one hundred fifteen percent (115%) of the area median income or less qualify.

The Guaranteed Rural Housing Loan Program is limited to certain rural areas of the State. The USDA/RD Program Loans will conform to the same maximum annual income limits and purchase price limits as all other Mortgage Loans purchased with the proceeds of Bonds.

The USDA/RD guaranty covers the lesser of (a) any loss equal to 90% of the original principal amount of the loan or (b) any loss in full up to 35% of the original principal amount of the loan plus any additional loss on the remaining 65% to be shared approximately 85% by USDA/RD and approximately 15% by RIHousing.

VA Guarantee

The Servicemen’s Readjustment Act of 1944, as amended, permits a veteran (or in certain instances the spouse and certain qualifying reservists) to obtain a mortgage loan guarantee from the Department of Veterans Affairs (the “VA”) covering mortgage financing of the purchase of a one-to-four family dwelling unit at interest rates not in excess of the maximum rates established by the VA. The program has no mortgage loan limits, requires no down payment from the purchaser and permits the guarantee of mortgage loans of up to 30 years’ duration. The maximum VA mortgage loan guaranty under this program is the lesser of the veteran’s available entitlement or the maximum guaranty specified in the Servicemen’s Readjustment Act of 1944, as amended based on the type of housing unit and loan amount. The liability on the guarantee is reduced or increased pro rata with any reduction or increase in the amount of indebtedness, but in no event will the amount payable on the guarantee exceed the amount of the original guarantee. Notwithstanding the dollar and percentage limitations of the guarantee, a mortgage holder will ordinarily suffer a monetary loss only when the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of a mortgaged premises is greater than the original guarantee as adjusted. The VA may, at its option and without regard to the guarantee, make full payment to a mortgage holder of unsatisfied indebtedness on a mortgage upon its assignment to the VA. Under the Homeownership Opportunity Program, a VA-guaranteed Mortgage Loan must be guaranteed in an amount which, together with the down payment by the Mortgagor, will at least equal 30% of the lesser of the sales price or the appraised value of the property. Regulations recently adopted by the VA permit mortgage loans to be guaranteed by the VA even though they contain due on sale clauses enforceable in the event that such mortgage loan is assumed by a person who is not an eligible borrower. See **“HOMEOWNERSHIP OPPORTUNITY PROGRAM”** in the forepart of this Official Statement.

Government National Mortgage Association (GNMA) and the GNMA Securities

General. The summary of the Government National Mortgage Association (“GNMA”) Program, GNMA Securities and other documents referred to herein does not purport to be comprehensive and is

qualified in its entirety by reference to the GNMA Guide (copies of which may be obtained from GNMA at the Office of Mortgage Backed Securities, 451 Seventh Street, S.W., Washington, D.C. 20410) and to the GNMA Securities and other documents for full and complete statements of their provisions. Further, the procedures and fees described below and in the GNMA Guide are those currently in effect and are subject to change at any time by GNMA.

GNMA is a wholly-owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development (“HUD”) whose principal office is located in Washington, D.C. GNMA’s powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C. §1716b *et seq.*).

GNMA is authorized by Section 306(g) of Title III of the National Housing Act to guarantee the timely payment of the principal of, and interest on, securities that are based on and backed by trusts or pools composed of mortgage loans insured or guaranteed under the National Housing Act, Title V of the Housing Act of 1949, the Servicemen’s Readjustment Act, Chapter 37 of Title 38 of the United States Code or Section 184 of the Housing and Community Development Act of 1992 or guaranteed by the USDA/RD under its guaranteed Single Family Rural Housing Program. Section 306(g) further provides that “the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty” by GNMA.

There are two GNMA MBS programs, GNMA I and GNMA II. The GNMA I MBS Program is based on single-issuer pools in which the underlying mortgage loans generally have the same or similar maturities and bear the same interest rate. GNMA I MBS payments are made to holders on the 15th day of each month. The GNMA II MBS Program permits multiple-issuer as well as single-issuer pools. Loans with different interest rates, within a one percent range, may be included in the same pool or loan package under the GNMA II MBS Program. GNMA II MBS payments are made to holders on the 20th day of each month.

Any GNMA Security acquired pursuant to the Program will be a “fully modified pass through” security (guaranteed by GNMA pursuant to its GNMA I MBS program or GNMA II MBS program) which will require the servicer to pass through to the holder thereof the regular monthly payments on the underlying mortgage loans (less the service fees), whether or not the servicer receives such payments from the mortgagors on the underlying mortgage loans, plus any unscheduled recoveries of principal of the mortgage loans received by the servicer during the previous month. In order to meet its obligations under such guaranty, GNMA, in its corporate capacity under Section 306(d) of Title III of the National Housing Act, may issue its general obligations to the United States Treasury Department in an amount outstanding at any one time sufficient to enable GNMA, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Security. The Treasury Department is authorized to purchase any obligations so issued by GNMA and has indicated in a letter, dated February 13, 1970, from the Secretary of the Treasury to the Secretary of HUD, that the Treasury Department will make loans to GNMA, if needed, to implement the aforementioned guaranty.

Under the terms of its guaranty, GNMA also warrants to the holder of the GNMA Security that, in the event GNMA is called upon at any time to make payment on its guaranty of the principal of and interest on the GNMA Security, it will, if necessary, in accordance with Section 306(d) of Title III of the National Housing Act, apply to the Secretary of the United States Treasury Department for a loan or loans in amounts sufficient to make such payments of principal and interest.

GNMA shall have no responsibility to determine whether or not the Program complies with the requirements of the Code or whether or not interest on the Series 85 Tax-Exempt Bonds may be exempt from federal income taxation. The payments due to the Trustee, as holder, pursuant to the terms of the GNMA Securities, will not change if the interest on the Series 85 Tax-Exempt Bonds for any reason is determined to be subject to federal income taxation.

Servicing of the Mortgages. RIHousing is fully responsible for the administration of the GNMA Securities and the servicing of the pooled mortgage loans. RIHousing is permitted to arrange for a sub-servicer (together with RIHousing, the “Servicer”) to perform some, but not all, of the required servicing functions on behalf of RIHousing; however, it is anticipated that RIHousing will serve as sole Servicer for the pooled mortgage loans. Under contractual agreements entered into by and between the Servicer and GNMA, the Servicer is responsible for servicing and otherwise administering the mortgage loans underlying the GNMA Securities in accordance with generally accepted practices of the mortgage banking industry and the GNMA Servicer’s Guide (the “GNMA Guide”).

The monthly remuneration of the Servicer, for its servicing and administrative functions, and the guaranty fee charged by GNMA are based on the unpaid principal amount of the GNMA Securities outstanding. The GNMA Securities carry an interest rate that is below the interest rate on the underlying mortgage loans (after taking into account the servicing and guaranty fees which are deducted from payments on the mortgage loans before payments are passed through to the holder of the GNMA Security).

It is expected that interest and principal payments on the mortgage loans underlying the GNMA Securities received by the Servicer will be the source of payments on the GNMA Securities. If such payments are less than what is due, the Servicer is obligated to advance its own funds to ensure timely payment of all amounts coming due on the GNMA Securities. GNMA guarantees such timely payment in the event of the failure of the Servicer to pay an amount equal to the scheduled payments (whether or not made by the mortgagors on the underlying mortgages).

The Servicer is required to advise GNMA in advance of any impending or actual default on scheduled payments so that GNMA, as guarantor, will be able to continue such payments as scheduled on the applicable payment date. If, however, such payments are not received as scheduled, the holder has recourse directly to GNMA.

Default by Servicer. In the event of a default by the Servicer, GNMA shall have the right, by letter to the Servicer, to effect and complete the extinguishment of the Servicer’s interest in the mortgage loans underlying the GNMA Securities, and such mortgage loans shall thereupon become the absolute property of GNMA, subject only to the unsatisfied rights of the owner of the GNMA Security. In such event, GNMA will be the successor in all respects to the Servicer with respect to the transaction and the agreements set forth or arranged for in the GNMA Guide.

Payment of Principal and Interest on the GNMA Securities. Under the GNMA I Program, the servicer makes separate payments, by the fifteenth day of each month, directly to each owner of GNMA Securities for each of the GNMA Securities held.

Payment of principal of each GNMA I Security and GNMA II Security is expected to commence on the fifteenth and twentieth day of the month, respectively, following issuance of such GNMA Security.

Each installment on a GNMA Security is required to be applied first to interest and then in reduction of the principal balance then outstanding on the GNMA Security. Interest is to be paid at the specified rate on the unpaid portion of the principal of the GNMA Security. The amount of principal due on the GNMA Security shall be in an amount at least equal to the scheduled principal amortization currently due on the mortgage loans. However, payment of principal and interest is to be adjustable as set forth below.

Each of the monthly installments on a GNMA Security is subject to adjustment by reason of any prepayments or other unscheduled recoveries of principal on the underlying mortgage loans. In any event, the servicer will pay to the holder of the GNMA Security monthly installments of not less than the interest due on the GNMA Security at the rate specified in the GNMA Security, together with any scheduled installments of principal, whether or not such interest or principal is collected from the mortgagors, and any prepayments or

unscheduled recovery of principal. Final payment shall be made upon surrender of the outstanding GNMA Security.

Neither RIHousing nor the Underwriters makes any representation as to the accuracy or adequacy of the information contained above relating to GNMA and its GNMA Program, or the ability of GNMA to make payments under its GNMA Programs.

Rhode Island Mortgage Foreclosure Procedures

All Mortgage Lenders originating Program Loans secured by mortgages will use a form of note and mortgage prescribed by RIHousing. Upon the occurrence of a default and no less than forty-five (45) days prior to initiating a sale of real estate under a power of sale mortgage, as set forth in Section 34-27-4 of the General Laws of Rhode Island, 1956 as amended (1995 Reenactment), the servicing Mortgage Lender must mail to the mortgagor written notice of default and the Mortgage Lender's right to foreclose. Additionally, such notice must advise the mortgagor of the availability of HUD-approved mortgage counseling services in Rhode Island.

If the breach is not cured within such period, the Mortgage Lender may invoke the statutory power of sale, which is defined in Section 34-11-22 of the General Laws of Rhode Island, 1956 as amended (1995 Reenactment). Under the statutory power of sale, the Mortgage Lender is authorized to conduct a public sale of the mortgaged property at the time and place stated in a notice of sale if the breach is not cured prior to the date specified in the notice. The notice must be published in a public daily newspaper in the city where the property is located once a week for three (3) successive weeks with the first publication being at least twenty-one (21) days before the sale. In addition, such notice of sale must be delivered to the mortgagor at his or her last known address by certified mail, return receipt requested, no less than thirty (30) days before the date of first publication.

At the sale, the Mortgage Lender may bid on its own account in the same manner as any other person.

Although Rhode Island statutes do not prescribe the terms of sale, the successful bidder in a residential foreclosure is typically required to put between 5 and 10% down at the time of the auction and pay the balance of the purchase price within thirty (30) days. If the successful bidder defaults, the Mortgage Lender could sue for specific performance, however, the Mortgage Lender usually keeps the down payment as proceeds of foreclosure activity to be applied towards satisfaction of the total debt and advertises again for another sale. At the auction, a memorandum setting forth such terms of sale is read prior thereto and signed by the successful bidder.

While it is theoretically possible to complete a foreclosure sale within approximately fourteen (14) weeks after the Mortgage Lender first notifies the borrower of any event of default, a variety of factors will likely cause such time period to be extended. These factors include requirements under applicable mortgage insurance policies, the internal practices and policies of the Mortgage Lender relating to residential foreclosures, any attempts by the borrower to block the foreclosure sale, statutory or constitutionally required administrative procedures and the time given by the Mortgage Lender to a successful bidder to consummate the foreclosure.

The foregoing description of certain programs is only a brief outline and does not purport to summarize or describe all of the provisions of these programs, reference is made to the provisions of the contracts embodied in the regulations of FHA and the VA, respectively, and of the regulations, master insurance contracts and other information concerning various private mortgage insurers.

APPENDIX B-1

**AUDITED FINANCIAL STATEMENTS OF RIHOUSING
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**RHODE ISLAND HOUSING AND MORTGAGE FINANCE
CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2024 AND 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Rhode Island Housing and Mortgage Finance Corporation
Providence, Rhode Island

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Rhode Island Housing and Mortgage Finance Corporation (RI Housing), a component unit of the state of Rhode Island, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise RI Housing's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of RI Housing, as of June 30, 2024 and 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RI Housing and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RI Housing's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RI Housing's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RI Housing's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of RI Housing's changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rhode Island Housing and Mortgage Finance Corporation's basic financial statements. The combining schedules of net position – multi-family fund and combining schedules of revenues, expenses, and changes in net position – multi-family fund (the Supplementary Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2024, on our consideration of RI Housing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RI Housing's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RI Housing's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Cranston, Rhode Island
September 26, 2024

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023

The accompanying basic financial statements include Rhode Island Housing and Mortgage Finance Corporation (the Corporation) and Affordable Housing Trust Fund (the Trust, a component unit of the Corporation), collectively referred to as Rhode Island Housing.

This section of Rhode Island Housing's financial statements presents Rhode Island Housing's management's discussion and analysis of the Corporation's financial position and performance as of June 30, 2024 and 2023, and for the years then ended. This discussion and analysis are intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

Financial Highlights

The financial highlights (in millions) of the Corporation as of and for the years ended June 30, 2024 and 2023, increased (decreased) from the previous year as follows:

	2024		2023	
	Amount	Percent	Amount	Percent
Mortgage Loans, Gross	\$ 37.4	2.5	\$ 91.9	6.6
Investments	413.4	38.2	299.4	38.3
Cash and Cash Equivalents	(4.1)	(1.2)	(104.2)	(23.8)
Total Assets	437.6	15.1	285.8	11.0
Bonds and Notes Payable	366.2	18.1	257.8	14.6
Total Net Position	15.5	5.0	(23.2)	(7.0)
Total Revenues	(35.2)	(11.8)	(77.0)	(20.6)
Total Expenses	(38.0)	(13.5)	(82.8)	(22.7)
Operating Income (before FMV adjustment)	2.8	17.7	5.8	57.4

Mortgage loans represent the largest category of the Corporation's total assets, 45.6% and 51.2% at June 30, 2024 and 2023, respectively. The increase in 2024 and 2023 is a result of new multi-family first mortgages financed through the Federal Financing Bank as well as deferred Federal and State program loans.

Bonds and notes payable represent the largest component of liabilities, 79.4% and 78.2% at June 30, 2024 and 2023, respectively. Increases relate to single-family bond issuances.

The decreases in Total Revenues and Total Expenses relate to the administration of various Federal housing grants which had reduced activity in 2024.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

Overview of the Financial Statements

The Corporation engages only in business-type activities; that is, activities that are financed in whole or in part by charges to external parties for services, with funding sources that are primarily external to the Corporation. As a result, the Corporation's basic financial statements include the statement of net position, the statement of revenues, expenses and changes in net position, the statement of cash flows, and the notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner like a private-sector business.

The statement of net position presents information on the Corporation's assets, liabilities, deferred inflows and outflows of resources, and net position. Over time, increases or decreases in the Corporation's net position may serve as an indicator of whether the financial position of the Corporation is improving or deteriorating. Other factors, both internal and external to the Corporation, should be considered when evaluating the Corporation's financial position. The statement of revenues, expenses and changes in net position presents information on how the Corporation's net position changed during the year.

All assets, liabilities, deferred inflows and outflows of resources, and changes in net position are reported using the accrual basis of accounting for governmental entities and are reported as soon as the underlying event giving rise to the asset or liability and resulting change in net position occurs, regardless of the timing of when a corresponding amount of cash is received or paid. Consequently, certain revenues and expenses reported in the statement of revenues, expenses and changes in net position will result in cash flows in future periods.

The Affordable Housing Trust Fund (the Trust) is a separate legal entity created pursuant to a trust agreement initiated by the Corporation. The Trust is a private-purpose trust established to assist in activities that involve the creation and preservation of affordable housing in the State. All resources of the Trust, including income on investments and other revenues, are held in trust for the benefit of private and nonprofit organizations. There is no requirement that any portion of the Trust's resources be preserved as capital. The Trust administers its affairs through its trustees, records its assets in segregated accounts and maintains financial records separate from the Corporation.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023

Operating Activity of the Corporation

The following tables summarize the components of operating income, before the adjustment required to record investments at fair value as required by Governmental Accounting Standards Board (GASB) Statement No. 72:

Years Ended June 30, 2024 and 2023 (In Thousands)

	<u>2024</u>	<u>2023</u>	<u>% Change</u>
Revenues:			
Interest Income on Loans	\$ 64,375	\$ 65,410	(1.6)
Earnings on Investments	68,759	39,492	74.1
Gain on Sale of Loans	8,182	5,684	43.9
Grant Revenue	98,596	157,658	(37.5)
Other	22,516	29,355	(23.3)
Total Revenues	<u>262,428</u>	<u>297,599</u>	<u>(11.8)</u>
Expenses:			
Interest Expense	78,355	57,384	36.5
Provision for Loan Losses	1,932	4,374	(55.8)
REO Expenditures	(920)	(441)	108.6
Bond Issuance Costs	5,107	2,281	123.9
Early retirement of debt	-	-	(100.0)
Operating Expenses	45,569	49,925	(8.7)
Grant Expense	98,413	157,219	(37.4)
Other Expenses	15,380	11,061	39.0
Total Expenses	<u>243,836</u>	<u>281,803</u>	<u>(13.5)</u>
Operating Income Before Adjusting Investments to Fair Value	<u><u>\$ 18,592</u></u>	<u><u>\$ 15,796</u></u>	<u><u>17.7</u></u>

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023

Operating Activity of the Corporation (Continued)

Years Ended June 30, 2023 and 2022 (In Thousands)

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Revenues:			
Interest Income on Loans	\$ 65,410	\$ 61,432	6.5
Earnings on Investments	39,492	20,424	93.4
Gain on Sale of Loans	5,684	8,987	(36.8)
Grant Revenue	157,658	251,557	(37.3)
Other	29,355	32,204	(8.8)
Total Revenues	<u>297,599</u>	<u>374,604</u>	<u>(20.6)</u>
Expenses:			
Interest Expense	57,384	38,859	47.7
Provision for Loan Losses	4,374	2,819	55.2
REO Expenditures	(441)	(983)	(55.1)
Bond Issuance Costs	2,281	3,820	(40.3)
Early Retirement of Debt	-	7	(100.0)
Operating Expenses	49,925	55,292	(9.7)
Grant Expense	157,219	251,219	(37.4)
Other Expenses	11,061	13,535	(18.3)
Total Expenses	<u>281,803</u>	<u>364,568</u>	<u>(22.7)</u>
Operating Income Before Adjusting Investments to Fair Value	<u><u>\$ 15,796</u></u>	<u><u>\$ 10,036</u></u>	<u><u>57.4</u></u>

Operating income, after adjusting investments to fair value, was \$15.5 million for the year ended June 30, 2024. Operating loss was \$23.2 million and \$56.9 million, respectively, for the years ended June 30, 2023, and June 30, 2022. GASB Statement No. 72, which requires investments to be recorded at fair value, caused a decrease in operating income of \$3.1 million in 2024, \$39.0 million in 2023, and \$66.9 million in 2022. Operating income, excluding the unrealized gains and losses on investments, increased by 17.7% in 2024, to \$18.6 million from \$15.8 million in 2023, which had increased from \$10.0 million in 2022. The 2024 increase is primarily due to an increase in investment earnings.

The fair value of investments held in the form of Mortgage-backed Securities fluctuates in accordance with the changing interest rate environment. The Corporation intends to hold these investments to maturity and does not expect to realize any gains or losses on these investments.

Gain on sale of loans was \$8.2 million for the year ended June 30, 2024, \$5.7 million for the year ended June 30, 2023, and \$9.0 million for the year ended June 30, 2022. Fluctuations are a result of different financing executions to take advantage of changing market conditions. Loans can be sold to Fannie Mae, Freddie Mac, or securitized and sold in the To-Be-Announced market which generates immediate revenue and increases the gain on sale of loans. Increasingly, loans financed through tax-exempt bonds have been securitized and held as investments providing stable revenue over the life of the loans. This resulted in an increase in investments, yielding increased earnings on investment year over year.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023

Operating Activity of the Corporation (Continued)

Operating expenses of the Corporation (personnel services, other administrative expenses, and depreciation and amortization of other assets) amounted to \$45.6 million for the year ended June 30, 2024, a decrease of 8.7% from \$49.9 million for the year ended June 30, 2023, which had decreased from \$55.3 million for the year ended June 30, 2022. The fluctuations result from expenses relating to the administration of federal programs.

Net interest income (interest on loans and investments less interest expense) is the largest component of the Corporation's operating income. Net interest income increased to \$54.8 million from \$47.5 million in 2023 which had increased from \$43.0 million in 2022. Earnings on investments increased \$29.3 million from 2023 to 2024 and \$19.1 million from 2022 to 2023. Net interest income as a percentage of average bonds and notes payable was 2.49% in 2024 and 2.51% in 2023. Interest income on loans and investments as a percentage of total loans and investments was 4.77% in 2024 and 4.43% in 2023, while interest expense on bonds and notes was 3.56% in 2024 and 3.03% in 2023. This caused a total decrease in the spread margin (i.e., differential between loans and bonds) to 1.21% in 2024 from 1.39% in 2023.

The Corporation's revenue recognition policy for delinquent loans requires that interest will stop accruing and any accrued interest will be reversed if any loan becomes 90 days past due on the contractual obligation. The Corporation will commence accruing interest income on such loans once the loans are made current.

The provision for loan loss included in the Combining Statements of Revenues, Expenses and Changes in Net Position was \$1.9 million in 2024 and \$4.4 million in 2023. The adequacy of the allowance is based on a review of the Corporation's loan portfolio and an analysis of its current characteristics. The primary economic factors incorporated into the allowance estimates are: (1) recent performance characteristics of the single-family portfolio and (2) net operating cash flows of the developments associated with multi-family loans.

For single-family loans, an estimate of loss reserve is based on current delinquency, historical loss experience and the last instance of economic softness and real estate depreciation.

For the multi-family portfolios, a specific loan loss reserve analysis is performed for every loan demonstrating signs of financial strain. Cash flow projections are developed from the most recent audited financials for each of the sites which may be experiencing difficulty, and which have a mortgage loan. For each of these sites, an analysis of value is calculated and compared to the loan balance. This methodology is the same as that used in the formulation of the income approach found in standard real estate appraisals. Beyond the specific reserves derived above, a general reserve is also established. The general reserve is based on a range of reserve percentages applicable to each loan portfolio.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023

Financial Analysis of the Corporation

The following tables summarize certain financial information regarding the Corporation's financial position:

June 30, 2024 and 2023 (In Thousands)

	<u>2024</u>	<u>2023</u>	<u>% Change</u>
Loans Receivable, Net	\$ 1,442,732	\$ 1,428,820	1.0
Investments	1,495,183	1,081,763	38.2
Cash and Cash Equivalents	330,084	334,167	(1.2)
Other Assets	<u>64,387</u>	<u>50,065</u>	<u>28.6</u>
Total Assets	3,332,386	2,894,815	15.1
Deferred Outflows of Resources	4,896	3,283	49.1
Bonds and Notes Payable	2,385,898	2,019,684	18.1
Other Liabilities	<u>620,520</u>	<u>563,027</u>	<u>10.2</u>
Total Liabilities	3,006,418	2,582,711	16.4
Deferred Inflows of Resources	<u>4,571</u>	<u>4,561</u>	<u>0.2</u>
Net Position:			
Net Investment in Capital Assets	8,573	9,092	(5.7)
Restricted	194,415	186,601	4.2
Unrestricted	<u>123,305</u>	<u>115,133</u>	<u>7.1</u>
Total Net Position	<u>\$ 326,293</u>	<u>\$ 310,826</u>	<u>5.0</u>

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023

Financial Analysis of the Corporation (Continued)

June 30, 2023 and 2022 (In Thousands)

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Loans Receivable, Net	\$ 1,428,820	\$ 1,342,468	6.4
Investments	1,081,763	782,382	38.3
Cash and Cash Equivalents	334,167	438,392	(23.8)
Other Assets	50,065	45,775	9.4
Total Assets	<u>2,894,815</u>	<u>2,609,017</u>	<u>11.0</u>
Deferred Outflows of Resources	3,283	2,907	12.9
Bonds and Notes Payable	2,019,684	1,761,841	14.6
Other Liabilities	563,027	513,975	9.5
Total Liabilities	<u>2,582,711</u>	<u>2,275,816</u>	<u>13.5</u>
Deferred Inflows of Resources	<u>4,561</u>	<u>2,066</u>	<u>120.8</u>
Net Position:			
Net Investment in Capital Assets	9,092	9,497	(4.3)
Restricted	186,601	216,146	(13.7)
Unrestricted	<u>115,133</u>	<u>108,399</u>	<u>6.2</u>
Total Net Position	<u>\$ 310,826</u>	<u>\$ 334,042</u>	<u>(7.0)</u>

Total assets of the Corporation increased by 15.1% from 2023 to 2024, as compared to 11.0% from 2022 to 2023. Net loans receivable increased \$13.9 million, or 1.0% from the previous year. Investments increased \$413.4 million, or 38.2% over the previous year which is a result of securitizing the loans as investments to provide stable revenue. Bonds and notes payable increased \$366.2 million, or 18.1%, from 2023, as compared to \$257.8 million, or 14.6% from 2022 to 2023.

During 2024, the Corporation issued \$534.1 million of single-family bonds to finance new loan production. In addition, \$78.0 million of single-family bonds and \$21.8 million of multi-family bonds were redeemed prior to maturity under provisions in the bond resolutions that allow mortgage prepayments, excess revenues and refunded amounts to be used for such purpose.

As of June 30, 2024, and 2023, the net position-to-asset ratio was 9.8% and 10.7% while the loan-to-asset ratio was 43.3% and 49.4%, respectively. The reduction in the net position-to-asset ratio is largely driven by the FMV adjustment, which declined due to market conditions. The loan-to-asset ratio continues to trend down as investments continue to trend upward, driven by loan securitization. These ratios reflect the application of GASB Statement No. 72 and the application of GASB Statement No. 91.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

External Influences

The economy and the level of unemployment in the State of Rhode Island have a direct impact on the Corporation's delinquency experience within its portfolio. The Rhode Island unemployment rate has increased in 2024 to 4.3% from 2.6% in 2023. The Corporation has experienced a decrease in delinquencies in the greater than 90-day category. The delinquency rate has decreased to 3.09% in 2024 from 3.22% in 2023.

Requests for Information

This management's discussion and analysis is designed to provide a general overview of the Corporation's finances. Questions concerning this report may be addressed to the Director of Accounting, Rhode Island Housing and Mortgage Finance Corporation, 44 Washington Street, Providence, Rhode Island, 02903. The Corporation maintains a website at: www.rihousing.com.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

	Operating Fund		Single-Family Fund	
	2024	2023	2024	2023
ASSETS				
Loans Receivable	\$ 762,064,212	\$ 730,369,340	\$ 337,926,299	\$ 324,073,278
Less: Allowance for Loan Losses	(60,456,441)	(37,000,000)	(17,000,000)	(17,000,000)
Loans Receivable, Net	701,607,771	693,369,340	320,926,299	307,073,278
Loans Held for Sale	58,870,259	58,639,140	-	-
Investments	127,287,030	123,295,287	1,367,896,166	956,815,847
Accrued Interest - Loans	2,047,679	1,903,662	1,078,321	929,184
Accrued Interest - Investments	16,425	17,019	5,636,679	3,374,368
Cash and Cash Equivalents	163,500,581	153,085,931	110,103,238	112,598,955
Accounts Receivable, Net	22,501,707	13,231,611	120,725	132,976
Other Assets, Net	26,388,317	26,176,536	4,529,895	2,534,932
Interfund Receivable (Payable)	-	817,002	-	(666,814)
Total Assets	1,102,219,769	1,070,535,528	1,810,291,323	1,382,792,726
DEFERRED OUTFLOWS OF RESOURCES				
Loan Origination Costs	-	-	1,683	1,893
Hedging Instruments	2,626,974	817,912	-	-
Deferred OPEB Outflows	2,267,957	2,463,023	-	-
Total Deferred Outflows of Resources	4,894,931	3,280,935	1,683	1,893
LIABILITIES				
Bonds and Notes Payable	367,936,898	392,803,323	1,703,174,661	1,284,993,857
Accrued Interest Payable on Bonds and Notes	2,120,067	2,005,610	16,475,603	10,484,156
Accounts Payable and Accrued Liabilities	21,057,727	16,008,601	229,032	-
Fees, Net	1,435,547	1,402,403	35,210	43,473
Escrow Deposits	574,458,656	528,514,402	-	-
Total Liabilities	967,008,895	940,734,339	1,719,914,506	1,295,521,486
DEFERRED INFLOWS OF RESOURCES				
Deferred OPEB Inflow	4,570,961	4,561,227	-	-
NET POSITION				
Net Investment in Capital Assets	8,573,070	9,092,104	-	-
Restricted by Bond Resolutions	3,656,838	4,296,058	90,378,500	87,273,133
Unrestricted	123,304,936	115,132,735	-	-
Total Net Position	\$ 135,534,844	\$ 128,520,897	\$ 90,378,500	\$ 87,273,133

See accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2024 AND 2023

	Multi-Family Fund		Total	
	2024	2023	2024	2023
ASSETS				
Loans Receivable	\$ 361,327,680	\$ 369,738,428	\$ 1,461,318,191	\$ 1,424,181,046
Less: Allowance for Loan Losses		-	(77,456,441)	(54,000,000)
Loans Receivable, Net	361,327,680	369,738,428	1,383,861,750	1,370,181,046
Loans Held for Sale	-	-	58,870,259	58,639,140
Investments	-	1,652,275	1,495,183,196	1,081,763,409
Accrued Interest - Loans	2,066,742	1,757,089	5,192,742	4,589,935
Accrued Interest - Investments	-	7,461	5,653,104	3,398,848
Cash and Cash Equivalents	56,480,077	68,481,996	330,083,896	334,166,882
Accounts Receivable, Net	-	-	22,622,432	13,364,587
Other Assets, Net	-	-	30,918,212	28,711,468
Interfund Receivable (Payable)	-	(150,188)	-	-
Total Assets	419,874,499	441,487,061	3,332,385,591	2,894,815,315
DEFERRED OUTFLOWS OF RESOURCES				
Loan Origination Costs	-	-	1,683	1,893
Hedging Instruments	-	-	2,626,974	817,912
Deferred OPEB Outflows	-	-	2,267,957	2,463,023
Total Deferred Outflows of Resources	-	-	4,896,614	3,282,828
LIABILITIES				
Bonds and Notes Payable	314,786,581	341,886,689	2,385,898,140	2,019,683,869
Accrued Interest Payable on Bonds and Notes	2,657,995	2,525,759	21,253,665	15,015,525
Accounts Payable and Accrued Liabilities	56,187	27,298	21,342,946	16,035,899
Fees, Net	1,994,201	2,015,270	3,464,958	3,461,146
Escrow Deposits	-	-	574,458,656	528,514,402
Total Liabilities	319,494,964	346,455,016	3,006,418,365	2,582,710,841
DEFERRED INFLOWS OF RESOURCES				
Deferred OPEB Inflow	-	-	4,570,961	4,561,227
NET POSITION				
Net Investment in Capital Assets	-	-	8,573,070	9,092,104
Restricted by Bond Resolutions	100,379,535	95,032,045	194,414,873	186,601,236
Unrestricted	-	-	123,304,936	115,132,735
Total Net Position	\$ 100,379,535	\$ 95,032,045	\$ 326,292,879	\$ 310,826,075

See accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2024 AND 2023

	Operating Fund		Single-Family Fund	
	2024	2023	2024	2023
OPERATING REVENUES				
Interest Income on Loans	\$ 21,467,870	\$ 23,046,063	\$ 12,607,125	\$ 13,039,381
Interest Income Attributable to Internal Servicing Activities	9,645,367	8,168,810	-	-
Total Interest Income on Loans	31,113,237	31,214,873	12,607,125	13,039,381
Income on Investments:				
Earnings on Investments	4,402,004	1,999,189	61,680,162	35,767,168
Fees	19,642,220	26,686,067	-	-
Servicing Fee Income	2,874,001	2,669,634	-	-
Grant Revenue	98,595,527	157,657,783	-	-
Gain on Sale of Loans	8,182,036	5,683,877	-	-
Total Operating Revenues	164,809,025	225,911,423	74,287,287	48,806,549
OPERATING EXPENSES				
Interest Expense	14,888,063	14,121,514	52,787,341	32,671,792
Personnel Services	28,835,883	29,156,926	-	-
Other Administrative Expenses	12,296,998	17,030,832	150	1,935
Housing Initiatives	5,499,177	2,949,994	-	-
Provision for Loan Losses	1,786,994	5,312,407	145,482	(938,339)
REO Expenditures	(922,688)	(447,224)	3,074	5,770
Bad Debt Expense	118,461	13,846	-	-
Arbitrage Rebate	-	-	229,032	-
Bond Issuance Costs	1,471,512	(754,705)	3,631,277	2,449,420
Depreciation and Amortization of Other Assets	3,925,468	3,531,540	510,139	203,918
Loan Costs	83,215	(1,674,791)	8,732,590	8,909,004
State Rental Subsidy Program	130,857	173,587	-	-
Grant Expense	98,412,869	157,219,316	-	-
Total Operating Expenses	166,526,809	226,633,242	66,039,085	43,303,500
OPERATING INCOME (LOSS)	(1,717,784)	(721,819)	8,248,202	5,503,049
Net Increase (Decrease) in Fair Value of Investments	1,980,276	34,980	(5,142,835)	(39,046,677)
Transfers In (Out)	6,751,455	8,270,454	-	(8,465)
CHANGE IN NET POSITION	7,013,947	7,583,615	3,105,367	(33,552,093)
Net Position - Beginning of Year	128,520,897	120,937,282	87,273,133	120,825,226
NET POSITION - END OF YEAR	<u>\$ 135,534,844</u>	<u>\$ 128,520,897</u>	<u>\$ 90,378,500</u>	<u>\$ 87,273,133</u>

See accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023

	Multi-Family Fund		Total	
	2024	2023	2024	2023
OPERATING REVENUES				
Interest Income on Loans	\$ 20,655,062	\$ 21,156,013	\$ 54,730,057	\$ 57,241,457
Interest Income Attributable to Internal Servicing Activities	-	-	9,645,367	8,168,810
Total Interest Income on Loans	20,655,062	21,156,013	64,375,424	65,410,267
Income on Investments:				
Earnings on Investments	2,676,893	1,725,221	68,759,059	39,491,578
Fees	-	-	19,642,220	26,686,067
Servicing Fee Income	-	-	2,874,001	2,669,634
Grant Revenue	-	-	98,595,527	157,657,783
Gain on Sale of Loans	-	-	8,182,036	5,683,877
Total Operating Revenues	23,331,955	22,881,234	262,428,267	297,599,206
OPERATING EXPENSES				
Interest Expense	10,679,290	10,590,526	78,354,694	57,383,832
Personnel Services	-	-	28,835,883	29,156,926
Other Administrative Expenses	-	-	12,297,148	17,032,767
Housing Initiatives	-	-	5,499,177	2,949,994
Provision for Loan Losses	-	-	1,932,476	4,374,068
REO Expenditures	-	-	(919,614)	(441,454)
Bad Debt Expense	-	-	118,461	13,846
Arbitrage Rebate	28,889	27,299	257,921	27,299
Bond Issuance Costs	4,000	585,885	5,106,789	2,280,600
Depreciation and Amortization of Other Assets	-	-	4,435,607	3,735,458
Loan Costs	558,500	662,798	9,374,305	7,897,011
State Rental Subsidy Program	-	-	130,857	173,587
Grant Expense	-	-	98,412,869	157,219,316
Total Operating Expenses	11,270,679	11,866,508	243,836,573	281,803,250
OPERATING INCOME	12,061,276	11,014,726	18,591,694	15,795,956
Net Increase (Decrease) in Fair Value of Investments	37,669	(276)	(3,124,890)	(39,011,973)
Transfers In (Out)	(6,751,455)	(8,261,989)	-	-
CHANGE IN NET POSITION	5,347,490	2,752,461	15,466,804	(23,216,017)
Net Position - Beginning of Year	95,032,045	92,279,584	310,826,075	334,042,092
NET POSITION - END OF YEAR	<u>\$ 100,379,535</u>	<u>\$ 95,032,045</u>	<u>\$ 326,292,879</u>	<u>\$ 310,826,075</u>

See accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	Operating Fund		Single-Family Fund	
	2024	2023	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest on Loans Receivable	\$ 30,969,220	\$ 30,683,007	\$ 12,457,988	\$ 13,081,663
Repayment of Loans Receivable	57,764,705	49,532,010	29,217,471	34,480,274
Fees Collected (Paid)	22,549,367	29,347,065	(8,263)	(28,042)
Deferred OPEB Inflows/Outflows	204,800	2,815,760	-	-
Other Receipts (Disbursements), Net	46,126,912	48,424,794	-	-
Loans Disbursed	(90,025,860)	(189,112,618)	(43,070,491)	(23,970,580)
Accounts Receivable, Net	(8,934,932)	(124,974)	-	-
Accounts Receivable Expenses	(118,461)	(13,846)	-	-
Loss on Loans Receivable	21,669,447	1,187,593	(145,482)	(61,661)
Income (Loss) on REO Properties	922,688	447,224	(3,074)	(5,770)
Bond Issuance Costs	(1,471,512)	754,705	(3,632,188)	(2,448,510)
Personnel Services	(28,835,884)	(29,156,927)	-	-
Other Administrative Expenses	(12,296,998)	(17,030,832)	(150)	(1,936)
Housing Initiative Expenses	(5,499,177)	(2,949,994)	-	-
Other Assets	(4,137,249)	(3,745,785)	(2,503,982)	(2,499,645)
Arbitrage Rebate	-	-	(229,032)	-
Accounts Payable and Accrued Liabilities	5,049,127	(3,581,703)	229,032	-
Gain on Sale of Loans	8,235,195	6,814,237	(8,732,590)	(8,909,004)
State Rental Subsidy Program	(130,857)	(173,587)	-	-
Transfers from (to) Other Programs	7,568,458	7,469,053	(666,814)	650,549
Net Cash Provided (Used) by Operating Activities	49,608,989	(68,414,818)	(17,087,575)	10,287,338
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from Sale of Bonds and Notes	311,310,000	384,580,032	534,983,557	264,995,757
Payment of Bond and Note Principal	(336,176,425)	(285,704,473)	(113,064,349)	(73,150,000)
Interest Paid on Bonds and Notes	(14,773,606)	(12,652,845)	(50,534,298)	(33,007,597)
Net Cash Provided (Used) by Noncapital Financing Activities	(39,640,031)	86,222,714	371,384,910	158,838,160
CASH FLOWS FROM INVESTING ACTIVITIES				
Redemption of Investments	488,602,515	408,358,050	296,506,904	138,501,670
Earnings on Investments	4,402,598	1,996,548	59,417,850	34,373,666
Purchase of Investments	(492,559,421)	(410,308,030)	(712,717,806)	(475,194,588)
Net Cash Provided (Used) by Investing Activities	445,692	46,568	(356,793,052)	(302,319,252)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,414,650	17,854,464	(2,495,717)	(133,193,754)
Cash and Cash Equivalents - Beginning of Year	153,085,931	135,231,467	112,598,955	245,792,709
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 163,500,581</u>	<u>\$ 153,085,931</u>	<u>\$ 110,103,238</u>	<u>\$ 112,598,955</u>

See accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023

	Multi-Family Fund		Total	
	2024	2023	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest on Loans Receivable	\$ 20,345,410	\$ 21,365,007	\$ 63,772,618	\$ 65,129,677
Repayment of Loans Receivable	18,810,749	89,388,786	105,792,925	173,401,070
Fees Collected (Paid)	(21,070)	504,655	22,520,034	29,823,678
Deferred OPEB Inflows/Outflows	-	-	204,800	2,815,760
Other Receipts (Disbursements), Net	-	-	46,126,912	48,424,794
Loans Disbursed	(10,400,000)	(52,040,452)	(143,496,351)	(265,123,650)
Accounts Receivable, Net	-	-	(8,934,932)	(124,974)
Accounts Receivable Expenses	-	-	(118,461)	(13,846)
Loss on Loans Receivable	-	-	21,523,965	1,125,932
Income (Loss) on REO Properties	-	-	919,614	441,454
Bond Issuance Costs	(4,000)	(585,885)	(5,107,700)	(2,279,690)
Personnel Services	-	-	(28,835,884)	(29,156,927)
Other Administrative Expenses	-	-	(12,297,148)	(17,032,768)
Housing Initiative Expenses	-	-	(5,499,177)	(2,949,994)
Other Assets	-	-	(6,641,231)	(6,245,430)
Arbitrage Rebate	(28,889)	(27,298)	(257,921)	(27,298)
Accounts Payable and Accrued Liabilities	28,889	20,713	5,307,048	(3,560,990)
Gain on Sale of Loans	(558,500)	(662,798)	(1,055,895)	(2,757,565)
State Rental Subsidy Program	-	-	(130,857)	(173,587)
Transfers from (to) Other Programs	(6,901,644)	(8,119,602)	-	-
Net Cash Provided (Used) by Operating Activities	21,270,945	49,843,126	53,792,359	(8,284,354)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from Sale of Bonds and Notes	-	60,965,000	846,293,557	710,540,789
Payment of Bond and Note Principal	(27,105,000)	(90,470,000)	(476,345,774)	(449,324,473)
Interest Paid on Bonds and Notes	(10,542,162)	(10,937,957)	(75,850,066)	(56,598,399)
Net Cash Provided (Used) by Noncapital Financing Activities	(37,647,162)	(40,442,957)	294,097,717	204,617,917
CASH FLOWS FROM INVESTING ACTIVITIES				
Redemption of Investments	1,696,000	902	786,805,419	546,860,622
Earnings on Investments	2,684,354	1,723,077	66,504,802	38,093,291
Purchase of Investments	(6,056)	(10,280)	(1,205,283,283)	(885,512,898)
Net Cash Provided (Used) by Investing Activities	4,374,298	1,713,699	(351,973,062)	(300,558,985)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,001,919)	11,113,868	(4,082,986)	(104,225,422)
Cash and Cash Equivalents - Beginning of Year	68,481,996	57,368,128	334,166,882	438,392,304
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 56,480,077</u>	<u>\$ 68,481,996</u>	<u>\$ 330,083,896</u>	<u>\$ 334,166,882</u>

See accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023

	Operating Fund		Single-Family Fund	
	2024	2023	2024	2023
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss) After FMV Adjustment	\$ 262,492	\$ (686,839)	\$ 3,105,367	\$ (33,543,628)
Adjustments:				
Earnings on Investments	(4,402,598)	(1,996,548)	(59,417,850)	(34,373,666)
Net (Increase) Decrease in Fair Value of Investments	(1,980,276)	(34,980)	5,142,835	39,046,677
Interest Paid on Bonds and Notes	14,773,606	12,652,845	50,534,298	33,007,597
Bond Premium Discount Amortization			(3,738,404)	(3,374,902)
Transfer of Investments and/or Net Position	6,751,455	8,270,454	-	(8,465)
(Increase) Decrease in Assets:				
Loans Receivable/Loss Allowance	(8,469,550)	(133,210,655)	(13,853,021)	9,509,695
Accrued Interest - Loans	(144,017)	(531,865)	(149,137)	42,282
Accrued Interest - Investments	594	(2,642)	(2,262,311)	(1,393,503)
Accounts Receivable, Net	(9,270,096)	5,072	-	-
Other Assets	(211,781)	(214,244)	(1,994,963)	(2,295,006)
Interfund Receivable (Payable)	817,002	(801,402)	(666,814)	659,014
(Increase) Decrease in Deferred Outflows	331,442	(223,938)	210	188
Increase (Decrease) in Liabilities:				
Accrued Interest - Bonds and Notes	114,457	1,468,669	5,991,447	3,039,097
Accounts Payable/Accrued Liabilities	5,049,126	(3,581,705)	229,032	-
Fees, Net	33,145	(8,635)	(8,264)	(28,042)
Escrow Deposits	45,944,254	47,986,328	-	-
Increase (Decrease) in Deferred Inflows	9,734	2,495,267	-	-
Total Adjustments	49,346,497	(67,727,979)	(20,192,942)	43,830,966
Net Cash Provided (Used) by Operating Activities	\$ 49,608,989	\$ (68,414,818)	\$ (17,087,575)	\$ 10,287,338

See accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023

	Multi-Family Fund		Total	
	2024	2023	2024	2023
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss) After FMV Adjustment	\$ 12,098,945	\$ 11,014,450	\$ 15,466,804	\$ (23,216,017)
Adjustments:				
Earnings on Investments	(2,684,354)	(1,723,077)	(66,504,802)	(38,093,291)
Net (Increase) Decrease in Fair Value of Investments	(37,669)	276	3,124,890	39,011,973
Interest Paid on Bonds and Notes	10,542,162	10,937,957	75,850,066	56,598,399
Bond Premium Discount Amortization	4,892	1,846	(3,733,512)	(3,373,056)
Transfer of Investments and/or Net Position	(6,751,455)	(8,261,989)	-	-
(Increase) Decrease in Assets:				
Loans Receivable/Loss Allowance	8,410,748	37,348,334	(13,911,823)	(86,352,626)
Accrued Interest - Loans	(309,653)	208,993	(602,807)	(280,590)
Accrued Interest - Investments	7,461	(2,143)	(2,254,256)	(1,398,288)
Accounts Receivable, Net	-	-	(9,270,096)	5,072
Other Assets	-	-	(2,206,744)	(2,509,250)
Interfund Receivable (Payable)	(150,188)	142,388	-	-
(Increase) Decrease in Deferred Outflows	-	-	331,652	(223,750)
Increase (Decrease) in Liabilities:				
Accrued Interest - Bonds and Notes	132,236	(349,277)	6,238,140	4,158,489
Accounts Payable/Accrued Liabilities	28,889	20,713	5,307,047	(3,560,992)
Fees, Net	(21,069)	504,655	3,812	467,978
Escrow Deposits	-	-	45,944,254	47,986,328
Increase (Decrease) in Deferred Inflows	-	-	9,734	2,495,267
Total Adjustments	9,172,000	38,828,676	38,325,555	14,931,663
Net Cash Provided (Used) by Operating Activities	\$ 21,270,945	\$ 49,843,126	\$ 53,792,359	\$ (8,284,354)

See accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENTS OF FIDUCIARY NET POSITION – PRIVATE PURPOSE TRUST
COMPONENT UNIT AFFORDABLE HOUSING TRUST
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Loans Receivable	\$ 69,190,978	\$ 56,410,291
Less: Allowance for Loan Losses	<u>(13,169,728)</u>	<u>(8,500,000)</u>
Loans Receivable, Net	56,021,250	47,910,291
Investments	11,082,099	11,599,535
Accrued Interest - Loans	121,090	68,083
Accrued Interest - Investments	13,102	13,363
Cash and Cash Equivalents	46,172,477	53,849,685
Accounts Receivable, Net	17,781	17,781
Other Assets, Net	<u>403,137</u>	<u>403,137</u>
Total Assets	113,830,936	113,861,875
LIABILITIES		
Accounts Payable and Accrued Liabilities	<u>500,000</u>	<u>557,147</u>
NET POSITION		
Restricted for Organizations	<u>113,330,936</u>	<u>113,304,728</u>
Total Net Position	<u><u>\$ 113,330,936</u></u>	<u><u>\$ 113,304,728</u></u>

See accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION – PRIVATE PURPOSE TRUST
COMPONENT UNIT AFFORDABLE HOUSING TRUST
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ADDITIONS		
Interest Income on Loans	\$ 1,389,612	\$ 1,043,207
Earnings on Investments:		
Interest on Investments	1,720,473	1,796,436
Trust Receipts	<u>2,697,614</u>	<u>3,586,606</u>
Total Additions	<u>5,807,699</u>	<u>6,426,249</u>
DEDUCTIONS		
Housing Initiatives	500,000	662,500
Provision for Loan Losses	5,000,000	3,000,000
Cost to Sell Loans	<u>15,407</u>	<u>15,662</u>
Total Deductions	<u>5,515,407</u>	<u>3,678,162</u>
OPERATING INCOME	292,292	2,748,087
Net Increase (Decrease) in Fair Value of Investments	<u>(266,084)</u>	<u>(636,100)</u>
CHANGE IN NET POSITION	26,208	2,111,987
Net Position - Beginning of Year	<u>113,304,728</u>	<u>111,192,741</u>
NET POSITION - END OF YEAR	<u><u>\$ 113,330,936</u></u>	<u><u>\$ 113,304,728</u></u>

See accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Description of Financial Reporting Entity

Rhode Island Housing and Mortgage Finance Corporation (the Corporation) is a public instrumentality established in 1973 by an act of the Rhode Island General Assembly. The Corporation was created to originate loans and administer other activities to expand the supply of housing available to persons of low and moderate income and to stimulate the construction and rehabilitation of housing and health care facilities in the state of Rhode Island (the State). It has the power to issue negotiable notes and bonds to achieve its corporate purpose. The notes and bonds do not constitute a debt of the State, and the State is not liable for the repayment of such obligations.

The Corporation is considered a component unit of the State and is included in the State's annual comprehensive financial report.

The Corporation is exempt from federal and state income taxes.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the Corporation applies the criteria prescribed by Governmental Accounting Standards Board (GASB). Through the application of GASB criteria, the Corporation determined that the Affordable Housing Trust Fund (the Trust) is a component unit of the Corporation, and the Trust has been presented in the accompanying fiduciary fund financial statements. Control over and financial accountability for the Trust is determined based on appointment by a voting majority of the Trust's trustees.

B. Affordable Housing Trust Fund

The Affordable Housing Trust Fund (the Trust) is a separate legal entity created pursuant to a trust agreement initiated by the Corporation. The Trust is a private-purpose trust established to assist in activities that involve the creation and preservation of affordable housing in the State. All resources of the Trust, including income on investments and other revenues, are held in trust for the benefit of private and nonprofit organizations. Trust receipts are derived from payments related to affordable housing preservation transactions and funds received to administer housing programs. There is no requirement that any portion of the Trust's resources be preserved as capital. The Trust administers its affairs through its trustees, records its assets in segregated accounts, and maintains financial records separate from the Corporation.

C. Financial Statement Presentation, Measurement Focus and Basis of Accounting

The Corporation engages only in business-type activities. Business-type activities are activities that are financed in whole or in part by fees charged to external parties. The accompanying combining statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows (enterprise fund financial statements) present the financial information of the Corporation.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Financial Statement Presentation, Measurement Focus, and Basis of Accounting (Continued)

The Corporation classifies its business-type activities into funds, reported as separate columns within the enterprise fund financial statements, each representing a fiscal and accounting entity with a self-balancing set of accounts segregated to carry on specific activities in accordance with bond resolutions established under various trust indentures, special regulations restrictions, or limitations. All interfund activity has been eliminated from the combining totals in the accompanying financial statements. Transfers between funds are made to cover the operating costs associated with management of bond resolutions. Transfers also consist of reimbursement of collateral for bond resolutions previously funded by the operating fund.

The Operating Fund accounts for the receipt of income not directly pledged to the repayment of specific bonds and notes, expenses related to the Corporation's administrative functions, and for various housing program activities that are not covered by bond resolutions. The Operating Fund also accounts for the activities of the Corporation's two separate subsidiaries: Rhode Island Housing Equity Corporation and Rhode Island Housing Development Corporation. The Single-Family Housing Fund includes transactions and programs designed to provide affordable housing to eligible persons and families within the State for properties with one to four dwelling units. All loans whether originated by the Corporation or purchased from participating lenders, are in compliance with bond resolutions. The Multi-Family Fund includes financing activities with the intent to originate multi-family loans secured by a lien.

The Trust engages only in fiduciary activities. Separate financial statements are presented for the Trust as fiduciary activities are excluded from presentation in financial statements.

The Corporation and the Trust use the economic resources measurement focus and accrual basis of accounting. The accompanying financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) for governments as prescribed by GASB, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Financial Statement Presentation, Measurement Focus, and Basis of Accounting (Continued)

The Corporation has presented an unclassified combining statement of net position in accordance with financial institution industry trade practice. Although contractual terms define the principal amounts of loans receivable and the amount of principal required to be paid on bonds and notes payable within one year from the date of the combining statement of net position, the actual principal amounts received on loans and repaid on bonds and notes are significantly affected by changes in interest rates, economic conditions, and other factors. Consequently, the principal amount of loans receivable and the principal amount payable for bonds and notes based on contractual terms would not be representative of actual amounts received or paid, and such amounts are not reliably estimable.

The Corporation distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from services provided in connection with the Corporation's principal ongoing operations. The Corporation reports the Net Increase (Decrease) in the Fair Value of Investments as nonoperating. The intent of the Corporation is to hold the investments to maturity which will not result in realized gains or losses. Operating expenses include the cost of services provided, administrative expenses, and depreciation and amortization expense. All other revenues and expenses are reported as nonoperating revenues and expenses.

D. Loans Receivable and Allowance for Loan Losses

Loans receivables are reported at their outstanding principal balance adjusted for any charge-offs and the allowance for loan losses.

In general, interest income on loans receivable is recognized on the accrual basis. A loan is considered delinquent when payments are not made in accordance with contractual terms. Loans go into "nonaccrual status" when loan payments are delinquent for 90 days or more. Interest income is no longer accrued, and any accrued interest is reversed. Loans are returned to accrual status when all amounts contractually due are brought current or the loans have been restructured and future payments are reasonably assured. For certain deferred loans which specify that interest is payable based on available cash flow or the availability of other specified sources, related interest is recorded as income when received.

Losses on loans are provided for under the allowance method of accounting. The allowance is increased by provisions charged to operating expenses and by recoveries of previously charged-off loans. The allowance is decreased as loans are charged off.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Loans Receivable and Allowance for Loan Losses (Continued)

The allowance represents an amount that management believes will be adequate to provide for potential loan losses based on an evaluation of collectibility and prior loss experience, known and inherent risk in the portfolio, changes in the nature and volume of the loan portfolio, overall portfolio quality, specifically identified high risk loans, the estimated value of the underlying collateral, current and anticipated economic conditions that may affect the borrower's ability to pay, historical loss experience, and the types of mortgage insurance or guarantee programs provided by outside parties. Substantially all loans are secured by real estate in Rhode Island; accordingly, the ultimate collectibility of the loans is susceptible to changes in market conditions in the area. Management believes the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, evaluation assessments made by management are inherently subjective and future adjustments to the allowance may be necessary if economic conditions differ substantially from the assumptions used at the time of the evaluation.

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Such loans are presented as loans held for sale on the accompanying statements of net position. Gains and losses from sales of loans are recognized based upon the difference between the fair value of mortgage-backed securities forward contracts at date of commitment and the carrying value of the underlying loans.

E. Cash and Cash Equivalents

Cash and cash equivalents represent funds on deposit with various financial institutions and funds held by the trustees of the various bond programs. Deposits held in financial institutions and all highly liquid investments, such as U.S. Treasury Bills and Notes, with original maturities of 90 days or less are considered cash and cash equivalents.

F. Investments

Investments held by the Corporation consist of those permitted by the various bond resolutions and the Corporation's investment policy. Investments include securities of the U.S. Government and of U.S. Government agencies, securities guaranteed by the U.S. Government and U.S. Government agencies, savings accounts, and guaranteed investment contracts.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments (Continued)

In accordance with GASB Statement No. 72 (GASB 72), money market investments having a remaining maturity of one year or less at time of purchase are reported at amortized cost if the fair value of such investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Investments in nonparticipating interest earning investment contracts, such as nonnegotiable and nontransferable guaranteed investment contracts, which are redeemable at contract or stated value rather than fair value based on current market rates and certificates of deposit with redemption terms that do not consider market rates, are reported at cost or amortized cost provided that the fair value of such contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors. Investments not reported at cost or amortized cost are reported at fair value in accordance with GASB No. 72. The fair value of securities is provided by an investment trustee as reported by recognized pricing firms. The reported amounts of investments not otherwise reported at fair value approximate their fair value.

All investment income, including changes in the fair value of investments, is reported as revenue in the Corporation's statements of revenues, expenses, and changes in net position and in the Trust's statement of changes in fiduciary net assets. The Corporation records a liability for the portion of investment income that is rebateable to the United States government under Section 103A of the Internal Revenue Code, as amended, (the Code) for tax-exempt bonds sold after 1981. The Code requires that such excess investment income be remitted to the Internal Revenue Service. Such rebateable investment income is included in accounts payable and accrued liabilities in the accompanying statements of net position and recorded within operating expenses in the statements of revenues, expenses and changes in net position.

G. Bond Issuance Costs, Premiums, Discounts, and Early Retirements

In accordance with GASB Statement No. 65, costs associated with issuing bonds are reported in the combining statements of revenues, expenses, and changes in net position in the year the bond is issued. In addition, when refinancing debt, the costs associated with the refinanced bond are also reported in the combining statements of revenues, expenses, and changes in net position in the year in which the bond is refinanced.

Premiums and discounts are capitalized and amortized using a method that approximates the interest method over the life of the related issue or to the date the Corporation has the option to redeem the bonds.

The Corporation periodically retires bonds prior to their redemption date. Any premium paid on the call related to the early retirement of bonds that are not refunded is reported in the combining statements of revenues, expenses, and changes in net position.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Assets

Other assets of the Corporation are principally comprised of property and equipment, certain other real estate owned, and deferred servicing costs related to service release premiums paid to participating originating lenders for origination of single-family loans. The Corporation depreciates property and equipment on a straight-line basis over the assets' estimated lives, which range from 3 to 40 years.

The Corporation states its other real estate owned acquired through or in lieu of foreclosure at the lower of cost or fair value less the cost to sell. Fair value of such assets is determined based on independent appraisals and other relevant factors. Other real estate owned in the Single-Family Fund is partially insured or guaranteed by outside parties and it is anticipated that the Corporation will recover substantially all the balance of these assets through such insurance and from proceeds from the sale of the underlying properties. The Corporation holds such properties for subsequent sale in a manner that will allow maximization of value. Carrying costs relating to other real estate owned are recorded in the Operating Fund.

I. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period. The measurement date for the reported liability was June 30, 2023.

The Corporation reports total OPEB liability as a component of accounts payable and accrued liabilities on the combining statement of net position.

J. Deferred Inflows and Outflows of Resources

Deferred outflows of resources represent the consumption of net asset that applies to a future period or periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net asset that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Inflows and Outflows of Resources (Continued)

The Corporation reports deferred outflows of resources related to loan origination costs in the combining statements of net position. Expenses will be recognized once the related loans are sold.

Fair values of both hedging derivatives and investment derivatives (if any) are presented on the combining statements of net position either as a derivative liability (negative fair value) or as a derivative asset (positive fair value). The difference between the notional amount and fair value of the derivatives that are determined to be effective hedges is recorded as a deferred inflow or outflow of resources on the Corporation's combining statements of net position. The Corporation uses derivative financial instruments to manage and reduce the exposure to adverse fluctuations in interest rates and to lower the overall cost of financing. The Corporation's derivatives consist of forward sales contracts to sell mortgage-backed securities in the To-Be-Announced market and interest rate swap agreements entered into with rated swap counterparties in connection with its issuance of variable rate mortgage revenue bonds.

The Corporation reports deferred outflows and inflows related to Other Postemployment Benefits (OPEB) in the statement of net position which result from differences between expected and actual experience, changes in assumptions or other inputs, and contributions after the measurement date. These amounts are deferred and included in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits, the one exception being contributions made after the measurement date which are recognized as OPEB expense in the following year.

The Corporation reports a deferred inflow of resources related to OPEB. That deferred inflow results from contributions made subsequent to the measurement date.

K. Net Position

Net position is classified into three components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets represents the net book value of all capital assets reduced by the outstanding balances of bonds and other debt and deferred inflows of resources, if any, used to acquire, construct, or improve these assets, and increased by deferred outflows of resources related to those assets, if any. Restricted net position consists of restricted assets that have been limited in use as specified either externally by creditors, contributors, laws, or government regulations, or internally by enabling legislation or law. Restricted assets are reduced by liabilities and deferred inflows of resources related to the restricted assets. Unrestricted net position consists of amounts not included in net investment in capital assets or restricted net position.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Net Position (Continued)

The Corporation classifies all net position amounts associated with its bond resolutions as restricted net position. Under bond indentures, all assets assigned to these programs are pledged for the benefit of the bondholders of each program; consequently, the Corporation classifies all such amounts, while retained in the bond programs, as restricted. Transfers from the bond programs to the Operating Fund are made when transfers are approved and authorized by the Corporation's management and such amounts are not specifically required to be retained within the bond program. Transfers during the years ended June 30, 2024 and 2023 include cash transfers for reimbursement of activities in support of the bond programs.

Restricted net position in the Operating Fund is comprised of the amount of assets required to be pledged as collateral to a lender in excess of outstanding amounts borrowed as well as assets restricted for federal programs. At June 30, 2024 and 2023, restricted amounts totaled \$3,656,838 and \$4,296,058, respectively.

L. Interest Income on Loans

The Corporation presents two categories of interest income. The first category, "interest income on loans," represents the interest component of the mortgagors' payments due to all mortgage servicing entities (including the Corporation's Operating Fund). The second category, "interest income attributable to internal servicing activities," represents compensation earned for mortgage servicing for those loans serviced by the Corporation. Together, these two components comprise interest income on loans owned by the Corporation.

M. Use of Estimates

Management has made several estimates and assumptions relating to the reporting of assets and liabilities, revenues and expenses, and disclosure of contingent assets and liabilities when preparing the financial statements in conformity with accounting principles generally accepted in the United States. Actual results could differ from those estimates.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fee and Grant Revenue

Recognition of grant revenue is recognized and accrued based on the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when actually received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made. Fee income is accrued as earned and includes fees received from loan originations, securitization premiums, loan servicing fees and Section 8 administrative fees received from the U.S. Department of Housing and Urban Development (HUD), including administrative fees that are paid by HUD to the Corporation under the Performance-Based Contract Administration (PBCA) contract for certain Section 8 projects throughout Rhode Island.

NOTE 2 RESTRICTED ASSETS

Certain assets are restricted by covenants and agreements as a result of transactions including bond sales, mortgages generated with lending institutions, and funding provided by HUD programs. All Assets in the Single-Family and Multi-Family Funds are restricted. Restricted assets in the Operating Fund include Cash and Cash Equivalents, Investments, Loans, and Other Assets. At June 30, 2024 and 2023, restricted assets in the Operating Fund totaled \$875,216,403 and \$819,684,690, respectively.

NOTE 3 LOANS RECEIVABLE

The Corporation provides single-family mortgage loans to qualified borrowers in the State. The mortgage loans are generally required to be insured through the Federal Housing Administration (FHA), guaranteed by the Department of Veterans Administration (VA) or USDA Rural Development, or conventionally financed with traditional primary mortgage insurance. Under the single-family program guidelines, conventionally financed single-family mortgage loans with an initial loan-to-value ratio of greater than 80% are insured by private mortgage insurance carriers. As these loans amortize and the loan to-value ratio falls below 80%, the private mortgage insurance coverage may be terminated.

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NOTE 3 LOANS RECEIVABLE (CONTINUED)

At June 30, the single-family mortgage loan balances in the Single-Family Fund are insured, subject to maximum insurable limits described below:

	2024	2023
Private Mortgage Insurance	\$ 39,420,906	\$ 47,501,229
FHA Insurance	150,681,619	121,650,370
VA Guaranteed	2,715,587	2,940,003
USDA/RD Guaranteed	3,130,262	3,741,094
Uninsured	141,977,925	148,240,582
Total	<u>\$ 337,926,299</u>	<u>\$ 324,073,278</u>

The FHA program insures the repayment of the unpaid principal amount of the mortgage upon foreclosure and conveyance of title to the Secretary of HUD. The insurance proceeds are usually paid in cash, but at the discretion of the Secretary, may be settled through issuance of 20-year debentures. The VA mortgage loan guarantee covers from 25% up to 50% of the original principal amount of a loan up to a maximum of \$60,000 depending on the loan amount. Private mortgage insurers must be qualified to insure mortgages purchased by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association (FNMA) and must be authorized to do business in the State. Private mortgage insurance typically covers between 6% and 35% of claims depending upon the premium plan and coverage selected when the loan is originated. The risk exists that if these private mortgage insurance companies are not able to honor claims, these loans would be considered uninsured.

The Corporation has entered into a risk-sharing agreement with HUD whereby HUD will provide partial mortgage insurance on affordable multi-family housing developments financed by the Corporation. The risk of loss to the Corporation varies from 10% to 50% depending on the level of participation by HUD. In the Multi-Family Fund and Operating Fund, loan balances at June 30, 2024 of \$327,541,630 and \$283,831,077, respectively, and at June 30, 2023 of \$326,845,040 and \$267,195,436, respectively, are insured under such agreements subject to maximum participation limits. At June 30, 2024 and 2023, loan balances of \$6,167,198 and \$6,268,949, respectively, in the Trust are also insured under such agreements.

In May 2012, the Corporation entered into an agreement with FNMA whereby single-family mortgage loans originated under the Corporation's program guidelines may be sold directly to FNMA or pooled into a mortgage-backed security that will be guaranteed by FNMA. In October 2020, the Corporation entered into an agreement with Freddie Mac whereby single-family mortgage loans originated under the Corporation's program guidelines may be sold directly to Freddie Mac or pooled into a mortgage-backed security that would be guaranteed by Freddie Mac. As of June 30, 2024, 2,950 loans had been sold directly to FNMA, 741 loans had been sold directly to Freddie Mac, and eight mortgage-backed securities had been issued. As of June 30, 2023, 2,926 loans had been sold directly to FNMA, 114 loans had been sold directly to Freddie Mac, and eight mortgage-backed securities had been issued.

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JUNE 30, 2024 AND 2023

NOTE 3 LOANS RECEIVABLE (CONTINUED)

At June 30, 2024 and 2023, the percentage of loan dollars that are in a first lien position by fund is as follows:

	<u>2024</u>	<u>2023</u>
Operating Fund	55 %	59 %
Single-Family	86 %	85 %
Multi-Family	93 %	94 %
Affordable Housing Trust	27 %	29 %

The payment of interest by borrowers on certain loans recorded in the Corporation's Operating Fund, Single-Family Fund, and Multi-Family Fund is deferred and is payable by borrowers only from available cash flow, as defined in the loan agreements or other specified sources. Interest income on such loans is recorded only when received from the borrower. For the years ended June 30, 2024 and 2023, interest received under such deferred loan arrangements was \$256,025 and \$418,386, respectively, in the Operating Fund, and \$295,693 and \$278,933, respectively, in the Single-Family Fund. In addition, the Corporation administers certain federal and state loan programs, which are either deferred forgivable loans or noninterest bearing. Loans under these programs totaled \$317,896,578 and \$240,177,800 at June 30, 2024 and 2023, respectively.

At June 30, principal balances outstanding under deferred and noninterest bearing loan arrangements are as follows:

	<u>2024</u>	<u>2023</u>
Operating Fund:		
Single-Family Loans	\$ 37,577,074	\$ 33,010,182
Multi-Family Loans	343,588,029	271,144,821
Subtotal	<u>381,165,103</u>	<u>304,155,003</u>
Single-Family Fund:		
Single-Family Loans	11,884,799	11,701,251
Total	<u><u>\$ 393,049,902</u></u>	<u><u>\$ 315,856,254</u></u>

Certain loans recorded in the Corporation's Operating Fund and Single-Family Fund are on nonaccrual status due to delinquency over 90 days. At June 30, 2024 and 2023, principal outstanding under such nonaccrual status loans is as follows:

	<u>2024</u>	<u>2023</u>
Operating Fund:		
Single-Family Loans	\$ 10,573,353	\$ 8,501,045
Single-Family Fund:		
Single-Family Loans	12,814,899	11,439,468
Total	<u><u>\$ 23,388,252</u></u>	<u><u>\$ 19,940,513</u></u>

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NOTE 3 LOANS RECEIVABLE (CONTINUED)

A summary of the changes in the allowance for loan losses for the Corporation is as follows:

	2024	2023
Balance, Beginning of Year	\$ 54,000,000	\$ 48,500,000
Loans Charged Off, Net of Recoveries	(450,374)	(13,356)
Write-Down of REO Properties	(14,680)	(68,633)
Provision for Loan Losses	1,932,476	4,374,068
Allowance Related to Federal Loan Programs	21,989,019	1,207,921
	<u>\$ 77,456,441</u>	<u>\$ 54,000,000</u>
Balance, End of Year	<u>\$ 77,456,441</u>	<u>\$ 54,000,000</u>

A summary of the changes in the allowance for loan losses for the Trust is as follows:

	2024	2023
Balance, Beginning of Year	\$ 8,500,000	\$ 5,500,000
Loans Charged Off, Net of Recoveries	(330,272)	-
Provision for Loan Losses	5,000,000	3,000,000
	<u>\$ 13,169,728</u>	<u>\$ 8,500,000</u>
Balance, End of Year	<u>\$ 13,169,728</u>	<u>\$ 8,500,000</u>

In addition to the allowance for loan losses, the Corporation maintains an escrow account funded by certain mortgage lenders (the Mortgage Lender's Reserve Account). This Mortgage Lenders Reserve Account equals a percentage of the outstanding principal balance of certain mortgage loans purchased from an applicable mortgage lender and is available to the Corporation in the event the proceeds realized upon the default and foreclosure of any covered mortgage loan is less than the amount due to the Corporation. At June 30, 2024 and 2023, the Mortgage Lender's Reserve Account totaled \$204,076.

NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The Corporation assumes levels of custodial credit risk for its cash and cash equivalents. Custodial credit risk is the risk that in the event of a financial institution failure, the Corporation's deposits may not be returned to it. Cash and cash equivalents are exposed to custodial credit risk as follows: a) uninsured and uncollateralized; b) uninsured and collateralized with securities held by the financial institution trust departments in the Corporation's or Trust's name; and c) uninsured and collateralized with securities held by financial institution trust departments or agents which are not held in the Corporation's or Trust's name.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
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JUNE 30, 2024 AND 2023

NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Cash and Cash Equivalents (Continued)

The State requires that certain uninsured deposits of the State and State Agencies be collateralized. Section 35-10.1-7 of the General Laws of the State, dealing with the collateralization of public deposits, requires all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet its minimum capital standards as required by its Federal regulator be collateralized. The Corporation does not have any additional policy regarding custodial credit risk for its deposits.

Cash and cash equivalents of the Corporation were exposed to custodial credit risk at June 30, 2024 and 2023, as follows:

Rhode Island Housing and Mortgage Finance Corporation

	June 30, 2024				Total Bank Balance
	Book Balance	Insured	A	C	
Cash Deposits - Operating	\$ 103,466,430	\$ 2,900,467	\$ 7,019,110	\$ 103,464,410	\$ 113,383,987
Cash Deposits - Single-Family	2,062,019	-	-	-	-
Cash Deposits - Multi-Family Funds	2,100,481	-	-	-	-
Cash Deposits - Escrows	56,838,981	-	-	56,838,981	56,838,981
Total Deposits	164,467,911	2,900,467	7,019,110	160,303,391	170,222,968
Money Market Mutual Funds	165,615,985	-	-	-	165,615,985
Total Cash and Cash Equivalents	<u>\$ 330,083,896</u>	<u>\$ 2,900,467</u>	<u>\$ 7,019,110</u>	<u>\$ 160,303,391</u>	<u>\$ 335,838,953</u>

Rhode Island Housing and Mortgage Finance Corporation – Private Purpose Trust

	June 30, 2024				Total Bank Balance
	Book Balance	Insured	A	C	
Cash Deposits	\$ 41,172,477	\$ 250,000	\$ -	\$ 40,922,477	\$ 41,172,477
Money Market Mutual Funds	5,000,000	-	-	-	5,000,000
Total Cash and Cash Equivalents	<u>\$ 46,172,477</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 40,922,477</u>	<u>\$ 46,172,477</u>

Rhode Island Housing and Mortgage Finance Corporation

	June 30, 2023				Total Bank Balance
	Book Balance	Insured	A	C	
Cash Deposits - Operating	\$ 87,882,629	\$ 2,894,331	\$ 6,453,819	\$ 89,330,234	\$ 98,678,384
Cash Deposits - Single-Family	1,258,032	-	-	-	-
Cash Deposits - Multi-Family Funds	2,625,473	-	-	-	-
Cash Deposits - Escrows	62,438,159	-	-	62,438,159	62,438,159
Total Deposits	154,204,293	2,894,331	6,453,819	151,768,393	161,116,543
Money Market Mutual Funds	179,962,589	-	-	-	179,962,589
Total Cash and Cash Equivalents	<u>\$ 334,166,882</u>	<u>\$ 2,894,331</u>	<u>\$ 6,453,819</u>	<u>\$ 151,768,393</u>	<u>\$ 341,079,132</u>

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
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NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Cash and Cash Equivalents (Continued)

Rhode Island Housing and Mortgage Finance Corporation – Private Purpose Trust

	June 30, 2023				Total Bank Balance
	Book Balance	Insured	A	C	
Cash Deposits	\$ 43,154,527	\$ 250,000	\$ -	\$ 42,895,064	\$ 43,145,064
Money Market Mutual Funds	10,695,158				10,695,158
Total Cash and Cash Equivalents	<u>\$ 53,849,685</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 42,895,064</u>	<u>\$ 53,840,222</u>

Cash and cash equivalents in the Single-Family Fund and Multi-Family Fund are principally invested in short-term United States Government money market funds. At June 30, investments in United States Government money market funds are as follows:

	2024	2023
Operating Fund	\$ 3,195,170	\$ 2,765,143
Single-Family Fund	108,041,219	111,340,924
Multi-Family Fund	54,379,596	65,856,522
Total	<u>\$ 165,615,985</u>	<u>\$ 179,962,589</u>
Affordable Housing Trust	<u>\$ 5,000,000</u>	<u>\$ 10,695,158</u>

The funds are rated AAA and invested only in U.S. Treasuries, U.S. Agencies, and repurchase agreements collateralized by U.S. Treasury and Agency securities. Since the funds offer a floating rate that tends to move with other U.S. market risk-free rates, there is substantially no interest rate risk associated with these short-term investments. Because of the quality of the underlying securities in the asset pool and the institutions involved in the management and custody, there is no material credit or custodial risk in this portfolio. These investments are used as temporary cash management instruments. The fair value of these money market funds reflects the net asset value reported by the fund administrator which is a stable \$1 per unit. The underlying investments which are short-term cash equivalent type investments are generally carried at amortized cost which approximates fair value. There are no withdrawal limitations for the money market mutual funds.

Investments

The first objective of the Corporation investment strategy is to minimize risk and maximize the preservation of capital. All investments are to be made in a manner to minimize any risk which would jeopardize the safety of the principal invested. The second objective is to maintain sufficient liquidity to match cash flow requirements. The third objective is to maximize yield after satisfying the first two objectives. Other major considerations include diversification of risk and maintenance of credit ratings.

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NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in a debt instrument. As a means of limiting exposure to fair value losses arising from rising interest rates, the Board of Commissioners' (the Board) established an investment policy for the Corporation's Operating Fund limits. The maximum investments in certain maturities or repricing maturities are as follows:

Maturity	Maximum Investment
Less Than One Year	100%
One to Five Years	25%
Greater Than Five Years	0%

At June 30, 2024 and 2023, the Operating Fund holds two investments with a maturity of greater than five years. These investments are marketable securities that are pledged as collateral to a lender for borrowings.

While each of the bond resolutions contains investment policies which describe acceptable investments, there are no specific policies for percentage maximum investments with respect to the Single-Family Fund, Multi-Family Fund, and the Trust (collectively referred to as the Other Funds). The Corporation strives to match asset and liability maturities. The Corporation manages interest rate risk by considering variables such as mortgage prepayment frequency, expected asset lives, utilization of interest sensitivity gap (segmented time distribution), and simulation analysis.

At June 30, the distribution of investments by remaining or repricing maturity is as follows:

	June 30, 2024			
	Investment Maturities (Years)			Total
	Less Than 1	1-5 Years	5 Years or More	
Operating Fund:				
U.S. Government Obligations	\$ 1,381,840	\$ -	\$ 1,493,212	\$ 2,875,052
Single-Family Fund:				
U.S. Government Obligations	-	-	1,359,824,358	1,359,824,358
U.S. Agency Obligations	-	-	5,188,313	5,188,313
Guaranteed Investment Contracts	2,883,495	-	-	2,883,495
Total Single-Family Fund	2,883,495	-	1,365,012,671	1,367,896,166
Multi-Family Fund:				
U.S. Government Obligations	-	-	-	-
U.S. Agency Obligations	-	-	-	-
Guaranteed Investment Contracts	-	-	-	-
Total Multi-Family Fund	-	-	-	-
Escrows*	-	124,411,978	-	124,411,978
Subtotal	4,265,335	124,411,978	1,366,505,883	1,495,183,196
Trust:				
U.S. Government Obligations	-	-	11,050,410	11,050,410
U.S. Agency Obligations	31,689	-	-	31,689
Subtotal	31,689	-	11,050,410	11,082,099
Total	\$ 4,297,024	\$ 124,411,978	\$ 1,377,556,293	\$ 1,506,265,295

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NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

	June 30, 2023			
	Investment Maturities (Years)			Total
	Less Than 1	1-5 Years	5 Years or More	
Operating Fund:				
U.S. Government Obligations	\$ 1,586,887	\$ -	\$ 1,564,831	\$ 3,151,718
Single-Family Fund:				
U.S. Government Obligations	-	-	948,151,573	948,151,573
U.S. Agency Obligations	-	-	5,780,779	5,780,779
Guaranteed Investment Contracts	-	-	2,883,495	2,883,495
Total Single-Family Fund	-	-	956,815,847	956,815,847
Multi-Family Fund:				
U.S. Government Obligations	-	1,652,275	-	1,652,275
U.S. Agency Obligations	-	-	-	-
Guaranteed Investment Contracts	-	-	-	-
Total Multi-Family Fund	-	1,652,275	-	1,652,275
Escrows*	120,143,569	-	-	120,143,569
Subtotal	121,730,456	1,652,275	958,380,678	1,081,763,409
Trust:				
U.S. Government Obligations	-	-	11,565,287	11,565,287
U.S. Agency Obligations	34,248	-	-	34,248
Subtotal	34,248	-	11,565,287	11,599,535
Total	\$ 121,764,704	\$ 1,652,275	\$ 969,945,965	\$ 1,093,362,944

* Included in the tables above are escrow funds relating to homeowners and to multi-family developments. The Corporation is not exposed to interest rate risk relating to escrows since the income and market gains or losses on these investments flow directly into the respective escrow deposit liability accounts.

Investments include mortgage-backed securities backed by government-insured single-family mortgage loans originated under the Corporation's program guidelines. These securities are pass-through securities which require monthly payments by an FHA-approved or Fannie Mae-approved lender and are guaranteed by either the Government National Mortgage Association (GNMA) or FNMA. The securities are subject to interest rate risk due to prepayments and the fair value of the securities which vary with the change in market interest rates. The securities are intended to be held to maturity and the Corporation does not expect to realize any gains or losses. The securities are held by the Single-Family and Operating Funds and are carried at fair value totaling \$1,367,887,724 and \$957,084,069 at June 30, 2024 and 2023, respectively.

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NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The Corporation categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are observable market-based inputs or unobservable inputs that are corroborated by market data. Level 3 inputs are unobservable inputs that are not corroborated by market data.

As of June 30, 2024, the Corporation has recurring fair value measurements in the form of Fixed Income Securities (U.S. Treasuries, mortgage-backed securities, and obligations of government-sponsored enterprises) of \$127,287,030 in the Operating Fund, \$1,365,012,671 in the Single-Family Fund, and \$11,082,099 in the Trust that are valued using quoted market prices (Level 1 inputs). Included in Operating Fund investments are fair value measurements for escrow funds relating to homeowners and to multi-family developments. The Corporation does not measure the fair value of guaranteed investment contracts in the amount of \$2,883,495 in the Single-Family Fund as of June 30, 2024.

As of June 30, 2023, the Corporation had recurring fair value measurements in the same form of \$123,295,287 in the Operating Fund, \$953,932,352 in the Single-Family fund, \$1,652,275 in the Multi-Family Fund and \$11,599,535 in the Trust that are valued using quoted market prices (Level 1 inputs). Included in Operating Fund investments were fair value measurements for escrow funds relating to homeowners and to Multi-Family developments. The Corporation does not measure the fair value of guaranteed investment contracts in the amount of \$2,883,495 in the Single-Family Fund as of June 30, 2023.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The current Board-approved policy requires all investments in the Operating Fund to be rated at least Single A by a nationally recognized rating agency. Generally, each of the bonded resolutions in the Single-Family Fund and the Multi-Family Fund contain policies that require investments that do not impair the existing ratings on the related bonds. The Trust has no minimum rating requirements.

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NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

At June 30, 2024 and 2023, investments, excluding investments relating to escrow accounts for which the credit risk is that of the party for whom the escrow is held rather than that of the Corporation, are rated by Standard & Poor's or Moody's Investors Service as follows:

Rating Investment	June 30, 2024	
	AA+/Aaa	Unrated
	U.S. Agencies	GICS
Operating Fund	\$ -	\$ -
Single-Family Fund	5,188,313	2,883,495
Multi-Family Fund	-	-
Trust	31,689	-

Rating Investment	June 30, 2023	
	AA+/Aaa	Unrated
	U.S. Agencies	GICS
Operating Fund	\$ -	\$ -
Single-Family Fund	5,780,779	2,883,495
Multi-Family Fund	-	-
Trust	34,248	-

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer regardless of its credit history. The Board-approved policy for the Operating Fund limits the amount that may be invested with any one issuer as follows:

United States Government Obligations	100% of Portfolio
United States Agency Obligations	100% of Portfolio
Repurchase Agreements	50% of Portfolio
Collective Short-Term Funds	25% of Portfolio
All Other Investments	10% of Portfolio

Although there are no specific concentration policies for maximum percentage of investments, the Corporation attempts to diversify as much as possible given the limited number of issuers of AAA-rated investments.

At June 30, 2024 and 2023, there were no investment concentrations of 5% or more in any of the funds.

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NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The policy in the Operating Fund is that all purchases are held in a safekeeping or custodial account at an approved safekeeping agent of the Corporation in the Corporation's name. At June 30, 2024 and 2023, there were no investments in the Operating Fund subject to custodial credit risk.

There are no other specific custodial credit risk policies for the other funds. Most of the Corporation's investments in other funds are either in Guaranteed Investment Contracts (GICs) in bonded resolutions, which are direct investments not subject to custodial credit risk, or in accounts managed by a financial advisory firm with underlying investments restricted to U.S. Government and Agency securities. At June 30, 2024 and 2023, there were no investments in any of the other funds subject to custodial credit risk.

As established in the Board-approved investment policy, the Corporation can enter into interest rate swap agreements and other similar interest rate related derivative instruments to reduce interest rate mismatches between its loan and investment assets and its bond and note liabilities. These types of derivative instruments expose the Corporation to certain risks including credit risk, interest rate risk, and counterparty risk. At June 30, 2024, the Corporation was party to three interest rate swap agreements and two forward settling interest rate swap agreements. The Corporation was party to an interest rate swap agreement and one forward settling interest rate swap agreement at June 30, 2023. At June 30, 2024, the Corporation had entered into certain commitments to sell loans, which expose the Corporation to interest rate risk as discussed further in Note 10.

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NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable balances for the years ended June 30, are comprised of the following:

	<u>2024</u>	<u>2023</u>
Accounts Receivable:		
Due from Federal Government	\$ 5,595,938	\$ 2,845,618
Tax Sale Receivables	1,078,056	1,242,851
Accounts	16,126,370	9,505,641
Total Receivables	<u>22,800,364</u>	<u>13,594,110</u>
Allowance	(177,932)	(229,523)
Receivables, Net	<u><u>\$ 22,622,432</u></u>	<u><u>\$ 13,364,587</u></u>

NOTE 6 OTHER ASSETS

Other assets, net, consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Real Estate Owned	\$ 497,397	\$ 1,691,264
Capital Assets, Net	8,573,070	9,092,104
Purchased Mortgage Servicing Rights and		
Servicing, Net	21,940,434	16,052,223
Other Assets and Control Accounts	(92,689)	1,875,877
Total	<u><u>\$ 30,918,212</u></u>	<u><u>\$ 28,711,468</u></u>

Depreciation expense related to capital assets for the years ended June 30, 2024 and 2023, was \$869,947 and \$859,411, respectively.

Amortization expense related to purchased mortgage servicing rights for the years ended June 30, 2024 and 2023, was \$3,565,660 and \$2,876,047, respectively.

Other assets of the Trust consisted of federal program properties totaling \$403,137 at June 30, 2024 and 2023.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
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NOTE 6 OTHER ASSETS (CONTINUED)

Capital asset activity for the years ended June 30, is as follows:

	Balance July 1, 2023	Additions/ (Deletions)	Balance June 30, 2024
Capital Assets Not Being Depreciated:			
Construction in Progress	\$ 38,380	\$ 307,841	\$ 346,221
Total Capital Assets Not Being Depreciated	38,380	307,841	346,221
Capital Assets Being Depreciated:			
Furniture	1,421,326	16,402	1,437,728
Office Equipment	954,213	-	954,213
Computers	8,751,304	26,670	8,777,974
Buildings and Improvements	17,205,131	-	17,205,131
Total Capital Assets Being Depreciated	28,331,974	43,072	28,375,046
Less: Accumulated Depreciation	(19,278,250)	(869,947)	(20,148,197)
Total Capital Assets Being Depreciated, Net	9,053,724	(826,875)	8,226,849
Capital Assets, Net	<u>\$ 9,092,104</u>	<u>\$ (519,034)</u>	<u>\$ 8,573,070</u>
	Balance July 1, 2022	Additions/ (Deletions)	Balance June 30, 2023
Capital Assets Not Being Depreciated:			
Construction in Progress	\$ 341,039	\$ (302,659)	\$ 38,380
Total Capital Assets Not Being Depreciated	341,039	(302,659)	38,380
Capital Assets Being Depreciated:			
Furniture	1,421,326	-	1,421,326
Office Equipment	954,213	-	954,213
Computers	8,092,266	659,038	8,751,304
Buildings and Improvements	17,127,430	77,701	17,205,131
Total Capital Assets Being Depreciated	27,595,235	736,739	28,331,974
Less: Accumulated Depreciation	(18,418,839)	(859,411)	(19,278,250)
Total Capital Assets Being Depreciated, Net	9,176,396	(122,672)	9,053,724
Capital Assets, Net	<u>\$ 9,517,435</u>	<u>\$ (425,331)</u>	<u>\$ 9,092,104</u>

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
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NOTE 7 BONDS AND NOTES PAYABLE

The Corporation issues serial bonds and term bonds under various bond resolutions to provide permanent financing for the origination or purchase from participating originating lenders of single-family loans, to provide permanent financing for qualified housing developments, and to provide financing for other purposes.

The Corporation obtains principally first and second mortgage liens on real property financed. The Corporation assigns such liens to the respective bonds when the mortgage loans are permanently financed using bond proceeds. Bonds and notes are secured by related revenues and assets of the respective programs in which the related bonds and notes payable are reported.

The provisions of the applicable trust indentures require or allow for the redemption of bonds by the Corporation through the use of unexpended bond proceeds and excess funds accumulated primarily through the prepayment of mortgage loans. All outstanding bonds are subject to redemption at the option of the Corporation, in whole or in part at any time after certain dates, as specified in the respective bond series indentures.

Principal and interest on substantially all bonds is payable semi-annually. The Corporation is required by the Internal Revenue Service as well as its various bond resolutions to comply with certain tax code provisions and bond covenants. The most significant of these include the following: all debt payments must be current, annual reports and budgets must be filed with the trustee, and the Corporation must comply with various restrictions on investment earnings from bond proceeds. The Corporation's management believes it was in compliance with these covenants as of June 30, 2024.

Bonds and notes payable at June 30, are as follows:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Operating Fund Bonds and Notes:		
Federal Home Loan Bank		
Due 2023 to 2027, interest from 0.00% to 5.46%	\$ 10,675,000	\$ 10,175,000
Federal Financing Bank		
Due 2056 to 2064, interest from 2.239% to 4.810%	278,227,330	261,145,795
General Obligation Bonds Series 2018:		
Mandatory tender bonds, due 2032, interest at 3.12%	5,000,000	5,000,000
Notes Payable, due 2027 to 2047, interest from 2.75% to 6.25%	14,034,568	14,482,528
Lines of Credit, payable on demand, interest from 5.524% to 6.163%	<u>60,000,000</u>	<u>102,000,000</u>
Total Operating Fund	367,936,898	392,803,323

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

<u>Description (Continued)</u>	<u>2024</u>	<u>2023</u>
Single-Family Fund:		
Homeownership Opportunity Bonds:		
Series 10-A:		
Term bonds, due 2027, interest at 6.50%	\$ 745,000	\$ 745,000
Series 15-A:		
Term bonds, due 2024, interest at 6.85%	170,000	380,000
Series 65-T:		
Serial bonds, due 2023 to 2025, interest from 3.636% to 3.886%	5,465,000	9,160,000
Term bonds, due 2039, interest from 2.913% to 4.00%	-	795,000
Total Series 65-T	<u>5,465,000</u>	<u>9,955,000</u>
Series 66-C2:		
Serial bonds, due 2023 to 2026, interest from 3.20% to 3.65%	4,800,000	7,040,000
Series 67-A:		
Term bonds, due 2041, interest at 3.55%	2,530,000	2,530,000
Series 67-B:		
Term bonds, due 2026, interest at 2.40%	975,000	975,000
Series 67-C:		
Serial bonds, due 2023 to 2027, interest from 2.35% to 3.00%	7,885,000	9,000,000
Term bonds, due 2030 to 2038, interest from 3.25% to 3.50%	<u>6,750,000</u>	<u>7,855,000</u>
Total Series 67-C	<u>14,635,000</u>	<u>16,855,000</u>
Series 68-B:		
Term bonds, due 2046, interest at 3.40%	1,135,000	1,135,000
Series 68-C:		
Serial bonds, due 2023 to 2026, interest from 2.25% to 2.65%	12,825,000	17,575,000
Term bonds, due 2031 to 2039, interest from 3.15% to 3.50%	<u>47,350,000</u>	<u>51,645,000</u>
Total Series 68-C	<u>60,175,000</u>	<u>69,220,000</u>
Series 69-A:		
Serial bonds, due 2023 to 2029, interest from 2.65% to 3.50%	12,050,000	12,785,000
Series 69-B:		
Term bonds, due 2048, interest at 4.00%	9,940,000	15,365,000

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

<u>Description (Continued)</u>	<u>2024</u>	<u>2023</u>
Single-Family Fund (Continued):		
Homeownership Opportunity Bonds (Continued):		
Series 69-T:		
Serial bonds, due 2023 to 2024, interest from 3.35% to 3.40%	\$ -	\$ 1,360,000
Series 70:		
Serial bonds, due 2023 to 2031, interest from 1.70% to 2.55%	21,360,000	23,675,000
Term bonds, due 2034 to 2049, interest from 2.80% to 4.00%	<u>32,200,000</u>	<u>37,670,000</u>
Total Series 70	53,560,000	61,345,000
Series 71:		
Serial bonds, due 2023 to 2032, interest from 1.55% to 2.55%	20,240,000	22,190,000
Term bonds, due 2034 to 2049, interest from 2.75% to 3.75%	<u>40,360,000</u>	<u>46,950,000</u>
Total Series 71	60,600,000	69,140,000
Series 72A:		
Serial bonds, due 2023 to 2032, interest from 0.75% to 2.20%	12,705,000	13,850,000
Term bonds, due 2035 to 2050, interest from 2.30% to 3.50%	<u>34,085,000</u>	<u>38,360,000</u>
Total Series 72A	46,790,000	52,210,000
Series 73-A:		
Serial bonds, due 2025 to 2032, interest from 0.80% to 1.95%	28,815,000	28,815,000
Term bonds, due 2035 to 2050, interest from 2.10% to 3.00%	<u>83,430,000</u>	<u>91,300,000</u>
Total Series 73-A	112,245,000	120,115,000
Series 73-T:		
Serial bonds, due 2023 to 2025, interest from 0.95% to 1.25%	5,185,000	8,540,000
Series 74:		
Serial bonds, due 2023 to 2033, interest from 1.30% to 5.00%	49,730,000	54,475,000
Term bonds, due 2036 to 2049, interest from 2.125% to 3.00%	<u>64,545,000</u>	<u>72,700,000</u>
Total Series 74	114,275,000	127,175,000
Series 75-A		
Serial bonds, due 2023 to 2033, interest from .15% to 1.95%	29,245,000	29,450,000
Term bonds, due 2036 to 2051, interest from 2.05% to 3.00%	<u>100,985,000</u>	<u>111,405,000</u>
Total Series 75-A	130,230,000	140,855,000
Series 75-T		
Serial bonds, due 2023 to 2028, interest from .35% to 1.55%	18,710,000	22,760,000
Series 76-A		
Serial bonds, due 2026 to 2033, interest from 1.80% to 5.00%	32,335,000	32,335,000
Term bonds, due 2036 to 2051, interest from 2.35% to 3.00%	<u>83,660,000</u>	<u>91,685,000</u>
Total Series 76-A	115,995,000	124,020,000

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

<u>Description (Continued)</u>	<u>2024</u>	<u>2023</u>
Single-Family Fund (Continued):		
Homeownership Opportunity Bonds (Continued):		
Series 76-T		
Serial bonds, due 2023 to 2026, interest from 1.06% to 1.72%	\$ 7,260,000	\$ 10,705,000
Series 77-A		
Serial bonds, due 2023 to 2034, interest from 3.35% to 5.00%	39,155,000	40,585,000
Term bonds, due 2037 to 2051, interest from 4.00% to 4.25%	53,950,000	57,245,000
Total Series 77-A	93,105,000	97,830,000
Series 77-T		
Serial bonds, due 2023 to 2029, interest from 2.80% to 4.00%	15,755,000	18,370,000
Series 78-A		
Serial bonds, due 2030 to 2034, interest from 4.00% to 4.55%	11,360,000	11,360,000
Term bonds, due 2037 to 2052, interest from 4.75% to 5.50%	99,330,000	102,050,000
Total Series 78-A	110,690,000	113,410,000
Series 78-T		
Serial bonds, due 2023 to 2030, interest from 4.91% to 5.59%	13,150,000	14,800,000
Series 79-A		
Serial bonds, due 2031 to 2035, interest from 3.60% to 4.05%	12,400,000	12,400,000
Term bonds, due 2038 to 2053, interest from 4.40% to 4.95%	62,930,000	62,930,000
Total Series 79-A	75,330,000	75,330,000
Series 79-T1		
Serial bonds due 2023 to 2031, interest from 4.834% to 5.373%	16,435,000	17,945,000
Total Series 79-T1:	16,435,000	17,945,000
Series 79-T2		
Term bond due 2053, interest at variable rate	41,120,000	42,055,000
Total Series 79-T2:	41,120,000	42,055,000
Series 80-A		
Serial Bonds, due 2031 to 2035, Interest from 3.80% to 4.00%	5,570,000	-
Term Bonds, due 2038 to 2053, Interest from 4.15% to 4.65%	69,430,000	-
Total Series 80-A	75,000,000	-
Series 80 T-1		
Serial Bonds, due 2024 to 2033, Interest from 5.03% to 5.348%	30,785,000	-
Term Bonds, due 2038 to 2043, Interest from 5.40% to 5.549%	53,565,000	-
Total Series 80-T1	84,350,000	-

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

<u>Description (Continued)</u>	<u>2024</u>	<u>2023</u>
Single-Family Fund (Continued):		
Homeownership Opportunity Bonds (Continued):		
Series 80 T-2		
Term Bond, due 2053, Interest is variable	\$ 64,710,000	\$ -
Total Series 80-T2	64,710,000	-
Series 81-A		
Serial Bonds, due 2031 to 2035, Interest from 4.50% to 4.85%	4,455,000	-
Term Bonds, due 2038 to 2053, Interest from 5.00% to 6.25%	78,650,000	-
Total Series 81-A	83,105,000	-
Series 81-T1		
Serial bonds due 2024 to 2026, interest from 5.579% to 5.686%	4,315,000	-
Term bond due 2043 to 2052, interest from 6.481% to 6.50%	31,990,000	-
Total Series 81-T1	36,305,000	-
Series 81-T2		
Serial bonds due 2027 to 2033, interest from 5.794% to 6.345%	14,705,000	-
Term bond due 2038, interest from 6.385%	15,325,000	-
Total Series 81-T2	30,030,000	-
Series 82-A		
Serial bonds due 2028 to 2036, interest from 3.35% to 3.90%	24,345,000	-
Term bond due 2036 to 2054, interest from 3.90% to 5.00%	100,110,000	-
Total Series 82-A	124,455,000	-
Series 82-T1		
Term bond due 2025 to 2028, interest from 4.989% to 5.187%	9,000,000	-
Total Series 82-T1	9,000,000	-
Series 82-T2		
Term bond due 2054, interest at variable rate	26,000,000	-
Total Series 82-T2	26,000,000	-
Unamortized Bond Premium	27,164,661	30,043,857
Total Single-Family Fund	1,703,174,661	1,284,993,857
Multi-Family Fund:		
Multi-Family Funding Bonds:		
2009 Series A, Subseries 2009A-1:		
Term bonds, due 2051, interest at 3.01%	5,580,000	5,580,000
2009 Series A, Subseries 2009A-2:		
Term bonds, due 2051, interest at 2.32%	10,000,000	14,100,000

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

<u>Description (Continued)</u>	<u>2024</u>	<u>2023</u>
Multi-Family Fund (Continued):		
Multi-Family Funding Bonds (Continued):		
2010 Series A:		
Term bonds, due 2025 to 2035, interest from 4.625% to 5.25%	\$ 1,080,000	\$ 1,175,000
2011 Series A:		
Term bonds, due 2026 to 2032, interest from 4.125% to 4.625%	1,980,000	3,075,000
Subtotal	<u>18,640,000</u>	<u>23,930,000</u>
Multi-Family Development Bonds:		
2013 Series 1-AB:		
Serial bonds, due 2023, interest at 2.85%	-	290,000
Term bonds, due 2027 to 2048, interest from 3.25% to 4.125%	25,540,000	25,840,000
Total 2013 Series 1-AB	<u>25,540,000</u>	<u>26,130,000</u>
2014 Series 3-B:		
Serial bonds, due 2023 to 2025, interest from 2.75% to 2.95%	400,000	650,000
Term bonds, due 2029 to 2049, interest from 3.40% to 4.125%	12,455,000	12,455,000
Total 2014 Series 3-B	<u>12,855,000</u>	<u>13,105,000</u>
2016 Series 1-B:		
Serial bonds, due 2023 to 2026, interest from 2.10% to 2.65%	495,000	675,000
Term bonds, due 2031 to 2056, interest from 3.15% to 4.10%	15,350,000	15,350,000
Total 2016 Series 1-B	<u>15,845,000</u>	<u>16,025,000</u>
2016 Series 1-C:		
Serial bonds, due 2023 to 2026, interest from 2.40% to 3.00%	1,160,000	1,570,000
Term bonds, due 2031 to 2041, interest from 3.50% to 4.10%	12,910,000	12,910,000
Total 2016 Series 1-C	<u>14,070,000</u>	<u>14,480,000</u>
2017 Series 1-B:		
Term bonds, due 2052, interest at 4.20%	1,485,000	1,510,000
2017 Series 2-T:		
Serial bonds, due 2023 to 2028, interest from 2.928% to 3.639%	-	5,545,000
2017 Series 4-B:		
Serial bonds, due 2023 to 2028, interest from 2.30% to 3.05%	1,575,000	1,875,000
Term bonds, due 2032 to 2037, interest from 3.35% to 3.80%	31,620,000	31,620,000
Total 2017 Series 4-B	<u>33,195,000</u>	<u>33,495,000</u>
2019 Series 1-B:		
Serial bonds, due 2023 to 2031, interest from 1.625% to 2.40%	2,845,000	3,145,000
Term bonds, due 2034 to 2059, interest from 2.75% to 3.40%	32,555,000	32,555,000
Total 2019 Series 1-B	<u>35,400,000</u>	<u>35,700,000</u>

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

<u>Description (Continued)</u>	<u>2024</u>	<u>2023</u>
Multi-Family Fund (Continued):		
Multi-Family Development Bonds (Continued):		
2019 Series 2-T:		
Serial bonds, due 2023 to 2031, interest from 2.20% to 2.95%	\$ 1,660,000	\$ 1,835,000
Term bonds, due 2039 to 2051, interest from 3.30% to 3.50%	9,570,000	9,570,000
Total 2019 Series 2-T	<u>11,230,000</u>	<u>11,405,000</u>
2020 Series 1-T:		
Term bonds, due 2023 to 2038, interest from 1.086% to 2.993%	42,360,000	42,890,000
2021 Series 1-B:		
Serial bonds, due 2023 to 2032, interest from 0.35% to 1.85%	1,190,000	1,230,000
Term bonds, due 2035 to 2040, interest from 2.00% to 2.15%	9,520,000	9,520,000
Total 2021 Series 1-B	<u>10,710,000</u>	<u>10,750,000</u>
2021 Series 2-T:		
Serial bonds, due 2023 to 2032, interest from 0.666% to 2.39%	15,240,000	17,240,000
Term bonds, due 2035 to 2040, interest from 2.54% to 3.032%	28,745,000	28,745,000
Total 2021 Series 2-T	<u>43,985,000</u>	<u>45,985,000</u>
2022 Series 1-A		
Term bonds, due 2042, interest at 2.80%	4,750,000	16,000,000
2022 Series 1-B		
Serial bonds, due 2024 to 2034, interest from 2.35% to 4.25%	5,665,000	5,885,000
Term bonds, due 2037 to 2042, interest from 4.35% to 4.5%	6,380,000	6,380,000
Total 2022 Series 1-B	<u>12,045,000</u>	<u>12,265,000</u>
2023 Series 1-AB		
Term bonds, due 2053, interest at 4.00%	28,500,000	28,500,000
2023 Series 1-B		
Term bonds, due 2028 to 2063, interest from 3.50% to 5.05%	4,200,000	4,200,000
Unamortized Bond Discount	<u>(23,419)</u>	<u>(28,311)</u>
Subtotal	<u>296,146,581</u>	<u>317,956,689</u>
Total Multi-Family Fund	<u>314,786,581</u>	<u>341,886,689</u>
Total Bonds and Notes Payable	<u>\$ 2,385,898,140</u>	<u>\$ 2,019,683,869</u>

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

The Operating Fund's lines of credit were established with financial institutions primarily to make funds available for the origination, or purchase from participating originating lenders, of single-family loans prior to the receipt of the respective bond proceeds. At June 30, 2024, the Corporation may borrow up to a maximum of \$135,000,000 under various revolving loan agreements expiring between August 2024 and January 2025. Borrowings under the lines of credit are payable on demand and are unsecured. One line of credit has a variable interest rate. As of June 30, 2024, the borrowings were \$30,000,000 and the rate was 5.97%. The remaining line of credit agreements have fixed rates which range from 5.98% to 6.16%. Outstanding borrowings under these agreements totaled \$30,000,000 at June 30, 2024.

Homeownership Opportunity Bonds Series 79-T2, 80-T2 and 82-T2 bear interest at taxable rates established weekly. As of June 30, 2024, the rate was 5.35%.

The schedule below includes amounts required for debt service sinking funds for each fiscal year relating to the respective bonds and notes as of June 30, 2024 (dollars in thousands):

<u>Year Ending June 30.</u>	Operating Fund Bonds/Notes		Single-Family Bonds/Notes		Multi-Family Bonds/Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 66,392	\$ 14,050	\$ 50,945	\$ 64,321	\$ 5,975	\$ 10,480
2026	4,061	10,446	53,395	62,722	6,190	10,358
2027	10,913	10,293	51,930	61,003	7,110	10,217
2028	3,925	10,113	52,630	59,163	7,445	10,031
2029	4,122	9,972	54,425	57,256	7,675	9,823
2030-2034	28,926	46,274	263,260	55,480	38,570	9,597
2035-2039	29,927	41,289	295,275	47,237	103,465	8,355
2040-2044	36,772	35,327	301,475	36,588	68,490	4,805
2045-2049	43,614	28,485	290,670	24,819	26,405	2,549
2050-2054	55,144	20,235	256,030	12,552	25,360	1,590
2055-2059	56,983	10,079	5,975	304	11,265	672
2060-2064	27,158	1,940	-	-	6,860	256
Total	<u>\$ 367,937</u>	<u>\$ 238,503</u>	<u>\$ 1,676,010</u>	<u>\$ 481,445</u>	<u>\$ 314,810</u>	<u>\$ 78,733</u>

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

Debt service requirements on direct borrowings and placements on June 30, 2024, are as follows (dollars in thousands):

Year Ending June 30,	Business Type Activities			
	Bonds		Notes from Direct Borrowing and Direct Placements	
	Principal	Interest	Principal	Interest
2025	\$ -	\$ 232	\$ 63,501	\$ 4,306
2026	-	232	1,025	799
2027	-	232	7,726	748
2028	-	232	577	676
2029	-	232	605	648
2030-2034	5,000	232	3,495	2,490
2035-2039	-	-	3,780	1,574
2040-2044	-	-	3,280	548
2045-2049	-	-	675	63
2050-2054	-	-	46	2
Total	<u>\$ 5,000</u>	<u>\$ 1,392</u>	<u>\$ 84,710</u>	<u>\$ 11,854</u>

Bonds and notes payable activity for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bonds and Notes Payable:				
General Obligation Bonds	\$ 5,000,000	\$ 5,000,000	\$ (5,000,000)	\$ 5,000,000
Unsecured Notes	102,000,000	284,000,000	(326,000,000)	60,000,000
Secured Notes	285,803,323	22,310,000	(5,176,425)	302,936,898
Revenue Bonds *	1,626,880,546	534,983,557	(143,902,861)	2,017,961,242
Total	<u>\$ 2,019,683,869</u>	<u>\$ 846,293,557</u>	<u>\$ (480,079,286)</u>	<u>\$ 2,385,898,140</u>

* Additions include Premium or discount associated with Revenue Bonds issued and the ending balance is inclusive of the unamortized premium/discount.

Bonds and notes payable activity for the year ended June 30, 2023, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bonds and Notes Payable:				
General Obligation Bonds	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
Unsecured Notes	104,000,000	314,000,000	(316,000,000)	102,000,000
Secured Notes	184,927,763	107,580,000	(6,704,440)	285,803,323
Revenue Bonds	1,467,912,846	324,705,000	(165,737,300)	1,626,880,546
Total	<u>\$ 1,761,840,609</u>	<u>\$ 746,285,000</u>	<u>\$ (488,441,740)</u>	<u>\$ 2,019,683,869</u>

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

Changes in direct borrowings and placements for the year ended June 30, 2024, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business Type Activities:					
General Obligation Bonds	\$ 5,000,000	\$ 5,000,000	\$ (5,000,000)	\$ 5,000,000	\$ -
Notes from Direct Borrowings					
and Direct Placements	126,657,528	286,500,000	(328,447,960)	84,709,568	63,501,446
Total	<u>\$ 131,657,528</u>	<u>\$ 291,500,000</u>	<u>\$ (333,447,960)</u>	<u>\$ 89,709,568</u>	<u>\$ 63,501,446</u>

Changes in direct borrowings and placements for the year ended June 30, 2023, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business Type Activities:					
General Obligation Bonds	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000	\$ 5,000,000
Notes from Direct Borrowings					
and Direct Placements	130,088,264	317,000,000	(320,430,736)	126,657,528	109,480,019
Total	<u>\$ 135,088,264</u>	<u>\$ 317,000,000</u>	<u>\$ (320,430,736)</u>	<u>\$ 131,657,528</u>	<u>\$ 114,480,019</u>

The agreements related to the notes from direct borrowings and direct placements of \$84,709,568 include certain provisions and results in the event of default. For the various lines of credit, which total \$60,000,000, the interest rate could increase up to a maximum of 5% over the current rate and the outstanding lines may become due immediately at the discretion of the respective lenders. For the notes payable, which total \$14,034,568, the principal and related interest would become due immediately.

NOTE 8 CONDUIT DEBT

To further economic development in the State, the Corporation issues bonds that provide financing for the acquisition, construction, and rehabilitation of multifamily housing for low-income renters. The properties financed are pledged as collateral, and the bonds are payable solely from payments received from the developers on the underlying mortgage or promissory notes. In addition, no commitments beyond the collateral, the payments from the developers and maintenance of the tax-exempt status of the conduit debt obligation were extended by the Corporation for any of those bonds. At June 30, 2024 and June 30, 2023, the bonds have an aggregate outstanding principal amount payable of \$149,433,795 and \$128,108,101, respectively.

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NOTE 9 COMMITMENTS AND CONTINGENCIES

The Corporation is party to financial instruments with off-balance-sheet risk in connection with its commitments to provide financing. Such commitments expose the Corporation to credit risk in excess of the amounts recognized in the accompanying combining statements of net position. The Corporation's exposure to credit loss in the event of nonperformance by the borrowers is represented by the contractual amount of such instruments. The Corporation uses the same credit policies in making commitments as it does for on-balance-sheet instruments.

Total credit exposure as a result of loan commitments at June 30, 2024, is as follows:

Single-Family Fund	\$ -
Operating Fund	229,903,414
Multi-Family	-
Trust	7,379,183
Total	<u><u>\$ 237,282,597</u></u>

Commitments to extend credit are agreements to lend to a borrower as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. The Corporation evaluates each borrower's creditworthiness on a case-by-case basis. Interest rates on approved loan commitments are principally fixed rates.

The Corporation has entered into contracts with multiple developments under the Neighborhood Opportunities Program to fund projects over the next seven years for a total of \$6,467,339, subject to the availability of funds. As of June 30, 2024, \$5,662,820 has been paid under these contracts.

The Corporation is party to certain claims and lawsuits which are being contested, certain of which the Corporation and respective legal counsel are unable to determine the likelihood of an unfavorable outcome or the amount or range of potential loss. In the opinion of management, the ultimate liability with respect to these actions and claims will not have a material adverse effect on either the financial position or the results of operations of the Corporation.

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God for which the Corporation carries commercial insurance. Neither the Corporation nor its insurers have settled any claims which exceeded the Corporation's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year. The Corporation also is self-insured for unemployment compensation, and no accrual has been recorded in the accompanying financial statements for claims expected to arise from services rendered on or before June 30, 2024, because the Corporation officials are of the opinion that, based on prior experience, such claims will not be material.

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NOTE 10 DERIVATIVE INSTRUMENTS

In July 2013, the Corporation converted its loan funding platform from a mortgage revenue bond program to a program primarily financed through the sale of whole loans and mortgage-backed securities guaranteed by FNMA, Freddie Mac and GNMA as to timely payment of principal and interest. The securities represent pools of qualified first mortgage loans originated by the Corporation approved lenders. Under this program, the Corporation periodically enters into forward contracts to sell the securities to investors before the securities are ready for delivery (referred to as a To-Be-Announced or TBA Mortgage-Backed Security Contract). The Corporation enters into TBA Mortgage-Backed Security Contracts to hedge the interest rate risk for loan commitments made to originating mortgage lenders. TBA Mortgage-Backed Security Contracts are derivative instruments due to one or more of the following factors that are not designated at the time the Corporation and the investor enter into the transaction: settlement factors; the reference rates or interest rates the security will bear; and notional amounts in the form of the principal amount of the future Mortgage-Backed Securities. In addition, payment to the Corporation by the investor is not required until the investor receives the security, enabling the investor to take a position on interest rates without making a payment. Finally, the TBA Mortgage-Backed Security Contracts may be “net settled” because neither party is required to deliver or purchase an asset to settle the TBA Mortgage-Backed Securities Contract.

At June 30, 2024, the Corporation entered into commitments to sell loans to Fannie Mae with a total notional amount of \$25,600,000 and fair market values totaling \$26,128,933 were outstanding, resulting in a hedging instrument of \$528,933. These contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are included in the combining statements of net position as deferred outflows of resources.

At June 30, 2023, the Corporation entered into commitments to sell loans to Fannie Mae with a total notional amount of \$60,369,000 and fair market values totaling \$61,034,308 resulting in a hedging instrument of \$665,308. These contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are also included in the combining statements of net position as deferred outflows of resources.

The Corporation may utilize swaps to establish synthetic fixed rates for a portion of its variable rate bond obligations in order to reduce overall costs of borrowing and to protect against the potential of rising interest rates. The Corporations existing interest rate swap transaction is structured for the Corporation to pay a fixed interest rate while receiving a variable interest rate from the swap counterparty which is comparable to the rate required by the associated variable rate debt. This synthetic fixed rate was lower than that available to the Corporation from fixed rate obligations of comparable maturities. The proceeds of these transactions are generally utilized to make fixed rate mortgage loans. As the objective of the swap entered into was to hedge changes in cash flows for each bond series, they are classified as cash flow hedges.

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NOTE 10 DERIVATIVE INSTRUMENTS (CONTINUED)

At June 30, 2024, the Corporation was party to three interest rate swap agreement and two forward-settling interest rate swap agreement with three counterparties. The swap details at June 30, 2024 are as follows:

		Variable Rate	Swap	Swap	Swap	Fixed	Variable	Hedging
	Counter-	Bonds	Notional	Effective	Termination	Rate	Rate	Derivative
Associated Bond Issue	Party	Outstanding	Amount	Date	Date	Paid	Received	Value
Cash Flow Hedges:								
HOB Series 79 T-2	BNY	\$ 42,010,000	\$ 41,100,000	3/8/2023	10/1/2032	4.0245%	SOFR +10 bp	\$ 468,827
FFB - West House II	BNY		1,190,000	1/9/2026	11/1/2051	2.9225%	SOFR	145,993
HOB Series 80 T-2	BANA	64,710,000	64,690,000	8/24/2023	10/1/2036	3.7780%	SOFR +10 bp	1,413,187
HOB Series 82 T-2	RBC	26,000,000	26,000,000	3/21/2024	4/1/2033	4.1510%	SOFR +10 bp	130,562
FFB - Central Street	BNY		1,930,000	5/3/2027	4/1/2046	4.0910%	SOFR	(60,528)
		\$ 132,720,000	\$ 134,910,000					\$ 2,098,041

The counterparty ratings are as follows:

Agency	Counterparty Rating		
	BNY	BANA	RBC
Moody's	Aa2 Negative	Aa1 Negative	Aa1 Stable
S&P	AA- Stable	A+ Stable	AA- Stable
Fitch	AA Stable	AA Stable	AA- Stable

NOTE 11 EMPLOYEE BENEFITS

Employee Benefit Plan

The Corporation has adopted an employee retirement plan created in accordance with Internal Revenue Code Section 401(a). The Corporation's 401(a) Money-Purchase Pension Plan (the Plan) is a defined contribution plan, administered by Voya Financial. Regular full-time employees who meet certain requirements as to length of service are eligible. The Corporation contributes a set percentage of an employee's annual eligible compensation to the Plan. The contribution requirements and benefit provisions are established and may be amended by management of the Corporation along with the Board of Commissioners. Contributions to the Plan for the years ended June 30, 2024 and 2023, totaled \$1,819,503 and \$1,879,175, respectively. The assets of the Plan were placed under a separate trust agreement for the benefit of the applicable employees and, therefore, are neither an asset nor a liability of the Corporation.

Postemployment Healthcare Plan

The Rhode Island Housing Retiree Healthcare Plan (RIHRHP) is a single-employer, defined benefit healthcare plan administered by the Corporation. RIHRHP provides medical insurance benefits to eligible employees who retire from active full-time employment based on years of service and age.

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NOTE 11 EMPLOYEE BENEFITS (CONTINUED)

Postemployment Healthcare Plan (Continued)

RIHRHP currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2024 and 2023, RIHRHP has not established a trust fund to irrevocably segregate assets to fund the liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. Administration costs are financed from current operations. RIHRHP does not issue a stand-alone financial report.

Employees become eligible at 28 years of service or at age 59½ with 10 years of service. RIHRHP pays a percentage of the cost of insurance, ranging from 50% to 100%, based on a combination of years of service and age. The benefit provisions are established and may be amended by management of the Corporation along with the Board of Commissioners.

Membership in the plan consisted of the following at June 30, 2023, the date of the last actuarial valuation, which was used to calculate the total OPEB liability at the measurement date as of June 30, 2024 and 2023:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefits	34
Inactive Plan Members Entitled to But Not Yet	
Receiving Benefits	-
Active Plan Members	<u>218</u>
Total Plan Members	<u><u>252</u></u>

Total OPEB Liability

RI Housing's total OPEB liability as of June 30, 2024 of \$8,163,569 is based on an actuarial valuation performed as of June 30, 2023.

RI Housing's total OPEB liability as of June 30, 2023 of \$8,009,760 is based on an actuarial valuation performed as of June 30, 2021. Updated procedures were used to roll forward the total OPEB liability to the measurement date of June 30, 2022.

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NOTE 11 EMPLOYEE BENEFITS (CONTINUED)

Actuarial Assumptions and Methods

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	3.86% as of June 30, 2023
Inflation	2.25%
Salary Increases	3.50% to 7.50%
Demographic Assumptions	Due to the size of the plan, the demographic assumptions are not based on formal experience studies. However, gains and losses are monitored during each valuation and adjustments are made to the demographics assumptions as needed.
Mortality	For healthy retirees, the gender-distinct PubG-2010 Healthy Retiree mortality tables were used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the Scale MP-2014 tables to account for future mortality improvements.
Health Care Trend Rates	Pre-65: Initial rate of 7.10% declining to an ultimate rate of 4.25% after 15 years; Post-65: Initial rate of 5.00% declining to an ultimate rate of 4.25% after 9 years.
Participation Rates	70% for retirees with 10 to 15 years of service at retirement. 85% for retirees with 16 to 27 years of service at retirement. 100% for retirees with 28 years of more of service at retirement.
Other Information: Notes	The discount rate changed from 3.69% as of June 30, 2022 to 3.86% as of June 30, 2023. Additionally, the healthcare trend was reset based on the plan's anticipated experience.

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NOTE 11 EMPLOYEE BENEFITS (CONTINUED)

Schedule of Changes in Total OPEB Liability and Related Ratios Fiscal Years Ended June 30, 2024 and 2023

	2024	2023
Total OPEB Liability:		
Service Cost	\$ 555,238	\$ 766,045
Interest on the Total OPEB Liability	302,669	203,380
Difference between Expected and Actual Experience	(674,102)	(875)
Changes of Assumptions	139,914	(3,088,485)
Benefit Payments	(169,910)	(159,937)
Net Change in Total OPEB Liability	153,809	(2,279,872)
Total OPEB Liability - Beginning	8,009,760	10,289,632
Total OPEB Liability - Ending	<u>\$ 8,163,569</u>	<u>\$ 8,009,760</u>
Covered-Employee Payroll	\$ 17,984,979	\$ 18,034,032
Total OPEB Liability as a Percentage of Covered Payroll	45.39%	44.41%

Sensitivity of Total OPEB Liability to the Discount Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.86% and 3.69% as of June 30, 2024 and 2023, respectively, as well as the Plan's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	June 30, 2024		
	1% Decrease 2.86%	Current Discount Rate Assumption 3.86%	1% Increase 4.86%
Total OPEB Liability	\$ 9,777,778	\$ 8,163,569	\$ 6,889,298
	June 30, 2023		
	1% Decrease 2.69%	Current Discount Rate Assumption 3.69%	1% Increase 4.69%
Total OPEB Liability	\$ 9,589,910	\$ 8,009,760	\$ 6,762,266

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NOTE 11 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher: For the years ended June 30, 2024 and 2023, the healthcare cost trend rates for members who are Pre-65 were 7.10% and 6.75%, respectively, and for members who are Post-65 were 5.00% and 5.60%, respectively.

June 30, 2024			
	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	\$ 6,716,301	\$ 8,163,569	\$ 10,088,102

June 30, 2023			
	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	\$ 6,535,712	\$ 8,009,760	\$ 9,981,369

Deferred Outflows and Deferred Inflows Related to OPEB

For the fiscal years ended June 30, 2024 and 2023, RIHRHP recognized OPEB expense of \$538,591 and \$705,798, respectively. At June 30, RIHRHP reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

			June 30, 2024
			Deferred Outflows of Resources
Differences Between Expected and Actual Experience		\$ 7,671	\$ 1,818,807
Changes in Assumptions		2,080,304	2,752,154
Contributions Subsequent to the Measurement Date		179,982	-
Total		<u>\$ 2,267,957</u>	<u>\$ 4,570,961</u>

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NOTE 11 EMPLOYEE BENEFITS (CONTINUED)

Deferred Outflows and Deferred Inflows Related to OPEB (Continued)

	June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 9,111	\$ 1,408,509
Changes in Assumptions	2,284,002	3,152,718
Contributions Subsequent to the Measurement Date	169,910	-
Total	<u>\$ 2,463,023</u>	<u>\$ 4,561,227</u>

Amounts reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent year.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Deferred Outflows and Deferred Inflows to be Recognized in Future OPEB Expense

<u>Year Ending June 30</u>	Net Deferred Outflows/ (Inflows)
2025	\$ (319,316)
2026	(319,316)
2027	(319,316)
2028	(319,316)
2029	(267,259)
Thereafter	(938,463)
Total	<u>\$ (2,482,986)</u>

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 SUBSEQUENT EVENTS

The Corporation has instructed its trustee to redeem the following bonds outstanding:

<u>Date of Call</u>	<u>Principal Program</u>	<u>Outstanding</u>
August 15, 2024	Homeownership Opportunity Bonds	\$ 4,655,000
September 1, 2024	Multi-Family Development Bonds	8,750,000

The Corporation issued debt as outlined below:

<u>Date of Issuance</u>	<u>Principal Program</u>	<u>Outstanding</u>
July 23, 2024	Homeownership Opportunity Bonds	\$ 192,580,000
September 19, 2024	Multi-Family Development Bonds	87,850,000*
October 23, 2024	Homeownership Opportunity Bonds	190,000,000*

Various economic and political factors have created significant pockets of volatility in investment markets recently. As a result, the current fair value of the Corporation's investments may be materially different from amounts recorded in recent quarters' financial statements. Any changes, however, do not impact the Corporation's liquidity as it typically holds mortgage-backed securities until maturity.

*At the time of this review, this figure represents a planned market sale of bonds and does not represent the committed issuance of debt.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST SEVEN FISCAL YEARS

Fiscal Year Ending June 30,	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Cost	\$ 555,238	\$ 766,045	\$ 677,977	\$ 522,439	\$ 544,653	\$ 537,100	\$ 619,903
Interest on the Total OPEB Liability	302,669	203,380	239,317	248,792	258,543	233,195	193,253
Changes of Benefit Terms	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(674,102)	(875)	(966,770)	9,438	(1,010,025)	4,859	-
Changes of Assumptions	139,914	(3,088,485)	989,257	1,115,337	1,167,026	(72,478)	(754,007)
Benefit Payments	(169,910)	(159,937)	(158,423)	(150,259)	(134,837)	(94,763)	(76,424)
Net Change in Total OPEB Liability	153,809	(2,279,872)	781,358	1,745,747	825,360	607,913	(17,275)
Total OPEB Liability - Beginning	8,009,760	10,289,632	9,508,274	7,762,527	6,937,167	6,329,254	6,346,529
Total OPEB Liability - Ending	<u>\$ 8,163,569</u>	<u>\$ 8,009,760</u>	<u>\$ 10,289,632</u>	<u>\$ 9,508,274</u>	<u>\$ 7,762,527</u>	<u>\$ 6,937,167</u>	<u>\$ 6,329,254</u>
Covered-Employee Payroll	\$ 17,984,979	\$ 18,034,032	\$ 15,985,909	\$ 16,179,697	\$ 16,567,803	\$ 16,562,167	\$ 13,634,804
Total OPEB Liability as a Percentage of Covered-Employee Payroll	45.39%	44.41%	64.37%	58.77%	46.85%	41.89%	46.42%

* This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

Note: Measurement date of the total OPEB liability is one year prior to the report date.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF NET POSITION – MULTI-FAMILY FUND
JUNE 30, 2024 AND 2023

	Housing Bond Program	
	2024	2023
ASSETS		
Loans Receivable	\$ -	\$ -
Less: Allowance for Loan Losses	-	-
Loans Receivable, Net	-	-
Investments	-	-
Accrued Interest - Loans	-	-
Accrued Interest - Investments	-	-
Cash and Cash Equivalents	-	-
Accounts Receivable, Net	-	-
Interfund Receivable (Payable)	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES		
Bonds and Notes Payable	\$ -	\$ -
Accrued Interest Payable on Bonds and Notes	-	-
Accounts Payable and Accrued Liabilities	-	-
Fees, Net	-	-
Escrow Deposits	-	-
Total Liabilities	-	-
NET POSITION		
Net Position, Restricted	-	-
Total Liabilities and Net Position	<u>\$ -</u>	<u>\$ -</u>

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF NET POSITION – MULTI-FAMILY FUND (CONTINUED)
JUNE 30, 2024 AND 2023

	Multi-Family Funding Bond		Multi-Family Development Bonds		Multi-Family Fund Total	
	2024	2023	2024	2023	2024	2023
ASSETS						
Loans Receivable	\$ 21,909,466	\$ 27,298,292	\$ 339,418,214	\$ 342,440,136	\$ 361,327,680	\$ 369,738,428
Less: Allowance for Loan Losses	-	-	-	-	-	-
Loans Receivable, Net	21,909,466	27,298,292	339,418,214	342,440,136	361,327,680	369,738,428
Investments	-	-	-	1,652,275	-	1,652,275
Accrued Interest - Loans	151,509	152,054	1,915,233	1,605,035	2,066,742	1,757,089
Accrued Interest - Investments	-	-	-	7,461	-	7,461
Cash and Cash Equivalents	5,946,586	6,471,298	50,533,491	62,010,698	56,480,077	68,481,996
Accounts Receivable, Net	-	-	-	-	-	-
Interfund Receivable (Payable)	-	-	-	(150,188)	-	(150,188)
Total Assets	28,007,561	33,921,644	391,866,938	407,565,417	419,874,499	441,487,061
LIABILITIES						
Bonds and Notes Payable	18,640,000	23,930,000	296,146,581	317,956,689	314,786,581	341,886,689
Accrued Interest Payable on Bonds and Notes	135,739	172,652	2,522,256	2,353,107	2,657,995	2,525,759
Accounts Payable and Accrued Liabilities	-	-	56,187	27,298	56,187	27,298
Fees, Net	-	-	1,994,201	2,015,270	1,994,201	2,015,270
Escrow Deposits	-	-	-	-	-	-
Total Liabilities	18,775,739	24,102,652	300,719,225	322,352,364	319,494,964	346,455,016
NET POSITION						
Net Position, Restricted	9,231,822	9,818,992	91,147,713	85,213,053	100,379,535	95,032,045
Total Liabilities and Net Position	\$ 28,007,561	\$ 33,921,644	\$ 391,866,938	\$ 407,565,417	\$ 419,874,499	\$ 441,487,061

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
MULTI-FAMILY FUND
YEARS ENDED JUNE 30, 2024 AND 2023

	Housing Bond Program	
	2024	2023
OPERATING REVENUES		
Interest Income on Loans	\$ -	\$ -
Earnings on Investments:		
Interest on Investments	-	-
Total Operating Revenues	-	-
OPERATING EXPENSES		
Interest Expense	-	-
Other Administrative Expenses	-	-
Arbitrage Rebate	-	-
Bond Issuance Costs	-	-
Loan Costs	-	33,000
Total Operating Expenses	-	33,000
OPERATING INCOME (LOSS)	-	(33,000)
Net Increase (Decrease) in Fair Value of Investments	-	-
Transfers Out	-	33,000
CHANGE IN NET POSITION	-	-
Net Position - Beginning of Year	-	-
NET POSITION - END OF YEAR	\$ -	\$ -

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
MULTI-FAMILY FUND (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023

	Multi-Family Funding Bond Program		Multi-Family Development Bonds		Multi-Family Fund Total	
	2024	2023	2024	2023	2024	2023
OPERATING REVENUES						
Interest Income on Loans	\$ 1,545,530	\$ 2,564,723	\$ 19,109,532	\$ 18,591,290	\$ 20,655,062	\$ 21,156,013
Earnings on Investments:						
Interest on Investments	339,014	390,771	2,337,879	1,334,450	2,676,893	1,725,221
Total Operating Revenues	1,884,544	2,955,494	21,447,411	19,925,740	23,331,955	22,881,234
OPERATING EXPENSES						
Interest Expense	571,714	1,278,747	10,107,576	9,311,779	10,679,290	10,590,526
Other Administrative Expenses	-	-	-	-	-	-
Arbitrage Rebate	-	-	28,889	27,299	28,889	27,299
Bond Issuance Costs	-	-	4,000	585,885	4,000	585,885
Loan Costs	97,044	110,369	461,456	519,429	558,500	662,798
Total Operating Expenses	668,758	1,389,116	10,601,921	10,444,392	11,270,679	11,866,508
OPERATING INCOME (LOSS)	1,215,786	1,566,378	10,845,490	9,481,348	12,061,276	11,014,726
Net Increase (Decrease) in Fair Value of Investments			37,669	(276)	37,669	(276)
Transfers Out	(1,802,956)	(2,289,630)	(4,948,499)	(6,005,359)	(6,751,455)	(8,261,989)
CHANGE IN NET POSITION	(587,170)	(723,252)	5,934,660	3,475,713	5,347,490	2,752,461
Net Position - Beginning of Year	9,818,992	10,542,244	85,213,053	81,737,340	95,032,045	92,279,584
NET POSITION - END OF YEAR	<u>\$ 9,231,822</u>	<u>\$ 9,818,992</u>	<u>\$ 91,147,713</u>	<u>\$ 85,213,053</u>	<u>\$ 100,379,535</u>	<u>\$ 95,032,045</u>

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APPENDIX B-2

**UNAUDITED FINANCIAL STATEMENTS OF RIHOUSING
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

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**RHODE ISLAND HOUSING AND MORTGAGE FINANCE
CORPORATION**

**INTERIM FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

THREE MONTHS ENDED SEPTEMBER 30, 2024



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**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
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THREE MONTHS ENDED SEPTEMBER 30, 2024**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Management and the Board of Commissioners
Rhode Island Housing and Mortgage Finance Corporation
Providence, Rhode Island

Results of Review of Interim Financial Information

We have reviewed the accompanying interim financial statements of Rhode Island Housing and Mortgage Finance Corporation (the Corporation), a component unit of the State of Rhode Island, which comprise the combining statement of net position as of September 30, 2024, and the related combining statements of revenues, expenses, and changes in net position, and cash flows for the three month period then ended, the discretely presented component unit statement of fiduciary net position as of September 30, 2024, and the related statement of changes in fiduciary net position for the three month period then ended, and the related notes to the interim financial statements (collectively referred to as the interim financial information).

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

Basis for Review Results

We conducted our review in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Interim Financial Information

Management is responsible for the preparation and fair presentation of the interim financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of interim financial information that is free from material misstatement, whether due to fraud or error.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of changes in total OPEB liability – and related ratios as listed in the Table of Contents be presented to supplement the interim financial statements. Such information, although not a required part of the interim financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the interim financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited or reviewed the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on the information.

Supplementary Information

Our review was conducted to obtain limited assurance as a basis for reporting whether we were aware of any material modification that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. The supplementary information as referenced in the Table of Contents is presented for purposes of additional analysis and is not a required part of the interim financial statements. Such supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the interim financial statements. The supplementary information has been subjected to the review procedures applied in our review of the interim financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited, or compiled the supplementary information and do not express an opinion on it.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Cranston, Rhode Island
February 11, 2025

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED SEPTEMBER 30, 2024
(UNAUDITED)

The accompanying basic financial statements include Rhode Island Housing and Mortgage Finance Corporation (the Corporation) and Affordable Housing Trust Fund (the Trust, a component unit of the Corporation), collectively referred to as Rhode Island Housing.

This section of Rhode Island Housing's financial statements presents Rhode Island Housing's management's discussion and analysis of the Corporation's financial position and performance as of September 30, 2024, and for the three months then ended. This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

Financial Highlights

The financial highlights (in millions) of the Corporation as of and for the three months ended September 30, 2024 increased from the previous year as follows:

	<u>Amount</u>	<u>Percent</u>
Mortgage Loans, Gross	\$ 90.8	6.1
Investments	522.9	45.1
Cash and Cash Equivalents	32.7	7.0
Total Assets	626.9	20.1
Bonds and Notes Payable	490.7	22.4
Total Net Position	92.8	33.2
Total Revenues	17.9	31.8
Total Expenses	15.5	29.6
Operating Income (before FMV adjustment)	2.3	62.5

Investments and mortgage loans represent the two largest categories of the Corporation's total assets at 45.0% and 42.2%, respectively. The increase in mortgage loans from the prior year is a result of new multi-family mortgages financed through Federal and State grant programs. New single-family mortgage production is securitized and categorized as an investment, resulting in an increase in Investments.

Bonds and notes payable represent the largest component of total liabilities at 79.4%. The increase relates to the issuance of single-family and multi-family bonds.

The increases in Total Revenues and Total Expenses relate to increases in investment interest, bond interest expenses and growth in grant activities.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED SEPTEMBER 30, 2024
(UNAUDITED)

Overview of the Financial Statements

The Corporation engages only in business-type activities; that is, activities that are financed in whole or in part by charges to external parties for services, with funding sources that are primarily external to the Corporation. As a result, the Corporation's basic financial statements include the statement of net position, the statement of revenues, expenses, and changes in net position, the statement of cash flows, and the notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner like a private-sector business.

The statement of net position presents information on the Corporation's assets, liabilities, deferred inflows and outflows of resources, and net position. Over time, increases or decreases in the Corporation's net position may serve as an indicator of whether the financial position of the Corporation is improving or deteriorating. Other factors, both internal and external to the Corporation, should be considered when evaluating the Corporation's financial position. The statement of revenues, expenses, and changes in net position presents information on how the Corporation's net position changed during the year.

All assets, liabilities, deferred inflows and outflows of resources, and changes in net position are reported using the accrual basis of accounting for governmental entities and are reported as soon as the underlying event giving rise to the asset or liability and resulting change in net position occurs, regardless of the timing of when a corresponding amount of cash is received or paid. Consequently, certain revenues and expenses reported in the statement of revenues, expenses, and changes in net position will result in cash flows in future periods.

The Affordable Housing Trust Fund (the Trust) is a separate legal entity created pursuant to a trust agreement initiated by the Corporation. The Trust is a private-purpose trust established to assist in activities that involve the creation and preservation of affordable housing in the State of Rhode Island (the State). All resources of the Trust, including income from investments and other revenues, are held in trust for the benefit of private and nonprofit organizations. There is no requirement that any portion of the Trust's resources be preserved as capital. The Trust administers its affairs through its trustees, records its assets in segregated accounts and maintains financial records separate from the Corporation.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED SEPTEMBER 30, 2024
(UNAUDITED)

Operating Activity of the Corporation

The following table summarizes the components of operating income, before the adjustment required to record investments at fair value as required by Governmental Accounting Standards Board (GASB) Statement No. 72:

	Three Months Ended September 30, (in thousands)		
	2024	2023	% Change
Revenues:			
Interest Income on Loans	\$ 16,323	\$ 16,433	(0.7)
Earnings on Investments	26,052	13,730	89.7
Gain on Sale of Loans	1,196	2,083	(42.6)
Grant Revenue	25,242	18,340	37.6
Other	5,309	5,655	(6.1)
Total Revenues	74,122	56,241	31.8
Expenses:			
Interest Expense	23,981	17,358	38.2
REO Expenditures	32	(139)	(123.0)
Bond Issuance Costs	2,510	1,557	61.2
Operating Expenses	11,428	10,772	6.1
Grant Expense	25,118	18,252	37.6
Other Expenses	4,961	4,692	5.7
Total Expenses	68,030	52,492	29.6
Operating Income Before Adjusting Investments to Fair Value	<u>\$ 6,092</u>	<u>\$ 3,749</u>	<u>62.5</u>

Operating income, after adjusting investments to fair value, was \$46.1 million for the three-month period ended September 30, 2024, and an operating loss, after adjusting investments to fair value of \$31.3 million for the three-month period ended September 30, 2023. GASB Statement No. 72, which requires investments to be recorded at fair value, resulted in an increase in income of \$40.0 million in 2024 compared to a decrease in income of \$35.0 million in 2023.

The fair value of investments held in the form of Mortgage-backed Securities fluctuates in accordance with the changing interest rate environment. The Corporation intends to hold these investments to maturity and does not expect to realize any gains or losses on these investments.

Gain on sale of loans was \$1.2 million for the three months ended September 30, 2024 compared to \$2.1 million for the three months ended September 30, 2023. Fluctuations are a result of different financing strategies to take advantage of changing market conditions. Loans can be sold to Fannie Mae, Freddie Mac or securitized and sold in the To-Be-Announced market which generates immediate revenue and increases the gain on sale of loans. In the past year, loans were primarily financed through tax-exempt bonds, securitized, and held as investments providing stable revenue over the life of the loans. This strategy results in an increase in investments, yielding increased earnings on investments.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED SEPTEMBER 30, 2024
(UNAUDITED)

Operating expenses of the Corporation (personnel services, other administrative expenses, and depreciation and amortization of other assets) totaled \$11.4 million for the three months ended September 30, 2024, an increase of 6.1% from \$10.8 million for the three months ended September 30, 2023. The increase in 2024 is a result of expenses relating to the administration of federal programs.

Net interest income (interest on loans and investments less interest expense) is the largest component of the Corporation's operating income. Net interest income totaled \$18.4 million for the three months ended September 30, 2024, an increase of 43.6% from \$12.8 million for the three months ended September 30, 2023. Interest income on loans and investments increased by \$12.2 million from 2023 to 2024. Net interest income as a percentage of average bonds and notes payable was 3.02% in 2024 and 2.57% in 2023. Interest income on loans as a percentage of total loans was 5.74% in 2024 and 4.91% in 2023, while interest expense on bonds and notes was 3.93% in 2024 and 3.48% in 2023. This resulted in a spread margin (i.e., differential between loans and bonds) of 1.80% in 2024 and 1.43% in 2023.

The Corporation's revenue recognition policy for delinquent loans requires that interest will stop accruing and any accrued interest will be reversed if any loan becomes 90 days past due on the contractual obligation. The Corporation will commence accruing interest income on such loans once the loans are made current.

There were no additions to the provision for loan loss for the three months ended September 30, 2024 or 2023. The adequacy of the allowance is based on a review of the Corporation's loan portfolio and an analysis of its current characteristics. The primary economic factors incorporated into the allowance estimates are: (1) recent performance characteristics of the single-family portfolio, and (2) net operating cash flows of the developments associated with multi-family loans.

For single-family loans, an estimate of loss reserve is based on current delinquency, historical loss experience, and the last instance of economic softness and real estate depreciation.

For the multi-family portfolios, a specific loan loss reserve analysis is performed for every loan demonstrating signs of financial strain. Cash flow projections are developed from the most recent audited financials for each of the sites which may be experiencing difficulty, and which have a mortgage loan. For each of these sites, an analysis of value is calculated and compared to the loan balance. This methodology is equivalent to the formulation of the income approach found in standard real estate appraisals. Beyond the specific reserves derived above, a general reserve is also established. The general reserve is based on a range of reserve percentages applicable to each loan portfolio.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED SEPTEMBER 30, 2024
(UNAUDITED)

Financial Analysis of the Corporation

The following table summarizes certain financial information regarding the Corporation's financial position:

Three Months Ended September 30, (in thousands)			
	2024	2023	% Change
Loans Receivable, Net	\$ 1,494,012	\$ 1,434,617	4.1
Investments	1,682,413	1,159,479	45.1
Cash and Cash Equivalents	500,565	467,826	7.0
Other Assets	61,692	49,904	23.6
Total Assets	<u>3,738,682</u>	<u>3,111,826</u>	<u>20.1</u>
 Deferred Outflows of Resources	 2,270	 6,332	 (64.2)
 Bonds and Notes Payable	 2,683,764	 2,193,080	 22.4
Other Liabilities	679,347	640,941	6.0
Total Liabilities	<u>3,363,111</u>	<u>2,834,021</u>	<u>18.7</u>
 Deferred Inflows of Resources	 <u>5,495</u>	 <u>4,561</u>	 <u>20.5</u>
 Net Position:			
Net Investment in Capital Assets	8,385	8,892	(5.7)
Restricted	243,701	149,772	62.7
Unrestricted	<u>120,260</u>	<u>120,912</u>	<u>(0.5)</u>
Total Net Position	<u>\$ 372,346</u>	<u>\$ 279,576</u>	<u>33.2</u>

Total assets of the Corporation increased 20.1% from September 30, 2023 to September 30, 2024. Bonds and notes payable totaled \$2.7 billion as of September 30, 2024, an increase of \$490.7 million, or 22.4%, from September 30, 2023.

During the three-month period ended September 30, 2024, the Corporation issued \$192.6 million of single-family bonds and \$87.9 million of multi-family bonds to finance new loan production. In addition, \$4.7 million of single-family bonds and \$8.8 million of multi-family bonds were redeemed prior to maturity under provisions in the bond resolutions that allow mortgage prepayments, excess revenues and refunded amounts to be used for such purposes.

As of September 30, 2024 and 2023, the net position-to-asset ratio was 10.0% and 9.0%, respectively, while the loan-to-asset ratio was 40.0% and 46.1%, respectively. The increase in the net position-to-asset ratio is driven increases in net position resulting from both the FMV adjustment, which has fluctuated significantly due to market conditions, and the increase in investment-related income. The loan to asset ratio also continues to trend down as investments continue to trend upward, driven by the change in strategy. These ratios reflect the application of GASB Statement No. 72 and 91.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED SEPTEMBER 30, 2024
(UNAUDITED)

External Influences

The economy and the level of unemployment in the State of Rhode Island have a direct impact on the Corporation's delinquency experience within its portfolio. As of September 30, 2024, Rhode Island's unemployment rate was 3.2% compared to 2.6% as of September 30, 2023. The Corporation has experienced an increase in its 90+ delinquency rate to 4.13% in 2024 from 3.63% in 2023.

Requests for Information

This management's discussion and analysis is designed to provide a general overview of the Corporation's finances. Questions concerning this report may be addressed to the Director of Accounting, Rhode Island Housing and Mortgage Finance Corporation, 44 Washington Street, Providence, Rhode Island, 02903. The Corporation maintains a website at: www.rihousing.com.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2024
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)
(UNAUDITED)

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
ASSETS				
Loans Receivable	\$ 805,235,719	\$ 336,206,107	\$ 374,426,070	\$ 1,515,867,896
Less Allowance for Loan Losses	(68,283,875)	(16,978,128)	-	(85,262,003)
Loans Receivable, Net	736,951,844	319,227,979	374,426,070	1,430,605,893
Loans Held for Sale	63,406,316	-	-	63,406,316
Investments	128,677,534	1,544,598,733	9,137,175	1,682,413,442
Accrued Interest - Loans	2,345,512	997,780	2,037,339	5,380,631
Accrued Interest - Investments	19,705	10,893,229	11,543	10,924,477
Cash and Cash Equivalents	196,928,569	186,255,221	117,381,579	500,565,369
Accounts Receivable, Net	15,858,152	92,872	-	15,951,024
Other Assets, Net	25,028,937	4,405,775	-	29,434,712
Total Assets	1,169,216,569	2,066,471,589	502,993,706	3,738,681,864
DEFERRED OUTFLOWS OF RESOURCES				
Loan Origination Costs	-	1,633	-	1,633
Deferred OPEB Outflows	2,267,957	-	-	2,267,957
Total Deferred Outflows of Resources	2,267,957	1,633	-	2,269,590
Total Assets and Deferred Outflows of Resources	<u>\$ 1,171,484,526</u>	<u>\$ 2,066,473,222</u>	<u>\$ 502,993,706</u>	<u>\$ 3,740,951,454</u>
LIABILITIES				
Bonds and Notes Payable	\$ 397,138,400	\$ 1,892,733,475	\$ 393,892,023	\$ 2,683,763,898
Accrued Interest Payable on Bonds and Notes	2,121,713	34,558,699	5,244,428	41,924,840
Accounts Payable and Accrued Liabilities	20,992,895	319,857	92,113	21,404,865
Fees, Net	1,398,591	33,446	1,994,201	3,426,238
Escrow Deposits	612,154,232	-	437,175	612,591,407
Total Liabilities	1,033,805,831	1,927,645,477	401,659,940	3,363,111,248
DEFERRED INFLOWS OF RESOURCES				
Hedging Instruments	923,872	-	-	923,872
Deferred OPEB Inflow	4,570,961	-	-	4,570,961
Total Deferred Inflows of Resources	5,494,833	-	-	5,494,833
NET POSITION				
Net Investment in Capital Assets	8,385,325	-	-	8,385,325
Restricted by Bond Resolutions	3,539,824	138,827,745	101,333,766	243,701,335
Unrestricted	120,258,713	-	-	120,258,713
Total Net Position	132,183,862	138,827,745	101,333,766	372,345,373
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 1,171,484,526</u>	<u>\$ 2,066,473,222</u>	<u>\$ 502,993,706</u>	<u>\$ 3,740,951,454</u>

See accompanying Notes to Interim Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
THREE MONTHS ENDED SEPTEMBER 30, 2024
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)
(UNAUDITED)

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
OPERATING REVENUES				
Interest Income on Loans	\$ 5,608,077	\$ 3,021,282	\$ 4,980,203	\$ 13,609,562
Interest Income Attributable to Internal Servicing Activities	2,713,039	-	-	2,713,039
Total Interest Income on Loans	8,321,116	3,021,282	4,980,203	16,322,601
Income on Investments:				
Earnings on Investments	841,783	24,479,787	730,574	26,052,144
Fees	4,471,613	-	-	4,471,613
Servicing Fee Income	827,761	-	-	827,761
Grant Revenue	25,242,409	-	-	25,242,409
Miscellaneous Income	9,024	-	-	9,024
Gain on Sale of Loans	1,196,152	-	-	1,196,152
Total Operating Revenues	40,909,858	27,501,069	5,710,777	74,121,704
OPERATING EXPENSES				
Interest Expense	3,908,639	17,363,107	2,708,958	23,980,704
Personnel Services	7,373,965	-	-	7,373,965
Other Administrative Expenses	2,971,942	-	-	2,971,942
Housing Initiatives	707,692	-	-	707,692
REO (Recoveries) Expenditures	32,046	-	-	32,046
Arbitrage Rebate	-	90,824	35,927	126,751
Bond Issuance Costs	617,694	1,380,733	511,661	2,510,088
Depreciation and Amortization of Other Assets	954,061	127,535	-	1,081,596
Loan Costs	27,665	3,933,258	136,602	4,097,525
State Rental Subsidy Program	29,415	-	-	29,415
Grant Expense	25,118,101	-	-	25,118,101
Total Operating Expenses	41,741,220	22,895,457	3,393,148	68,029,825
OPERATING INCOME (LOSS)	(831,362)	4,605,612	2,317,629	6,091,879
Net Increase (Decrease) in Fair Value of Investments	(3,883,018)	43,843,633	-	39,960,615
Transfers In (Out)	1,363,398	-	(1,363,398)	-
CHANGE IN NET POSITION	(3,350,982)	48,449,245	954,231	46,052,494
Net Position - Beginning of Year	135,534,844	90,378,500	100,379,535	326,292,879
NET POSITION - END OF YEAR	<u>\$ 132,183,862</u>	<u>\$ 138,827,745</u>	<u>\$ 101,333,766</u>	<u>\$ 372,345,373</u>

See accompanying Notes to Interim Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENT OF CASH FLOWS
THREE MONTHS ENDED SEPTEMBER 30, 2024
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)
(UNAUDITED)

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest on Loans Receivable	\$ 8,023,282	\$ 3,101,823	\$ 5,009,606	\$ 16,134,711
Repayment of Loans Receivable	59,591,662	7,038,547	2,901,609	69,531,818
Fees Collected (Paid)	5,262,417	(1,764)	-	5,260,653
Other Receipts (Disbursements), Net	37,828,909	-	437,175	38,266,084
Loans Disbursed	(107,442,977)	(5,318,356)	(16,000,000)	(128,761,333)
Accounts Receivable, Net	6,787,308	-	-	6,787,308
Loss on Loans Receivable	7,827,434	(21,872)	-	7,805,562
Income on REO Properties	(32,046)	-	-	(32,046)
Bond Issuance Costs	(617,694)	(1,380,733)	(511,661)	(2,510,088)
Personnel Services	(7,373,965)	-	-	(7,373,965)
Other Administrative Expenses	(2,971,942)	-	-	(2,971,942)
Housing Initiative Expenses	(707,692)	-	-	(707,692)
Other Assets	405,320	(3,365)	-	401,955
Arbitrage Rebate	-	(90,824)	(35,927)	(126,751)
Accounts Payable and Accrued Liabilities	(64,833)	90,824	35,927	61,918
Gain (Loss) on Sale of Loans	773,573	(3,933,258)	(136,602)	(3,296,287)
State Rental Subsidy Program	(29,415)	-	-	(29,415)
Transfers from (to) Other Programs	1,363,398	-	(1,363,398)	-
Net Cash Provided (Used) by Operating Activities	8,622,739	(518,978)	(9,663,271)	(1,559,510)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from Sale of Bonds and Notes	150,025,000	194,990,075	87,855,000	432,870,075
Payment of Bond and Note Principal	(120,823,498)	(4,655,000)	(8,750,000)	(134,228,498)
Interest Paid on Bonds and Notes	(3,906,993)	(56,271)	(122,083)	(4,085,347)
Net Cash Provided by Noncapital Financing	25,294,509	190,278,804	78,982,917	294,556,230
CASH FLOWS FROM INVESTING ACTIVITIES				
Redemption of Investments	157,418,831	43,020,661	-	200,439,492
Earnings on Investments	838,502	19,223,238	719,031	20,780,771
Purchase of Investments	(158,746,593)	(175,851,742)	(9,137,175)	(343,735,510)
Net Cash Used by Investing Activities	(489,260)	(113,607,843)	(8,418,144)	(122,515,247)
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,427,988	76,151,983	60,901,502	170,481,473
Cash and Cash Equivalents - Beginning of Year	163,500,581	110,103,238	56,480,077	330,083,896
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 196,928,569</u>	<u>\$ 186,255,221</u>	<u>\$ 117,381,579</u>	<u>\$ 500,565,369</u>

See accompanying Notes to Interim Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
THREE MONTHS ENDED SEPTEMBER 30, 2024
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)
(UNAUDITED)

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss) after FV adjustment	\$ (4,714,380)	\$ 48,449,245	\$ 2,317,629	\$ 46,052,494
Adjustments:				
Earnings on Investments	(838,502)	(19,223,238)	(719,031)	(20,780,771)
Net (Increase) Decrease in Fair Value of Investments	3,883,018	(43,843,633)	-	(39,960,615)
Interest Paid on Bonds and Notes	3,906,993	56,271	122,083	4,085,347
Amortization of Bond Premium/Discount	-	(776,260)	441	(775,819)
Transfer of investments and/or Net Position	1,363,398	-	(1,363,398)	-
(Increase) Decrease in Assets:				
Loans Receivable/Loss Allowance	(39,880,130)	1,698,319	(13,098,390)	(51,280,201)
Accrued Interest - Loans	(297,834)	80,541	29,403	(187,890)
Accrued Interest - Investments	(3,282)	(5,256,549)	(11,543)	(5,271,374)
Accounts Receivable, Net	6,643,556	-	-	6,643,556
Other Assets	1,359,381	124,120	-	1,483,501
(Increase) Decrease in Deferred Outflows	(394,915)	49	-	(394,866)
Increase (Decrease) in Liabilities:				
Accrued Interest - Bonds and Notes	1,646	18,083,096	2,586,433	20,671,175
Accounts Payable and Accrued Liabilities	(64,830)	90,824	35,927	61,921
Fees, Net	(36,956)	(1,763)	-	(38,719)
Escrow Deposits	37,695,576	-	437,175	38,132,751
Total Adjustments	13,337,119	(48,968,223)	(11,980,900)	(47,612,004)
Net Cash Provided (Used) by Operating Activities	\$ 8,622,739	\$ (518,978)	\$ (9,663,271)	\$ (1,559,510)

See accompanying Notes to Interim Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF FIDUCIARY NET POSITION – PRIVATE PURPOSE TRUST COMPONENT UNIT
AFFORDABLE HOUSING TRUST
SEPTEMBER 30, 2024
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)
(UNAUDITED)

ASSETS

Loans Receivable	\$ 80,238,708
Less Allowance for Loan Losses	<u>(13,169,728)</u>
Loans Receivable, Net	67,068,980
Investments	11,092,406
Accrued Interest - Loans	184,753
Accrued Interest - Investments	12,567
Cash and Cash Equivalents	36,781,246
Accounts Receivable, Net	17,781
Other Assets, Net	<u>403,137</u>
Total Assets	<u><u>\$ 115,560,870</u></u>

NET POSITION

Restricted for Organizations	<u>\$ 115,560,870</u>
Total Liabilities and Net Position	<u><u>\$ 115,560,870</u></u>

See accompanying Notes to Interim Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PRIVATE PURPOSE TRUST
COMPONENT UNIT AFFORDABLE HOUSING TRUST
THREE MONTHS ENDED SEPTEMBER 30, 2024
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)
(UNAUDITED)

ADDITIONS:

Interest Income on Loans	\$ 450,219
Earnings on Investments:	
Interest on Investments	262,305
Trust Receipts	1,007,712
Total Revenues	<u>1,720,236</u>
CHANGE IN NET POSITION	1,720,236
Net Increase in Fair Value of Investments	509,698
Net Position - Beginning of Year	<u>113,330,936</u>
NET POSITION - END OF YEAR	<u><u>\$ 115,560,870</u></u>

See accompanying Notes to Interim Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(UNAUDITED)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Description of Financial Reporting Entity

Rhode Island Housing and Mortgage Finance Corporation (the Corporation) is a public instrumentality established in 1973 by an Act of the Rhode Island General Assembly. The Corporation was created to originate loans and administer other activities to expand the supply of housing available to persons of low and moderate income and to stimulate the construction and rehabilitation of housing and health care facilities in the State of Rhode Island (the State). It has the power to issue negotiable notes and bonds to achieve its corporate purpose. The notes and bonds do not constitute a debt of the State, and the State is not liable for the repayment of such obligations.

The Corporation is considered a component unit of the State and is included in the State's annual comprehensive financial report.

The Corporation is exempt from federal and state income taxes.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the Corporation applies the criteria prescribed by Governmental Accounting Standards Board (GASB). Through the application of GASB criteria, the Corporation determined that the Affordable Housing Trust Fund (the Trust) is a component unit of the Corporation, and the Trust has been presented in the accompanying fiduciary fund financial statements. Control over and financial accountability for the Trust is determined based on appointments by a voting majority of the Trust's trustees.

B. Affordable Housing Trust Fund

The Affordable Housing Trust Fund (the Trust) is a separate legal entity created pursuant to a trust agreement initiated by the Corporation. The Trust is a private-purpose trust established to assist in activities that involve the creation and preservation of affordable housing in the State. All resources of the Trust, including income on investments and other revenues, are held in trust for the benefit of private and nonprofit organizations. Trust receipts are derived from payments related to affordable housing preservation transactions and funds received to administer housing programs. There is no requirement that any portion of the Trust's resources be preserved as capital. The Trust administers its affairs through its trustees, records its assets in segregated accounts, and maintains financial records separate from the Corporation.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(UNAUDITED)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Financial Statement Presentation, Measurement Focus, and Basis of Accounting

The Corporation engages only in business-type activities. Business-type activities are activities that are financed in whole or in part by fees charged to external parties. The accompanying combining statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows (enterprise fund financial statements) present the financial information of the Corporation.

The Corporation classifies its business-type activities into funds, reported as separate columns within the enterprise fund financial statements, each representing a fiscal and accounting entity with a self-balancing set of accounts segregated to carry on specific activities in accordance with bond resolutions established under various trust indentures, special regulations restrictions, or limitations. All interfund activity has been eliminated from the combining totals in the accompanying financial statements. Transfers between funds are made to cover the operating costs associated with management of bond resolutions. Transfers also consist of reimbursement of collateral for bond resolutions previously funded by the operating fund.

The Operating Fund accounts for the receipt of income not directly pledged to the repayment of specific bonds and notes, expenses related to the Corporation's administrative functions, and for various housing program activities that are not covered by bond resolutions. The Operating Fund also accounts for the activities of the Corporation's two separate subsidiaries: Rhode Island Housing Equity Corporation and Rhode Island Housing Development Corporation. The Single-Family Housing Fund includes transactions and programs designed to provide affordable housing to eligible persons and families within the State for properties with one to four dwelling units. All loans, whether originated by the Corporation or purchased from participating lenders, are in compliance with bond resolutions. The Multi-Family Fund includes financing activities with the intent to originate multi-family loans secured by a lien.

The Trust engages only in fiduciary activities. Separate financial statements are presented for the Trust as fiduciary activities are excluded from presentation in financial statements.

The Corporation and the Trust use the economic resources measurement focus and accrual basis of accounting. The accompanying financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) for governments as prescribed by GASB, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(UNAUDITED)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Financial Statements Presentation, Measurement Focus, and Basis of Accounting (Continued)

The Corporation has presented an unclassified combining statement of net position in accordance with financial institution industry trade practice. Although contractual terms define the principal amounts of loans receivable and the amount of principal required to be paid on bonds and notes payable within one year from the date of the combining statement of net position, the actual principal amounts received on loans and repaid on bonds and notes are significantly affected by changes in interest rates, economic conditions, and other factors. Consequently, the principal amount of loans receivable and the principal amount payable for bonds and notes based on contractual terms would not be representative of actual amounts received or paid, and such amounts are not reliably estimable.

The Corporation distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from services provided in connection with the Corporation's principal ongoing operations. The Corporation reports the Net Increase (Decrease) in the Fair Value of Investments as nonoperating. The intent of the Corporation is to hold the investments to maturity which will not result in realized gains or losses. Operating expenses include the cost of services provided, administrative expenses, and depreciation and amortization expense. All other revenues and expenses are reported as nonoperating revenues and expenses.

D. Loans Receivable and Allowance for Loan Losses

Loans receivables are reported at their outstanding principal balance adjusted for any charge-offs and the allowance for loan losses.

In general, interest income on loans receivable is recognized on the accrual basis. A loan is considered delinquent when payments are not made in accordance with contractual terms. Loans go into "nonaccrual status" when loan payments are delinquent for ninety days or more. Interest income is no longer accrued, and any accrued interest is reversed. Loans are returned to accrual status when all amounts contractually due are brought current or the loans have been restructured and future payments are reasonably assured. For certain deferred loans which specify that interest is payable based on available cash flow or the availability of other specified sources, related interest is recorded as income when received.

Losses on loans are provided for under the allowance method of accounting. The allowance is increased by provisions charged to operating expenses and by recoveries of previously charged-off loans. The allowance is decreased as loans are charged off.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(UNAUDITED)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Loans Receivable and Allowance for Loan Losses (Continued)

The allowance represents an amount that management believes will be adequate to provide for potential loan losses based on an evaluation of collectability and prior loss experience, known and inherent risk in the portfolio, changes in the nature, and volume of the loan portfolio, overall portfolio quality, specifically identified high risk loans, the estimated value of the underlying collateral, current and anticipated economic conditions that may affect the borrower's ability to pay, historical loss experience, and the types of mortgage insurance or guarantee programs provided by outside parties. Substantially all loans are secured by real estate in Rhode Island; accordingly, the ultimate collectability of the loans is susceptible to changes in market conditions in the area. Management believes the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, evaluation assessments made by management are inherently subjective and future adjustments to the allowance may be necessary if economic conditions differ substantially from the assumptions used at the time of the evaluation.

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Such loans are presented as loans held for sale on the accompanying statements of net position. Gains and losses from sales of loans are recognized based upon the difference between the fair value of mortgage-backed securities forward contracts at date of commitment and the carrying value of the underlying loans.

E. Cash and Cash Equivalents

Cash and cash equivalents represent funds on deposit with various financial institutions and funds held by the trustees of the various bond programs. Deposits held in financial institutions and all highly liquid investments, such as U.S. Treasury Bills and Notes, with original maturities of 90 days or less are considered cash and cash equivalents.

F. Investments

Investments held by the Corporation consist of those permitted by the various bond resolutions and the Corporation's investment policy. Investments include securities of the U.S. Government and of U.S. Government agencies, securities guaranteed by the U.S. Government and U.S. Government agencies, savings accounts, and guaranteed investment contracts.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(UNAUDITED)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments (Continued)

In accordance with GASB Statement No. 72 (GASB 72), money market investments having a remaining maturity of one year or less at time of purchase are reported at amortized cost if the fair value of such investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Investments in nonparticipating interest earning investment contracts, such as nonnegotiable and nontransferable guaranteed investment contracts, which are redeemable at contract or stated value rather than fair value based on current market rates and certificates of deposit with redemption terms that do not consider market rates, are reported at cost or amortized cost provided that the fair value of such contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors. Investments not reported at cost or amortized cost are reported at fair value in accordance with GASB No. 72. The fair value of securities is provided by an investment trustee as reported by recognized pricing firms. The reported amounts of investments not otherwise reported at fair value approximate their fair value.

All investment income, including changes in the fair value of investments, is reported as revenue in the Corporation's statements of revenues, expenses, and changes in net position and in the Trust's statement of changes in fiduciary net assets. The Corporation records a liability for the portion of investment income that is rebate able to the United States government under Section 103A of the Internal Revenue Code, as amended, (the Code) for tax-exempt bonds sold after 1981. The Code requires that such excess investment income be remitted to the Internal Revenue Service. Such rebate able investment income is included in accounts payable and accrued liabilities in the accompanying statements of net position and recorded within operating expenses in the statements of revenues, expenses, and changes in net position.

G. Bond Issuance Costs, Premiums, Discounts, and Early Retirements

In accordance with GASB Statement No. 65, costs associated with issuing bonds are reported in the combining statements of revenues, expenses, and changes in net position in the year the bond is issued. In addition, when refinancing debt, the costs associated with the refinanced bond are also reported in the combining statements of revenues, expenses, and changes in net position in the year in which the bond is refinanced.

Premiums and discounts are capitalized and amortized using a method that approximates the interest method over the life of the related issue or to the date the Corporation has the option to redeem the bonds.

The Corporation periodically retires bonds prior to their redemption date. Any premium paid on the call related to the early retirement of bonds that are not refunded is reported in the combining statements of revenues, expenses, and changes in net position.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(UNAUDITED)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Assets

Other assets of the Corporation are principally comprised of property and equipment, certain other real estate owned, and deferred servicing costs related to service release premiums paid to participating originating lenders for the origination of single-family loans. The Corporation depreciates property and equipment on a straight-line basis over the assets' estimated lives, which range from 3 to 40 years.

The Corporation states its other real estate owned acquired through or in lieu of foreclosure at the lower of cost or fair value less the cost to sell. The fair value of such assets is determined based on independent appraisals and other relevant factors. Other real estate owned in the Single-Family Fund is partially insured or guaranteed by outside parties and it is anticipated that the Corporation will recover substantially all the balance of these assets through such insurance and from proceeds from the sale of the underlying properties. The Corporation holds such properties for subsequent sale in a manner that will allow maximization of value. Carrying costs relating to other real estate owned are recorded in the Operating Fund.

I. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period. The measurement date for the reported liability, carried forward to the interim date, was June 30, 2023.

The Corporation reports total OPEB liability as a component of accounts payable and accrued liabilities on the combining statement of net position.

J. Deferred Inflows and Outflows of Resources

Deferred outflows of resources represent the consumption of net assets that applies to a future period or periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time.

The Corporation reports deferred outflows of resources related to loan origination costs in the combining statements of net position. Expenses will be recognized once the related loans are sold.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Inflows and Outflows of Resources (Continued)

Fair values of both hedging derivatives and investment derivatives (if any) are presented on the combining statements of net position either as a derivative liability (negative fair value) or as a derivative asset (positive fair value). The difference between the notional amount and fair value of the derivatives that are determined to be effective hedges is recorded as a deferred inflow or outflow of resources on the Corporation's combining statements of net position. The Corporation uses derivative financial instruments to manage and reduce the exposure to adverse fluctuations in interest rates and to lower the overall cost of financing. The Corporation's derivatives consist of forward sales contracts to sell mortgage-backed securities in the To-Be-Announced market and interest rate swap agreements entered into with rated swap counterparties in connection with its issuance of variable rate mortgage revenue bonds.

The Corporation reports deferred outflows and inflows related to Other Postemployment Benefits (OPEB) in the statement of net position which result from differences between expected and actual experience, changes in assumptions or other inputs and contributions after the measurement date. These amounts are deferred and included in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits, the one exception being contributions made after the measurement date which are recognized as OPEB expense in the following year.

The Corporation reports a deferred inflow of resources related to OPEB. That deferred inflow results from contributions made subsequent to the measurement date.

K. Net Position

Net position is classified into three components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets represents the net book value of all capital assets reduced by the outstanding balances of bonds and other debt and deferred inflows of resources, if any, used to acquire, construct, or improve these assets, and increased by deferred outflows of resources related to those assets, if any. Restricted net position consists of restricted assets that have been limited in use as specified either externally by creditors, contributors, laws, or government regulations, or internally by enabling legislation or law. Restricted assets are reduced by liabilities and deferred inflows of resources related to the restricted assets. Unrestricted net position consists of amounts not included in net investment in capital assets or restricted net position.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Net Position (Continued)

The Corporation classifies all net position amounts associated with its bond resolutions as restricted net position. Under bond indentures, all assets assigned to these programs are pledged for the benefit of the bondholders of each program; consequently, the Corporation classifies all such amounts, while retained in the bond programs, as restricted. Transfers from the bond programs to the Operating Fund are made when transfers are approved and authorized by the Corporation's management and such amounts are not specifically required to be retained within the bond program. Transfers during the period ended September 30, 2024 include cash transfers for reimbursement of activities in support of the bond programs.

Restricted net position in the Operating Fund is comprised of the amount of assets required to be pledged as collateral to a lender in excess of outstanding amounts borrowed, as well as assets restricted for federal programs. At September 30, 2024, the restricted amount totaled \$3,539,824.

L. Interest Income on Loans

The Corporation presents two categories of interest income. The first category, "interest income on loans," represents the interest component of the mortgagors' payments due to all mortgage servicing entities (including the Corporation's Operating Fund). The second category, "interest income attributable to internal servicing activities," represents compensation earned for mortgage servicing for those loans serviced by the Corporation. Together, these two components comprise interest income on loans owned by the Corporation.

M. Use of Estimates

Management has made several estimates and assumptions relating to the reporting of assets and liabilities, revenues and expenses, and disclosure of contingent assets and liabilities when preparing the financial statements in conformity with accounting principles generally accepted in the United States. Actual results could differ from those estimates.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fee and Grant Revenue

Recognition of grant revenue is recognized and accrued based on the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when actually received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made. Fee income is accrued as earned and includes fees received from loan originations, securitization premiums, loan servicing fees and Section 8 administrative fees received from the U.S. Department of Housing and Urban Development (HUD), including administrative fees that are paid by HUD to the Corporation under the Performance-Based Contract Administration (PBCA) contract for certain Section 8 projects throughout Rhode Island.

NOTE 2 RESTRICTED ASSETS

Certain assets are restricted by covenants and agreements as a result of transactions, including bond sales, mortgages generated with lending institutions, and funding provided by HUD programs. All Assets in the Single-Family and Multi-Family Funds are restricted. Restricted assets in the Operating Fund include Cash and Cash Equivalents, Investments, Loans, and Other Assets. At September 30, 2024, restricted assets in the Operating Fund totaled \$940,050,297.

NOTE 3 LOANS RECEIVABLE

The Corporation provides single-family mortgage loans to qualified borrowers in the State. Mortgage loans are generally required to be insured through the Federal Housing Administration (FHA), guaranteed by the Department of Veterans Administration (VA) or USDA Rural Development, or conventionally financed with traditional primary mortgage insurance. Under the single-family program guidelines, conventionally financed single-family mortgage loans with an initial loan-to-value ratio of greater than 80% are insured by private mortgage insurance carriers. As these loans amortize and the loan-to-value ratio falls below 80%, the private mortgage insurance coverage may be terminated.

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NOTE 3 LOANS RECEIVABLE (CONTINUED)

At September 30, 2024, the single-family mortgage loan balances in the Single-Family Fund are insured, subject to maximum insurable limits described below:

Private Mortgage Insurance	\$ 37,137,440
FHA Insurance	147,896,253
VA Guaranteed	2,666,680
USDA/RD Guaranteed	3,063,755
Uninsured	145,441,979
Total	<u>\$ 336,206,107</u>

The FHA program insures the repayment of the unpaid principal amount of the mortgage upon foreclosure and conveyance of title to the Secretary of HUD. The insurance proceeds are usually paid in cash, but at the discretion of the Secretary, may be settled through issuance of 20-year debentures. The VA mortgage loan guarantee covers from 25% up to 50% of the original principal amount of a loan up to a maximum of \$60,000 depending on the loan amount. Private mortgage insurers must be qualified to insure mortgages purchased by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association (FNMA) and must be authorized to do business in the State. Private mortgage insurance typically covers between 6% and 35% of claims depending upon the premium plan and coverage selected when the loan is originated. The risk exists that if these private mortgage insurance companies are not able to honor claims, these loans would be considered uninsured.

The Corporation has entered into a risk-sharing agreement with HUD whereby HUD will provide partial mortgage insurance on affordable multi-family housing developments financed by the Corporation. The risk of loss to the Corporation varies from 10% to 50% depending on the level of participation by HUD. In the Multi-Family Fund and Operating Fund, loan balances at September 30, 2024 of \$326,342,831 and \$304,029,250, respectively, are insured under such agreements subject to maximum participation limits. At September 30, 2024, loan balances of \$6,140,653 in the Trust are also insured under such agreements.

In May 2012, the Corporation entered into an agreement with FNMA whereby single-family mortgage loans originated under the Corporation's program guidelines may be sold directly to FNMA or pooled into a mortgage-backed security that will be guaranteed by FNMA. In October 2020, the Corporation entered into an agreement with Freddie Mac whereby single-family mortgage loans originated under the Corporation's program guidelines may be sold directly to Freddie Mac or pooled into a mortgage-backed security that would be guaranteed by Freddie Mac. As of September 30, 2024, 2,952 loans had been sold directly to FNMA, 819 loans had been sold directly to Freddie Mac, and eight mortgage-backed securities had been issued.

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NOTE 3 LOANS RECEIVABLE (CONTINUED)

As of September 30, 2024, the percentage of loan dollars that are in a first lien position by fund is as follows:

Operating	55.1%
Single-Family	84.7%
Multi-Family	93.7%
Affordable Housing Trust	35.9%

The payment of interest by borrowers on certain loans recorded in the Corporation's Operating Fund, Single-Family Fund, and Multi-Family Fund is deferred and is payable by borrowers only from available cash flow, as defined in the loan agreements or other specified sources. Interest income on such loans is recorded only when received from the borrower. For the three months ended September 30, 2024, interest received under such deferred loan arrangements was \$38,310 in the Operating Fund and \$50,530 in the Single-Family Fund. In addition, the Corporation administers certain federal and state loan programs, which are either deferred forgivable loans or noninterest bearing to the Corporation. Loans under these programs totaled \$333,691,855 at September 30, 2024.

At September 30, 2024, principal balances outstanding under deferred and noninterest-bearing loan arrangements are as follows:

Operating Fund:	
Single-Family Loans	\$ 38,568,001
Multi-Family Loans	359,337,290
Subtotal	<u>397,905,291</u>
Single-Family Fund:	
Single-Family Loans	15,890,512
Total	<u><u>\$ 413,795,803</u></u>

Certain loans recorded in the Corporation's Operating Fund and Single-Family Fund are on nonaccrual status due to delinquency over 90 days. At September 30, 2024, principal outstanding under such nonaccrual status loans is as follows:

Operating Fund:	
Single-Family Loans	\$ 11,570,314
Multi-Family Loans	-
Subtotal	<u>11,570,314</u>
Single-Family Fund:	
Single-Family Loans	16,808,145
Total	<u><u>\$ 28,378,459</u></u>

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NOTE 3 LOANS RECEIVABLE (CONTINUED)

A summary of the changes in the allowance for loan losses at September 30, 2024 for the Corporation is as follows:

Balance - Beginning of Year	\$ 77,456,441
Loans Charged Off, Net of Recoveries	-
Write-Down of REO Properties	(31,972)
Provision for Loan Losses	7,837,534
Balance - End of Period	<u><u>\$ 85,262,003</u></u>

In addition to the allowance for loan losses, the Corporation maintains an escrow account funded by certain mortgage lenders (the Mortgage Lender's Reserve Account). This Mortgage Lenders Reserve Account equals a percentage of the outstanding principal balance of certain mortgage loans purchased from an applicable mortgage lender and is available to the Corporation in the event the proceeds realized upon the default and foreclosure of any covered mortgage loan is less than the amount due to the Corporation. At September 30, 2024, the Mortgage Lender's Reserve Account totaled \$204,076.

NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The Corporation assumes levels of custodial credit risk for its cash and cash equivalents. Custodial credit risk is the risk that in the event of a financial institution failure, the Corporation's deposits may not be returned to it. Cash and cash equivalents are exposed to custodial credit risk as follows: a) uninsured and uncollateralized; b) uninsured and collateralized with securities held by the financial institution trust departments in the Corporation's or Trust's name; and c) uninsured and collateralized with securities held by financial institution trust departments or agents which are not held in the Corporation's or Trust's name.

The State requires that certain uninsured deposits of the State and State Agencies be collateralized. Section 35-10.1-7 of the General Laws of the State, dealing with the collateralization of public deposits, requires all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet its minimum capital standards as required by its Federal regulator be collateralized. The Corporation does not have any additional policy regarding custodial credit risk for its deposits.

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NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Cash and Cash Equivalents (Continued)

Cash and cash equivalents in the Single-Family Fund and Multi-Family Fund are principally invested in short-term United States Government money market funds. The funds are rated AAA and invested only in U.S. Treasuries, U.S. Agencies and repurchase agreements collateralized by U.S. Treasury and Agency securities. Since the funds offer a floating rate that tends to move with other market U.S. risk-free rates, there is substantially no interest rate risk associated with these short-term investments. Because of the quality of the underlying securities in the asset pool and the institutions involved in the management and custody, there is no material credit or custodial risk in this portfolio. These investments are used as temporary cash management instruments. The fair value of these money market funds reflects the net asset value reported by the fund administrator, which is a stable \$1 per unit. The underlying investments which are short-term cash equivalent type investments are generally carried at amortized cost which approximates fair value. There are no withdrawal limitations for the money market mutual funds.

Investments

The first objective of the Corporation investment strategy is to minimize risk and maximize the preservation of capital. All investments are to be made in a manner to minimize any risk which would jeopardize the safety of the principal invested. The second objective is to maintain sufficient liquidity to match cash flow requirements. The third objective is to maximize yield after satisfying the first two objectives. Other major considerations include diversification of risk and maintenance of credit ratings.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in a debt instrument. As a means of limiting exposure to fair value losses arising from rising interest rates, the Board of Commissioners established an investment policy for the Corporation's Operating Fund. The maximum investments in certain maturities or repricing maturities are as follows:

<u>Maturity</u>	<u>Maximum Investment</u>
Less than One Year	100%
One to Five Years	25%
Greater than Five Years	0%

At September 30, 2024, the Operating Fund holds three investments with a maturity of greater than five years. These investments are marketable securities that are pledged as collateral to a lender for borrowings.

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NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

While each of the bond resolutions contains investment policies which describe acceptable investments, there are no specific policies for percentage maximum investments with respect to the Single-Family Fund, Multi-Family Fund, and the Trust (collectively referred to as the Other Funds). The Corporation strives to match asset and liability maturities. The Corporation manages interest rate risk by considering variables such as mortgage prepayment frequency, expected asset lives, utilization of interest sensitivity gap (segmented time distribution), and simulation analysis.

At September 30, 2024, the distribution of investments by remaining or repricing maturity is as follows:

	<u>1 Year or Less</u>	<u>>1-5 Years</u>	<u>5 Years or More</u>	<u>Total</u>
Operating Fund:				
U.S. Govt Obligations	\$ 1,334,080	\$ -	\$ 1,535,463	\$ 2,869,543
Single-Family Fund:				
U.S. Govt Obligations	-	-	1,536,442,515	1,536,442,515
U.S. Agency Obligations	-	-	5,272,723	5,272,723
GICs	2,883,495	-	-	2,883,495
Total Single-Family Fund	2,883,495	-	1,541,715,238	1,544,598,733
Multi-Family Fund:				
U.S. Govt Obligations	-	9,137,175	-	9,137,175
U.S. Agency Obligations	-	-	-	-
GICs	-	-	-	-
Total Multi-Family Fund	-	9,137,175	-	9,137,175
Escrows	-	125,807,991	-	125,807,991
Subtotal	4,217,575	134,945,166	1,543,250,701	1,682,413,442
AHT:				
U.S. Agency Obligations	31,715	-	-	31,715
U.S. Govt Obligations	-	-	11,060,691	11,060,691
Total AHT	31,715	-	11,060,691	11,092,406
Total	<u>\$ 4,249,290</u>	<u>\$ 134,945,166</u>	<u>\$ 1,554,311,392</u>	<u>\$ 1,693,505,848</u>

* Included in the table above are escrow funds relating to homeowners and to multi-family developments. The Corporation is not exposed to interest rate risk relating to escrows since the income and market gains or losses on these investments flow directly into the respective escrow deposit liability accounts.

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NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Investments include mortgage-backed securities backed by government-insured single-family mortgage loans originated under the Corporation's program guidelines. These securities are pass-through securities which require monthly payments by an FHA-approved or Fannie Mae-approved lender and are guaranteed by either the Government National Mortgage Association (GNMA) or FNMA. The securities are subject to interest rate risk due to prepayments and the fair value of the securities which vary with the change in market interest rates. The securities are intended to be held to maturity and the Corporation does not expect to realize any gains or losses. The securities are held by the Single-Family and Operating Funds and are carried at fair value totaling \$1,544,584,781 at September 30, 2024.

The Corporation categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are observable market-based inputs or unobservable inputs that are corroborated by market data. Level 3 inputs are unobservable inputs that are not corroborated by market data.

The Corporation has recurring fair value measurements in the form of Fixed Income Securities (U.S. Treasuries, mortgage-backed securities, and obligations of government-sponsored enterprises) as of September 30, 2024 of \$128,677,534 in the Operating Fund, \$1,541,715,238 in the Single-Family Fund, \$9,137,175 in the Multi-Family Fund, and \$11,092,406 in the Trust that are valued using quoted market prices (Level 1 inputs). Included in Operating Fund investments are fair value measurements for escrow funds relating to homeowners and to multi-family developments. The Corporation does not measure the fair value of guaranteed investment contracts in the amount of \$2,883,495 in the Single-Family Fund as of September 30, 2024.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The current Board-approved policy requires all investments in the Operating Fund to be rated at least Single A by a nationally recognized rating agency. Generally, each of the bonded resolutions in the Single-Family Fund and the Multi-Family Fund contain policies that require investments that do not impair the existing ratings on the related bonds. The Trust has no minimum rating requirements.

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NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer regardless of its credit history. The Board-approved policy for the Operating Fund limits the amount that may be invested with any one issuer as follows:

United States Government Obligations	100% of Portfolio
United States Agency Obligations	100% of Portfolio
Repurchase Agreements	50% of Portfolio
Collective Short-Term Funds	25% of Portfolio
All Other Investments	10% of Portfolio

Although there are no specific concentration policies for maximum percentage of investments, the Corporation attempts to diversify as much as possible given the limited number of issuers of AAA-rated investments.

At September 30, 2024, all Operating Fund investments were invested in securities of the U.S. Government and Agency securities, with no concentration of more than 5% of total Operating Fund investments in any particular agency for which the investments were not secured by the U.S. Government.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The policy in the Operating Fund is that all purchases are held in a safekeeping or custodial account at an approved safekeeping agent of the Corporation in the Corporation's name. At September 30, 2024, there were no investments in the Operating Fund subject to custodial credit risk.

There are no other specific custodial credit risk policies for the other funds. Most of the Corporation's investments in other funds are either in Guaranteed Investment Contracts (GICs) in bonded resolutions, which are direct investments not subject to custodial credit risk, or in accounts managed by a financial advisory firm with underlying investments restricted to U.S. Government and Agency securities. At September 30, 2024, there were no investments in any of the other funds subject to custodial credit risk.

As established in the Board-approved investment policy, the Corporation can enter into interest rate swap agreements and other similar interest rate related derivative instruments to reduce interest rate mismatches between its loan and investment assets and its bond and note liabilities. These types of derivative instruments expose the Corporation to certain risks including credit risk, interest rate risk, and counterparty risk. At September 30, 2024, the Corporation was party to three interest rate swap agreements and two forward settling interest rate swap agreements. At September 30, 2024, the Corporation had entered into certain commitments to sell loans, which expose the Corporation to interest rate risk as discussed further in Note 10.

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NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable balance at September 30, 2024 is comprised of the following:

Due from Federal Government	\$ 5,676,094
Tax Sale Receivables	1,025,310
Customer and Program Related Accounts	<u>9,427,552</u>
Total Receivable	16,128,956
Allowance	<u>(177,932)</u>
Receivable, Net	<u><u>\$ 15,951,024</u></u>

NOTE 6 OTHER ASSETS

Other assets, net, consisted of the following at September 30, 2024:

Real Estate Owned	\$ 231,863
Capital Assets (Depreciable), Net	8,385,325
Purchased Mortgage Servicing Rights and Excess Servicing, Net	21,053,106
Other Assets	<u>(235,582)</u>
Total	<u><u>\$ 29,434,712</u></u>

Depreciation expense related to capital assets for the three months ended September 30, 2024 was \$194,268.

Amortization expense related to purchased mortgage servicing rights for the three months ended September 30, 2024 was \$887,328.

Other assets of the Trust consisted of federal program properties totaling \$403,137 at September 30, 2024.

NOTE 7 BONDS AND NOTES PAYABLE

The Corporation issues serial bonds and term bonds under various bond resolutions to provide permanent financing for the origination or purchase from participating originating lenders of single-family loans, to provide permanent financing for qualified housing developments, and to provide financing for other purposes.

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

The Corporation obtains principally first and second mortgage liens on real property financed. The Corporation assigns such liens to the respective bonds when the mortgage loans are permanently financed using bond proceeds. Bonds and notes are secured by related revenues and assets of the respective programs in which the related bonds and notes payable are reported.

The provisions of the applicable trust indentures require or allow for the redemption of bonds by the Corporation through the use of unexpended bond proceeds and excess funds accumulated primarily through the prepayment of mortgage loans. All outstanding bonds are subject to redemption at the option of the Corporation, in whole or in part at any time after certain dates, as specified in the respective bond series indentures.

Principal and interest on substantially all bonds is payable semi-annually. The Corporation is required by the Internal Revenue Service as well as its various bond resolutions to comply with certain tax code provisions and bond covenants. The most significant of these include the following: all debt payments must be current, annual reports and budgets must be filed with the trustee, and the Corporation must comply with various restrictions on investment earnings from bond proceeds. The Corporation's management believes it was in compliance with these covenants as of September 30, 2024.

Bonds and notes payable at September 30, 2024 are as follows:

<u>Description</u>	<u>Amount</u>
Operating Fund Bonds and Notes:	
Federal Home Loan Bank, due 2024 to 2027, Interest from 0.00% to 5.46%	\$ 10,675,000
Federal Financing Bank, due 2056 to 2064, Interest from 2.239% to 4.810%	298,542,986
General Obligation Bonds Series 2018:	
Mandatory Tender Bonds due 2032, Interest at 4.64%	5,000,000
Notes Payable, due 2027 to 2047, Interest from 2.750% to 6.250%	13,920,414
Lines of Credit, Payable on Demand, Interest from 5.54 to 6.163%	<u>69,000,000</u>
Total Operating Fund and Notes	<u>\$ 397,138,400</u>

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

<u>Description (Continued)</u>	<u>Amount</u>
Single-Family Fund:	
Homeownership Opportunity Bonds:	
Series 10-A Term bonds, due 2027, Interest at 6.50%	\$ 745,000
Series 15-A Term bonds, due 2024, Interest at 6.85%	170,000
Series 65-T Serial bonds, due 2024 to 2025, Interest from 3.786% to 3.886%	5,465,000
Series 66-C2 Serial bonds, due 2024 to 2026, Interest from 3.30% to 3.65%	4,800,000
Series 67-A Term bonds, due 2041, Interest at 3.55%	2,530,000
Series 67-B Term bonds, due 2026, Interest at 2.40	975,000
Series 67-C Serial bonds, due 2024 to 2027, Interest from 2.50% to 3.00%	7,885,000
Series 67-C Term bonds, due 2030 to 2038, Interest from 3.25% to 3.50%	6,285,000
	<u>14,170,000</u>
Series 68-B Term bonds, due 2046, Interest at 3.4%	1,135,000
Series 68-C Serial bonds, due 2024 to 2026, Interest from 2.40% to 2.65%	12,825,000
Series 68-C Term bonds, due 2031 to 2039, Interest from 3.15% to 3.50%	45,510,000
	<u>58,335,000</u>
Series 69-A Serial bonds, due 2024 to 2029, Interest from 2.85% to 3.50%	12,050,000
Series 69-B Term bonds, due 2048, Interest at 4.00%	9,940,000
Series 70 Serial Bonds, due 2024 to 2031, Interest from 1.80% to 2.55%	21,360,000
Series 70 Term Bonds, due 2034 to 2049, Interest from 2.80% to 4.00%	32,200,000
	<u>53,560,000</u>
Series 71 Serial Bonds, due 2024 to 2032, Interest from 1.65% to 2.55%	20,240,000
Series 71 Term Bonds, due 2034 to 2049, Interest from 2.75% to 3.75%	40,360,000
	<u>60,600,000</u>
Series 72-A Serial Bonds, due 2024 to 2032, Interest from .90% to 2.20%	12,705,000
Series 72-A Term Bonds, due 2035 to 2050, Interest from 2.30% to 3.50%	34,085,000
	<u>46,790,000</u>
Series 73-A Serial Bonds, due 2025 to 2032, Interest from .80% to 1.95%	28,815,000
Series 73-A Term Bonds, due 2035 to 2050, Interest from 2.10% to 3.00%	83,430,000
	<u>112,245,000</u>

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

<u>Description (Continued)</u>	<u>Amount</u>
Single-Family Fund (Continued):	
Homeownership Opportunity Bonds (Continued):	
Series 73-T Serial Bonds, due 2024 to 2025, Interest from 1.15% to 1.25%	\$ 5,185,000
Series 74 Serial Bonds, due 2024 to 2033, Interest from 1.30% to 5.00%	49,730,000
Series 74 Term Bonds, due 2036 to 2049, Interest from 2.125% to 3.00%	64,545,000
	<u>114,275,000</u>
Series 75-A Serial Bonds, due 2024 to 2033, Interest from .30% to 1.95%	29,245,000
Series 75-A Term Bonds, due 2036 to 2051, Interest from 2.05% to 3.00%	100,230,000
	<u>129,475,000</u>
Series 75-T Serial Bonds, due 2024 to 2028, Interest from .65% to 1.55%	18,710,000
Series 76-A Serial Bonds, due 2026 to 2033, Interest from 1.80% to 5.00%	32,335,000
Series 76-A Term Bonds, due 2036 to 2051, Interest from 2.35% to 3.00%	82,065,000
	<u>114,400,000</u>
Series 76-T Serial Bonds, due 2024 to 2026, Interest from 1.34% to 1.72%	7,260,000
Series 77-A Serial Bonds, due 2024 to 2034, Interest from 3.35% to 5.00%	39,155,000
Series 77-A Term bonds, due 2037 to 2051, Interest from 4.00% to 4.25%	53,950,000
	<u>93,105,000</u>
Series 77-T Serial Bonds, due 2024 to 2029, Interest from 3.20% to 4.00%	15,755,000
Series 78-A Serial Bonds, due 2030 to 2034, Interest from 4.00% to 4.55%	11,360,000
Series 78-A Term Bonds, due 2037 to 2052, Interest from 4.75% to 5.50%	99,330,000
	<u>110,690,000</u>
Series 78-T Serial Bonds, due 2024 to 2030, Interest from 5.01% to 5.59%	13,150,000
Series 79-A Serial Bonds, due 2031 to 2035, Interest from 3.60% to 4.05%	12,400,000
Series 79-A Term Bonds, due 2038 to 2053, Interest from 4.40% to 4.95%	62,930,000
	<u>75,330,000</u>
Series 79 T-1 Serial Bonds, due 2024 to 2031, Interest from 4.934% to 5.373%	16,435,000
Series 79 T-2 Term Bond, due 2053, Interest is variable	41,120,000
Series 80-A Serial Bonds, due 2031 to 2035, Interest from 3.80% to 4.00%	5,570,000
Series 80-A Term Bonds, due 2038 to 2053, Interest from 4.15% to 4.65%	69,430,000
	<u>75,000,000</u>

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

<u>Description (Continued)</u>	<u>Amount</u>
Single-Family Fund (Continued):	
Homeownership Opportunity Bonds (Continued):	
Series 80 T-1 Serial Bonds, due 2024 to 2033, Interest from 5.03% to 5.35%	\$ 30,785,000
Series 80 T-1 Term Bonds, due 2038 to 2043, Interest from 5.40% to 5.549%	53,565,000
	<u>84,350,000</u>
Series 80 T-2 Term Bond, due 2053, Interest is variable	64,710,000
Series 81 A Serial Bonds, due 2031 to 2035, Interest from 4.50% to 4.85%	4,455,000
Series 81 A Term Bonds, due 2038 to 2053, Interest from 5.00% to 6.25%	78,650,000
	<u>83,105,000</u>
Series 81 T-1 Serial Bonds, due 2024 to 2026, Interest from 5.579% to 5.686%	4,315,000
Series 81 T-1 Term Bonds, due 2043 to 2052, Interest from 6.481% to 6.50%	31,990,000
	<u>36,305,000</u>
Series 81 T-2 Serial Bonds, due 2027 to 2033, Interest from 5.794% to 6.345%	14,705,000
Series 81 T-2 Term Bonds, due 2038, Interest at 6.385%	15,325,000
	<u>30,030,000</u>
Series 82 A Serial Bonds, due 2028 to 2036, Interest from 3.35% to 3.90%	26,335,000
Series 82 A Term Bonds, due 2039 to 2054, Interest from 4.050% to 4.750%	98,120,000
	<u>124,455,000</u>
Series 82 T-1 Serial Bonds, due 2025 to 2028, Interest from 4.989% to 5.187%	9,000,000
Series 82 T-2 Term Bond, due 2054, Interest is variable	26,000,000
Series 83 A Serial Bonds, due 2031 to 2036, Interest from 3.80% to 4.10%	5,635,000
Series 83 A Term Bonds, due 2039 to 2054, Interest from 4.20% to 5.25%	77,715,000
	<u>83,350,000</u>
Series 83 B Serial Bonds, due 2025 to 2027, Interest from 3.85% to 4.05%	5,575,000
Series 83 T Serial Bonds, due 2027 to 2036, Interest from 4.84% to 5.58%	27,085,000
Series 83 T Term Bonds, due 2039 to 2054, Interest from 5.71% to 6.25%	76,570,000
	<u>103,655,000</u>
Unamortized Bond Premium	28,798,475
Total Single-Family Fund	<u><u>\$ 1,892,733,475</u></u>

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

<u>Description (Continued)</u>	<u>Amount</u>
Multi-Family Funding Bonds:	
2009 Series A, Subseries 2009A-1 Serial Bonds, due 2051, Interest at 3.01%	\$ 5,580,000
2009 Series A, Subseries 2009A-2 Term Bonds, due 2051, Interest at 2.32%	10,000,000
2010 Series A Term Bonds, due 2025 to 2035, Interest from 4.625% to 5.25%	1,080,000
2011 Series A Term Bonds, due 2026 to 2032, Interest from 4.125% to 4.625%	1,980,000
Subtotal	<u>18,640,000</u>
Multi-Family Development Bonds:	
2013 Series 2 Term Bonds, due 2027 to 2048, Interest from 3.25% to 4.125%	25,540,000
2014 Series 3-B Serial Bonds, due 2024 to 2025, Interest from 2.85% to 2.95%	400,000
2014 Series 3-B Term Bonds, due 2029 to 2049, Interest from 3.40% to 4.125%	<u>12,455,000</u>
	12,855,000
2016 Series 1-B Serial Bonds, due 2024 to 2026, Interest from 2.30% to 2.65%	495,000
2016 Series 1-B Term Bonds, due 2031 to 2056, Interest from 3.15% to 4.10%	<u>15,350,000</u>
	15,845,000
2016 Series 1-C Serial Bonds, due 2024 to 2026, Interest from 2.60% to 3.00%	1,160,000
2016 Series 1-C Term Bonds, due 2031 to 2041, Interest from 3.50% to 4.10%	<u>12,910,000</u>
	14,070,000
2017 Series 1-B Term Bonds, due 2052, Interest at 4.20%	1,485,000
2017 Series 4-B Serial Bonds, due 2024 to 2028, Interest from 2.45% to 3.05%	1,575,000
2017 Series 4-B Term Bonds, due 2032 to 2037, Interest from 3.35% to 3.80%	<u>31,620,000</u>
	33,195,000
2019 Series 1-B Serial Bonds, due 2024 to 2031, Interest from 1.70% to 2.40%	2,845,000
2019 Series 1-B Term Bonds, due 2034 to 2059, Interest from 2.75% to 3.40%	<u>32,555,000</u>
	35,400,000
2019 Series 2-T Serial Bonds, due 2024 to 2031, Interest from 2.25% to 2.95%	1,660,000
2019 Series 2-T Term Bonds, due 2039 to 2051, Interest from 3.30% to 3.50%	<u>9,570,000</u>
	11,230,000
2020 Series 1-T Term Bonds, due 2024, to 2038, Interest from 1.296% to 2.993%	42,360,000

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

<u>Description (Continued)</u>	<u>Amount</u>
Multi-Family Development Bonds (Continued):	
2021 Series 1-B Serial Bonds, due 2024 to 2032, Interest from 0.45% to 1.85%	\$ 1,190,000
2021 Series 1-B Term Bonds, due 2035 to 2040, Interest from 2.00% to 2.15%	9,520,000
	<u>10,710,000</u>
2021 Series 2-T Serial Bonds, due 2024 to 2032, Interest from 1.029% to 2.39%	15,240,000
2021 Series 2-T Term Bonds, due 2035 to 2040, Interest from 2.54% to 3.032%	28,745,000
	<u>43,985,000</u>
2022 Series 1-B Serial Bonds, due 2024 to 2034, Interest from 2.50% to 4.25%	5,665,000
2022 Series 1-B Term Bonds, due 2037 to 2042, Interest from 4.35% to 4.50%	6,380,000
	<u>12,045,000</u>
2023 Series 1-AB Term Bond, due 2053, Interest at 4.00%	24,500,000
2023 Series 1-B Term Bonds due 2028 to 2063, Interest from 3.50% to 5.05%	4,200,000
2024 Series 1-A Term Bond, due 2054, Interest at 3.60%	60,720,000
2024 Series 1-B Term Bond, due 2054, Interest at 3.35%	8,700,000
2024 Series 1-C Serial Bonds, due 2027 to 2036, Interest from 3.15% to 3.95%	1,610,000
2024 Series 1-C Term Bonds, due 2044 to 2066, Interest from 4.55% to 4.80%	16,825,000
	<u>18,435,000</u>
Unamortized Bond Discount	<u>(22,977)</u>
Subtotal	375,252,023
Total Multi-Family Fund	<u>\$ 393,892,023</u>
Total Bonds and Notes Payable	<u>\$ 2,683,763,898</u>

The Operating Fund's lines of credit were established with financial institutions primarily to make funds available for the origination, or purchase from participating originating lenders, of single-family loans prior to the receipt of the respective bond proceeds. At September 30, 2024, the Corporation may borrow up to a maximum of \$135,000,000 under various revolving loan agreements expiring between August 2024 and January 2025. Borrowings under the lines of credit are payable on demand and are unsecured. One line of credit has a variable interest rate. As of September 30, 2024, there were \$39,000,000 of borrowings and the rate was 5.93%. The remaining line of credit agreements have fixed interest rates which ranged from 5.617% to 5.687%. Outstanding borrowings under these agreements totaled \$30,000,000 at September 30, 2024.

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

Homeownership Opportunity Bonds Series 79-T2, 80-T2 and 82-T2 bear interest at taxable rates established weekly. The rate at September 30, 2024 was 4.85% to 4.88%.

The schedule below includes amounts required for debt service sinking funds for each fiscal year relating to the respective bonds and notes as of September 30, 2024 (dollars in thousands):

Fiscal Year	Operating Fund Bonds/Notes		Single-Family Fund Bonds		Multi-Family Fund Bonds/Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 35,652	\$ 11,454	\$ 51,915	\$ 55,834	\$ 5,875	\$ 10,138
2026	43,191	13,308	55,720	72,808	5,980	13,398
2027	11,053	11,199	54,365	70,997	6,935	13,264
2028	4,074	11,013	55,225	69,058	17,255	13,083
2029	4,280	10,865	57,180	67,022	8,830	12,542
2030-2034	29,885	50,891	279,735	65,112	45,125	12,274
2035-2039	31,248	45,640	317,755	56,024	111,535	10,787
2040-2044	38,610	39,381	340,620	44,222	78,975	6,931
2045-2049	46,095	32,036	331,005	30,393	40,625	4,277
2050-2054	58,567	23,096	310,445	15,804	42,925	2,789
2053-2057	61,211	12,044	9,970	508	16,865	1,212
2058-2062	32,933	2,745	-	-	11,155	550
2058-2067	340	3	-	-	1,835	88
Totals	<u>\$ 397,138</u>	<u>\$ 263,675</u>	<u>\$ 1,863,935</u>	<u>\$ 547,782</u>	<u>\$ 393,915</u>	<u>\$ 101,333</u>

Debt service requirements on direct borrowings and placements at September 30, 2024 are as follows (dollars in thousands):

Fiscal Year	Business Type Activities			
	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2025	\$ -	\$ 174	\$ 33,378	\$ 3,414
2026	-	232	40,025	2,679
2027	-	232	7,725	678
2028	-	232	577	606
2029	-	232	604	579
2030-2034	5,000	232	3,492	2,423
2035-2039	-	-	3,780	1,507
2040-2044	-	-	3,303	550
2045-2049	-	-	665	62
2050-2054	-	-	46	2
	<u>\$ 5,000</u>	<u>\$ 1,334</u>	<u>\$ 93,595</u>	<u>\$ 12,500</u>

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NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

Bonds and notes payable activity for the three months ended September 30, 2024 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bonds and Notes Payable:				
General Obligations Bonds	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
Unsecured Notes	60,000,000	128,000,000	(119,000,000)	69,000,000
Secured Notes	302,936,898	22,025,000	(1,823,498)	323,138,400
Revenue Bonds *	2,017,961,242	282,845,075	(14,180,819)	2,286,625,498
Totals	<u>\$ 2,385,898,140</u>	<u>\$ 432,870,075</u>	<u>\$ (135,004,317)</u>	<u>\$ 2,683,763,898</u>

* Additions include Premium or discount associated with Revenue Bonds issued and the ending balance is inclusive of the unamortized premium/discount

Changes in direct borrowings and placements for the three months ended September 30, 2024 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000	\$ -
Notes from Direct Borrowings and Direct Placements	84,709,568	129,000,000	(120,114,154)	93,595,414	72,506,921
Totals	<u>\$ 89,709,568</u>	<u>\$ 129,000,000</u>	<u>\$ (120,114,154)</u>	<u>\$ 98,595,414</u>	<u>\$ 72,506,921</u>

The agreements related to the notes from direct borrowings and direct placements of \$93,595,414 include certain provisions and results in the event of default. For the various lines of credit, which total \$69,000,000, the interest rate could increase up to a maximum of 5% over the current rate and the outstanding lines may become due immediately at the discretion of the respective lenders. For the notes payable, which total \$13,920,414 the principal and related interest would become due immediately.

NOTE 8 CONDUIT DEBT

To further economic development in the State, the Corporation issues bonds that provide financing for the acquisition, construction, and rehabilitation of multifamily housing for low-income renters. The properties financed are pledged as collateral, and the bonds are payable solely from payments received from the developers on the underlying mortgage or promissory notes. In addition, no commitments beyond the collateral, the payments from the developers and maintenance of the tax-exempt status of the conduit debt obligation were extended by the Corporation for any of those bonds. At September 30, 2024, the bonds have an aggregate outstanding principal amount payable of \$153,669,503.

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NOTE 9 COMMITMENTS AND CONTINGENCIES

The Corporation is party to financial instruments with off-balance-sheet risk in connection with its commitments to provide financing. Such commitments expose the Corporation to credit risk in excess of the amounts recognized in the accompanying combining statements of net position. The Corporation's exposure to credit loss in the event of nonperformance by the borrowers is represented by the contractual amount of such instruments. The Corporation uses the same credit policies in making commitments as it does for on-balance-sheet instruments.

Total credit exposure as a result of loan commitments at September 30, 2024 is as follows:

Single-Family Fund	\$ -
Operating Fund	211,399,216
Multi-Family Fund	-
Trust	6,179,522
Total	<u>\$ 217,578,738</u>

Commitments to extend credit are agreements to lend to a borrower as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. The Corporation evaluates each borrower's creditworthiness on a case-by-case basis. Interest rates on approved loan commitments are principally fixed rates.

The Corporation has entered into contracts with multiple developments under the Neighborhood Opportunities Program to fund projects over the next seven years for a total of \$6,933,385, subject to the availability of funds. As of September 30, 2024, \$6,153,866 has been paid under these contracts.

The Corporation is party to certain claims and lawsuits which are being contested, certain of which the Corporation and respective legal counsel are unable to determine the likelihood of an unfavorable outcome or the amount or range of potential loss. In the opinion of management, the ultimate liability with respect to these actions and claims will not have a material adverse effect on either the financial position or the results of operations of the Corporation.

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God for which the Corporation carries commercial insurance. Neither the Corporation nor its insurers have settled any claims which exceeded the Corporation's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year. The Corporation also is self-insured for unemployment compensation, and no accrual has been recorded in the accompanying financial statements for claims expected to arise from services rendered on or before September 30, 2024 because the Corporation officials are of the opinion that, based on prior experience, such claims will not be material.

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NOTE 10 DERIVATIVE INSTRUMENTS

In July 2013, the Corporation converted its loan funding platform from a mortgage revenue bond program to a program primarily financed through the sale of whole loans and mortgage-backed securities guaranteed by FNMA, Freddie Mac and GNMA as to timely payment of principal and interest. The securities represent pools of qualified first mortgage loans originated by the Corporation approved lenders. Under this program, the Corporation periodically enters into forward contracts to sell the securities to investors before the securities are ready for delivery (referred to as a To-Be-Announced or TBA Mortgage-Backed Security Contract). The Corporation enters into TBA Mortgage-Backed Security Contracts to hedge the interest rate risk for loan commitments made to originating mortgage lenders. TBA Mortgage-Backed Security Contracts are derivative instruments due to one or more of the following factors that are not designated at the time the Corporation and the investor enter into the transaction: settlement factors; the reference rates or interest rates the security will bear; and notional amounts in the form of the principal amount of the future Mortgage-Backed Securities. In addition, payment to the Corporation by the investor is not required until the investor receives the security, enabling the investor to take a position on interest rates without making a payment. Finally, the TBA Mortgage-Backed Security Contracts may be "net settled" because neither party is required to deliver or purchase an asset to settle the TBA Mortgage-Backed Securities Contract.

At September 30, 2024, TBA Mortgage-Backed Securities Contracts with a total notional amount of \$ 32,425,000 and fair market values totaling \$ 33,348,847 were outstanding, resulting in a hedging instrument of \$923,847. These contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are included in the combining statements of net position as deferred outflows of resources.

The Corporation may utilize swaps to establish synthetic fixed rates for a portion of its variable rate bond obligations in order to reduce overall costs of borrowing and to protect against the potential of rising interest rates. The Corporations existing interest rate swap transaction is structured for the Corporation to pay a fixed interest rate while receiving a variable interest rate from the swap counterparty which is comparable to the rate required by the associated variable rate debt. This synthetic fixed rate was lower than that available to the Corporation from fixed rate obligations of comparable maturities. The proceeds of these transactions are generally utilized to make fixed rate mortgage loans. As the objective of the swap entered into was to hedge changes in cash flows for each bond series, they are classified as cash flow hedges.

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NOTE 10 DERIVATIVE INSTRUMENTS (CONTINUED)

At September 30, 2024, the corporation was party to three interest rate swap agreements and two forward settling interest rate swap agreements with three counterparties. The swap details at September 30, 2024 are as follows:

<u>Associated Bond Issue</u>	<u>Counter-Party</u>	<u>Variable Rate Bonds Outstanding</u>	<u>Swap Notional Amount</u>	<u>Swap Effective Date</u>	<u>Swap Termination Date</u>	<u>Fixed Rate Paid</u>	<u>Variable Rate Received</u>	<u>Hedging Derivative Value</u>
Cash Flow Hedges:								
HOB Series 79 T-2	BNY	\$ 41,100,000	\$ 41,100,000	3/8/2023	10/1/2032	4.0245%	SOFR +10bp	\$ (544,709)
FFB - West House II	BNY	-	1,190,000	1/9/2026	11/1/2051	2.9225%	SOFR	79,977
HOB Series 80 T-2	BANA	64,690,000	64,690,000	8/24/2023	10/1/2036	3.7780%	SOFR +10bp	(560,836)
HOB Series 82 T-2	RBC	26,000,000	26,000,000	3/21/2024	4/1/2033	4.1510%	SOFR +10bp	(661,598)
FFB - Central Street	BNY	-	1,930,000	5/3/2027	4/1/2046	4.0910%	SOFR	(160,553)
		<u>\$ 131,790,000</u>	<u>\$ 134,910,000</u>					<u>\$ (1,847,719)</u>

The counterparty ratings are as follows:

<u>Agency</u>	<u>BNY</u>	<u>BANA</u>	<u>RBC</u>
Moody's	Aa2 Negative	Aa1 Negative	Aa1 Stable
S&P	AA- Stable	A+ Stable	AA- Stable
Fitch	AA Stable	AA Stable	AA- Stable

NOTE 11 EMPLOYEE BENEFITS

Employee Benefit Plan

The Corporation has adopted an employee retirement plan created in accordance with Internal Revenue Code Section 401(a). The Corporation's 401(a) Money Purchase Pension Plan (the Plan) is a defined contribution plan, administered by Voya Financial. Regular full-time employees who meet certain requirements as to length of service are eligible. The Corporation contributes a set percentage of an employee's annual eligible compensation to the Plan. The contribution requirements, and benefit provisions, are established and may be amended by management of the Corporation along with the Board of Commissioners. Contributions to the Plan for the three months ended September 30, 2024 were \$452,048. The assets of the Plan were placed under a separate trust agreement for the benefit of the applicable employees and, therefore, are neither an asset nor a liability of the Corporation.

Postemployment Healthcare Plan

The Rhode Island Housing Retiree Healthcare Plan (RIHRHP) is a single-employer, defined benefit healthcare plan administered by the Corporation. RIHRHP provides medical insurance benefits to eligible employees who retire from active full-time employment based on years of service and age.

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NOTE 11 EMPLOYEE BENEFITS (CONTINUED)

Postemployment Healthcare Plan (Continued)

RIHRHP currently pays for postemployment health care benefits on a pay-as-you-go basis. As of September 30, 2024, RIHRHP has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. Administration costs are financed from current operations. RIHRHP does not issue a stand-alone financial report.

Employees become eligible at 28 years of service or at age 59½ with 10 years of service. RIHRHP pays a percentage of the cost of insurance, ranging from 50% to 100%, based on a combination of years of service and age. The benefit provisions are established and may be amended by management of the Corporation along with the Board of Commissioners.

Membership in the plan consisted of the following at June 30, 2023, the date of the last actuarial valuation.

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefits	34
Inactive Plan Members Entitled to But Not Yet	
Receiving Benefits	-
Active Plan Members	<u>218</u>
Total Plan Members	<u><u>252</u></u>

Total OPEB Liability

RI Housing's total OPEB liability as of June 30, 2024 of \$8,163,569 is based on an actuarial valuation performed as of June 30, 2023.

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NOTE 11 EMPLOYEE BENEFITS (CONTINUED)

Actuarial Assumptions and Methods

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	3.86% as of June 30, 2023
Inflation	2.25%
Salary Increases	3.50% to 7.50%
Demographic Assumptions	Due to the size of the plan, the demographic assumptions are not based on formal experience studies. However, gains and losses are monitored during each valuation and adjustments are made to the demographic assumptions as needed.
Mortality	For healthy retirees, the gender-distinct PubG-2010 Health Retiree mortality tables were used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the Scale MP-2014 tables to account for future mortality improvements.
Health Care Cost Trend Rates	Pre-65: Initial rate of 7.10% declining to an ultimate rate of 4.25% after 15 years; Post-65: Initial rate of 5.00% declining to an ultimate rate of 4.25% after 9 years
Participation Rates	70% for retirees with 10 to 15 years of service at retirement; 85% for retirees with 16 to 27 years of service at retirement; 100% for retirees with 28 years or more of service at retirement
Other Information	The discount rate changed from 3.69% as of June 30, 2022 to 3.86% as of June 30, 2023. Additionally, the healthcare trend was reset based on the plan's anticipated experience.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(UNAUDITED)

NOTE 11 EMPLOYEE BENEFITS (CONTINUED)

Schedule of Changes in Total OPEB Liability and Related Ratios for Fiscal Year Ended June 30, 2024

Total OPEB Liability:	
Service Cost	\$ 555,238
Interest on Total OPEB Liability	302,669
Difference Between Expected and Actual Experience of the Total OPEB Liability	(674,102)
Changes in Assumptions	139,914
Benefit Payments	(169,910)
Net Change in Total OPEB Liability	153,809
Total OPEB Liability - Beginning	8,009,760
Total OPEB Liability - End of Period	<u>\$ 8,163,569</u>
 Covered-Employee Payroll	 \$ 17,984,979
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 45.39%

Sensitivity of Total OPEB Liability to the Discount Rate Assumption

Regarding the sensitivity of the total OPEB liability changes to the discount rate, the following presents the Plan's total OPEB liability, calculated using a discount rate of 3.86% as of June 30, 2024, as well as the Plan's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease 2.86%	Current Discount Rate Assumption 3.86%	1% Increase 4.86%
Total OPEB Liability	<u>\$ 9,777,778</u>	<u>\$ 8,163,569</u>	<u>\$ 6,889,298</u>

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher: For the year ended June 30, 2024, the healthcare cost trend rates for members who are Pre-65 were 7.10% and for members who are Post-65 were 5.00%:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	<u>\$ 6,716,301</u>	<u>\$ 8,163,569</u>	<u>\$ 10,088,102</u>

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(UNAUDITED)

NOTE 11 EMPLOYEE BENEFITS (CONTINUED)

Deferred Outflows and Deferred Inflows Related to OPEB

For the fiscal year ended June 30, 2024, RIHRHP recognized OPEB expense of \$538,591. At June 30, 2024, RIHRHP reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 7,671	\$ 1,818,807
Changes in Assumptions	2,080,304	2,752,154
Contributions Subsequent to the Measurement Date	179,982	-
Totals	<u>\$ 2,267,957</u>	<u>\$ 4,570,961</u>

Amounts reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent year.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Deferred Outflows and Deferred Inflows to be Recognized in Future OPEB Expense

<u>Year Ending June 30,</u>	Net Deferred Outflows/ (Inflows)
2025	\$ (319,316)
2026	(319,316)
2027	(319,316)
2028	(319,316)
2029	(267,259)
Thereafter	(938,463)
Total	<u>\$ (2,482,986)</u>

NOTE 12 SUBSEQUENT EVENTS

The Corporation issued debt as outlined below:

<u>Date of Issuance</u>	<u>Principal Program</u>	<u>Outstanding</u>
October 23, 2024	Homeownership Opportunity Bonds	\$ 187,475,000

Various economic and political factors have created significant pockets of volatility in investment markets. As a result, the current fair value of the Corporation's investments may be materially different from the amounts recorded in recent quarters' financial statements. Any changes, however, do not impact the Corporation's liquidity as it typically holds mortgage-backed securities until maturity.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST SEVEN FISCAL YEARS*
(UNAUDITED)

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:							
Service Cost	\$ 555,238	\$ 766,045	\$ 677,977	\$ 522,439	\$ 544,653	\$ 537,100	\$ 619,903
Interest on Total OPEB Liability	302,669	203,380	239,317	248,792	258,543	233,195	193,253
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience of Total OPEB Liability	(674,102)	(875)	(966,770)	9,438	(1,010,025)	4,859	-
Changes in Assumptions	139,914	(3,088,485)	989,257	1,115,337	1,167,026	(72,478)	(754,007)
Benefit Payments	(169,910)	(159,937)	(158,423)	(150,259)	(134,837)	(94,763)	(76,424)
Net Change in Total OPEB Liability	153,809	(2,279,872)	781,358	1,745,747	825,360	607,913	(17,275)
Total OPEB Liability - Beginning	8,009,760	10,289,632	9,508,274	7,762,527	6,937,167	6,329,254	6,346,529
Total OPEB Liability - Ending	<u>\$ 8,163,569</u>	<u>\$ 8,009,760</u>	<u>\$ 10,289,632</u>	<u>\$ 9,508,274</u>	<u>\$ 7,762,527</u>	<u>\$ 6,937,167</u>	<u>\$ 6,329,254</u>
Covered-Employee Payroll	\$ 17,984,979	\$ 18,034,032	\$ 15,985,909	\$ 16,179,697	\$ 16,567,803	\$ 16,562,167	\$ 13,634,804
Total OPEB liability as a Percentage of Covered-Employee Payroll	45.39%	44.41%	64.37%	58.77%	46.85%	41.89%	46.42%

* This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

Note: Measurement date of the Total OPEB Liability is one year prior to report date

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENT OF NET POSITION – MULTI-FAMILY FUND
SEPTEMBER 30, 2024
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)
(UNAUDITED)

	Multi-Family Funding Bond Program	Multi-Family Development Bonds	Multi-Family Fund Total
ASSETS			
Loans Receivable	\$ 21,818,789	\$ 352,607,281	\$ 374,426,070
Investments	-	9,137,175	9,137,175
Accrued Interest - Loans	151,004	1,886,335	2,037,339
Accrued Interest - Investments	-	11,543	11,543
Cash and Cash Equivalents	6,181,473	111,200,106	117,381,579
	<u>28,151,266</u>	<u>474,842,440</u>	<u>502,993,706</u>
Total Assets	<u>\$ 28,151,266</u>	<u>\$ 474,842,440</u>	<u>\$ 502,993,706</u>
LIABILITIES			
Bonds and Notes Payable	\$ 18,640,000	\$ 375,252,023	\$ 393,892,023
Accrued Interest Payable on Bonds and Notes	271,477	4,972,951	5,244,428
Accounts Payable and Accrued Liabilities	-	92,113	92,113
Fees, Net	-	1,994,201	1,994,201
Escrow Deposits	-	437,175	437,175
Total Liabilities	<u>18,911,477</u>	<u>382,748,463</u>	<u>401,659,940</u>
NET POSITION			
Net Position - Restricted	<u>9,239,789</u>	<u>92,093,977</u>	<u>101,333,766</u>
Total Liabilities and Net Position	<u>\$ 28,151,266</u>	<u>\$ 474,842,440</u>	<u>\$ 502,993,706</u>

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
MULTI-FAMILY FUND
THREE MONTHS ENDED SEPTEMBER 30, 2024
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)
(UNAUDITED)

	Multi-Family Funding Bond Program	Multi-Family Development Bonds	Multi-Family Fund Total
OPERATING REVENUES			
Interest Income on Loans	\$ 366,165	\$ 4,614,038	\$ 4,980,203
Total Interest Income on Loans	<u>366,165</u>	<u>4,614,038</u>	<u>4,980,203</u>
Earnings on Investments:			
Interest on Investments	<u>77,540</u>	<u>653,034</u>	<u>730,574</u>
Total Operating Revenues	<u>443,705</u>	<u>5,267,072</u>	<u>5,710,777</u>
OPERATING EXPENSES			
Interest Expense	135,738	2,573,220	2,708,958
Arbitrage rebate	-	35,927	35,927
Bond issuance costs	-	511,661	511,661
Loan Costs	<u>24,867</u>	<u>111,735</u>	<u>136,602</u>
Total Operating Expenses	<u>160,605</u>	<u>3,232,543</u>	<u>3,393,148</u>
OPERATING INCOME (LOSS)	283,100	2,034,529	2,317,629
Transfers In (Out)	<u>(275,133)</u>	<u>(1,088,265)</u>	<u>(1,363,398)</u>
CHANGE IN NET POSITION	7,967	946,264	954,231
Net Position - Beginning of Year	<u>9,231,822</u>	<u>91,147,713</u>	<u>100,379,535</u>
NET POSITION - END OF YEAR	<u><u>\$ 9,239,789</u></u>	<u><u>\$ 92,093,977</u></u>	<u><u>\$ 101,333,766</u></u>

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL WITH RESPECT TO THE ISSUANCE OF THE SERIES 85 BONDS

March 26, 2025

Rhode Island Housing and Mortgage
Finance Corporation
44 Washington Street
Providence, RI 02903

Dear Commissioners:

We have examined the Constitution and the laws of the State of Rhode Island (the “State”) and a record of proceedings relating to the issuance of \$85,940,000 principal amount of Homeownership Opportunity Bonds, Series 85-A (the “Series 85-A Bonds”), \$6,560,000 principal amount of Homeownership Opportunity Bonds, Series 85-B (the “Series 85-B Bonds”; together with the Series 85-A Bonds the “Series 85 Tax-Exempt Bonds”) and \$67,925,000 principal amount of Homeownership Opportunity Bonds, Series 85-T (the “Series 85-T Bonds”; together with the Series 85-A Bonds and the Series 85-B Bonds, the “Series 85 Bonds”) of the Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”), a public corporation and instrumentality and agency of the State created by and pursuant to Chapter 55 of Title 42 of the General Laws of Rhode Island, 1956 (2006 Reenactment), as amended (the “Act”), and organized and existing under the Act and the laws of the State.

The Series 85 Bonds are issued pursuant to the Act and a resolution adopted by RIHousing on October 19, 1988, entitled “General Homeownership Opportunity Program Bond Resolution” (the “General Resolution”), as supplemented by supplemental resolutions adopted by RIHousing on February 15, 2024 and January 16, 2025 (collectively, the “Supplemental Resolution”), and a Series Certificate of RIHousing delivered pursuant thereto relating to the Series 85 Bonds (the “Series 85 Series Certificate”). The General Resolution, the Supplemental Resolution and the Series 85 Series Certificate are referred to herein, collectively, as the “Resolution.” The Series 85 Bonds and any other bonds which have been or may be issued under the General Resolution are herein called the “Bonds.”

The Series 85 Bonds are dated, will mature on the dates and in the respective principal amounts, bear interest, if any, at the rates, are subject to redemption prior to maturity and are otherwise as described in the Resolution.

The Series 85 Bonds are issued for the purpose of providing funds to carry out the Program as described in the Resolution, including, among other things, the financing of loans for residential housing within the State for persons and families of lower and moderate incomes and payment of certain costs of RIHousing in connection with the Program. RIHousing is authorized to issue Bonds, in addition to the Series 85 Bonds, upon the terms and conditions as set forth in the General Resolution, and such Bonds, when issued, shall, with the Series 85 Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements which must be met subsequent to the delivery of the Series 85 Tax-Exempt Bonds in order that interest on the Series 85 Tax-Exempt Bonds shall be excluded from gross income for federal income tax purposes under Section 103 of the Code. RIHousing has covenanted in the Resolution to comply with applicable requirements

of the Code and for such purpose, to adopt and maintain appropriate procedures. In rendering this opinion, we have assumed compliance by RIHousing with and enforcement by RIHousing of the Resolution.

We are of the opinion that:

1. Under the Constitution and laws of the State, RIHousing has been duly created and validly exists, and RIHousing has good, right and lawful authority, among other things, to carry out its Program (as such term is defined in the Resolution), to provide sufficient funds therefor by the adoption of the Resolution and the issuance and sale of the Series 85 Bonds, and to perform its obligations under the terms and conditions of the Resolution.

2. The Resolution has been duly adopted by RIHousing, is in full force and effect, and is valid and binding upon RIHousing and enforceable in accordance with its terms.

3. The Series 85 Bonds are valid and legally binding special revenue obligations of RIHousing payable solely from the revenues, funds or moneys pledged for the payment thereof pursuant to the Resolution, are enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

4. The Series 85 Bonds are secured by a pledge in the manner and to the extent set forth in the Resolution. The Resolution creates the valid pledge of and lien on the Revenues and all the Accounts established by the Resolution (except the Rebate Account) (as such terms are defined in the Resolution), which the Resolution purports to create, subject only to the provisions of the Resolution permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

5. The State is not liable on the Series 85 Bonds, and the Series 85 Bonds are not a debt of the State. Neither the faith, credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of, premium, if any, and interest on the Series 85 Bonds.

6. Under existing laws, regulations, rulings, and judicial decisions, and assuming the accuracy of certain representations and continuing compliance by RIHousing with the Resolution and the covenants contained therein, (i) interest on the Series 85 Tax-Exempt Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code; (ii) interest on the Series 85-A Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals; and (iii) interest on the Series 85-B Bonds is a specific preference item for purposes of the alternative minimum tax provisions of the Code applicable to individuals. The opinions set forth in this paragraph are subject to the condition that RIHousing comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 85 Tax-Exempt Bonds in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. RIHousing have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 85 Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 85 Tax-Exempt Bonds. Interest on the Series 85-A Bonds and the Series 85-B Bonds may affect the federal alternative minimum tax imposed on certain corporations. No opinion as to the exclusion from gross income of interest on any of the Series 85 Tax-Exempt Bonds is expressed subsequent to any date on which action is taken pursuant to the Resolution for which action the Resolution requires a legal opinion to the effect that taking such action will not adversely affect such exclusion, should the undersigned not deliver an opinion as of such date to such effect.

7. Interest on the Series 85-T Bonds is included in gross income for federal income tax purposes.

8. Under the Act, income on the Series 85 Bonds (including profit on the sale thereof) is free from Rhode Island personal income taxes.

In rendering this opinion, we are advising you that the enforceability of the Series 85 Bonds and the Resolution may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to the exercise of judicial discretion in accordance with general equitable principles.

We have examined an executed Series 85-A Bond, Series 85-B Bond and Series 85-T Bond, and in our opinion, the forms of such bonds and their execution are regular and proper.

Very truly yours,

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APPENDIX D-1

SUMMARY OF OUTSTANDING BOND INDEBTEDNESS OF RIHOUSING

The following table sets forth the original and outstanding amounts of RIHousing's bonds as of January 1, 2025:

	Dated	Original Amount	Outstanding Amount
Homeownership Opportunity Bonds			
Series 10-A	09/01/1992	\$ 153,270,000	\$ 745,000
Series 65-T	10/30/2014	86,505,000	3,660,000
Series 66-C2	07/08/2015	22,225,000	3,665,000
Series 67 A-C	05/16/2016	52,665,000	17,100,000
Series 68 A-C	10/14/2016	189,730,000	57,015,000
Series 69 A-B	9/19/2018	96,930,000	20,900,000
Series 70	6/7/2019	122,750,000	52,360,000
Series 71	11/14/2019	97,340,000	59,595,000
Series 72	6/3/2020	58,380,000	45,595,000
Series 73-A	10/21/2020	126,540,000	112,245,000
Series 73-T	10/21/2020	15,570,000	3,460,000
Series 74	4/22/2021	135,060,000	111,835,000
Series 75-A	9/15/2021	144,590,000	129,370,000
Series 75-T	9/15/2021	27,865,000	16,635,000
Series 76-A	2/10/2022	124,925,000	114,400,000
Series 76-T	2/10/2022	13,800,000	5,490,000
Series 77-A	5/12/2022	98,220,000	92,030,000
Series 77-T	5/12/2022	20,000,000	14,400,000
Series 78-A	11/10/2022	113,410,000	110,690,000
Series 78-T	11/10/2022	15,000,000	12,285,000
Series 79-A	3/8/2023	75,330,000	75,330,000
Series 79-T	3/8/2023	60,000,000	56,655,000
Series 80-A	8/24/2023	75,000,000	75,000,000
Series 80-T	8/24/2023	150,000,000	147,775,000
Series 81-A	11/28/2023	83,105,000	83,105,000
Series 81-T1	11/28/2023	36,535,000	35,495,000
Series 81-T2	11/28/2023	30,030,000	30,030,000
Series 82-A	3/21/2024	124,455,000	124,455,000
Series 82-T1	3/21/2024	9,000,000	9,000,000
Series 82-T2	3/21/2024	26,000,000	26,000,000
Series 83 A-B	7/23/2024	88,925,000	88,925,000
Series 83-T	7/23/2024	103,655,000	103,655,000
Series 84-A	10/23/2024	79,515,000	79,515,000
Series 84-T	10/23/2024	107,960,000	107,960,000
Unamortized bond premium			30,613,989
		\$ 2,764,285,000	\$2,056,988,989

	<u>Dated</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
Multi-Family Funding Bonds			
Series 2009A, Subseries 2009A-1	12/21/2009	\$ 72,310,000	\$ 6,610,000
Series 2009A, Subseries 2009A-2	12/21/2009	70,140,000	11,875,000
		<u>\$ 142,450,000</u>	<u>\$ 18,485,000</u>
Multi-Family Development Bonds			
2013 1-A/B Total	02/20/2013	\$ 43,520,000	\$ 25,235,000
2014 Series 3 A/B Total	01/29/2015	15,700,000	12,725,000
2016 Series 1A-C Total	03/31/2016	36,525,000	29,600,000
2017 Series 1 A/B Total	04/27/2017	1,725,000	1,470,000
2017 Series 4 A/B Total	12/21/2017	34,345,000	33,040,000
2019 Series 1 A/B Total	10/3/2019	36,000,000	35,240,000
2019 Series 2T Total	10/3/2019	11,700,000	10,985,000
2020 Series 1T Total	8/26/2020	44,075,000	42,085,000
2021 Series 1 A/B Total	1/27/2021	34,400,000	10,600,000
2021 Series 2T Total	1/27/2021	47,455,000	42,985,000
2022 Series 1-AB Total	7/21/2022	28,265,000	11,820,000
2023 Series 1-A/B Total	6/22/2023	32,700,000	28,700,000
2024 Series 1A/C Total	9/19/2024	87,855,000	87,855,000
Unamortized bond discount			(23,124)
		<u>\$ 454,410,000</u>	<u>\$ 372,317,461</u>
General Obligation Bonds Series 2018[†]	11/01/2018	\$ 5,000,000	\$ 5,000,000
Total		\$ 3,366,000,000	\$2,452,791,450

[†] General Obligation Bonds Series 2018 were reissued on October 27, 2023 for federal tax law purposes.

APPENDIX D-2

HOMEOWNERSHIP OPPORTUNITY BONDS OUTSTANDING AS OF JANUARY 1, 2025

The following table presents certain information regarding the interest rate, series, bond type and maturity of the RIHousing Homeownership Opportunity Bonds.

Coupon (%)	Series	Type	Maturity	Amount	Cumulative	% of Total
6.500	Series 10-A (Non-AMT)	Fixed	4/1/2027	\$ 745,000	\$ 745,000	0.037
	Series 81-T-1 (Taxable)	PAC	10/1/2052	16,000,000	16,745,000	0.826
6.481	Series 81-T-1 (Taxable)	Fixed	10/1/2043	15,990,000	32,735,000	1.615
6.385	Series 81-T-2 (Taxable)	Fixed	10/1/2038	15,325,000	48,060,000	2.372
6.345	Series 81-T-2 (Taxable)	Fixed	10/1/2033	1,190,000	49,250,000	2.430
6.325	Series 81-T-2 (Taxable)	Fixed	4/1/2033	1,155,000	50,405,000	2.487
6.295	Series 81-T-2 (Taxable)	Fixed	4/1/2032	1,100,000	51,505,000	2.542
	Series 81-T-2 (Taxable)	Fixed	10/1/2032	1,130,000	52,635,000	2.597
6.285	Series 81-T-2 (Taxable)	Fixed	10/1/2031	1,085,000	53,720,000	2.651
6.250	Series 81-A (Non-AMT ACE)	PAC	10/1/2053	15,000,000	68,720,000	3.391
	Series 83-T (Taxable)	PAC	10/1/2054	45,330,000	114,050,000	5.628
6.235	Series 81-T-2 (Taxable)	Fixed	4/1/2031	1,075,000	115,125,000	5.681
6.208	Series 81-T-2 (Taxable)	Fixed	10/1/2030	1,065,000	116,190,000	5.734
6.158	Series 81-T-2 (Taxable)	Fixed	4/1/2030	1,030,000	117,220,000	5.785
6.108	Series 81-T-2 (Taxable)	Fixed	10/1/2029	1,025,000	118,245,000	5.835
6.058	Series 81-T-2 (Taxable)	Fixed	4/1/2029	1,025,000	119,270,000	5.886
6.000	Series 84-T (Taxable)	PAC	4/1/2054	31,650,000	150,920,000	7.448
5.924	Series 81-T-2 (Taxable)	Fixed	10/1/2028	995,000	151,915,000	7.497
5.891	Series 83-T (Taxable)	Fixed	10/1/2044	21,045,000	172,960,000	8.535
5.874	Series 81-T-2 (Taxable)	Fixed	4/1/2028	980,000	173,940,000	8.584
5.844	Series 81-T-2 (Taxable)	Fixed	10/1/2027	935,000	174,875,000	8.630
5.794	Series 81-T-2 (Taxable)	Fixed	4/1/2027	915,000	175,790,000	8.675
5.710	Series 83-T (Taxable)	Fixed	10/1/2039	10,195,000	185,985,000	9.178
5.686	Series 81-T-1 (Taxable)	Fixed	10/1/2026	915,000	186,900,000	9.223
5.656	Series 81-T-1 (Taxable)	Fixed	4/1/2026	895,000	187,795,000	9.268
5.599	Series 81-T-1 (Taxable)	Fixed	10/1/2025	860,000	188,655,000	9.310
5.590	Series 78-T (Taxable)	Fixed	10/1/2030	965,000	189,620,000	9.358
5.580	Series 83-T (Taxable)	Fixed	10/1/2036	1,200,000	190,820,000	9.417
5.579	Series 81-T-1 (Taxable)	Fixed	4/1/2025	835,000	191,655,000	9.458
5.560	Series 83-T (Taxable)	Fixed	4/1/2036	1,165,000	192,820,000	9.516
5.549	Series 80-T-1 (Taxable)	Fixed	10/1/2043	35,510,000	228,330,000	11.268
5.540	Series 78-T (Taxable)	Fixed	4/1/2030	1,185,000	229,515,000	11.326
5.530	Series 83-T (Taxable)	Fixed	10/1/2035	1,130,000	230,645,000	11.382
5.520	Series 78-T (Taxable)	Fixed	10/1/2029	1,150,000	231,795,000	11.439
5.500	Series 78-A (Non-AMT ACE)	PAC	10/1/2052	30,280,000	262,075,000	12.933
5.480	Series 83-T (Taxable)	Fixed	4/1/2035	1,095,000	263,170,000	12.987
5.470	Series 78-T (Taxable)	Fixed	4/1/2029	1,115,000	264,285,000	13.042
5.450	Series 81-A (Non-AMT ACE)	Fixed	10/1/2053	32,130,000	296,415,000	14.628
5.430	Series 83-T (Taxable)	Fixed	10/1/2034	1,060,000	297,475,000	14.680
5.420	Series 78-T (Taxable)	Fixed	10/1/2028	1,085,000	298,560,000	14.734
5.400	Series 80-T-1 (Taxable)	Fixed	10/1/2038	18,055,000	316,615,000	15.625
5.380	Series 83-T (Taxable)	Fixed	4/1/2034	1,775,000	318,390,000	15.712
5.373	Series 79-T-1 (Taxable)	Fixed	10/1/2031	1,185,000	319,575,000	15.771
5.370	Series 78-T (Taxable)	Fixed	4/1/2028	1,055,000	320,630,000	15.823
5.367	Series 84-T (Taxable)	Fixed	4/1/2049	19,145,000	339,775,000	16.768
5.351	Series 79-T-1 (Taxable)	Fixed	10/1/2030	1,265,000	341,040,000	16.830

Coupon (%)	Series	Type	Maturity	Amount	Cumulative	% of Total
5.350	Series 80-T-1 (Taxable)	Fixed	10/1/2033	1,510,000	342,550,000	16.905
	Series 81-A (Non-AMT ACE)	Fixed	10/1/2048	11,925,000	354,475,000	17.493
5.348	Series 80-T-1 (Taxable)	Fixed	10/1/2025	1,365,000	355,840,000	17.560
5.338	Series 80-T-1 (Taxable)	Fixed	4/1/2025	1,325,000	357,165,000	17.626
5.330	Series 80-T-1 (Taxable)	Fixed	4/1/2033	1,965,000	359,130,000	17.723
	Series 83-T (Taxable)	Fixed	10/1/2033	1,715,000	360,845,000	17.807
5.323	Series 79-T-1 (Taxable)	Fixed	4/1/2031	1,305,000	362,150,000	17.872
5.317	Series 84-T (Taxable)	Fixed	10/1/2044	17,170,000	379,320,000	18.719
5.310	Series 78-T (Taxable)	Fixed	10/1/2027	1,025,000	380,345,000	18.770
5.300	Series 80-T-1 (Taxable)	Fixed	10/1/2032	1,900,000	382,245,000	18.863
5.291	Series 79-T-1 (Taxable)	Fixed	4/1/2030	1,230,000	383,475,000	18.924
5.290	Series 80-T-1 (Taxable)	Fixed	10/1/2030	1,755,000	385,230,000	19.011
	Series 80-T-1 (Taxable)	Fixed	4/1/2032	1,860,000	387,090,000	19.103
5.280	Series 80-T-1 (Taxable)	Fixed	10/1/2031	1,820,000	388,910,000	19.192
	Series 83-T (Taxable)	Fixed	4/1/2033	1,665,000	390,575,000	19.275
5.270	Series 80-T-1 (Taxable)	Fixed	4/1/2031	1,790,000	392,365,000	19.363
5.260	Series 78-T (Taxable)	Fixed	4/1/2027	995,000	393,360,000	19.412
5.250	Series 81-A (Non-AMT ACE)	Fixed	10/1/2043	13,505,000	406,865,000	20.078
	Series 83-A (Non-AMT ACE)	Non-Callable [†]	10/1/2049	20,000,000	426,865,000	21.065
5.240	Series 80-T-1 (Taxable)	Fixed	4/1/2030	1,720,000	428,585,000	21.150
5.231	Series 79-T-1 (Taxable)	Fixed	10/1/2029	1,195,000	429,780,000	21.209
5.230	Series 83-T (Taxable)	Fixed	10/1/2032	1,610,000	431,390,000	21.289
5.220	Series 80-T-1 (Taxable)	Fixed	10/1/2029	1,700,000	433,090,000	21.373
5.210	Series 78-T (Taxable)	Fixed	10/1/2026	970,000	434,060,000	21.421
5.191	Series 79-T-1 (Taxable)	Fixed	4/1/2029	1,165,000	435,225,000	21.478
5.190	Series 80-T-1 (Taxable)	Fixed	4/1/2029	1,680,000	436,905,000	21.561
5.187	Series 82-T-1 (Taxable)	Fixed	4/1/2025	1,560,000	438,465,000	21.638
	Series 82-T-1 (Taxable)	Fixed	10/1/2025	1,040,000	439,505,000	21.689
5.180	Series 83-T (Taxable)	Fixed	4/1/2032	1,570,000	441,075,000	21.767
5.167	Series 82-T-1 (Taxable)	Fixed	4/1/2026	1,080,000	442,155,000	21.820
	Series 82-T-1 (Taxable)	Fixed	10/1/2026	1,105,000	443,260,000	21.875
5.163	Series 79-T-1 (Taxable)	Fixed	10/1/2028	1,130,000	444,390,000	21.930
5.160	Series 78-T (Taxable)	Fixed	4/1/2026	940,000	445,330,000	21.977
5.150	Series 78-A (Non-AMT ACE)	Fixed	10/1/2047	26,200,000	471,530,000	23.270
	Series 80-T-1 (Taxable)	Fixed	10/1/2028	1,625,000	473,155,000	23.350
5.131	Series 83-T (Taxable)	Fixed	10/1/2031	1,535,000	474,690,000	23.426
5.130	Series 78-T (Taxable)	Fixed	10/1/2025	915,000	475,605,000	23.471
5.113	Series 79-T-1 (Taxable)	Fixed	4/1/2028	1,095,000	476,700,000	23.525
5.081	Series 83-T (Taxable)	Fixed	4/1/2031	1,585,000	478,285,000	23.603
5.080	Series 78-T (Taxable)	Fixed	4/1/2025	885,000	479,170,000	23.647
	Series 79-T-1 (Taxable)	Fixed	10/1/2026	1,005,000	480,175,000	23.696
	Series 80-T-1 (Taxable)	Fixed	4/1/2028	1,590,000	481,765,000	23.775
5.073	Series 79-T-1 (Taxable)	Fixed	10/1/2027	1,065,000	482,830,000	23.827
5.060	Series 80-T-1 (Taxable)	Fixed	10/1/2027	1,540,000	484,370,000	23.903
5.048	Series 82-T-1 (Taxable)	Fixed	10/1/2028	690,000	485,060,000	23.937
5.039	Series 83-T (Taxable)	Fixed	10/1/2027	1,275,000	486,335,000	24.000
5.031	Series 83-T (Taxable)	Fixed	10/1/2030	1,540,000	487,875,000	24.076
5.030	Series 79-T-1 (Taxable)	Fixed	4/1/2026	980,000	488,855,000	24.125
	Series 80-T-1 (Taxable)	Fixed	4/1/2026	1,410,000	490,265,000	24.194
	Series 80-T-1 (Taxable)	Fixed	10/1/2026	1,450,000	491,715,000	24.266
	Series 80-T-1 (Taxable)	Fixed	4/1/2027	1,495,000	493,210,000	24.340
5.023	Series 79-T-1 (Taxable)	Fixed	4/1/2027	1,040,000	494,250,000	24.391
5.019	Series 82-T-1 (Taxable)	Fixed	10/1/2027	1,175,000	495,425,000	24.449
5.008	Series 82-T-1 (Taxable)	Fixed	4/1/2028	1,210,000	496,635,000	24.509

Coupon (%)	Series	Type	Maturity	Amount	Cumulative	% of Total
5.000	Series 74 (Non-AMT ACE)	Non-Callable	4/1/2025	2,480,000	499,115,000	24.631
	Series 74 (Non-AMT ACE)	Non-Callable	10/1/2025	2,520,000	501,635,000	24.755
	Series 74 (Non-AMT ACE)	Non-Callable	4/1/2026	2,570,000	504,205,000	24.882
	Series 74 (Non-AMT ACE)	Non-Callable	10/1/2026	2,610,000	506,815,000	25.011
	Series 74 (Non-AMT ACE)	Non-Callable	4/1/2027	2,660,000	509,475,000	25.142
	Series 74 (Non-AMT ACE)	Non-Callable	10/1/2027	2,710,000	512,185,000	25.276
	Series 74 (Non-AMT ACE)	Non-Callable	4/1/2028	2,755,000	514,940,000	25.412
	Series 76-A (Non-AMT ACE)	Non-Callable	10/1/2026	1,895,000	516,835,000	25.505
	Series 76-A (Non-AMT ACE)	Non-Callable	4/1/2027	1,925,000	518,760,000	25.600
	Series 76-A (Non-AMT ACE)	Non-Callable	10/1/2027	1,960,000	520,720,000	25.697
	Series 76-A (Non-AMT ACE)	Non-Callable	4/1/2028	2,000,000	522,720,000	25.796
	Series 76-A (Non-AMT ACE)	Non-Callable	10/1/2028	2,035,000	524,755,000	25.896
	Series 76-A (Non-AMT ACE)	Non-Callable	4/1/2029	2,075,000	526,830,000	25.999
	Series 76-A (Non-AMT ACE)	Non-Callable	10/1/2029	2,110,000	528,940,000	26.103
	Series 77-A (Non-AMT ACE)	Non-Callable	4/1/2025	1,285,000	530,225,000	26.166
	Series 77-A (Non-AMT ACE)	Non-Callable	10/1/2025	1,330,000	531,555,000	26.232
	Series 77-A (Non-AMT ACE)	Non-Callable	4/1/2026	1,250,000	532,805,000	26.294
	Series 77-A (Non-AMT ACE)	Non-Callable	10/1/2026	1,180,000	533,985,000	26.352
	Series 77-A (Non-AMT ACE)	Non-Callable	4/1/2027	1,105,000	535,090,000	26.406
	Series 77-A (Non-AMT ACE)	Non-Callable	10/1/2027	1,040,000	536,130,000	26.458
	Series 77-A (Non-AMT ACE)	Non-Callable	4/1/2028	965,000	537,095,000	26.505
	Series 77-A (Non-AMT ACE)	Non-Callable	10/1/2028	900,000	537,995,000	26.550
	Series 77-A (Non-AMT ACE)	Non-Callable	4/1/2029	830,000	538,825,000	26.591
	Series 78-A (Non-AMT ACE)	Fixed	10/1/2042	22,690,000	561,515,000	27.710
	Series 81-A (Non-AMT ACE)	Fixed	10/1/2038	6,090,000	567,605,000	28.011
	Series 82-A (Non-AMT ACE)	Non-Callable [†]	10/1/2041	13,860,000	581,465,000	28.695
	Series 84-A (Non-AMT ACE)	Non-Callable [†]	4/1/2044	5,000,000	586,465,000	28.942
	Series 84-A (Non-AMT ACE)	Non-Callable [†]	4/1/2049	7,500,000	593,965,000	29.312
4.989	Series 82-T-1 (Taxable)	Fixed	4/1/2027	1,140,000	595,105,000	29.368
	Series 83-T (Taxable)	Fixed	4/1/2027	150,000	595,255,000	29.375
4.984	Series 79-T-1 (Taxable)	Fixed	4/1/2025	925,000	596,180,000	29.421
	Series 79-T-1 (Taxable)	Fixed	10/1/2025	950,000	597,130,000	29.468
4.981	Series 83-T (Taxable)	Fixed	4/1/2030	1,490,000	598,620,000	29.541
4.950	Series 79-A (Non-AMT ACE)	Fixed	10/1/2053	22,305,000	620,925,000	30.642
4.940	Series 83-T (Taxable)	Fixed	10/1/2029	1,445,000	622,370,000	30.713
4.933	Series 84-T (Taxable)	Fixed	10/1/2039	8,160,000	630,530,000	31.116
4.923	Series 84-T (Taxable)	Fixed	10/1/2036	1,215,000	631,745,000	31.176
4.903	Series 84-T (Taxable)	Fixed	4/1/2036	1,175,000	632,920,000	31.234
4.900	Series 79-A (Non-AMT ACE)	Fixed	10/1/2048	7,475,000	640,395,000	31.603
	Series 83-A (Non-AMT ACE)	Fixed	10/1/2054	29,170,000	669,565,000	33.043
4.890	Series 83-T (Taxable)	Fixed	10/1/2028	1,355,000	670,920,000	33.109
	Series 83-T (Taxable)	Fixed	4/1/2029	1,405,000	672,325,000	33.179
4.873	Series 84-T (Taxable)	Fixed	10/1/2035	1,135,000	673,460,000	33.235
4.850	Series 81-A (Non-AMT ACE)	Fixed	10/1/2035	900,000	674,360,000	33.279
4.840	Series 83-T (Taxable)	Fixed	4/1/2028	1,320,000	675,680,000	33.344
4.823	Series 84-T (Taxable)	Fixed	4/1/2035	1,100,000	676,780,000	33.399
4.800	Series 81-A (Non-AMT ACE)	Fixed	4/1/2035	875,000	677,655,000	33.442
4.773	Series 84-T (Taxable)	Fixed	10/1/2034	1,855,000	679,510,000	33.533
4.750	Series 78-A (Non-AMT ACE)	Fixed	10/1/2037	20,160,000	699,670,000	34.528
	Series 81-A (Non-AMT ACE)	Fixed	4/1/2034	820,000	700,490,000	34.569
	Series 81-A (Non-AMT ACE)	Fixed	10/1/2034	845,000	701,335,000	34.610
	Series 82-A (Non-AMT ACE)	Fixed	10/1/2054	20,615,000	721,950,000	35.628
4.723	Series 84-T (Taxable)	Fixed	4/1/2034	1,795,000	723,745,000	35.716
4.700	Series 83-A (Non-AMT ACE)	Fixed	10/1/2049	1,615,000	725,360,000	35.796

Coupon (%)	Series	Type	Maturity	Amount	Cumulative	% of Total
4.673	Series 84-T (Taxable)	Fixed	10/1/2033	1,740,000	727,100,000	35.882
4.650	Series 80-A (Non-AMT ACE)	Fixed	10/1/2053	34,100,000	761,200,000	37.565
	Series 81-A (Non-AMT ACE)	Fixed	4/1/2033	220,000	761,420,000	37.575
	Series 81-A (Non-AMT ACE)	Fixed	10/1/2033	230,000	761,650,000	37.587
4.623	Series 84-T (Taxable)	Fixed	4/1/2033	1,685,000	763,335,000	37.670
4.600	Series 80-A (Non-AMT ACE)	Fixed	10/1/2048	17,095,000	780,430,000	38.514
	Series 81-A (Non-AMT ACE)	Fixed	10/1/2032	205,000	780,635,000	38.524
	Series 82-A (Non-AMT ACE)	Fixed	10/1/2049	36,855,000	817,490,000	40.342
	Series 83-A (Non-AMT ACE)	Fixed	10/1/2044	20,000,000	837,490,000	41.329
4.573	Series 84-T (Taxable)	Fixed	10/1/2032	1,630,000	839,120,000	41.410
4.550	Series 78-A (Non-AMT ACE)	Fixed	4/1/2034	1,490,000	840,610,000	41.483
	Series 78-A (Non-AMT ACE)	Fixed	10/1/2034	1,530,000	842,140,000	41.559
	Series 81-A (Non-AMT ACE)	Fixed	4/1/2032	190,000	842,330,000	41.568
	Series 84-A (Non-AMT ACE)	Fixed	10/1/2054	40,030,000	882,360,000	43.544
4.523	Series 84-T (Taxable)	Fixed	4/1/2032	1,575,000	883,935,000	43.621
4.500	Series 79-A (Non-AMT ACE)	Fixed	10/1/2043	12,695,000	896,630,000	44.248
	Series 80-A (Non-AMT ACE)	Fixed	10/1/2043	12,445,000	909,075,000	44.862
	Series 81-A (Non-AMT ACE)	Fixed	10/1/2031	170,000	909,245,000	44.871
	Series 84-A (Non-AMT ACE)	Fixed	10/1/2049	9,910,000	919,155,000	45.360
4.450	Series 78-A (Non-AMT ACE)	Fixed	10/1/2033	1,450,000	920,605,000	45.431
	Series 82-A (Non-AMT ACE)	Fixed	10/1/2044	17,415,000	938,020,000	46.291
4.400	Series 78-A (Non-AMT ACE)	Fixed	4/1/2033	1,405,000	939,425,000	46.360
	Series 79-A (Non-AMT ACE)	Fixed	10/1/2038	20,455,000	959,880,000	47.369
	Series 84-A (Non-AMT ACE)	Fixed	10/1/2044	7,640,000	967,520,000	47.746
4.355	Series 84-T (Taxable)	Fixed	4/1/2031	1,480,000	969,000,000	47.819
	Series 84-T (Taxable)	Fixed	10/1/2031	1,530,000	970,530,000	47.895
4.300	Series 78-A (Non-AMT ACE)	Fixed	10/1/2032	1,365,000	971,895,000	47.962
4.250	Series 77-A (Non-AMT ACE)	PAC	4/1/2051	15,660,000	987,555,000	48.735
	Series 78-A (Non-AMT ACE)	Fixed	4/1/2032	1,325,000	988,880,000	48.800
4.213	Series 84-T (Taxable)	Fixed	4/1/2025	420,000	989,300,000	48.821
	Series 84-T (Taxable)	Fixed	10/1/2025	1,040,000	990,340,000	48.872
4.205	Series 84-T (Taxable)	Fixed	4/1/2030	1,385,000	991,725,000	48.941
	Series 84-T (Taxable)	Fixed	10/1/2030	1,435,000	993,160,000	49.012
4.200	Series 78-A (Non-AMT ACE)	Fixed	10/1/2031	1,290,000	994,450,000	49.075
	Series 83-A (Non-AMT ACE)	Fixed	10/1/2039	6,930,000	1,001,380,000	49.417
4.150	Series 77-A (Non-AMT ACE)	Fixed	10/1/2042	25,740,000	1,027,120,000	50.688
	Series 80-A (Non-AMT ACE)	Fixed	10/1/2038	5,790,000	1,032,910,000	50.973
4.100	Series 78-A (Non-AMT ACE)	Fixed	4/1/2031	1,255,000	1,034,165,000	51.035
	Series 83-A (Non-AMT ACE)	Fixed	10/1/2036	1,035,000	1,035,200,000	51.086
4.063	Series 84-T (Taxable)	Fixed	4/1/2026	1,075,000	1,036,275,000	51.139
	Series 84-T (Taxable)	Fixed	10/1/2026	1,110,000	1,037,385,000	51.194
4.060	Series 84-T (Taxable)	Fixed	4/1/2029	1,305,000	1,038,690,000	51.259
	Series 84-T (Taxable)	Fixed	10/1/2029	1,345,000	1,040,035,000	51.325
4.050	Series 79-A (Non-AMT ACE)	Fixed	4/1/2035	1,640,000	1,041,675,000	51.406
	Series 79-A (Non-AMT ACE)	Fixed	10/1/2035	1,690,000	1,043,365,000	51.489
	Series 82-A (Non-AMT ACE)	Fixed	10/1/2039	9,375,000	1,052,740,000	51.952
	Series 83-A (Non-AMT ACE)	Fixed	4/1/2035	945,000	1,053,685,000	51.999
	Series 83-A (Non-AMT ACE)	Fixed	10/1/2035	970,000	1,054,655,000	52.046
	Series 83-A (Non-AMT ACE)	Fixed	4/1/2036	1,005,000	1,055,660,000	52.096
	Series 83-B (AMT)	Fixed	4/1/2026	1,165,000	1,056,825,000	52.153
	Series 83-B (AMT)	Fixed	10/1/2026	1,200,000	1,058,025,000	52.213
	Series 83-B (AMT)	Fixed	4/1/2027	1,085,000	1,059,110,000	52.266
4.010	Series 84-T (Taxable)	Fixed	4/1/2028	1,220,000	1,060,330,000	52.326
	Series 84-T (Taxable)	Fixed	10/1/2028	1,260,000	1,061,590,000	52.389

Coupon (%)	Series	Type	Maturity	Amount	Cumulative	% of Total
4.000	Series 69-B (Non-AMT ACE)	PAC	10/1/2048	9,940,000	1,071,530,000	52.879
	Series 70 (Non-AMT ACE)	PAC	10/1/2049	10,165,000	1,081,695,000	53.381
	Series 77-A (Non-AMT ACE)	Fixed	10/1/2037	12,550,000	1,094,245,000	54.000
	Series 77-T (Taxable)	Fixed	10/1/2029	695,000	1,094,940,000	54.034
	Series 78-A (Non-AMT ACE)	Fixed	10/1/2030	250,000	1,095,190,000	54.047
	Series 79-A (Non-AMT ACE)	Fixed	10/1/2034	1,595,000	1,096,785,000	54.125
	Series 80-A (Non-AMT ACE)	Fixed	4/1/2035	835,000	1,097,620,000	54.167
	Series 80-A (Non-AMT ACE)	Fixed	10/1/2035	860,000	1,098,480,000	54.209
	Series 83-A (Non-AMT ACE)	Fixed	4/1/2034	140,000	1,098,620,000	54.216
	Series 83-A (Non-AMT ACE)	Fixed	10/1/2034	910,000	1,099,530,000	54.261
3.972	Series 84-T (Taxable)	Fixed	4/1/2027	1,145,000	1,100,675,000	54.317
	Series 84-T (Taxable)	Fixed	10/1/2027	1,180,000	1,101,855,000	54.376
3.950	Series 77-A (Non-AMT ACE)	Fixed	4/1/2034	2,655,000	1,104,510,000	54.507
	Series 77-A (Non-AMT ACE)	Fixed	10/1/2034	2,725,000	1,107,235,000	54.641
	Series 77-T (Taxable)	Fixed	4/1/2029	1,670,000	1,108,905,000	54.724
	Series 79-A (Non-AMT ACE)	Fixed	4/1/2034	1,550,000	1,110,455,000	54.800
	Series 80-A (Non-AMT ACE)	Fixed	10/1/2033	760,000	1,111,215,000	54.838
	Series 80-A (Non-AMT ACE)	Fixed	4/1/2034	785,000	1,112,000,000	54.876
	Series 80-A (Non-AMT ACE)	Fixed	10/1/2034	810,000	1,112,810,000	54.916
	Series 83-A (Non-AMT ACE)	Fixed	4/1/2033	135,000	1,112,945,000	54.923
	Series 83-A (Non-AMT ACE)	Fixed	10/1/2033	140,000	1,113,085,000	54.930
	Series 83-B (AMT)	Fixed	10/1/2025	1,125,000	1,114,210,000	54.985
3.900	Series 84-A (Non-AMT ACE)	Fixed	10/1/2039	6,020,000	1,120,230,000	55.282
	Series 77-A (Non-AMT ACE)	Fixed	10/1/2033	2,825,000	1,123,055,000	55.422
	Series 77-T (Taxable)	Fixed	10/1/2028	1,630,000	1,124,685,000	55.502
	Series 80-A (Non-AMT ACE)	Fixed	4/1/2033	420,000	1,125,105,000	55.523
	Series 82-A (Non-AMT ACE)	Fixed	4/1/2036	1,930,000	1,127,035,000	55.618
	Series 82-A (Non-AMT ACE)	Fixed	10/1/2036	1,990,000	1,129,025,000	55.716
	Series 83-A (Non-AMT ACE)	Fixed	4/1/2032	120,000	1,129,145,000	55.722
	Series 83-A (Non-AMT ACE)	Fixed	10/1/2032	130,000	1,129,275,000	55.729
	Series 84-A (Non-AMT ACE)	Fixed	4/1/2036	865,000	1,130,140,000	55.772
	Series 84-A (Non-AMT ACE)	Fixed	10/1/2036	895,000	1,131,035,000	55.816
3.886	Series 65-T (Taxable)	Fixed	10/1/2025	1,845,000	1,132,880,000	55.907
3.850	Series 77-T (Taxable)	Fixed	4/1/2028	1,590,000	1,134,470,000	55.985
	Series 79-A (Non-AMT ACE)	Fixed	10/1/2033	1,505,000	1,135,975,000	56.059
	Series 80-A (Non-AMT ACE)	Fixed	4/1/2032	370,000	1,136,345,000	56.078
	Series 80-A (Non-AMT ACE)	Fixed	10/1/2032	405,000	1,136,750,000	56.098
	Series 82-A (Non-AMT ACE)	Fixed	10/1/2035	1,880,000	1,138,630,000	56.190
	Series 83-B (AMT)	Fixed	4/1/2025	1,000,000	1,139,630,000	56.240
3.836	Series 65-T (Taxable)	Fixed	4/1/2025	1,815,000	1,141,445,000	56.329
3.800	Series 77-A (Non-AMT ACE)	Fixed	4/1/2033	1,960,000	1,143,405,000	56.426
	Series 77-T (Taxable)	Fixed	10/1/2027	1,555,000	1,144,960,000	56.503
	Series 79-A (Non-AMT ACE)	Fixed	4/1/2033	1,465,000	1,146,425,000	56.575
	Series 80-A (Non-AMT ACE)	Fixed	10/1/2031	325,000	1,146,750,000	56.591
	Series 82-A (Non-AMT ACE)	Fixed	4/1/2035	1,820,000	1,148,570,000	56.681
	Series 83-A (Non-AMT ACE)	Fixed	10/1/2031	105,000	1,148,675,000	56.686
	Series 84-A (Non-AMT ACE)	Fixed	4/1/2035	815,000	1,149,490,000	56.726
	Series 84-A (Non-AMT ACE)	Fixed	10/1/2035	840,000	1,150,330,000	56.768
	Series 71 (Non-AMT ACE)	PAC	10/1/2049	13,230,000	1,163,560,000	57.421
	Series 77-A (Non-AMT ACE)	Fixed	10/1/2032	3,020,000	1,166,580,000	57.570
3.750	Series 77-T (Taxable)	Fixed	4/1/2027	1,520,000	1,168,100,000	57.645
	Series 82-A (Non-AMT ACE)	Fixed	4/1/2034	1,715,000	1,169,815,000	57.729
	Series 82-A (Non-AMT ACE)	Fixed	10/1/2034	1,770,000	1,171,585,000	57.817
	Series 77-A (Non-AMT ACE)	Fixed	4/1/2032	2,615,000	1,174,200,000	57.946

Coupon (%)	Series	Type	Maturity	Amount	Cumulative	% of Total
3.650	Series 79-A (Non-AMT ACE)	Fixed	10/1/2032	1,420,000	1,175,620,000	58.016
	Series 82-A (Non-AMT ACE)	Fixed	4/1/2033	1,620,000	1,177,240,000	58.096
	Series 82-A (Non-AMT ACE)	Fixed	10/1/2033	1,670,000	1,178,910,000	58.178
	Series 66-C2 (AMT)	Fixed	4/1/2026	665,000	1,179,575,000	58.211
	Series 66-C2 (AMT)	Fixed	10/1/2026	655,000	1,180,230,000	58.243
	Series 77-A (Non-AMT ACE)	Fixed	10/1/2031	2,530,000	1,182,760,000	58.368
	Series 77-T (Taxable)	Fixed	10/1/2026	1,485,000	1,184,245,000	58.442
3.625	Series 79-A (Non-AMT ACE)	Fixed	4/1/2032	1,380,000	1,185,625,000	58.510
	Series 82-A (Non-AMT ACE)	Fixed	10/1/2031	1,485,000	1,187,110,000	58.583
	Series 82-A (Non-AMT ACE)	Fixed	4/1/2032	1,525,000	1,188,635,000	58.658
3.600	Series 82-A (Non-AMT ACE)	Fixed	10/1/2032	1,575,000	1,190,210,000	58.736
	Series 77-A (Non-AMT ACE)	Fixed	4/1/2031	2,570,000	1,192,780,000	58.863
	Series 77-T (Taxable)	Fixed	4/1/2026	1,455,000	1,194,235,000	58.935
3.550	Series 79-A (Non-AMT ACE)	Fixed	10/1/2031	155,000	1,194,390,000	58.942
	Series 82-A (Non-AMT ACE)	Fixed	4/1/2031	1,440,000	1,195,830,000	59.013
	Series 66-C2 (AMT)	Fixed	10/1/2025	1,180,000	1,197,010,000	59.071
	Series 67-A (Non-AMT)	Fixed	10/1/2041	2,530,000	1,199,540,000	59.196
	Series 77-A (Non-AMT ACE)	Fixed	10/1/2030	2,610,000	1,202,150,000	59.325
	Series 82-A (Non-AMT ACE)	Fixed	10/1/2030	1,400,000	1,203,550,000	59.394
	Series 66-C2 (AMT)	Fixed	4/1/2025	1,165,000	1,204,715,000	59.452
3.500	Series 67-C (AMT)	PAC	4/1/2038	165,000	1,204,880,000	59.460
	Series 68-C (AMT)	PAC	4/1/2039	1,680,000	1,206,560,000	59.543
	Series 69-A (AMT)	Fixed	4/1/2029	1,265,000	1,207,825,000	59.605
	Series 72-A (Non-AMT ACE)	PAC	10/1/2050	9,490,000	1,217,315,000	60.074
	Series 77-A (Non-AMT ACE)	Fixed	4/1/2030	2,670,000	1,219,985,000	60.205
	Series 82-A (Non-AMT ACE)	Fixed	4/1/2030	1,360,000	1,221,345,000	60.272
	Series 69-A (AMT)	Fixed	10/1/2028	1,315,000	1,222,660,000	60.337
3.450	Series 77-T (Taxable)	Fixed	10/1/2025	1,415,000	1,224,075,000	60.407
	Series 82-A (Non-AMT ACE)	Fixed	10/1/2029	1,320,000	1,225,395,000	60.472
	Series 68-B (Non-AMT ACE)	Fixed	10/1/2046	1,135,000	1,226,530,000	60.528
3.400	Series 68-C (AMT)	Fixed	10/1/2035	13,585,000	1,240,115,000	61.199
	Series 69-A (AMT)	Fixed	4/1/2028	1,285,000	1,241,400,000	61.262
	Series 82-A (Non-AMT ACE)	Fixed	4/1/2029	1,280,000	1,242,680,000	61.325
	Series 69-A (AMT)	Fixed	10/1/2027	1,255,000	1,243,935,000	61.387
	Series 77-A (Non-AMT ACE)	Fixed	10/1/2029	2,015,000	1,245,950,000	61.487
	Series 77-T (Taxable)	Fixed	4/1/2025	1,385,000	1,247,335,000	61.555
	Series 82-A (Non-AMT ACE)	Fixed	10/1/2028	555,000	1,247,890,000	61.582
3.300	Series 69-A (AMT)	Fixed	4/1/2027	1,225,000	1,249,115,000	61.643
3.250	Series 67-C (AMT)	Fixed	4/1/2030	6,120,000	1,255,235,000	61.945
3.200	Series 69-A (AMT)	Fixed	10/1/2026	1,195,000	1,256,430,000	62.004
3.150	Series 68-C (AMT)	Fixed	10/1/2031	30,245,000	1,286,675,000	63.496
	Series 69-A (AMT)	Fixed	4/1/2026	1,165,000	1,287,840,000	63.554
3.100	Series 71 (Non-AMT ACE)	Fixed	10/1/2044	11,305,000	1,299,145,000	64.112
3.000	Series 67-C (AMT)	Fixed	10/1/2027	1,510,000	1,300,655,000	64.186
	Series 69-A (AMT)	Fixed	10/1/2025	1,140,000	1,301,795,000	64.243
	Series 70 (Non-AMT ACE)	Fixed	10/1/2039	12,890,000	1,314,685,000	64.879
	Series 71 (Non-AMT ACE)	Fixed	10/1/2039	9,950,000	1,324,635,000	65.370
	Series 73-A (Non-AMT ACE)	PAC	10/1/2050	19,695,000	1,344,330,000	66.342
	Series 74 (Non-AMT ACE)	PAC	4/1/2049	22,015,000	1,366,345,000	67.428
	Series 75-A (Non-AMT ACE)	PAC	10/1/2051	37,560,000	1,403,905,000	69.282
	Series 76-A (Non-AMT ACE)	PAC	10/1/2051	34,890,000	1,438,795,000	71.003
2.950	Series 67-C (AMT)	Fixed	4/1/2027	1,465,000	1,440,260,000	71.076
	Series 69-A (AMT)	Fixed	4/1/2025	1,115,000	1,441,375,000	71.131
2.850	Series 67-C (AMT)	Fixed	10/1/2026	1,430,000	1,442,805,000	71.201

Coupon (%)	Series	Type	Maturity	Amount	Cumulative	% of Total
2.800	Series 67-C (AMT)	Fixed	4/1/2026	1,395,000	1,444,200,000	71.270
	Series 70 (Non-AMT ACE)	Fixed	10/1/2034	9,145,000	1,453,345,000	71.721
	Series 72-A (Non-AMT ACE)	Fixed	4/1/2045	9,520,000	1,462,865,000	72.191
2.750	Series 71 (Non-AMT ACE)	Fixed	10/1/2034	5,875,000	1,468,740,000	72.481
2.700	Series 67-C (AMT)	Fixed	10/1/2025	920,000	1,469,660,000	72.527
2.650	Series 67-C (AMT)	Fixed	4/1/2025	590,000	1,470,250,000	72.556
	Series 68-C (AMT)	Fixed	10/1/2026	2,680,000	1,472,930,000	72.688
2.600	Series 68-C (AMT)	Fixed	4/1/2026	2,615,000	1,475,545,000	72.817
2.550	Series 70 (Non-AMT ACE)	Fixed	10/1/2031	1,670,000	1,477,215,000	72.899
	Series 71 (Non-AMT ACE)	Fixed	10/1/2032	1,395,000	1,478,610,000	72.968
	Series 72-A (Non-AMT ACE)	Fixed	10/1/2040	9,745,000	1,488,355,000	73.449
	Series 76-A (Non-AMT ACE)	Fixed	10/1/2042	31,660,000	1,520,015,000	75.012
2.500	Series 68-C (AMT)	Fixed	10/1/2025	2,565,000	1,522,580,000	75.138
	Series 70 (Non-AMT ACE)	Fixed	4/1/2031	1,635,000	1,524,215,000	75.219
	Series 71 (Non-AMT ACE)	Fixed	4/1/2032	1,370,000	1,525,585,000	75.286
	Series 73-A (Non-AMT ACE)	Fixed	4/1/2045	22,030,000	1,547,615,000	76.374
2.450	Series 68-C (AMT)	Fixed	4/1/2025	2,510,000	1,550,125,000	76.497
	Series 70 (Non-AMT ACE)	Fixed	10/1/2030	1,595,000	1,551,720,000	76.576
	Series 71 (Non-AMT ACE)	Fixed	10/1/2031	1,335,000	1,553,055,000	76.642
	Series 74 (Non-AMT ACE)	Fixed	4/1/2043	5,660,000	1,558,715,000	76.921
2.400	Series 67-B (Non-AMT ACE)	Fixed	4/1/2026	975,000	1,559,690,000	76.969
	Series 70 (Non-AMT ACE)	Fixed	4/1/2030	1,555,000	1,561,245,000	77.046
	Series 71 (Non-AMT ACE)	Fixed	4/1/2031	1,315,000	1,562,560,000	77.111
2.375	Series 71 (Non-AMT ACE)	Fixed	10/1/2030	1,285,000	1,563,845,000	77.175
2.350	Series 70 (Non-AMT ACE)	Fixed	10/1/2029	1,525,000	1,565,370,000	77.250
	Series 71 (Non-AMT ACE)	Fixed	4/1/2030	1,260,000	1,566,630,000	77.312
	Series 74 (Non-AMT ACE)	Fixed	10/1/2041	23,480,000	1,590,110,000	78.471
	Series 75-A (Non-AMT ACE)	Fixed	10/1/2044	17,095,000	1,607,205,000	79.314
	Series 76-A (Non-AMT ACE)	Fixed	10/1/2036	15,515,000	1,622,720,000	80.080
2.300	Series 70 (Non-AMT ACE)	Fixed	4/1/2029	1,485,000	1,624,205,000	80.153
	Series 71 (Non-AMT ACE)	Fixed	10/1/2029	1,235,000	1,625,440,000	80.214
	Series 72-A (Non-AMT ACE)	Fixed	10/1/2035	5,330,000	1,630,770,000	80.477
	Series 73-A (Non-AMT ACE)	Fixed	10/1/2040	26,980,000	1,657,750,000	81.809
2.250	Series 70 (Non-AMT ACE)	Fixed	10/1/2028	1,450,000	1,659,200,000	81.880
	Series 71 (Non-AMT ACE)	Fixed	4/1/2029	1,210,000	1,660,410,000	81.940
	Series 75-A (Non-AMT ACE)	Fixed	10/1/2041	29,195,000	1,689,605,000	83.381
2.200	Series 70 (Non-AMT ACE)	Fixed	4/1/2028	1,415,000	1,691,020,000	83.450
	Series 72-A (Non-AMT ACE)	Fixed	10/1/2032	1,670,000	1,692,690,000	83.533
	Series 76-A (Non-AMT ACE)	Fixed	4/1/2033	2,400,000	1,695,090,000	83.651
	Series 76-A (Non-AMT ACE)	Fixed	10/1/2033	2,440,000	1,697,530,000	83.772
2.150	Series 70 (Non-AMT ACE)	Fixed	10/1/2027	1,385,000	1,698,915,000	83.840
	Series 71 (Non-AMT ACE)	Fixed	10/1/2028	1,185,000	1,700,100,000	83.899
	Series 76-A (Non-AMT ACE)	Fixed	10/1/2032	2,350,000	1,702,450,000	84.015
2.125	Series 74 (Non-AMT ACE)	Fixed	10/1/2036	13,390,000	1,715,840,000	84.675
2.100	Series 70 (Non-AMT ACE)	Fixed	4/1/2027	1,350,000	1,717,190,000	84.742
	Series 71 (Non-AMT ACE)	Fixed	4/1/2028	1,160,000	1,718,350,000	84.799
	Series 72-A (Non-AMT ACE)	Fixed	10/1/2031	1,600,000	1,719,950,000	84.878
	Series 73-A (Non-AMT ACE)	Fixed	10/1/2035	14,725,000	1,734,675,000	85.605
	Series 76-A (Non-AMT ACE)	Fixed	4/1/2032	2,315,000	1,736,990,000	85.719
2.050	Series 71 (Non-AMT ACE)	Fixed	10/1/2027	1,135,000	1,738,125,000	85.775
	Series 74 (Non-AMT ACE)	Fixed	4/1/2033	2,370,000	1,740,495,000	85.892
	Series 74 (Non-AMT ACE)	Fixed	10/1/2033	2,225,000	1,742,720,000	86.002
	Series 75-A (Non-AMT ACE)	Fixed	10/1/2036	16,380,000	1,759,100,000	86.810
2.000	Series 70 (Non-AMT ACE)	Fixed	10/1/2026	1,320,000	1,760,420,000	86.875

Coupon (%)	Series	Type	Maturity	Amount	Cumulative	% of Total
1.950	Series 71 (Non-AMT ACE)	Fixed	4/1/2027	1,115,000	1,761,535,000	86.930
	Series 74 (Non-AMT ACE)	Fixed	10/1/2032	2,560,000	1,764,095,000	87.057
	Series 76-A (Non-AMT ACE)	Fixed	10/1/2031	2,265,000	1,766,360,000	87.168
	Series 70 (Non-AMT ACE)	Fixed	4/1/2026	1,285,000	1,767,645,000	87.232
	Series 71 (Non-AMT ACE)	Fixed	10/1/2026	1,090,000	1,768,735,000	87.286
	Series 72-A (Non-AMT ACE)	Fixed	10/1/2030	1,535,000	1,770,270,000	87.361
	Series 73-A (Non-AMT ACE)	Fixed	4/1/2032	2,260,000	1,772,530,000	87.473
	Series 73-A (Non-AMT ACE)	Fixed	10/1/2032	2,300,000	1,774,830,000	87.586
	Series 74 (Non-AMT ACE)	Fixed	4/1/2032	2,700,000	1,777,530,000	87.720
	Series 75-A (Non-AMT ACE)	Fixed	10/1/2033	2,865,000	1,780,395,000	87.861
1.900	Series 76-A (Non-AMT ACE)	Fixed	4/1/2031	2,230,000	1,782,625,000	87.971
	Series 70 (Non-AMT ACE)	Fixed	10/1/2025	1,260,000	1,783,885,000	88.033
	Series 71 (Non-AMT ACE)	Fixed	4/1/2026	1,070,000	1,784,955,000	88.086
	Series 73-A (Non-AMT ACE)	Fixed	10/1/2031	2,225,000	1,787,180,000	88.196
	Series 74 (Non-AMT ACE)	Fixed	10/1/2031	2,760,000	1,789,940,000	88.332
1.850	Series 75-A (Non-AMT ACE)	Fixed	4/1/2033	2,840,000	1,792,780,000	88.472
	Series 70 (Non-AMT ACE)	Fixed	4/1/2025	1,230,000	1,794,010,000	88.533
	Series 72-A (Non-AMT ACE)	Fixed	10/1/2029	1,445,000	1,795,455,000	88.604
	Series 73-A (Non-AMT ACE)	Fixed	4/1/2031	2,180,000	1,797,635,000	88.712
	Series 74 (Non-AMT ACE)	Fixed	4/1/2031	2,745,000	1,800,380,000	88.847
1.800	Series 75-A (Non-AMT ACE)	Fixed	10/1/2032	2,795,000	1,803,175,000	88.985
	Series 76-A (Non-AMT ACE)	Fixed	10/1/2030	2,190,000	1,805,365,000	89.093
	Series 71 (Non-AMT ACE)	Fixed	10/1/2025	1,045,000	1,806,410,000	89.145
	Series 73-A (Non-AMT ACE)	Fixed	10/1/2030	2,140,000	1,808,550,000	89.251
	Series 75-A (Non-AMT ACE)	Fixed	4/1/2032	2,770,000	1,811,320,000	89.387
1.750	Series 76-A (Non-AMT ACE)	Fixed	4/1/2030	2,145,000	1,813,465,000	89.493
	Series 71 (Non-AMT ACE)	Fixed	4/1/2025	1,030,000	1,814,495,000	89.544
	Series 72-A (Non-AMT ACE)	Fixed	10/1/2028	1,400,000	1,815,895,000	89.613
	Series 73-A (Non-AMT ACE)	Fixed	4/1/2030	2,105,000	1,818,000,000	89.717
	Series 75-A (Non-AMT ACE)	Fixed	10/1/2031	2,730,000	1,820,730,000	89.852
1.720	Series 76-T (Taxable)	Fixed	4/1/2026	1,860,000	1,822,590,000	89.943
1.700	Series 74 (Non-AMT ACE)	Fixed	10/1/2030	2,715,000	1,825,305,000	90.077
1.650	Series 75-A (Non-AMT ACE)	Fixed	4/1/2031	2,685,000	1,827,990,000	90.210
	Series 73-A (Non-AMT ACE)	Fixed	10/1/2029	2,065,000	1,830,055,000	90.312
1.625	Series 74 (Non-AMT ACE)	Fixed	4/1/2030	2,685,000	1,832,740,000	90.444
	Series 72-A (Non-AMT ACE)	Fixed	10/1/2027	1,335,000	1,834,075,000	90.510
1.620	Series 76-T (Taxable)	Fixed	10/1/2025	1,830,000	1,835,905,000	90.600
1.600	Series 73-A (Non-AMT ACE)	Fixed	4/1/2029	2,025,000	1,837,930,000	90.700
1.550	Series 75-A (Non-AMT ACE)	Fixed	10/1/2030	2,640,000	1,840,570,000	90.831
1.520	Series 75-T (Taxable)	Fixed	10/1/2028	1,820,000	1,842,390,000	90.920
	Series 76-T (Taxable)	Fixed	4/1/2025	1,800,000	1,844,190,000	91.009
1.500	Series 74 (Non-AMT ACE)	Fixed	10/1/2029	2,705,000	1,846,895,000	91.143
1.450	Series 72-A (Non-AMT ACE)	Fixed	10/1/2026	1,290,000	1,848,185,000	91.206
	Series 73-A (Non-AMT ACE)	Fixed	10/1/2028	1,995,000	1,850,180,000	91.305
1.400	Series 75-A (Non-AMT ACE)	Fixed	4/1/2030	2,595,000	1,852,775,000	91.433
	Series 75-T (Taxable)	Fixed	4/1/2028	2,085,000	1,854,860,000	91.536
1.350	Series 74 (Non-AMT ACE)	Fixed	4/1/2029	2,750,000	1,857,610,000	91.672
1.300	Series 73-A (Non-AMT ACE)	Fixed	4/1/2028	1,955,000	1,859,565,000	91.768
	Series 75-A (Non-AMT ACE)	Fixed	10/1/2029	2,550,000	1,862,115,000	91.894
1.250	Series 75-T (Taxable)	Fixed	10/1/2027	2,060,000	1,864,175,000	91.996
	Series 74 (Non-AMT ACE)	Fixed	10/1/2028	2,770,000	1,866,945,000	92.132
	Series 73-T (Taxable)	Fixed	10/1/2025	1,705,000	1,868,650,000	92.216
	Series 75-A (Non-AMT ACE)	Fixed	4/1/2029	2,510,000	1,871,160,000	92.340
	Series 75-T (Taxable)	Fixed	4/1/2027	2,030,000	1,873,190,000	92.440

Coupon (%)	Series	Type	Maturity	Amount	Cumulative	% of Total
1.200	Series 72-A (Non-AMT ACE)	Fixed	10/1/2025	1,235,000	1,874,425,000	92.501
	Series 73-A (Non-AMT ACE)	Fixed	10/1/2027	1,920,000	1,876,345,000	92.596
	Series 73-T (Taxable)	Fixed	4/1/2025	1,755,000	1,878,100,000	92.683
1.100	Series 73-A (Non-AMT ACE)	Fixed	4/1/2027	1,890,000	1,879,990,000	92.776
	Series 75-A (Non-AMT ACE)	Fixed	10/1/2028	655,000	1,880,645,000	92.808
	Series 75-T (Taxable)	Fixed	10/1/2026	2,195,000	1,882,840,000	92.917
1.050	Series 75-A (Non-AMT ACE)	Fixed	4/1/2028	350,000	1,883,190,000	92.934
1.000	Series 73-A (Non-AMT ACE)	Fixed	10/1/2026	1,850,000	1,885,040,000	93.025
	Series 75-T (Taxable)	Fixed	4/1/2026	2,185,000	1,887,225,000	93.133
0.950	Series 73-A (Non-AMT ACE)	Fixed	4/1/2026	1,820,000	1,889,045,000	93.223
	Series 75-A (Non-AMT ACE)	Fixed	10/1/2027	345,000	1,889,390,000	93.240
0.900	Series 75-T (Taxable)	Fixed	10/1/2025	2,145,000	1,891,535,000	93.346
0.800	Series 73-A (Non-AMT ACE)	Fixed	10/1/2025	85,000	1,891,620,000	93.350
	Series 75-A (Non-AMT ACE)	Fixed	4/1/2027	340,000	1,891,960,000	93.367
	Series 75-T (Taxable)	Fixed	4/1/2025	2,115,000	1,894,075,000	93.471
0.650	Series 75-A (Non-AMT ACE)	Fixed	10/1/2026	140,000	1,894,215,000	93.478
0.600	Series 75-A (Non-AMT ACE)	Fixed	4/1/2026	115,000	1,894,330,000	93.484
0.500	Series 75-A (Non-AMT ACE)	Fixed	10/1/2025	110,000	1,894,440,000	93.489
0.400	Series 75-A (Non-AMT ACE)	Fixed	4/1/2025	105,000	1,894,545,000	93.494
VAR	Series 79-T-2 (Taxable)	Variable	10/1/2053	41,120,000	1,935,665,000	95.524
VAR	Series 80-T-2 (Taxable)	Variable	10/1/2053	64,710,000	2,000,375,000	98.717
VAR	Series 82-T-2 (Taxable)	Variable	10/1/2054	26,000,000	2,026,375,000	100.000

† Non-Callable until optional redemption date

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The Bond Resolution contains various definitions, covenants and security provisions certain of which are summarized below. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Bond Resolution, to which reference is hereby made and copies of which are available from RIHousing or the Trustee.

Certain Definitions

In the Bond Resolution and this Official Statement, unless the context otherwise requires, the following words and terms have the following meanings:

“Account” means one or more, as the case may be, of the special accounts created and established pursuant to the Bond Resolution.

“Accountant” means such reputable and experienced independent certified public accountant or firm of independent certified public accountants as may be selected by RIHousing and may be the accountant or firm of accountants who regularly audit the books and accounts of RIHousing.

“Act” means Chapter 55 of Title 42 of the General Laws of Rhode Island, 1956, (2006 Reenactment) as amended.

“Aggregate Debt Service” means, with respect to any particular Fiscal Year and as of any particular date of computation, the sum of the individual amounts of Debt Service of such Fiscal Year with respect to all Series.

“Appreciation Bond” means any Bond whose Issuance Amount is less than 97.5% of the Maturity Amount.

“Authorized Officer” means the Chairperson, Executive Director and Chief Financial Officer of RIHousing and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of RIHousing then authorized to perform such act or discharge such duty.

“Bond” means one of the bonds to be authenticated and delivered pursuant to the Bond Resolution, including any additional or Refunding Bonds issued thereunder.

“Bond Counsel” means an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by RIHousing and satisfactory to the Trustee.

“Bond Depository” means a Bondholder acting as a central securities depository as provided in the Bond Resolution.

“Bondholder” or “holder” or words of similar import, when used with reference to a Bond, means any person who shall be the registered owner of any Outstanding Bond.

“Business Day” means any day of the week other than (i) a Saturday or Sunday or (ii) a day which shall be in the State a legal holiday or a day on which banking institutions in the State are authorized or obligated by law or executive order to close.

“Cash Equivalent” means a letter of credit, insurance policy, surety, guarantee or other security arrangement (as defined and provided for in a Supplemental Resolution), provided by an institution which has received a rating of its claims paying ability from each Rating Agency which would not impair the then existing rating on the Bonds or whose unsecured debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short-term obligations if the Cash Equivalent has a term of less than twelve months) by each Rating Agency.

“Certificate” means (i) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the Bond Resolution or (ii) the report of an accountant as to audit or other procedures called for by the Bond Resolution.

“Corporation” means the Rhode Island Housing and Mortgage Finance Corporation, a public corporation and governmental instrumentality created and established under the laws of the State, or any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of RIHousing.

“Costs of Issuance” means all items of expense, directly or indirectly payable or reimbursable by or to RIHousing and related to the authorization, sale and issuance of Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums for the insurance of the payment of Bonds, accrued interest in connection with the financing of any Program Obligation and any other cost, charge or fee in connection with the original issuance of Bonds.

“Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys selected by RIHousing and may include an individual in the regular employ of RIHousing.

“Covenant Default” means a default of the type specified in paragraph (c) under **“SUMMARY OF CERTAIN PROVISION OF THE BOND RESOLUTION — Events of Default.”**

“Debt Service” means, with respect to any particular Fiscal Year and any particular Series of Bonds, an amount equal to the sum of (i) all interest payable on such Bonds during such Fiscal Year, plus (ii) any Principal Installment of such Bonds during such Fiscal Year.

“Debt Service Reserve Account” means the Debt Service Reserve Account established pursuant to the Bond Resolution.

“Debt Service Reserve Account Requirement” means, as of any date of calculation, the greater of (a) an amount equal to the aggregate of the respective amounts for each Series established in the Supplemental Resolution authorizing such Series or (b) an amount equal to 3% of the then current principal balance of all Program Loans (but not Program Securities) plus any other amount on deposit in the Loan Account which has not been designated to provide for Costs of Issuance or capitalized interest provided in the Bond Resolution. In evaluating compliance with the Debt Service Reserve Account Requirement, there shall be taken into account any amount provided in a Supplemental Resolution to be deposited in the Debt Service Reserve Account from amounts on deposit in the Loan Account.

“Depository” means any bank or trust company or national banking association selected by RIHousing or the Trustee as a depository of moneys or securities held under the provisions of the Bond Resolution and may include the Trustee or any Paying Agent.

“Event of Default” means any of the events of default specified in the Bond Resolution and described under **“SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION — Events of Default.”**

“Federal Mortgage Agency” means the Government National Mortgage Association, Fannie Mae and the Federal Home Loan Mortgage Corporation.

“Fiduciary” means the Trustee and any Paying Agent, or any or all of them.

“Fiscal Year” means a twelve-month period commencing on the first day of July of any year.

“Government Obligations” means obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America (including obligations issued or held in book-entry form on the books of the U.S. Department of the Treasury).

“Investment Securities” means and includes any of the following obligations, to the extent the same are at the time legal for investment of funds of RIHousing under the Act, including the amendments thereto hereafter made, or under other applicable law:

(1) either Government Obligations or obligations, rated by each Rating Agency in highest rating category, of any state of the United States of America or any political subdivision of such a state, payment of which is secured by an irrevocable pledge of such Government Obligations;

(2) (A) bonds, debentures or other obligations issued by Student Loan Marketing Association, Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Tennessee Valley Authority, the United States Postal Service, Federal Farm Credit System Obligations, Export Import Bank, World Bank, International Bank for Reconstruction and Development and Inter-American Development Bank; or (B) bonds, debentures or other obligations issued by any Federal Mortgage Agency (excluding Program Securities which are valued greater than par on the portion of unpaid principal or Program Securities which represent payments of principal only or interest only with respect to the underlying Mortgage loans);

(3) any obligations of an agency controlled or supervised by or acting as an instrumentality of the United States Government pursuant to authority granted by the Congress of the United States;

(4) time deposits, certificates of deposit or any other deposit with a bank, trust company, national banking association, savings bank, federal mutual savings bank, savings and loan association, federal savings and loan association or any other institution chartered or licensed by any state or the U.S. Comptroller of the Currency to accept deposits in such state (as used herein, “deposits” shall mean obligations evidencing deposit liability which rank at least on a parity with the claims of general creditors in liquidation), which are (a) fully secured, to the extent not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, by any of the obligations described in (1) above having a market value (exclusive of accrued interest) not less than the uninsured amount of such deposit or (b) (1) unsecured or (2) secured to the extent, if any, required by RIHousing and in either case made with an institution whose unsecured debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short-term obligations if the investment is a short-term obligation) by each Rating Agency;

(5) repurchase agreements with any institution whose unsecured debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short-term obligations if the investment is a short-term obligation) by each Rating Agency and (A) backed by or related to obligations described in (1), (2) or (3) above or (B) having a term not exceeding three years and

entered into with such party or parties and on such terms and conditions as shall not impair the then existing rating on the Bonds by each Rating Agency;

(6) investment agreements, (A) with any institution whose debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short-term obligations if the investment is a short-term obligation) by each Rating Agency and secured or unsecured as required by RIHousing, or (B) fully secured by obligations described in (1), (2) or (3) above having a term not exceeding three years and entered into with such party or parties and on such terms and conditions as shall not impair the then existing rating on the Bonds by each Rating Agency;

(7) direct and general obligations of or obligations unconditionally guaranteed by the State, the payment of the principal of and interest on which the full faith and credit of the State is pledged, and certificates of participation in obligations of the State which obligation may be subject to annual appropriations, which obligations are rated at least the then existing rating on the Bonds by each Rating Agency;

(8) direct and general obligations of or obligations guaranteed by any state, municipality or political subdivision or agency thereof, which obligations are rated in either of the two highest rating categories of each Rating Agency;

(9) bonds, debentures, or other obligations issued by any bank, trust company, national banking association, insurance company, corporation, government or governmental entity (foreign or domestic), provided, that such bonds, debentures or other obligations are (a) payable in any coin or currency of the United States of America which at the time of payment will be legal tender for the payment of public and private debts, and (b) rated in either of the two highest rating categories of each Rating Agency;

(10) commercial paper (having original maturities of not more than 365 days) rated in the highest category of each Rating Agency;

(11) money market funds which invest in Government Obligations and obligations of agencies of the United States of America and which funds have been rated in either of the two highest rating categories by each Rating Agency; or

(12) any investments authorized in a Supplemental Resolution.

Provided, that it is expressly understood that the definition of Investment Securities shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the Bond Resolution by a Supplemental Resolution, thus permitting investments with different characteristics from those permitted which the Board of Commissioners of RIHousing deems from time to time to be in the interests of RIHousing to include as Investment Securities if at the time of inclusion such inclusion will not, in and of itself, impair, or cause the Bonds to fail to retain, the then existing rating assigned to them by each Rating Agency.

For purposes of this definition, (i) "institution" means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency, instrumentality, program, account, fund, political subdivision or corporation thereof and (ii) "short term" refers to an obligation having a term of twelve months or less.

"Loan Account" means the Loan Account established in the Bond Resolution.

"Mortgage Revenues" means all payments, proceeds, rents, premiums, penalties, charges and other cash income received by RIHousing from or on account of any Program Obligation (including scheduled, delinquent and advance payments of, and any net insurance or guaranty proceeds with respect to, principal and

interest on any Program Obligation or the net operating income or net proceeds of sale of any property acquired thereunder) but excludes (i) any amount retained by a servicer (other than RIHousing) of any Program Obligation as compensation for services rendered in connection with such Program Obligation, (ii) any payments for the guaranty or insurance of any Program Obligation, (iii) any payments of taxes, assessments or similar charges or premiums or other charges for fire or other hazard insurance (and any escrow payments in connection therewith) called for by any Program Obligation, (iv) amounts payable with respect to a Program Loan which represent a return on amounts financed by RIHousing or by other persons pursuant to a participation, forbearance or other arrangement from sources other than proceeds of Bonds or other amounts held under the Bond Resolution and (v) to the extent such items do not exceed the income derived therefrom payments or charges constituting expenses of managing and maintaining property acquired pursuant to a Program Obligation.

“Non-Mortgage Receipts” means all interest earned or gain realized in excess of losses as a result of the investment of the amount in any Account (except the Rebate Account), but does not include Mortgage Revenues.

“Outstanding,” when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Bond Resolution except:

(1) any Bond cancelled by RIHousing or delivered to RIHousing for cancellation at or prior to such date;

(2) any Bond (or portion of a Bond) for the payment or redemption of which there have been separately set aside and held in the Redemption Account under the Bond Resolution either:

(a) moneys in an amount sufficient to effect payment of the principal or applicable Redemption Price thereof, together with accrued interest on such Bond to the Redemption Date;

(b) Investment Securities, as specified in the Bond Resolution and described under **“SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION — Defeasance,”** in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the Redemption Date; or

(c) any combination of (a) and (b) above;

(3) any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Bond Resolution; and

(4) any Bond deemed to have been paid as provided in the Bond Resolution and described under **“SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION — Defeasance.”**

“Paying Agent” means any bank or trust company designated as paying agent for the Bonds, and its successor or successors hereafter appointed in the manner provided in the Bond Resolution.

“Permitted Encumbrances” means (i) intervening liens of contractors, subcontractors, suppliers of materials and equipment and laborers as to which, by a bond or letter of credit or other lawful means acceptable to RIHousing, indemnity has been provided or similar steps to secure the interest of RIHousing

have been taken, (ii) ad valorem property taxes ratably accrued but not yet due and payable, (iii) interests, owned by others, which are of a kind customary with respect to residential housing in the area in which the premises are located and (iv) such other liens, encumbrances, reservations and other clouds on title as RIHousing shall determine do not impair the use or value of the premises.

“Principal Installment” means, as of any date of calculation, (i) the aggregate principal amount of Outstanding Bonds due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the Bond Resolution of Sinking Fund Payments payable before such future date plus (ii) the unsatisfied balance, determined as provided in the Bond Resolution, of any Sinking Fund Payments due on such certain future date, together with the aggregate amount of the premiums, if any, applicable on such future date upon the redemption of such Bonds by application of such Sinking Fund Payments in a principal amount equal to said unsatisfied balance.

“Program” means the program for the financing of loans for residential housing (including land or improvements being financed for residential housing purposes generally) established by RIHousing pursuant to the Act, as the same may be amended from time to time consistent with the Bond Resolution but only to the extent that such program is financed through the issuance of Bonds or from amounts otherwise available out of the moneys and assets held or pledged pursuant to the Bond Resolution.

“Program Expenses” means, except as limited pursuant to a Supplemental Resolution, all of RIHousing’s expenses in carrying out and administering its Program and servicing Program Obligations under the Bond Resolution and shall include, without limiting the generality of the foregoing, salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, telephone, insurance premiums, legal, accounting, management, consulting and banking services and expenses (including remarketing services with respect to the Bonds), fees and expenses of the Fiduciaries, Costs of Issuance not paid from the proceeds of Bonds, travel, payments for pension, retirement, health and hospitalization, life and disability insurance benefits, and payments for insurance against losses on the pool of Program Obligations, all to the extent properly allocable to the Program. Program Expenses may also include amounts for establishing and maintaining a two-month reserve to pay operating costs and a reasonable reserve for losses and expenses estimated to be incurred by RIHousing and amounts appropriate to reimburse RIHousing for Program Expenses paid from other sources.

“Program Loan” means a loan for Residential Housing secured (i) by a first lien, coordinate lien or second lien on real property (including such interests therein as are permitted pursuant to the Bond Resolution); (ii) by a pledge of a leaseholder’s share in a cooperative housing corporation and an assignment of the proprietary lease appurtenant thereto; or (iii) in the case of a loan for home improvements which is insured under Title I of the National Housing Act or under a program of self-insurance established by RIHousing, by a third lien.

“Program Obligation” means any Program Loan or Program Security acquired by RIHousing by the expenditure of amounts in the Loan Account.

“Program Security” means an obligation representing an undivided interest in a pool of loans, to the extent the payments to be made on such obligation are guaranteed by a Federal Mortgage Agency.

“Rating Agency” means, to the extent that such entity maintains a current rating on the Bonds, S&P Global Ratings and Moody’s Investors Service.

“Rebate Account” means the Rebate Account established pursuant to the Bond Resolution.

“Recoveries of Principal” means all amounts received by RIHousing as a recovery of the principal amount disbursed by RIHousing in connection with any Program Loan including any premium or penalty with

respect thereto, on account of (i) the advance payment of amounts to become due pursuant to such Program Obligation, (ii) the sale, assignment, endorsement or other disposition thereof including repurchase by the originating lender, (iii) the acceleration of payments due thereunder or other remedial proceedings taken in the event of the default thereon, (iv) proceeds of federal mortgage insurance, (v) the net proceeds of hazard or title insurance or of condemnation of the subject property or (vi) any other payment with respect to a Program Obligation which has been designated as a Recovery of Principal in a Series Certificate.

“Redemption Account” means the Redemption Account which is established and created in the Revenue Account pursuant to the Bond Resolution.

“Redemption Date” means the date upon which Bonds are to be called for redemption pursuant to the Bond Resolution.

“Redemption Price” means, with respect to any Bonds, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof.

“Refunding Bond” means any Bond authenticated and delivered on original issuance pursuant to the Bond Resolution, the proceeds of which are used to pay Principal Installments and/or the principal portion of the Redemption Price of Bonds or Bonds thereafter authenticated and delivered in lieu of or in substitution for any such Bond pursuant to the Bond Resolution.

“Residential Housing” means Residential Housing as defined in the Act.

“Revenue Account” means the Revenue Account established pursuant to the Bond Resolution.

“Revenues” means, upon receipt thereof by RIHousing, all Mortgage Revenues and Non-Mortgage Receipts.

“Security Instrument” means an instrument securing a Program Loan, including, without limitations, a mortgage deed, pledge, security agreement or assignment of real or personal property, including shares of stock or membership certificates in a cooperative or similar entity and proprietary or other leases.

“Series” means all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate, Sinking Fund Payments or other provisions, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for (but not to refund) such Bonds as provided in the Bond Resolution.

“Series Certificate” means a Certificate relating to the funding or investment of Accounts or any Series Program Determinations in connection with a Series of Bonds and shall include a statement that the matters provided therein have been reviewed with each Rating Agency and will not result in a reduction in the then current rating on the Bonds.

“Series Program Determinations” means determinations by RIHousing relating to Program Loans and certain other matters in connection with a Series of Bonds under the Program to be set forth (or provision to be determined at certain specified times in the future) in a Supplemental Resolution and shall include the following: (i) the type of Security Instrument which will secure each Program Loan and whether such Security Instrument shall be a first lien, coordinate first lien, second lien or third lien or a combination thereof; (ii) whether each Program Loan shall have approximately equal monthly payments or shall be a graduated payment loan or have a fixed or variable rate of interest; (iii) the maximum term to maturity of each Program Loan; (iv) whether the property to be financed with each Program Loan shall be a principal residence and any limitations with respect to newly constructed residences; (v) required credit standards and other terms of primary mortgage insurance, if any, and the levels of coverage thereof, and applicable loan to value ratios, if appropriate; (vi) limitations, if any, applicable to purchases of Mortgage Loans relating to condominiums

and/or cooperatives, geographic concentration, and type of principal and interest characteristics; (vii) provisions relating to Supplemental Mortgage Coverage, if appropriate; (viii) provisions, relating to Recoveries of Principal, including application thereof for redemption or financing new Program Loans; (ix) terms of investment, if any, with respect to the Debt Service Reserve Account; (x) maximum Costs of Issuance and Program Expenses for such Series to be paid for from amounts held under the Bond Resolution; (xi) restrictions, if any, on the applications of the proceeds of the voluntary sale of Program Loans; and (xii) any other provision deemed advisable by RIHousing not in conflict with the Bond Resolution; provided that RIHousing may permit any of the above determinations to be applied to any portion of the proceeds of a Series to be established by a Certificate of an Authorized Officer to be delivered to the Trustee prior to the date that such proceeds are applied to the financing of Program Obligations, together with evidence that such determinations do not affect the then current rating on the Bonds.

“Sinking Fund Payment” means, as of any particular date of calculation, the amount required to be paid at all events by RIHousing on a certain future date for the retirement of Outstanding Bonds which mature after said future date, but does not include any amount payable by RIHousing by reason of the maturity of a Bond or by call for redemption at the election or direction of RIHousing.

“State” means the State of Rhode Island.

“Supplemental Mortgage Coverage” means the coverage, if any, whether in the form of insurance, Cash Equivalents or additional pledged funds of loss from Mortgage Loan defaults provided in a Series Resolution which supplements any primary mortgage insurance. RIHousing does not currently require any Supplemental Mortgage Coverage for Mortgage Loans and does not expect to specify any Supplemental Mortgage Coverage requirement for future series of Bonds.

“Supplemental Resolution” means any resolution supplemental to or amendatory of the Bond Resolution, adopted by RIHousing and effective in accordance with the Bond Resolution, and includes any Series Certificate delivered pursuant thereto.

“Trustee” means Citizens Bank of Rhode Island, Providence, Rhode Island, and its successor or successors and any other person at any time substituted in its place pursuant to the Bond Resolution.

Contract with Bondholders

The Bond Resolution is a contract among RIHousing, the Trustee and the holders of the Bonds and its provisions are for the equal benefit, protection and security of the holders of any and all Bonds.

Provisions for Issuance of Bonds

The Bond Resolution authorizes Bonds to be issued from time to time in accordance with its terms without limitation as to amount except as provided by law. The Bonds of a Series may be authenticated and delivered only upon receipt by the Trustee of, among other things:

(1) An opinion of Bond Counsel to the effect that the Bonds of such Series upon delivery will have been duly and validly authorized and issued in accordance with the constitution and statutes of the State, including the Act as amended to the date of such opinion, and in accordance with the Bond Resolution;

(2) The amount of the proceeds of such Series to be deposited in any Account held by the Trustee pursuant to the Bond Resolution;

(3) Except in the case of the Series 1 Bonds, a Certificate of an Authorized Officer stating that the conditions for the issuance of additional obligations have been met; and

(4) Except in the case of an issue consisting entirely of Refunding Bonds, a Certificate stating that RIHousing's expectations with respect to the application and use of the proceeds of such Series are consistent with RIHousing's covenant regarding the sufficiency of Revenues and other funds to provide for the payment of Debt Service and Program Expenses, as of the date of such delivery, and any information required to be filed with the Trustee upon deposit of amounts in the Loan Account pursuant to the Bond Resolution.

Provisions for Refunding Issues

One or more Series of Refunding Bonds may be issued to refund any Outstanding Bonds. Refunding Bonds may be authenticated only upon receipt by the Trustee of, among other things, irrevocable instructions to give notice of the payment or redemption of all the Bonds to be refunded and the payment or redemption dates, if any, and if the Bonds to be refunded are to be redeemed subsequent to the next succeeding forty-five days, irrevocable instructions to give published notice of the call for redemption of such Bonds and either (i) moneys sufficient to effect payment or redemption at the applicable Redemption Price of the Bonds to be refunded, together with interest accrued to the due date or the Redemption Date, or (ii) Investment Securities, the principal of and interest on which when due (without reinvestment thereof), together with the moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued), if any, contemporaneously deposited with the Trustee, will be sufficient to pay when due the applicable principal or Redemption Price of the Bonds to be refunded, together with accrued interest. Any such moneys, obligations or certificates are required to be held irrevocably in trust under the Bond Resolution.

Application of Bond Proceeds

As soon as practicable upon the delivery of each Series of Bonds, other than Refunding Bonds, the amounts, if any, necessary to cause the amount on deposit in the Debt Service Reserve Account to equal the Debt Service Reserve Account Requirement, together with such additional amount, if any, as may be specified in the Supplemental Resolution authorizing such Bonds, are required to be deposited in the Debt Service Reserve Account. The balance remaining after such deposits have been made is required to be deposited in the Loan Account.

Deposits and Investments

All amounts held by the Trustee or under its control pursuant to the Bond Resolution may be deposited or invested in Investment Securities. In computing the amount in any Account, obligations purchased as an investment of moneys therein shall be valued at par if purchased at par value or at amortized value if purchased at other than par value. Valuation shall be made semi-annually and at any other time amounts on deposit in any Account are required to be determined under the Bond Resolution and on any particular date shall not include the amount of interest then earned or accrued to such date on any such moneys or investment.

Establishment of Accounts

The Bond Resolution establishes the following Accounts which are to be held by the Trustee:

- (1) Loan Account.
- (2) Revenue Account.
- (3) Redemption Account.
- (4) Debt Service Reserve Account.

(5) Rebate Account.

Loan Account

Proceeds of a Series of Bonds are required to be deposited in the Loan Account established for such Series. Amounts in the Loan Account may be expended only to pay the cost of financing Program Obligations, to pay Costs of Issuance, to make deposits in the Revenue Account representing capitalized interest, to redeem Bonds, to provide for the payment of accrued interest with respect to Program Obligations to be financed under the Bond Resolution and to make deposits in the Revenue Account upon delivery to the Trustee of a Certificate of an Authorized Officer.

No amount in the Loan Account shall be expended or applied for the purpose of financing Program Obligations except upon compliance with the provisions of the Bond Resolution.

No Program Security shall be financed unless the Program Security is registered in the name of the Trustee or is registered in the name of RIHousing and delivered to the Trustee with a written assignment thereof to the Trustee pursuant to the Bond Resolution from and after the date such Program Security is financed under the Bond Resolution. In addition, no Program Security shall be financed unless such Program Security represents a pass through or participation interest in a pool of Program Securities and provides for a guaranty of any payments to be made to RIHousing thereunder by a Federal Mortgage Agency.

No Program Loan shall be financed unless a promissory note shall have been executed to evidence the Program Loan and a Security Instrument securing such Program Loan shall have been executed and recorded, filed or otherwise perfected in accordance with the requirements of existing laws and (except to the extent that a variance is permitted by RIHousing or required or permitted by any agency or instrumentality of the United States of America insuring or guaranteeing the payment of a Program Loan):

(1) the Security Instrument shall constitute and create a first lien, coordinate first lien, second lien, or third lien, subject only to Permitted Encumbrances, and such lien shall have the priority provided for in the appropriate Series Program Determination;

(2) the borrower shall have warranted generally the title to the property securing the Program Loan, subject to Permitted Encumbrances, and will execute such further assurances as may be required by RIHousing;

(3) provision has been made for the benefit of the mortgagee (or its assigns) that there shall be paid or escrowed all taxes, assessments, water rates, sewer rents and municipal and other charges and fees and any prior liens now or hereafter assessed or liens on or levied against the premises or any part thereof, and in the case of default in the payment thereof when the same shall be due and payable, it shall be lawful for the mortgagee (or its assigns) without notice to or demand of the borrower, to pay the same or any of them and that the moneys paid by the mortgagee (or its assigns) in discharge of taxes, assessments, water rates, sewer rents and municipal, other charges and fees and prior liens shall be a lien on the premises added to the amount of the Program Loan secured by the Security Instrument and payable on demand with interest (at the rate applicable under the Program Loan), from the time of payment of the same;

(4) the borrower shall have covenanted and represented that the proceeds of the Program Loan will be used solely to pay the reasonable and necessary costs of the residential housing to be financed by such Program Loan;

(5) the borrower shall have covenanted that it will keep or cause to be kept any building on the premises insured against loss by fire and other hazards as required by RIHousing to protect its interest with losses payable to RIHousing as its interest may appear and that the borrower will

reimburse the mortgagee (or its assigns) for any insurance premiums paid by the mortgagee (or its assigns) on the borrower's default in so insuring the building or causing the building to be insured;

(6) the borrower shall have covenanted that it will maintain or cause to be maintained the premises in good condition and repair, will not commit or suffer any waste of the premises, and will comply with, or cause to be complied with, all statutes, ordinances and requirements of any governmental authority relating to the premises;

(7) except as provided in paragraph (7-a) below, the borrower shall have delivered to the mortgagee (or its assigns) a policy of title insurance (in standard American Land Title Association form as then in effect in the State) issued by a title insurance company qualified to do business in the State and acceptable to RIHousing insuring the mortgagee (or its assigns) that the Security Instrument is valid and enforceable and in an amount at least equal to the outstanding principal balance of the Program Loan, including, when applicable, any increases in the amount thereof;

(7-a) in the case of a loan solely for improvements to or repair of Residential Housing, RIHousing shall have received assurances regarding the borrower's title to the subject property sufficient, in the judgment of RIHousing, to protect RIHousing's interests;

(8) the Program Loan must either:

(a) have been insured or guaranteed by the Federal Housing Administration, the United States Department of Agriculture/Rural Development (successor to the Farmers Home Administration) Farmers Home Administration, the Veteran's Administration, or another agency or instrumentality of the United States or the State to which the powers of any of them have been transferred, or which is exercising similar powers with reference to the insurance or guaranty of Program Loans; or

(b) have a loan-to-value ratio as provided in the appropriate Series Program Determination; or

(c) be a loan for the repair or improvement of Residential Housing which is insured under Title I of the National Housing Act or insured under a program of self-insurance established by RIHousing; or

(d) be made in any amount not exceeding the value, as determined in an appraisal by or acceptable to RIHousing, or purchase price of the property securing the Program Loan, whichever is less, but only if (i) RIHousing either (a) has provided for self-insurance of the Program Loan in such manner as does not impair the then existing rating on the Bonds by each Rating Agency or (b) is issued a mortgage insurance policy by a private mortgage insurance company, qualified to do business in the State, under which the insurer, upon foreclosure of the property securing the Program Loan, must pay the holder of the Program Loan the unrecovered balance of a claim including unpaid principal, accrued interest, taxes, insurance premiums, and expenses of foreclosure, if any, or in lieu thereof may permit the holder of the Program Loan to retain title and may pay an agreed insured percentage of such claim; and (ii) the insured percentage of the Program Loan equals the amount provided for in the appropriate Series Program Determination; and

(9) such other additional requirements as RIHousing may determine to be necessary to protect RIHousing's interest in the security of the Program Loan shall have been met.

In permitting any variance or waiver from the above requirements, RIHousing shall make a written determination that the mortgagee (or its assigns) of the Program Loan has the benefit of arrangements which provide substantially equivalent protection to the material interests of RIHousing and the Trustee.

Revenue Account

All Mortgage Revenues and Non-Mortgage Receipts are to be deposited in the Revenue Account. On or before each Interest Payment Date the Trustee is required to pay to the Paying Agents the amounts required for the payment of the Principal Installments, if any, and interest due on the Outstanding Bonds on such date. On or before each Redemption Date or date of purchase, the Trustee is required to pay to the Paying Agents the amounts required for the payment of accrued interest on Outstanding Bonds to be redeemed or purchased for retirement, unless the payment of such accrued interest has been otherwise provided for.

The amount accumulated in the Revenue Account for each Sinking Fund Payment may be applied either (i) to the purchase of Bonds for which such Sinking Fund Payment was established, at prices (including any brokerage and other charges) not exceeding the applicable Redemption Price, plus accrued interest, or (ii) to the redemption of such Bonds, if then redeemable by their terms, at the Redemption Prices referred to above.

Upon the purchase or redemption of Bonds from amounts in the Revenue Account, an amount equal to the principal amount of the Bonds so purchased or redeemed is required to be credited toward the next Sinking Fund Payment thereafter to become due and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Payment is to be credited against future Sinking Fund Payments in direct chronological order.

RIHousing is permitted to direct the transfer of amounts from the Revenue Account at any time within ninety days after the close of each such Fiscal Year to the Loan Account, Debt Service Reserve Account or Redemption Account or if the assets to liabilities under the Bond Resolution is greater than 101%, then to RIHousing free and clear of the lien of the Bond Resolution to be applied to any lawful purpose.

The Trustee may at any time, upon the written direction of an Authorized Officer, make transfers from the Revenue Account to the Loan Account, the Debt Service Reserve Account or the Redemption Account for the purposes thereof or make a transfer to the general operating funds of RIHousing for the purpose of paying Program Expenses for the then current Fiscal Year. No such transfer is permitted, however, unless there is on deposit in the Revenue Account after such transfer an amount equal to the principal and interest accrued on all Outstanding Bonds as of the date of such payment and to become due through the next Interest Payment Date.

Redemption Account

There are to be deposited in the Redemption Account any amounts required by the Bond Resolution and any other amounts available therefor and determined by RIHousing to be deposited therein. Subject to the provisions of the respective Series of Bonds and those of any Supplemental Resolutions authorizing the issuance thereof and authorizing the issuance of Refunding Bonds, the Trustee is required to apply the amounts deposited in the Redemption Account to the payment, purchase or redemption of Bonds at the earliest practicable Redemption Date. Except as otherwise provided in connection with the issuance of Refunding Bonds, at any time prior to the forty-fifth day upon which Bonds are to be paid or redeemed from such amounts, the Trustee may apply amounts in the Redemption Account to the purchase of any of such Bonds, except that RIHousing may require or prohibit such purchases. The purchase price paid may not exceed the principal amount of such Bonds unless such Bonds may be redeemed within thirteen months after such purchase in which event such price shall not exceed the highest Redemption Price. If the Trustee is able to purchase Bonds at a price less than the applicable Redemption Price, the Trustee is required to deposit in the Revenue Account the difference between such purchase price and such Redemption Price.

Upon the purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Payments have been established from amounts in the Redemption Account, each future Sinking Fund Payment for such Bonds will be credited by an amount bearing the same ratio to such Sinking Fund Payment as the total principal amount of such Bonds so purchased or redeemed bears to the total amount of all such Sinking Fund Payments, unless a different method for crediting Sinking Fund Payments is otherwise directed by RIHousing.

Debt Service Reserve Account

There are to be deposited in the Debt Service Reserve Account all amounts required to be deposited therein pursuant to the Bond Resolution and any other amounts received and determined by RIHousing to be deposited therein.

Amounts on deposit in the Debt Service Reserve Account are to be applied, to the extent other funds are not available therefor, to pay on any Interest Payment Date or Redemption Date the Principal Installments and interest due on the Outstanding Bonds. Whenever the amount in the Debt Service Reserve Account exceeds the Debt Service Reserve Account Requirement, the Trustee, if directed by RIHousing, is required to withdraw from the Debt Service Reserve Account the amount of such excess and deposit such amount into the Loan Account, Revenue Account or Redemption Account.

Whenever the amount in the Debt Service Reserve Account, together with the amount in the Revenue Account, is sufficient to fully pay all Outstanding Bonds in accordance with their terms (including the Sinking Fund Payments for the retirement thereof), amounts on deposit in the Revenue Account are to be transferred to the Debt Service Reserve Account. Prior to said transfer, all investments held in the Revenue Account are to be liquidated and any Bonds constituting a part of such Account shall be deemed paid and cancelled.

Subject to any limitation in the Act, a Supplemental Resolution may provide that the Debt Service Reserve Account Requirement with respect to the applicable Series of Bonds may be funded through Cash Equivalents. For purposes of determining whether the Debt Service Reserve Account Requirement has been met, the amount in the Debt Service Reserve Account shall be deemed to include any amount payable thereunder on the demand of the Trustee without material conditions.

Rebate Account

There are to be deposited in the Rebate Account all amounts required to be deposited therein pursuant to the Supplemental Resolution authorizing each Series of Bonds and any other amounts received and determined to be deposited therein by RIHousing. Amounts on deposit in the Rebate Account are to be applied to any lawful purpose of RIHousing consistent with the tax covenants of RIHousing.

Payment of Bonds

RIHousing covenants that it will duly and punctually pay or cause to be paid the principal and Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid all Sinking Fund Payments, if any, becoming payable with respect to any Series of Bonds.

Tax Covenants

RIHousing covenants that it will at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds, for purposes of direct federal income taxation, will be excludable from the gross income of the recipients thereof and exempt from such taxation. Notwithstanding the foregoing, RIHousing may elect to issue obligations the interest on which is not exempt from federal income taxation so long as such election is made prior to the issuance of such obligations. The covenants contained in this Section shall not apply to Bonds issued pursuant to such an election.

The Program

RIHousing covenants from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the provisions of the Bond Resolution and sound lending practices and principles, to use and apply the proceeds of the Bonds, to the extent not reasonably or otherwise required for other purposes of the Program, to finance the Program Obligations pursuant to the Act and the Bond Resolution, to do all such acts and things as shall be necessary to receive and collect Mortgage Revenues and Non-Mortgage Receipts (including diligent enforcement of the prompt collection of all arrears on Program Obligations) sufficient to pay the Debt Service and Program Expenses, and to diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of RIHousing to protect its rights with respect to or to maintain any insurance on Program Obligations and to enforce all terms, covenants and conditions of the Program Obligations including the collection, custody and prompt application of all escrow payments required by the terms of the Program Obligations for the purposes for which they were made.

Whenever necessary in order to protect and enforce the interests and security of the holders of the Bonds, RIHousing shall commence foreclosure or pursue other appropriate remedies with respect to any Program Obligation which is in default. In the event that RIHousing shall, in its discretion, determine such action to be in the best interests of the holders of the Bonds, RIHousing may bid for and purchase the premises covered by any such Program Obligation at any foreclosure sale thereof or may otherwise take possession of or acquire such property.

RIHousing may at any time sell, assign or otherwise dispose of a Program Obligation (or the premises to which such Program Obligation relates):

- (1) in the event that payment under such Program Obligation is delinquent more than ninety days or, at any time, in order to realize the benefits of insurance with respect to such Program Obligation or property;
- (2) in order to obtain funds to provide for the redemption or purchase of an amount of Bonds having a value corresponding to the value of such Program Obligation; or
- (3) in the event that a Certificate has been filed with the Trustee which gives effect to the proposed sale thereof and states that it complies with conditions set forth in the Bond Resolution.

RIHousing will not redeem or purchase Bonds from amounts on deposit in any account under the Bond Resolution (including proceeds of Refunding Bonds held in the Redemption Account) if such redemption or purchase would have a material adverse effect on the ability of RIHousing to pay the Principal Installment and interest on the remaining Outstanding Bonds.

RIHousing shall apply the proceeds of the Bonds and use or direct the use of Revenues and other amounts held under the Bond Resolution so as to ensure that the Revenues and other funds estimated by RIHousing to be available at all times under the Bond Resolution will be sufficient to provide for the payment of Debt Service on the Bonds when due and reasonable and necessary Program Expenses.

RIHousing will not cause Bonds to be purchased or redeemed at any time, if such purchase or redemption would have a material adverse effect on the ability of RIHousing to pay the Debt Service on the Bonds when due and reasonable and necessary Program Expenses.

Accounts and Reports

RIHousing covenants that it will keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the Program Obligations and all Accounts established by the Bond Resolution which books of record and account shall at all reasonable

times be subject to the inspection of the Trustee and the holders of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

Within 90 days after the close of each Fiscal Year, RIHousing is required to file with the Trustee a copy of an annual report as to the operations and accomplishments of RIHousing during such Fiscal Year, and financial statements for such Fiscal Year, setting forth in reasonable detail the balance sheet for RIHousing and its programs, showing the assets and liabilities of the Program at the end of such Fiscal Year, a statement of RIHousing's revenues and expenses for its operating and program purposes and showing the revenues and expenses of the Program and a statement of changes in financial position.

If at any time during any Fiscal Year there shall have occurred an Event of Default, then RIHousing shall file with the Trustee, within forty-five days after the close of such Fiscal Year, a special report accompanied by an Accountant's Certificate as to the fair presentation of the financial statements contained therein, setting forth in reasonable detail the individual balances and receipts and disbursements for each Account under the Bond Resolution.

Budgets

RIHousing must adopt an annual budget covering its fiscal operations for the succeeding Fiscal Year not later than the first day of each such Fiscal Year, and file the same with the Trustee. The annual budget shall set forth for such Fiscal Year the estimated Mortgage Revenues, the Principal Installments and the amount of interest due and payable or estimated to become due and payable during such Fiscal Year and estimated Program Expenses. RIHousing at any time may adopt and file with the Trustee an amended annual budget for the remainder of the then current Fiscal Year in the manner provided in the Bond Resolution for the adoption of the annual budget. Copies of the annual budget and any amended annual budget must be made available by the Trustee for inspection by any Bondholder.

Powers of Amendment

Any modification or amendment of any provision of the Bond Resolution or of the rights and obligations of RIHousing and of the holders of the Bonds may be made by a Supplemental Resolution, with the written consent given as provided in the Bond Resolution (a) of the holders of at least two-thirds in principal amount of the Outstanding Bonds, or (b) in case less than all of the several Series of Bonds then Outstanding would be affected by such modification or amendment, of the holders of at least two-thirds in principal amount of the Outstanding Bonds of each Series so affected. If any such modification or amendment will not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond or shall reduce the percentage of Bonds, the consent of the holders of which is required to effect any such modification or amendment.

Events of Default

It is an "Event of Default" if: (a) payment of the principal or Redemption Price of any Bonds is not made when due, whether at maturity or upon call for redemption or otherwise; (b) payment of any installment of interest on any of the Bonds is not made within thirty days after becoming due; or (c) RIHousing fails or refuses to comply with the provisions of the Bond Resolution, or defaults in the performance or observance of any of the covenants, agreements or conditions contained therein, in any Supplemental Resolution, or in the Bonds, and such failure, refusal or default continues for a period of ninety days after written notice thereof expressly stating that it is a notice of default, by the Trustee or the holders of not less than 5% in principal amount of the Outstanding Bonds.

Remedies

Upon the happening and continuance of any Event of Default specified in clauses (a) and (b) above, the Trustee will proceed, or upon the happening and continuance of any Event of Default specified in clause (c) above, the Trustee may proceed, and upon the written request of the holders of not less than 25% in principal amount of the Outstanding Bonds must proceed, in its own name, subject to the provisions of the Bond Resolution, to protect and enforce the rights of the Bondholders by such of the following remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights: (a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, including the right to require RIHousing to receive and collect Mortgage Revenues and Non-Mortgage Receipts and to carry out the covenants and agreements as to the Program Obligations and to require RIHousing to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act; (b) by bringing suit upon the Bonds; (c) by action or suit in equity, to require RIHousing to account as if it were the trustee of an express trust for the holders of the Bonds; (d) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds; (e) by declaring all Bonds due and payable, and if all defaults shall be cured, then, with the written consent of the holders of not less than 25% in principal amount of the Outstanding Bonds, by annulling such declaration and its consequences; or (f) in the event that all Bonds are declared due and payable, by selling such Program Obligations and Investment Securities.

Priority of Payments After Default

In the event that upon the happening and continuance of any Event of Default, the funds held by the Trustee and Paying Agents are insufficient for the payment of principal or Redemption Price, if any, and interest then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee acting pursuant to the Act and the Bond Resolution, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the holders of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under the Bond Resolution, are to be applied as follows:

(1) Unless the principal of all of the Bonds has become or been declared due and payable:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

(2) If the principal of all of the Bonds has become or been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for

principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Compensation of Trustee

RIHousing is required to pay to each Fiduciary from time to time reasonable compensation for all services rendered under the Bond Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Bond Resolution, and each Fiduciary shall have a lien therefor on any and all funds at any time held by them under the Bond Resolution.

Defeasance

If RIHousing pays or causes to be paid to the holders of the Bonds, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Bond Resolution, then the pledge or assignment of any revenues and assets thereby pledged and all other rights granted thereby will be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys have been set aside and held in trust by Fiduciaries (through deposit by RIHousing of funds for such payment or redemption or otherwise) at the maturity or Redemption Date thereof will be deemed to have been paid within the meaning and with the effect expressed in the above paragraph. All Outstanding Bonds of any Series will, prior to maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect so expressed if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, RIHousing has given to the Trustee in form satisfactory to it irrevocable instructions to publish, as provided in the Bond Resolution, notice of redemption on said date of such Bonds, and (b) there has been deposited with the Trustee either moneys in an amount which are sufficient, or obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America (including obligations issued or held in book-entry form on the books of the U.S. Department of Treasury), or obligations secured by such obligations through an irrevocable trust, the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal or Redemption Price, if any, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be.

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APPENDIX F

TEN YEAR RULE PERCENTAGES

Homeownership Opportunity Bond Series	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033	12/31/2034	12/31/2035
Retired	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 10-A	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 65-T	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 66-A&C	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 66-B	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 67-A&C	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 67-B	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 68-A&C	99%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 68-B	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 69-AB	29%	29%	29%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 70	0%	0%	0%	0%	100%	100%	100%	100%	100%	100%	100%
HOB 71	0%	0%	0%	0%	100%	100%	100%	100%	100%	100%	100%
HOB 72	0%	0%	0%	0%	0%	100%	100%	100%	100%	100%	100%
HOB 73	11%	11%	11%	25%	25%	100%	100%	100%	100%	100%	100%
HOB 73-T	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 74	18%	25%	25%	36%	38%	38%	100%	100%	100%	100%	100%
HOB 75	6%	17%	17%	18%	49%	49%	100%	100%	100%	100%	100%
HOB 75-T	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 76	8%	16%	16%	17%	34%	35%	37%	100%	100%	100%	100%
HOB 76-T	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 77	3%	3%	3%	5%	12%	14%	15%	100%	100%	100%	100%
HOB 77-T	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 78	2%	3%	3%	4%	11%	13%	13%	100%	100%	100%	100%
HOB 78-T	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 79	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%	100%
HOB 79-T	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 80	2%	3%	3%	6%	17%	23%	27%	32%	100%	100%	100%
HOB 80-T	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 81	2%	3%	3%	6%	16%	20%	25%	29%	100%	100%	100%
HOB 81-T	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 82	1%	2%	2%	4%	8%	11%	15%	18%	18%	100%	100%
HOB 82-T	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 83	7%	7%	7%	8%	11%	12%	14%	16%	16%	100%	100%
HOB 83-T	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 84	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
HOB 84-T	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Note: The above percentages represent estimates based upon information currently available and are not guaranteed.

There can be no assurance that federal tax law, rules or regulations enacted or proposed and the interpretation thereof will not alter the above percentages.

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APPENDIX G

ESTIMATED QUARTERLY OUTSTANDING MORTGAGE LOAN BALANCE AND PREPAYMENT AMOUNTS

Homeownership Opportunity Bond Series	Outstanding Balance 12/31/23	Prepayments 1/01/24- 3/31/24	Outstanding Balance 03/31/24	Prepayments 4/01/24- 6/30/24	Outstanding Balance 06/30/24	Prepayments 7/01/24- 9/30/24	Outstanding Balance 09/30/24	Prepayments 10/01/24- 12/31/24	Outstanding Balance 12/31/24
Retired	87,526,423	578,891	85,939,625	1,482,211	85,028,573	833,204	83,208,389	636,011	81,621,795
HOB 10-A	4,634,144	27,545	4,523,924	23,626	4,441,260	26,482	4,355,010	24,514	4,270,202
HOB 15-A	275,072	3	272,292	3	269,478	3	266,630	85,714	178,392
HOB 65-T	16,824,286	225,526	16,394,175	96,489	16,094,389	98,800	15,789,067	229,318	15,356,162
HOB 66-ABC	15,942,650	52,055	15,760,315	145,085	15,482,626	10,040	15,335,847	80,551	15,119,628
HOB 67-ABC	15,006,716	111,271	14,776,114	83,079	14,573,479	230,113	14,225,900	14,516	14,095,055
HOB 68-ABC	61,032,871	559,442	60,027,384	1,117,069	58,476,700	696,356	57,351,654	690,665	56,233,804
HOB 69-AB	38,626,041	322,770	38,079,969	285,440	37,574,837	220,509	37,125,097	517,346	36,389,136
HOB 69-T	1,537,676	1,823	1,524,063	875	0	0	0	0	0
HOB 70	65,340,208	668,667	64,335,699	446,854	63,541,472	1,545,520	61,670,737	987,263	60,353,477
HOB 71	62,393,100	36,865	62,026,992	1,224,741	60,459,345	1,013,982	59,126,206	1,113,074	57,693,240
HOB 72	42,442,008	280,712	41,930,353	190,561	41,511,724	1,111,068	40,174,746	936,518	38,992,728
HOB 73	101,707,865	459,860	100,644,298	2,150,613	97,885,965	1,534,166	95,733,215	458,289	94,695,545
HOB 73-T	9,033,739	12,986	8,930,188	281,466	8,563,076	7,263	8,469,834	214,928	8,171,063
HOB 74	128,776,820	1,533,831	126,234,631	1,783,665	123,474,510	1,830,962	120,663,132	1,636,691	118,049,141
HOB 75	131,930,120	1,537,018	129,652,825	2,083,873	126,845,217	1,663,471	124,473,034	914,719	122,840,430
HOB 75-T	21,364,767	503,829	20,675,274	740,291	19,764,818	96,344	19,475,088	302,573	18,984,053
HOB 76	118,143,796	967,178	116,564,033	1,287,819	114,657,103	2,139,131	111,917,620	1,154,759	110,159,067
HOB 76-T	15,212,809	244,207	14,815,324	105,376	14,559,505	87,000	14,321,824	350,358	13,820,783
HOB 77	93,192,846	850,899	91,965,033	485,648	91,074,487	566,804	90,133,818	1,708,994	88,032,534
HOB 77-T	18,060,435	774,263	17,218,710	1,833	17,158,976	357,962	16,737,901	1,353	16,676,305
HOB 78	109,409,722	575,593	108,472,984	1,179,670	106,909,347	2,002,259	104,526,525	2,438,659	101,717,368
HOB 78-T	13,878,588	1,414	13,834,196	4,361	13,789,075	1,265	13,746,153	632,875	13,061,067
HOB 79	71,991,371	78,308	71,692,629	446,382	71,023,292	997,801	69,797,253	2,211,111	67,367,148
HOB 79-T	57,731,568	313,352	57,218,380	276,063	56,727,516	891,629	55,634,097	687,796	54,745,773
HOB 80	72,071,454	214,202	71,642,687	300,321	71,141,856	1,080,675	69,853,972	706,910	68,944,217
HOB 80-T	145,459,553	342,234	144,717,608	141,433	144,178,951	3,158,186	140,602,481	5,286,042	134,927,652
HOB 81	71,108,013	6,250	79,390,035	10,111	80,154,314	984,388	79,079,666	1,489,205	77,386,530
HOB 81-T	19,879,983	361,331	62,899,339	226,737	63,878,118	45,881	63,686,881	1,251,487	62,257,653
HOB 82	0	0	26,301,647	5,775	120,263,533	257,470	121,216,696	256,814	120,598,260
HOB 82-T	0	0	17,626,437	334,660	32,235,823	113,577	33,619,774	5,449	33,501,794
HOB 83	0	0	0	0	0	8,504	87,659,978	25,278	87,387,663
HOB 83-T	0	0	0	0	0	20,597	72,587,128	20,965	102,803,434
HOB 84	0	0	0	0	0	0	0	0	78,430,866
HOB 84-T	0	0	0	0	0	0	0	0	37,048,742
Total	1,610,534,642	11,642,324	1,686,087,163	16,942,127	1,771,739,364	23,631,410	1,902,565,352	27,070,745	2,011,910,708

Note: The figures above are based on information currently available and are not guaranteed. Prepayment amounts include loan payoffs, dispositions of real estate owned and principal curtailments in excess of the computed scheduled principal amounts. Balances include real estate owned. RIHousing reserves the right to transfer loans between bond series subject to limitations under the Resolution and applicable federal tax law. Changes in outstanding loan balances from quarter to quarter may result from payments of scheduled principal, new originations or recycling, transfers between series, sales of mortgage loans, write-downs, losses and other miscellaneous adjustments, in addition to loan payoffs and principal installments.

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APPENDIX H

RIHOUSING IMPACT FRAMEWORK

Originally created in 1973, Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) is a public corporation and instrumentality and agency of the State of Rhode Island (the “State”). As the State’s primary housing agency, RIHousing achieves its mission through innovation and by providing a range of multifamily and single family solutions, including providing financing and technical assistance options to support the creation and preservation of affordable housing in the State. RIHousing is governed by board of seven Commissioners (the “Board of Commissioners”) who have a breadth of experience and expertise across commercial real estate, city planning, private law, and community development banking. The Board of Commissioners partners with RIHousing’s senior management to govern RIHousing and to develop its robust formal policies, procedures, and programs.

Summary of Impact Highlights

- ✓ Since its inception, RIHousing has provided more than **\$8 billion in mortgage financing** to more than **85,000 homeowners** and created over **24,000 affordable apartments** in agency-financed developments.
- ✓ In 2023 alone, RIHousing invested \$1.2 billion in the State’s economy by providing: **\$687 million in mortgages and assistance to homebuyers, \$244 million in financing construction to rehabilitate 742 apartments, and \$243 million in rental assistance to 17,299 households.**
- ✓ In response to the State’s housing crisis, Governor McKee proposed, and Rhode Islander residents voted to approve, a **\$120 million state bond to support affordable housing efforts across the State.**

Homeowner Initiatives

- ✓ RIHousing works to ensure that all Rhode Island residents have access to homeownership, helping keep people in safe and healthy homes, and building livable and sustainable communities.
- ✓ In 2023, RIHousing developed a **\$50 million fund to help homeowners avoid foreclosure**, and launched a **down payment assistance program for first-generation homeowners.**
- ✓ **RIHousing’s Loan Servicing Department** services the residential mortgage loans in its own portfolio and provides loan sub-servicing to other residential mortgage lenders and one other state housing finance agency.
- ✓ The **RIHousing HelpCenter** offers free, confidential counseling services to homeowners struggling to keep their homes.
- ✓ RIHousing tirelessly works to address inequities and barriers to homeownership by opening doors to first-time homebuyers who traditionally have been left out of the housing market. In 2024, RIHousing provided mortgage financing to **1,611 first-time homebuyers**, of which **55% were minority homebuyers** and **46% were female head of household.**

Rental Housing Initiatives

- ✓ RIHousing is the **State’s sole allocating agency for federal Low Income Housing Tax Credits (“LIHTC”)** pursuant to its Qualified Allocation Plan (“QAP”).

- ✓ Rhode Island faces a shortage of rental homes that are affordable and available to extremely low-income households.¹ According to the National Low Income Housing Coalition, in 2023 Rhode Island had the 16th highest gap between what renters earn and the cost to rent a two-bedroom apartment, highlighting the need for RIHousing’s work in supporting the creation of these homes.²
- ✓ Between 2021 and 2023, RIHousing administered **\$277 million in rental and utility assistance to over 37,000 households as part of the Emergency Rental Assistance Program.**
- ✓ In 2024 RIHousing provided **project-based rental assistance to 15,683 renters, and voucher-based rental assistance to 1,616 renters.**
- ✓ The **LeadSafe Program** helps keep properties safe and healthy through forgivable loans for lead mitigation with over almost \$35 million of funding to assist 1,383 properties since inception.
- ✓ Within the past three years, RIHousing received two awards from the National Council of State Housing Agencies for its efforts to **reduce energy and energy costs for low- and moderate-income renters**, and for its role in **protecting renters from income-based housing discrimination.**³

RIHousing Social and Sustainability Bond Issuances

RIHousing is authorized to, among other things, provide financing for affordable housing through the sale of mortgages and by issuing bonds and notes to finance single family and multifamily mortgage loans. RIHousing designates certain of its bonds as **Social Bonds** or **Sustainability Bonds** to highlight to investors the social and environmental aspects of RIHousing programs. RIHousing **Social Bonds** and **Sustainability Bonds** issuances to date include:

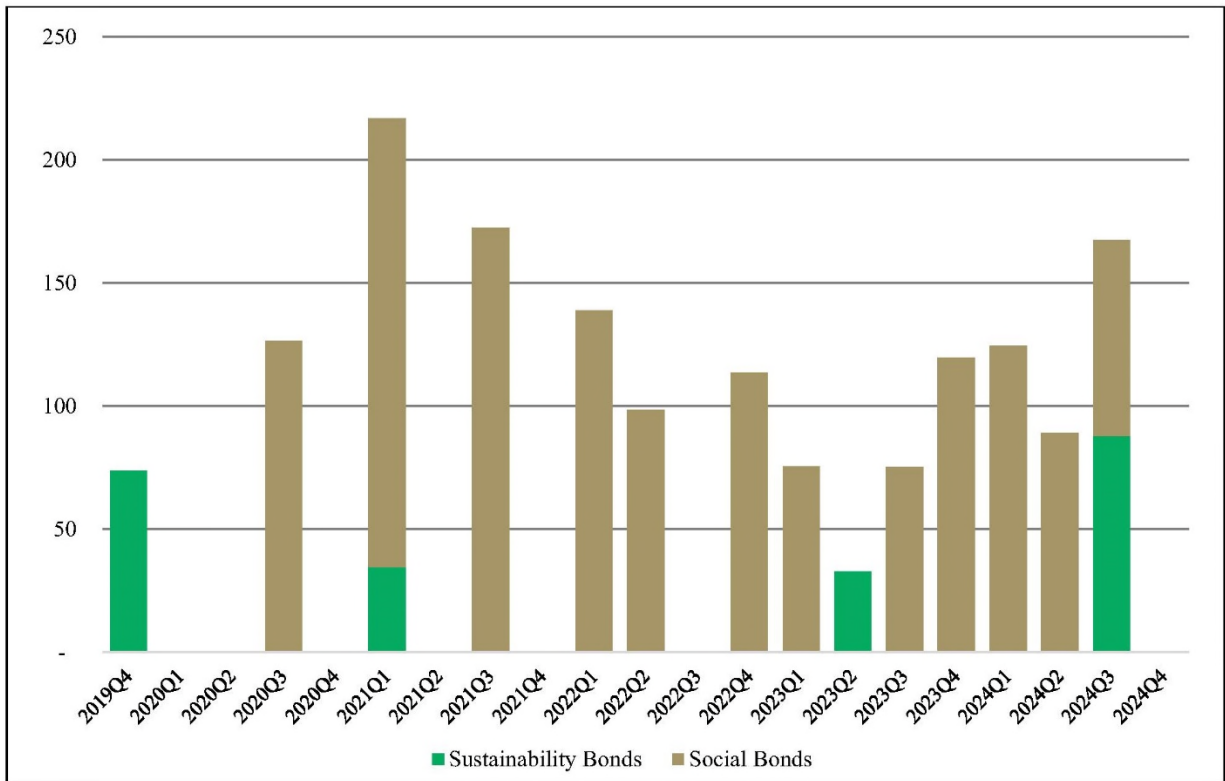
Homeownership Opportunity Program <i>(Single Family Program)</i>	Multi-Family Development Program <i>(Multifamily)</i>	
Provides single family homeownership loans to low- to moderate-income first-time homeowners	Provides mortgage loans to finance the development of rental housing units for low-income renters	
<ul style="list-style-type: none"> ✓ \$1.35 billion Social Bonds issued from September 1, 2020 to December 31, 2024 (12 issuances) ✓ Inaugural Social Bonds issuance – 2020 	<ul style="list-style-type: none"> ✓ \$228.6 million Sustainability Bonds issued from October 1, 2019 to December 31, 2024 (5 issuances) ✓ Inaugural Sustainability Bonds Inaugural Issuance – 2019 	<ul style="list-style-type: none"> ✓ \$47.5 million in Multi-Family Social Bonds issued from January 1, 2021 to the present (1 issuance) ✓ Inaugural Social Bonds issuance - 2020

¹ National Low Income Housing Coalition (NLIHC), “Housing Needs by State,” at <https://nlihc.org/housing-needs-by-state/rhode-island>

² NLIHC at https://nlihc.org/sites/default/files/oor/Rhode_Island_2023_OOR.pdf

³ “RIHousing Receives National Honors for Energy Efficiency and Policy Efforts,” at <https://www.rihousing.com/rihousing-receives-national-honors-for-energy-efficiency-and-policy-efforts/> (Nov. 15, 2022)




Summary of Publicly Offered RIHousing Social and Sustainability Bonds
(\$MM) as of December 31, 2024
Calendar Year by Sale Date



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RIHousing Programs and Alignment to the RIHousing Impact Framework

As summarized below, RIHousing’s single family program’s **Social Bonds** are aligned with the four core components of the International Capital Market Association’s (“ICMA”) Social Bond Principles, and its multifamily program’s **Sustainability Bonds** and **Social Bonds** are aligned with the four core components of the ICMA’s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Both programs align with several of the United Nations Sustainable Development Goals (“SDGs”).

RIHousing’s Impact Framework			
Lending Program	Homeownership Opportunity Program (Single Family)	Multi-Family Development Program	
ESG Designation	Social Bonds	Sustainability Bonds	Social Bonds
ICMA Alignment	Social Bond Principles (2023)	Sustainability Bond Guidelines (2021) Social Bond Principles (2023) Green Bond Principles (2021)	Social Bond Principles (2023)
Use of Proceeds	- Finance single family mortgage loans for first-time homebuyers, including providing down payment assistance loans	- Finance affordable multifamily rental housing projects benefiting from tax credit allocation and that include energy efficiency features	- Refinance affordable, multi-family rental housing projects benefiting from tax credit allocations
Process for Project Evaluation and Selection	- Meet eligibility criteria under the Homeownership Opportunity Program	- Meet eligibility criteria under the Multi-Family Development Program and the Green Standards and scoring under the QAP	- Meet eligibility criteria under the Multi-Family Development Program
Management of Proceeds	- Proceeds are deposited in segregated accounts and invested in Investment Securities until disbursed to finance single family mortgage loans	- Proceeds are deposited in segregated accounts and invested in Investment Securities until disbursed to finance multifamily projects	- Proceeds are deposited in segregated accounts and invested in Investment Securities until disbursed to refund the refunded bonds
Reporting	- Annual (as of June 30 th)	- Annual (as of June 30 th)	- Annual (as of June 30 th)
UN SDGs			
UN SDG Targets	1.4, 8.10, 10.2, 11.1	1.4, 7.3, 8.10, 10.2, 11.1	1.4, 8.10, 10.2, 11.1

The following pages provide additional details on: (I) RIHousing’s Homeownership Opportunity Program, (II) RIHousing’s Multi-Family Development Program, (III) RIHousing’s Governance, and (IV) the Second Party Opinion by S&P Global Ratings on the RIHousing Impact Framework.

I. RIHOUSING HOMEOWNERSHIP OPPORTUNITY PROGRAM

RIHousing finances single family affordable housing through a variety of channels, one of which is its longstanding Homeownership Opportunity Program (the “Program”). Through the Program, RIHousing provides mortgage loans and closing cost assistance and down payment assistance (DPA) to first-time homebuyers of low-to-moderate income (together, the “Program Loans”). RIHousing may designate as **Social Bonds** certain bonds issued under its **General Homeownership Opportunity Program Bond Resolution (the “Bond Resolution”)** used to finance Program Loans.

The following tables provide a summary describing historical loan originating activity and borrower profile for Program Loans financed by RIHousing, pursuant to the Program, from January 2019 through December 31, 2024.

RIHousing Homeownership Opportunity Program (January 2019 – December 2024)			
First Lien Loans (\$)	First Lien Loans (#)	Cities	Counties
\$1,538,803,569	5,805	33	5

Program Loan Statistics	
Average Mortgage Size	\$302,616
Average Purchase Price	\$311,698
Average Household Income	\$72,937
DPA Loans Provided	5,018
% of Borrowers Receiving DPA	98.68%
Average DPA Amount Provided	\$11,524
DPA Provided (% of Purchase Price)	3.70%

RIHousing Homeownership Opportunity Program Mortgage Loans Originated by Borrower Income as a % of AMI (Calendar Year)

(\$MM) AMI Band	2019-2021		2022		2023		2024		Total	
	Cumulative		Cumulative		Cumulative		Cumulative		Cumulative	
	\$	%	\$	%	\$	%	\$	%	\$	%
<50%	\$60.2	9%	\$8.4	3%	\$2.6	1%	\$1.0	0%	\$72.1	5%
50% - 59%	114.2	26%	28.0	11%	13.5	6%	12.4	5%	\$168.1	16%
60% - 69%	153.1	49%	53.8	28%	31.3	18%	33.8	16%	\$271.9	33%
70% - 79%	137.1	69%	65.7	49%	50.0	38%	45.4	32%	\$298.2	53%
80% - 89%	89.6	82%	61.9	69%	59.4	60%	54.4	51%	\$265.3	70%
90% - 99%	61.6	92%	49.9	84%	44.6	78%	54.1	69%	\$210.2	84%
100%+	56.2	100%	50.1	100%	58.2	100%	88.4	100%	\$253.0	100%
Total	\$672.1		\$317.7		\$259.7		289.3		\$1,538.8	

The following sections discuss: (A) RIHousing’s First-Time Homebuyer Program; (B) RIHousing’s Loans for Existing Homeowners; (C) RIHousing’s Down Payment Assistance (DPA) Programs; (D) Homebuyer Education Classes; (E) the Loan Servicing and Help Center; (F) Bonds’ Alignment with the

ICMA Social Bonds Principles; and (G) Bonds' Alignment with the United Nations Sustainable Development Goals.

A. First-time Homebuyer Program

RIHousing's First-time Homebuyer Program consists of providing first-lien, 20- or 30-year amortizing mortgage loans to first-time homebuyers in the State (the "First-time Homebuyer Loans"). Eligible properties must be a 1-4 family home or condominium in the State, and eligible borrowers must meet minimum income limits, occupy the home as a primary residence, and complete a RIHousing or HUD-approved homebuyer education course (discussed further herein at Subsection C).

RIHousing determines eligibility, in part, based on requirements as set forth in the Internal Revenue Code of 1986 (the "Code"), which includes purchase price restrictions and area median income (AMI) limits. AMI limits are published annually by the U.S. Department of Housing and Urban Development (HUD) Office of Policy Development and Research. As permitted by the Code, RIHousing uses the greater of the statewide or area limits. When issuing tax-exempt bonds to finance the purchase of single family, first-time homebuyer mortgage loans, the income limit is 115% of AMI for households of 3 or more persons, or 100% of AMI for 1-2 person households. In Targeted Areas,⁴ income limits may not exceed 140% of AMI for households of 3 or more persons, or 120% of AMI for a 1-2 person household. In addition, RIHousing may issue taxable bonds to finance mortgage loans to first-time homebuyers with incomes exceeding the Code's AMI limits.

B. Loans for Existing Homeowners

In addition to its First-time Homebuyer Program, RIHousing has established programs to assist existing, low-income homeowners obtain affordable financing options for meeting certain income limits.

Home Repair Loans

RIHousing Home Repair Loans wrap the cost of buying and rehabilitating a home into one mortgage. Such loans are made to eligible borrowers for the repair or improvement of residential housing to make such houses decent, safe, and sanitary. Home Repair Loans are secured by first-, second- or third-lien mortgage loans on the property, which must be the borrower's principal residence. Further, a period of at least 20 years must have elapsed between the date on which the residence was first used and the date rehabilitation commences.

The maximum amount of a Home Repair Loan is \$25,000 per residence or such greater amount as may be permitted by law. The interest rates on Home Repair Loans are established by RIHousing from time to time, and the loan term ranges from a minimum of five years to a maximum of 20 years.

Access Independence Loans

In collaboration with the State of Rhode Island Behavioral Healthcare, Developmental Disabilities, and Hospitals, the Access Independence II program helps aging and special needs populations have a safe and healthy place to call home. Loans of up to \$50,000 are available for eligible families and caregivers of people with developmental disabilities to modify their homes in order to support their needs and continue living with their families. Funds cover the costs for adaptations, including the installation of ramps, modifications of bathrooms, installation of lifts, or other equipment purchases.

⁴ "Targeted Areas" is defined as (i) a census tract in which 70% or more of the families have an income which is 80% or less of the Statewide median family income and such other areas as RIHousing may designate in according with the Code or (ii) an Area of Chronic Economic Distress, which is an area designated by the State and approved by the Secretary of the Treasury and the HUD Secretary.

C. Down Payment Assistance (DPA) Programs

First-time Homebuyer Loans can be combined with a DPA loan or grant, which allows borrowers to finance closing costs up to 100% of the purchase price of their home. Eligible borrowers must have obtained a RIHousing First-time Homebuyer Loan through a participating lender or through RIHousing in order to be eligible for DPA and/or closing cost assistance. Each DPA program is described in detail in the chart below.

<u>DPA Program</u>	<u>Description</u>
State Wide Grant	RIHousing administered an immediately forgivable grant, on behalf of the State, in the amount of \$17,500 to eligible first-time homebuyers. The available funds for this grant were fully expended in the summer of 2024.
Extra Assistance	Provides eligible first-time homebuyers with a 15-year amortizing, second lien of 6% of the purchase price (not to exceed \$20,000) of the home to assist with down payment and/or closing costs. In most cases, the interest rate on a borrower's Extra Assistance loan will be the same as the interest rate on its RIHousing first mortgage.
FirstGenHomeRI	Provides a \$25,000 forgivable grant ⁵ to first-generation homebuyers to cover down payment and/or closing costs. Eligible borrowers must reside in certain Rhode Island census tracts, and may purchase a home anywhere in the State.
15kDPA	Provides a 0% interest loan up to \$15,000, with no minimum monthly payments due. The loan is due upon the occurrence of any of the following events: (i) the borrower no longer occupies the home as a primary residence; (ii) the property is sold, conveyed, transferred, assigned, encumbered, or mortgaged; or (iii) if all or any portion of the title to the property becomes vested in anyone other than the Borrower.

D. Homebuyer Education Classes

RIHousing does not just help people buy homes, it provides them with the tools and resources needed to keep the homes they worked to obtain. To that end, RIHousing first-time time homebuyers are required to take an approved homebuyer education class, which includes, as currently formatted: (a) Steps to Buying a Home, including the mortgage application process, (b) Overview of RIHousing's loan programs, and (c) Financial Considerations: credit, debt and planning for the future.

From January 1, 2021 to December 31, 2024, RIHousing provided more than 17,800 Rhode Islanders with homebuyer education offered in English and Spanish: 7,276 online, and 10,562 as part of a live and virtual homebuyer education class with updated course content on budgeting and financial literacy.

E. Loan Servicing and Help Center

Once in a home, homeowners are further supported by RIHousing through its Loan Servicing Department and through counseling and mediation services provided by the RIHousing HelpCenter.

RIHousing's Loan Servicing Department provides borrowers the option to pay their mortgage in-person on a monthly basis and to receive assistance in the event of questions or concerns. RIHousing currently provides servicing for all Program Loans. As servicer, RIHousing maintains communication with its

⁵ FirstGenHomeRI is provided at 0% interest with no monthly payment, and is fully forgivable after five years of owning and residing in the home.

borrowers and provides them with continuing support. To assist borrowers, the Loan Servicing Department maintains multiple options for loss mitigation which enable borrowers to stay in their homes should they be faced with financial difficulties. These options include capitalization of arrearage, interest rate reduction and term extension. The Loan Servicing Department also administers a tax lien program which provides assistance to Rhode Islanders struggling to pay their real estate taxes.

RIHousing's HelpCenter is a free, HUD-approved counseling agency that specializes in foreclosure prevention and provides services such as mortgage counseling and lender mediation to all Rhode Islanders, regardless of whether they are an RIHousing borrower.

In 2020, in response to the COVID-19 pandemic, the Loan Servicing Department assisted over 2,000 borrowers with temporary mortgage forbearance options to ensure they remained in their homes and provided up to six months of mortgage assistance to 67 Rhode Island homeowners who had lost their jobs due to the pandemic. The locally-present, in-house Loan Servicing Department and HelpCenter allowed RIHousing to ensure that borrowers continued to have access to mortgage counselors during this critical period when many borrowers were faced with financial hardship.

As of December 31, 2024, the volume and type of single family first mortgage loans being serviced by RIHousing, including but not limited to Program Loans, was as follows:

FHA	\$2,463,946,625
VA	31,198,572
USDA	4,507,749
Conventional	675,554,829

For context, Mortgage Loans represent approximately 70.68% of the volume of loans serviced by RIHousing for its own account, which portfolio also includes Borrower Assistance Loans (1.77%), other second liens (0.63%), multifamily loans (26.88%) and REO (0.04%).

F. Bonds' Alignment with the ICMA's Social Bonds Principle

RIHousing's single family **Social Bonds** align with the four core components of the "Social Bond Principles" as promulgated by the ICMA's "Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals": (1) Use of Proceeds, (2) Process for Project Evaluation and Selection, (3) Management of Proceeds, and (4) Reporting.

1. Use of Proceeds

The proceeds of RIHousing's single family **Social Bonds** are used to finance affordable home loans and down payment assistance to low-to-moderate income first-time homebuyers for owner-occupied, single family affordable housing in the State, pursuant to RIHousing's Program.

2. Process for Loan Evaluation and Selection

Mortgage loans purchased with the proceeds of RIHousing's single family **Social Bonds** must meet Program eligibility criteria under the Bond Resolution, the Act and the Code. Such mortgage loans may be originated by RIHousing or, as discussed below, by an eligible lender that has financed an eligible mortgage loan consistent with RIHousing underwriting standards. Eligible mortgage loan and selection process involves a thorough review of risks and mitigants, which includes reviewing any social and environmental risks. RIHousing staff seeks approval by the Board of Commissioners for the issuance of single family homeownership bonds as often as is necessary to support the continued operation of the Program.

i. Eligible Borrowers

Each borrower must be an individual with a credit standing that satisfies RIHousing's underwriting criteria. First-time Homebuyer Loans and DPA loans are available to eligible borrowers residing in Rhode Island and who meet RIHousing's underwriting criteria, including not exceeding purchase price limits. Eligible borrowers must acquire a one to four-family home that will be the borrower's primary residence. In addition, when issuing tax-exempt debt to finance single-family mortgage loans, the Code imposes maximum income limits of not more than 100% of AMI for 1-2 person households and 115% of AMI for households of 3 or more persons. In Targeted Areas (as defined in the Code), maximum income limits may not exceed 120% of AMI for 1-2 person households and 140% of AMI for households of 3 or more persons.

RIHousing's Loan Servicing Department consists of experienced professionals who assist first-time homebuyers navigate the path to homeownership, including initial consultation, pre-approval, and completion of the loan application through a secure, on-line portal. RIHousing staff are experienced and trained in the evaluation of residential financing documentation, and review the documentation of each Program applicant to determine whether such documents comply with RIHousing's Program requirements.

ii. Eligible Loans

RIHousing offers 20- or 30-year mortgage loans with zero points to qualified borrowers in the State. Borrowers may elect to pay points to obtain a lower corresponding rate. The mortgage loans are generally required to be insured through the Federal Housing Administration (FHA), guaranteed by the Department of Veterans Administration (VA) or USDA Rural Development, or conventionally financed with traditional primary mortgage insurance.

iii. Eligible Lenders

As of December 31, 2024, approximately 13.91% of the outstanding first-lien Program Loans in the Bond Resolution have been originated by RIHousing. RIHousing also offers Program Loans through approximately 80 participating mortgage lenders (each, a "Participating Lender"). Each Participating Lender has been approved by RIHousing and enters into a Mortgage Purchase Agreement with RIHousing, under which the Participating Lender agrees to deliver to RIHousing Program Loans meeting the requirements of RIHousing's underwriting criteria and of the Code. RIHousing compensates Participating Lenders by paying a service released premium based on the rate charged on each loan delivered to RIHousing. Each Participating Lender is also permitted to charge the borrower other reasonable and customary appraisal, credit and closing costs fees, but may not receive any other fees or remuneration in making new Program Loans unless specifically authorized by RIHousing.

Each Participating Lender must make loans for single-family dwellings in the normal course of business and must be a Fannie Mae or Freddie Mac approved seller/servicer, or must otherwise be approved by RIHousing as having the capability and experience necessary to originate loans responsibly under the Program. RIHousing is a qualified Fannie Mae and Freddie Mac approved seller/servicer, as well as a Federal Housing Administration ("FHA") approved delegated underwriter and a Ginnie Mae MBS Issuer.

3. Management of Proceeds

Net of certain transaction costs, the proceeds of RIHousing's single family **Social Bonds** are invested in Investment Securities, as defined in the Bond Resolution, until disbursed to finance Program Loans under the Resolution. All disbursements are tracked by RIHousing.

4. Post-Issuance Reporting

RIHousing will prepare annual updates, as of the last day of each fiscal year, regarding the Program Loans funded from proceeds of RIHousing's single family **Social Bonds** until such proceeds are fully expended, in the form and content below. Although RIHousing intends to provide such annual updates, it is not required to provide such updates pursuant to a continuing disclosure agreement under the Bond Resolution or any other agreement to provide continuing disclosure, and the failure to do so does not constitute an event of default thereunder or under the Bond Resolution. RIHousing expects to post annual updates as a voluntary filing on the Electronic Municipal Market Access System ("EMMA") of the Municipal Securities Rulemaking Board ("MSRB"). Additionally, in conjunction with the issuance of tax-exempt bonds, RIHousing has various ongoing compliance reporting requirements to ensure that use of proceeds is and continues to be consistent with what is allowable under applicable federal tax law.

FORM OF SOCIAL BONDS ANNUAL REPORTING

Total Lendable Proceeds	Lendable Proceeds Spent as of __/__/	Lendable Proceeds Remaining
\$[_____]	\$[_____]	\$[_____]

Series Program Loans Originated			
% of AMI:	\$ of Loans	# of Loans	Cumulative % of Proceeds
<50%			
50% - 59%			
60% - 69%			
70% - 79%			
80% - 89%			
90% - 99%			
100%+			

Down Payment Assistance ("DPA") Provided In Conjunction with Series Program Loans	
	\$ / # / %
Total DPA Provided (\$)	
Total DPA Provided (#)	
% of Borrowers Receiving DPA (%)	
Average DPA Provided per Borrower (\$)	
Average DPA Provided (% of Purchase Price)	

G. Single Family **Social Bonds**' Alignment with the United Nations Sustainable Development Goals

By reference to the ICMA's *Green and Social Bonds: A High-Level Mapping to the Sustainable Development Goals*, RIHousing has determined that its single family **Social Bonds** designation reflects the use of the proceeds in a manner that is consistent with the following United Nations SDGs::

- Goal No. 1 (No Poverty) is focused on ending poverty in all its forms everywhere. Target 1.4 maps to the SDG categories of Affordable Housing, Access to Essential Services, and Socioeconomic Advancement and Empowerment.
- Goal No. 8 (Decent Work and Economic Growth) is focused on ensuring access to affordable, reliable, sustainable, and modern energy for all. Target 8.10 maps to the SDG category of Access to Essential Services.
- Goal No. 10 (Reduced Inequalities) is focused on the needs of disadvantaged and marginalized populations. Target 10.2 maps to the SDG categories of Socioeconomic Advancement and Empowerment and Access to Essential Services.
- Goal No. 11 (Sustainable Cities and Communities) is focused on making cities and human settlements inclusive, safe, resilient, and sustainable. Target 11.1 maps to the SDG category of Affordable Housing and Affordable Basic Infrastructure.

II. RIHOUSING’S MULTIFAMILY PROGRAM

RIHousing finances affordable multi-family housing developments through the issuance of bonds under its **General Multi-Family Development Program Resolution** and its **Multi-Family Development Program Supplemental Resolution (together, the “General Resolution”)**. RIHousing may designate certain bonds issued under the General Resolution as **Sustainability Bonds** and/or as **Social Bonds**.

RIHousing administers the State’s federal LIHTC Program, which provides tax credits and other benefits to owners and developers of low-income, multi-family housing. To receive an allocation of LIHTCs, whether from the State’s allocated pool or through the use of tax-exempt bond financing, a project must meet eligibility requirements under both the QAP and Section 42 of the Code.

- The following sections discuss: (A) RIHousing’s Multifamily Development Program; (B) RIHousing’s Green Standards; (C) Sustainability Bonds’ Alignment with the ICMA’s Green Bonds Principles, Social Bonds Principles, and Sustainability Bonds Guidelines; (D) Sustainability Bonds’ Alignment with United Nations Sustainable Development Goals; (E) Social Bonds’ Alignment with the ICMA’s Social Bonds Principles; and (F) Social Bonds’ Alignment with United Nations Sustainable Development Goals.

A. The Multi-Family Development Program

Under its long-standing Multi-Family Development Program (the “Multi-Family Program”), RIHousing finances mortgage loans for the acquisition, refinancing, and rehabilitation of affordable rental housing for low income households, including but not limited to, elderly residents and residents requiring supportive services. Eligible projects under the Multi-Family Program must be for residential units that satisfy rent and tenant income restriction requirements.⁶

As of December 31, 2024, RIHousing has financed more than 112 rental housing developments under the General Resolution, consisting of 6,090 affordable rental housing units in 16 cities across the State via tax-exempt and taxable bond proceeds. RIHousing currently services all of its multifamily mortgage loans under the General Resolution. As servicer, RIHousing has ongoing communication with its borrowers and provides borrowers with continuing support through the quarterly and annual review of their respective operations, including a risk rating which evaluates the financial, managerial, and physical health of the developments, including adequacy of reserves and debt service coverages.

⁶ The specific rent and tenant income restriction requirements can be found in RIHousing’s QAP, posted on its website at https://www.rihousing.com/wp-content/uploads/2023-Section-7-Final-QAP_executed.pdf

Certain rental units financed under the Multi-Family Program may receive rental assistance payments from the HUD Section 8 program (the “Section 8 Program”). The Section 8 Program provides housing assistance payments to or for the account of the owners of the developments. The assistance payment represents the difference between the total contract rents for such units and the eligible tenants’ rental payments, which is not more than 30% of the tenant’s income. Affordable rental housing units financed under the Multi-Family Program may also be insured by the FHA risk sharing program, which allows state and local housing finance agencies that have entered into risk sharing agreements with HUD to carry out certain HUD functions in connection with the origination of FHA-insured mortgage loans, including assumption of loan underwriting, loan management, and property disposition.

B. RIHousing Green Standards

RIHousing strives to ensure that affordable housing developments are as energy efficient as possible by requiring energy efficiency standards consistent with RIHousing’s Green Standards. The Green Standards, discussed below, provide minimum standards for affordable housing projects financed by RIHousing and address energy efficiency and sustainability, design and construction, and community development. In addition, all projects expected to be financed under RIHousing’s **Sustainability Bonds** program receive allocation of federal LIHTC pursuant to the QAP which includes additional Efficiency scoring for projects that (i) exceed Energy Star 3.1 (or most recent version) for new construction or substantial rehab that surpasses Tier II standards, (ii) meet RNC Tier III and most current Net Zero or Passive Housing standards, (iii) incorporate solar panels or other renewables including net metering, and (iv) do not include destruction of fields, forest, agricultural lands or environmentally sensitive land.

1. Energy Efficiency and Sustainability

Currently, National Grid’s Rhode Island Residential New Construction (RNC) Tier I standards are the baseline requirement of RIHousing’s current Design and Construction Standards. These standards are consistent with the recently adopted 2024 R.I. State Energy Conservation Code Standards. RIHousing strives to ensure that developments are as energy efficient as possible, and, to the extent financially feasible, incorporates many of the Healthy Home, Green Building, Defensible Spaces, and Universal Design principles found in the RNC Tier I Standards, and RIHousing strives to incorporate additional industry green building practices. RIHousing continues to work with National Grid and the Office of Energy Resources to develop strategies to improve energy efficiency in existing and new Rhode Island affordable housing, and to incentivize the use of renewable resources. For example, up to 3 points will be awarded under the QAP to new construction developments that achieve RNC Tier II and Energy Star 3.1 revision 8 standards. An additional 3 points will be awarded to projects that achieve RNC III and meet the State’s most current Net Zero or Passive Housing standards. New construction and substantial rehabilitation projects are strongly encouraged to achieve National Grid’s RNC Tier II standards, for which RIHousing awards additional points when evaluating project submissions (discussed below under Project Evaluation and Selection within Sections C and E).

In addition, RIHousing requires that all-electric equipment and appliances be utilized or that units be designed electric ready. New construction and substantial rehabilitation developments are required to be designed Photo Voltaic (“PV”) ready, including conduit pathways, circuit breaker accommodation in the electric service equipment, and upsized bus bar amperage rating to accommodate the future installation of a photovoltaic system. Roof structures in new construction are also required to be designed to accommodate the structural loads associated with PV panels, supporting structure, and ballasts (if applicable). Furthermore, 10% of all parking spaces must be “EV-Ready,” including conduit with pull wire from the house panel to each space, clear wall area for equipment, capacity in electrical panels/switchgears, and transformer sized appropriately to take the additional load. At least one electric vehicle parking space must be located along an accessible route from the building.

2. Design and Construction Standards

RIHousing developed its Design and Construction Standards (the “Standards”) to ensure the long-term viability of housing developed under RIHousing’s Multi-Family Program. These Standards are based on experience from managing rental housing and are designed to ensure that the housing units developed are economical, comfortable, durable, healthy, energy efficient and attractive. These Standards are in addition to the Building Code requirements and any applicable federal, State and local ordinances or regulations.

RIHousing values and promotes healthy, durable, high quality, affordable construction, and ultimately, RIHousing strives to cost effectively combine sustainable building processes and affordable housing construction. Sustainable means long-lasting, high-performance housing. The goal is to use resources wisely to help establish a continuous cycle of use and renewal within the carrying capacity of the environment. Each developer of projects financed by RIHousing is encouraged, and, in the case of new construction, incentivized, to consider long term impacts and cost to the development as well as the environment.

The overall goal of the Standards is to produce affordable and attractive housing that is also:

1. *Durable*: Materials should be long-lasting and able to withstand heavy use with minimal maintenance. Buildings should be designed and built to keep water and pests out.
2. *Energy efficient*: A modest upfront investment in materials and systems can result in lower operating costs over the life of a building while conserving natural resources.
3. *Healthy*: Significant aspects of health and quality of the indoor environment are to reduce conditions that can trigger asthma and other respiratory problems.
4. *Safe*: RIHousing encourages building and site designs that create defensible space inside and outside. Defensible spaces are areas that discourage unhealthy behavior and make transgressors feel observed and uncomfortable.

3. Comprehensive Community Development Standards

Since 2008, RIHousing has incorporated “smart growth” standards into its multifamily development funding decisions. Identified as Comprehensive Community Development (CCD) in the QAP, CCD is a holistic strategy for efficient use of land and other resources that maximizes open space and discourages sprawl. This strategy includes directing development and reinvestment to existing communities as well as redevelopment and growth in and around planned or existing growth or town centers where higher densities can be supported by public and alternative- technology infrastructure.

The CCD prioritizes development at higher densities and includes award points for compact building designs, infill development, redevelopment and the adaptive re-use of existing buildings. The CCD also includes conservation-minded development guidelines for rural communities that result in a more efficient use of land and other resources through the creation of more traditional, compact neighborhoods. These communities have many of the following “Smart Growth” features: mixed land use; part of an overall municipal plan with community stakeholder collaboration; compact design; economically sustainable; aesthetically pleasing; includes a diversity of people, incomes and housing types; is distinctive in character; and is healthy and energy efficient. RIHousing’s CCD standards include the assessments for various green criteria such as a project’s proximity to a State proposed Growth Center or mass transportation, along with public water and utility usage, and crime prevention through environmental design principles.

C. **Sustainability Bonds'** Alignment with the ICMA's Green Bonds Principles, Social Bonds Principles, and Sustainability Bonds Guidelines

RIHousing's **Sustainability Bonds** align with the four core components of the ICMA's Green Bonds Principles, Social Bonds Principles, and Sustainability Bonds Guidelines: (1) Use of Proceeds, (2) Process for Project Evaluation and Selection, (3) Management of Proceeds, and (4) Reporting.

1. Use of Proceeds

The proceeds of RIHousing's **Sustainability Bonds** are used to finance the preservation of existing multifamily affordable housing and the creation of new affordable rental housing in the State that includes energy efficiency standards and features.

2. Project Evaluation and Selection

As part of its process for approving a project for financing through the issuance of bonds under its **Sustainability Bonds** program, RIHousing staff review whether the project is expected to provide safe, quality housing at rent levels that low- and moderate-income individuals and families can afford. The project evaluation and selection process incorporates a thorough review of risks and mitigants, which includes reviewing social and environmental risks. Upon receipt of an application for financing, RIHousing staff review the proposal and begin a dialogue with the developer. When a financing package has been agreed upon, the financing request is brought to the Board of Commissioners for a Preliminary Commitment or Reservation of Funds. Thereafter, staff meet with the applicant to review required items for Firm Commitment by the Board of Commissioners.

Projects financed with **Sustainability Bonds** require that the development receive an allocation of federal LIHTC and that the applicant demonstrate that the proposed development will include one or more energy efficiency standards and features consistent with the RIHousing Green Standards and QAP. Applicants generally are required to provide an executed contract with an energy consultant to monitor design and construction as necessary to meet the program requirements. At the LIHTC application stage, RIHousing may award up to **14 points** (of 138) for project proposals that exceed RNC Tier I standards (discussed above) as follows:

- Up to 3 points for (i) new construction developments that achieve National Grid's RNC Tier II *and* Energy Star 3.1 revision 8 standards; (ii) substantial rehabilitation developments that demonstrate an ability to achieve RNC Tier II standards; or (iii) Historic Mill rehabilitation developments that achieve Level I (1 point) or Level II (2 points) under the National Grid Rhode Island Adaptive Reuse Program. Two (2) points may be awarded to projects that are 100% electric, have all electric systems and appliances, and meet the energy efficiency requirements of the Design and Construction Standards.
- Up to 3 points may be awarded to projects that achieve RNC Tier III *and* meet the State's most current Net Zero or Passive House standards.
- Up to 3 points for those developments that incorporate PV solar panels or other renewables including net metering (as defined in R.I.G.L. Chapter 39-26-5).
- Up to 3 points for a development that does not involve the destruction of fields, forests, agricultural lands, or environmentally sensitive land, and/or includes a cluster development in which more than 50% of the land is conserved.

3. Management of Proceeds

Net of certain transaction costs, the proceeds of **Sustainability Bonds** are invested in Investment Securities, as defined in the General Resolution, until disbursed to finance multifamily projects. All disbursements are tracked by RIHousing.

4. Reporting

RIHousing will prepare annual updates, as of the last day of each fiscal year, regarding the developments financed with proceeds of RIHousing **Sustainability Bonds** until such proceeds are fully expended, in the form and content below. Although RIHousing intends to provide such annual updates, it is not required to provide such updates pursuant to a continuing disclosure agreement, under the General Resolution or under any other agreement to provide continuing disclosure, and the failure to do so does not constitute an event of default thereunder or under the General Resolution. RIHousing expects to post such annual updates as a voluntary filing on EMMA of the MSRB.

The RIHousing Compliance Team ensures the long-term preservation of affordable housing and that federal law and RIHousing requirements are followed. To achieve these objectives, the Compliance Team offers training, education and technical assistance to owner and property manager partners. Further, federal regulations require all properties receiving LIHTC allocations to be inspected. In addition to site inspections, a monitoring team reviews tenant files to ensure program requirements are met. Compliance reporting requirements include Forms 8609, 8609-Schedule A, 8586, and Form 8703 (for tax-exempt bond financing) annual filings with the IRS, and periodic reporting to RIHousing and other State and local monitoring agencies.

FORM OF **SUSTAINABILITY BONDS ANNUAL REPORTING[†]**

Amount of proceeds of the [] Series Bonds (Sustainability Bonds) deposited to Program Fund at issuance: \$[]

Project Name	Project Location	Project Sponsor	4% LIHTC Allocated	Population Served	Environmental Attributes	Population Targeted (Services)	Series Proceeds Spent (%) as of June 30, --
Project #1				% AMI			
Project #2				% AMI			
Project #3				% AMI			
Project #4				% AMI			
Project #5				% AMI			
Project #6				% AMI			

^(†) Once all the financed projects have been completed and all related bond proceeds disbursed, no further annual updates will be provided.

D. **Sustainability Bonds' Alignment with United Nations Sustainable Development Goals**

By reference to the ICMA *Green and Social Bonds: A High-Level Mapping to the Sustainable Development Goals*, RIHousing has determined that its **Sustainability Bond** designation reflects the use of bond proceeds in a manner that is consistent with the following United Nations SDGs:

- Goal No. 1 (No Poverty) is focused on ending poverty in all its forms everywhere. Target 1.4 maps to the SDG categories of Affordable Housing, Access to Essential Services, and Socioeconomic Advancement and Empowerment.
- Goal No. 7 (Affordable and Clean Energy) is focused on ensuring access to affordable, reliable, sustainable, and modern energy for all. Target 7.3 maps to the SDG category of Energy Efficiency.
- Goal No. 8 (Decent Work and Economic Growth) is focused on ensuring access to affordable, reliable, sustainable, and modern energy for all. Target 8.10 maps to the SDG category of Access to Essential Services.
- Goal No. 10 (Reduced Inequalities) is focused on the needs of disadvantaged and marginalized populations. Target 10.2 maps to the SDG categories of Socioeconomic Advancement and Empowerment and Access to Essential Services.
- Goal No. 11 (Sustainable Cities and Communities) is focused on making cities and human settlements inclusive, safe, resilient, and sustainable. Target 11.1 maps to the SDG category of Affordable Housing and Affordable Basic Infrastructure.

E. Multifamily **Social Bonds’ Alignment with the ICMA’s Green Bonds Principles, Social Bonds Principles, and Sustainability Bonds Guidelines**

From time to time, RIHousing may issue multifamily **Social Bonds**, the proceeds of which are used to refund or refinance affordable, rental housing projects benefiting from LIHTC allocation. RIHousing’s multifamily **Social Bonds** are aligned with the four core components of the ICMA’s Green Bonds Principles, Social Bonds Principles, and Sustainability Bonds Guidelines: (1) Use of Proceeds, (2) Process for Project Evaluation and Selection, (3) Management of Proceeds, and (4) Reporting.

1. Use of Proceeds

The proceeds of RIHousing’s multifamily **Social Bonds** are used to finance or refinance multifamily mortgage loans that have been issued to finance the preservation of existing affordable rental housing units for low income households throughout the State. Certain of the developments or portions thereof are reserved for the occupancy of elderly or disabled tenants. Owners of developments receiving mortgage loans funded through RIHousing’s Multi-Family Program are required to enter into a regulatory agreement restricting a percentage of the development’s units for families of low income.

2. Project Evaluation and Selection

Projects refinanced by RIHousing’s multifamily **Social Bonds** must satisfy the eligibility and underwriting requirements of the Multi-Family Program. As discussed above, RIHousing staff review whether the project is expected to provide safe, quality housing at rent levels which low- and moderate-income individuals and families can afford. The project evaluation and selection process incorporates a thorough review of risks and mitigants, which includes reviewing social and environmental risks. Upon receipt of an application for financing, RIHousing staff review the proposal and begin a dialogue with the developer. When a financing package has been agreed upon, the financing request is brought to the RIHousing Board of Commissioners for a Preliminary Commitment or Reservation of Funds. Thereafter, staff meet with the applicant to review required items for Firm Commitment by the Board of Commissioners.

3. Management of Proceeds

Net of certain transaction costs, the proceeds of RIHousing’s multifamily **Social Bonds** are invested in Investment Securities, as defined in the General Resolution, until disbursed to finance multifamily rental projects. All disbursements are tracked by RIHousing.

4. Reporting

RIHousing will prepare annual updates, as of the last day of each fiscal year, regarding the developments refinanced with proceeds of RIHousing's multifamily **Social Bonds** until such proceeds are fully expended, in the form and content below. Although RIHousing intends to provide such annual updates, RIHousing is not required to provide such updates pursuant to a continuing disclosure agreement, under the Bond Resolution or any other agreement to provide continuing disclosure, and the failure to do so does not constitute an event of default thereunder or under the General Resolution. RIHousing expects to post such annual updates as a voluntary filing on EMMA of the MSRB.

The RIHousing Compliance Team ensures the long-term preservation of affordable housing and that federal law and RIHousing requirements are followed. To achieve these objectives, the Compliance Team offers training, education and technical assistance to owner and property manager partners. Further, federal regulations require all properties receiving LIHTC allocations to be inspected. In addition to site inspections, a monitoring team reviews tenant files to ensure program requirements are met. Compliance reporting requirements include Forms 8609, 8609-Schedule A, 8586, and Form 8703 (for tax-exempt bond financing) annual filings with the IRS, and periodic reporting to RIHousing and other State and local monitoring agencies.

FORM OF MULTIFAMILY **Social Bonds ANNUAL REPORTING^(†)**

Amount of proceeds of the [] Series Bonds (Social Bonds) deposited to Program Fund at issuance: \$[]

Project Name	Project Location	Project Sponsor	4% LIHTC Allocated	Population Served or % AMI	Population Targeted (Services)	Series Proceeds Spent (%) as of June 30, --
Project #1						
Project #2						
Project #3						
Project #4						
Project #5						
Project #6						

^(†) Once all the financed projects have been completed and all related bond proceeds disbursed, no further annual updates will be provided.

F. Multifamily **Social Bonds' Alignment with United Nations Sustainable Development Goals**

By reference to the ICMA's *Green and Social Bonds: A High-Level Mapping to the Sustainable Development Goals*, RIHousing has determined that its multifamily **Social Bonds** designation reflects the use of the proceeds in a manner that is consistent with the following United Nations SDGs:

- Goal No. 1 (No Poverty) is focused on ending poverty in all its forms everywhere. Target 1.4 maps to the SDG categories of Affordable Housing, Access to Essential Services, and Socioeconomic Advancement and Empowerment.
- Goal No. 8 (Decent Work and Economic Growth) is focused on ensuring access to affordable, reliable, sustainable, and modern energy for all. Target 8.10 maps to the SDG category of Access to Essential Services.

- Goal No. 10 (Reduced Inequalities) is focused on the needs of disadvantaged and marginalized populations. Target 10.2 maps to Socioeconomic Advancement and Empowerment and Access to Essential Services.
- Goal No. 11 (Sustainable Cities and Communities) is focused on making cities and human settlements inclusive, safe, resilient, and sustainable. Target 11.1 maps to the SDG category of Affordable Housing and Affordable Basic Infrastructure.

III. GOVERNANCE

RIHousing's Board of Commissioners provides overall policy direction in governing business activities, as well as oversight, strong fiscal management, and establishing long-term goals to meet the State's housing needs. The Board of Commissioners is governed by seven members:

- the Director of the Department of Administration;
- the General Treasurer;
- the Director of Business Regulation, and
- four additional commissioners appointed by the Governor with the advice and consent of the State Senate.

Appointed commissioners must be experienced in all aspects of housing design, development, finance, management, and state and municipal finance. Appointed commissioners serve for terms of four years, and until they are reappointed or their respective successors are appointed. The Chairperson is designated by the Governor, while the Vice Chairperson and Treasurer are elected by the Board of Commissioners.

RIHousing prides itself on transparency. Its Board of Commissioners meetings are open to the public, and the schedule of meetings, agenda, and minutes of past public meetings are posted on the RIHousing website. Pursuant to its bylaws, the Board of Commissioners must meet, at minimum, ten times per year.

As part of its five-year strategic plan, RIHousing is committed to implementing creative recruitment models to attract a diverse workforce and support an inclusive workplace.

IV. SECOND-PARTY OPINION

RIHousing has engaged an independent third party, S&P Global Ratings, to evaluate its **Social Bonds** and **Sustainability Bonds** Frameworks within its Impact Bond Framework. As discussed in detail in its Second-Party Opinion, S&P Global Ratings has concluded that RIHousing's Impact Framework aligns with the Green Bonds Principles, Social Bonds Principles, and Sustainability Bonds Guidelines, and aligns with the United Nations Sustainable Development Goals.

APPENDIX I
S&P SECOND-PARTY OPINION

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An S&P Global Second Party Opinion (SPO) includes S&P Global Ratings' opinion on whether the documentation of a sustainable finance instrument, framework, or program, or a financing transaction aligns with certain third-party published sustainable finance principles. Certain SPOs may also provide our opinion on how the issuer's most material sustainability factors are addressed by the financing. An SPO provides a point-in-time opinion, reflecting the information provided to us at the time the SPO was created and published, and is not surveilled. We assume no obligation to update or supplement the SPO to reflect any facts or circumstances that may come to our attention in the future. An SPO is not a credit rating, and does not consider credit quality or factor into our credit ratings. See [Analytical Approach: Second Party Opinions](#).

Second Party Opinion

Rhode Island Housing And Mortgage Finance Corp.'s Impact Framework

Feb. 7, 2025

Primary contact

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Location: United States

Sector: Real Estate

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Social Bond Principles, ICMA, 2023
- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Sustainability Bond Guidelines ICMA, 2021

See [Alignment Assessment](#) for more detail.

Strengths

Rhode Island Housing and Mortgage Finance Corp. (RIHousing) has a strong social license to operate in the communities it serves. Its efforts in the single-family and multifamily affordable housing spaces exhibit many market best practices in maintaining and expanding access to safe and affordable housing. Its efforts also include ambitious education and counseling services to promote financial literacy and upward mobility to the populations it serves.

A stringent regulatory framework underscores compliance with social objectives. Various federal and state laws, with specific requirements to lend to and set aside housing for low- to moderate-income residents and maintain affordable rent levels for all residents, govern RIHousing's single-family mortgage loans and multifamily rental projects.

The benchmark for energy-efficient development is surveyed and refreshed every three years.

Weaknesses

RIHousing does not include energy efficiency thresholds within its framework. We view this as standard practice for sustainable debt. However, the Qualified Allocation Plan (QAP) that governs the Low-Income Housing Tax Credit (LIHTC) program in Rhode Island includes minimum thresholds for energy efficiency that RIHousing's multifamily projects must meet when being evaluated for financing.

The final environmental performance of financed buildings is uncertain. This is because QAP is a points-based system. There is also a risk of financing new buildings with fossil-fuel heating or significant embodied emissions. It is unclear how the QAP will continue to evolve over time, but we note climate ambition in the guidance has become more robust in recent years.


Areas to watch

RIHousing's disclosures for assessing and managing physical climate risks are limited. While environmental impact assessments are completed before multifamily projects are developed, the issuer's transparency in quantifying climate risks is nascent, which we believe can be material for affordable housing projects in Rhode Island.

RIHousing does not report on the actual energy performance of multifamily projects it finances. Though expected energy performance is modeled and reported on for some properties, the lack of uniform, quantitative impact reporting remains an area for improvement.

Shades of Green Projects Assessment Summary

Based on the project category's Shades of Green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in RIHousing’s Impact Framework, we assess the framework Light Green.

Energy Efficiency	 Light green
Finance the preservation of existing multifamily affordable housing and the creation of new affordable rental housing that includes one or more energy efficient standards and features.	

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Company Description

Created in 1973, RIHousing is a public corporation of the State of Rhode Island. As the state's primary housing agency, RIHousing provides affordable financing options and assistance programs for both multifamily and single-family housing. Since its inception, RIHousing has provided more than \$8 billion in mortgage financing to more than 85,000 homeowners and created nearly 24,000 affordable apartments in agency-financed developments. The agency continues to drive homeownership and rental housing initiatives to foster the creation and preservation of affordable housing and the growth of sustainable communities.

Material Sustainability Factors

Access and affordability

Low housing stock and lack of affordable options can severely influence people's livelihoods, especially vulnerable, low-income populations who can face the threat of homelessness. Access and affordability are especially important for residential tenants in areas where rents can account for a large percentage of residents' incomes. Lack of accessibility and affordability of commercial properties can also hinder the sustainable growth of local communities.

Impact on communities

Properties, and by extension the owners, are inherently part of the communities in which they operate because they provide an essential service and can shape communities economically and socially. The residential sector is particularly meaningful to communities, where affordable housing and gentrification pressures can alter communities' social fabric and can be challenging to remediate.

Not-for-profit housing operators are not significantly exposed to consumer preferences as providers of safety-net accommodation. Rather, we see more localized risks related to residents being opposed to public housing or negative externalities (concerns about high crime, for example). Similarly, if a public housing association fails to keep its residents safe with proper housing standards, its reputation and relations with various stakeholders can be damaged, increasing risks around social cohesion and community unrest.

Climate transition risk

Energy use in buildings has been a major contributor to climate change, representing around one-third of global greenhouse gas (GHG) emissions on a final-energy-use basis according to the international Energy Agency. Embedded emissions from building materials and new construction may also adversely affect progress toward future low-carbon climate resiliency goals. This leaves the sector highly susceptible to the growing public, political, legal, and regulatory pressure to accelerate climate goals.

Building occupiers and operators may face higher energy bills as power prices rise, and higher capital expenditures as upgrades are required to accommodate the energy transition and meet more stringent efficiency standards. Incremental climate-related investments can require significant capital outlays but will potentially reduce the risk of obsolescence due to changes in regulation or climate goals. In addition, low-carbon properties may achieve higher cost efficiencies or attract premium rents in the longer term, therefore enhancing their value.

Physical climate risk

The geographically fixed nature of real estate assets exposes them to physical climate risks. While varying by location, these could include acute risks (such as wildfires, floods, and storms), which are becoming more frequent and severe, as well as

chronic risks (such as long-term changes in temperature and precipitation patterns and rising sea levels). Acute and chronic risks could damage properties or place tenant health and safety at risk.

These challenges can also require investments to manage the potential impact on, in severe cases, relocation of tenants. While aggregate impact is moderate—the type, number, and magnitude of these risks varies by region—highly exposed regions may be subject to material physical climate risk exposure. Most participants have some insurance coverage, but it could become more difficult to secure insurance for the most exposed assets in the future, absent adaptation.

Issuer And Context Analysis

By providing financing and technical assistance options in Rhode Island, RIHousing delivers solutions to access and affordability for low- to moderate-income individuals. The cost of living in Rhode Island remains higher than many states and the shortage of affordable housing stock remains an issue across the country. The agency is addressing these concerns by providing resources in the form of single-family mortgage loans for first-time homebuyers, including down payment assistance loans, and financing and refinancing for multifamily rental housing projects. RIHousing's mortgage delinquency rate of 60 days or more is just under 6.2%. In addition, the agency has helped with intervention measures during severe economic shocks, such as pandemic-related challenges, and it provides educational tools and resources. More recently, the agency developed a \$50 million fund to help avoid homeowner foreclosures and provided \$190 million in rental and utility assistance. These efforts promote more equitable and sustainable housing systems in the region.

The preservation and creation of affordable housing units is integral to transform Rhode Island's communities and develop a more cohesive and stable social fabric. Housing instability can lead to poor health conditions, including increased rates of chronic illnesses and mental health issues. It can also deepen existing inequalities and barriers to homeownership, particularly for low-income households and for people of color. From January 2019 through December 2024, RIHousing has provided affordable housing to 5,085 families in 33 cities in all five counties. For the single-family program, 53% served populations with incomes below 80% of area median income (AMI) and 5% served populations with incomes below 50% of AMI. We believe such lending practices simultaneously mitigate gentrification and income segregation risk. By targeting these types of investments, RIHousing aims to maximize opportunities such as access to education and health care as well as spur job creation and economic growth in historically underinvested communities. The agency also addresses long-term environmental health issues in low- and moderate-income housing, including through its LeadSafe mitigation program.

Within its multifamily program, RIHousing addresses climate transition risk through energy efficiency standards and features consistent with the RIHousing Green Standards. The agency has been working with National Grid (NGRID) and the Office of Energy Resources to develop strategies for improving energy efficiency in existing and new affordable housing, and to create incentives to use renewable resources. The 2021 Rhode Island Residential New Construction (RNC) Program lays out the Path to Energy Efficiency, which provides support and incentives for homes achieving a minimum of 15% energy savings, and Path to Zero Net Energy, which provides additional support and incentives for builders and homeowners looking to achieve high performance certifications. Rhode Island is a member of the Regional Greenhouse Gas Initiative, has GHG reduction goals for 2035 and 2050, and the Zero Energy for Ocean State (ZEOS) Program has supported 186 units of net zero housing in the state since inception in 2019. In addition, the state's QAP results in strict allocation of low-income housing tax credit (LIHTC) funding, which creates incentives for climate-friendly building design and encourages green building certifications. However, efforts are not as developed and integrated into the single-family programs.

Multifamily housing projects supported by RIHousing surpass the energy performance requirements in the Rhode Island state building code. The Base Energy Code, required by all municipalities in the state, is currently based on the International Energy Conservation Council (IECC) 2018 manual, which provides quantitative and qualitative guidelines that promote energy conservation and sustainability in building design and operation. However, the Rhode Island House of Representatives passed legislation requiring the state to adopt the IECC 2024 within three months of publication, which should then be

effective in Rhode Island in 2024. In addition, some municipalities have adopted the RI Stretch Code, which builds on the Base Code and requires buildings to meet a minimum energy efficiency performance threshold, among other features. While Rhode Island is in line with other states that are making advances in terms of energy efficiency, the overall sector requires more ambition to fulfill net zero and Paris-aligned goals.

Lastly, physical climate risk is a material factor for RIHousing because the Northeast is facing intensifying acute risks such as flooding and storms, especially in coastal locations. When physical risks like these materialize, the low- and moderate-income populations housed in the assets financed by RIHousing may have less financial capacity to rebuild their homes and communities. The RI Building Code contains provisions regarding flood standards, floodplain construction, and stormwater management.

Alignment Assessment

This section provides an analysis of the framework's alignment to the [Social and Green Bond/Loan principles and the Sustainability Bond Guidelines].

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Social Bond Principles, ICMA, 2023 [DELETE UNNEEDED ROWS]
- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Sustainability Bond Guidelines ICMA, 2021

✓ Use of proceeds

The framework's green project categories are shaded in light green while all social project categories are considered aligned with the principles. The issuer commits to allocate the net proceeds issued under the framework exclusively to eligible green and social projects. The type of social projects is clearly articulated in the framework in addition to the social benefit for the target population. With the environmental project's light green shading the overall framework is aligned with the principles, in our view. Please refer to the Analysis of Eligible Projects section for more information on our analysis of the environmental and social benefits of the expected use of proceeds.

✓ Process for project evaluation and selection

RIHousing clearly describes its process to evaluate and select projects for financing within the eligible project categories in the framework. Within the social project category, it allocates proceeds to mortgage loans that meet program eligibility criteria stated under the Bond Resolution, the Act, and the Internal Revenue Code and satisfy RIHousing's underwriting criteria. RIHousing's Loan Center and staff is responsible for reviewing documentation of each mortgage loan applicant to ensure it meets the project criteria. The Board of Commissioners provide final approval of eligible projects on an annual basis. For proceeds allocated to social and sustainable projects, RIHousing's staff review the proposed development for alignment with eligibility criteria; RIHousing frequently issues multiple tranches of debt simultaneously to separate funds for projects consistent with the social or sustainability labels from other funds. The project selection and review process for both project categories include a review for any social and environmental risks and mitigants.

✓ Management of proceeds

RIHousing commits to tracking the disbursement of proceeds to eligible projects. It deposits social and sustainability bond proceeds into segregated accounts, and it then invests the funds temporarily in Investment Securities until they are distributed to eligible projects. Projects include financing single family mortgage loans and multifamily rental housing projects and refinancing of multifamily rental housing projects. According to management, if a project no longer qualifies as an eligible project, it will reallocate funds to a different eligible project.

✓ Reporting

The agency commits to reporting on allocation of proceeds and impact metrics annually on EMMA and MSRB websites until full allocation. In the framework, RIHousing outlines the social and environmental impact metrics it commits to disclose in the annual reports. Disclosures about single-family lending will include the number and amount of loans provided per AMI bracket and the amount of downpayment assistance provided. Disclosures for multifamily projects include project name, project location, LIHTC allocation, percentage AMI of population served, and environmental attributes.


Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "[Analytical Approach: Shades Of Green Assessments](#)," as well as our analysis of eligible projects considered to have clear social benefits and to address or mitigate a key social issue.

For each social financing under the framework, RIHousing expects to allocate 100% of net proceeds to eligible affordable housing projects in the single-family or multifamily programs. For each sustainability financing, it expects to allocate 100% of the net proceeds to multifamily projects eligible in both the affordable housing and energy efficiency categories.

Social and Green project categories

Energy Efficiency

Assessment	Description
 Light green	Finance the preservation of existing multifamily affordable housing and the creation of new affordable rental housing that includes one or more energy efficient standards and features.

Social analytical considerations

- The construction and preservation of affordable mixed-income housing will improve living conditions for low- and moderate-income residents in Rhode Island by helping maintain and expand access to safe, affordable housing. RIHousing offers training, and technical assistance to property owners and managers participating in the program.
- To qualify for the program, housing facilities must satisfy tenant income restriction requirements, and rent cannot exceed 30% of the income limit for qualifying units. The target population is well defined, and the groups selected represent the underserved residents who earn up to 60% or less of the state's AMI. In some instances, affordable housing projects may exceed the underwritten AMI levels, if necessary, but we believe the broad range of AMI brackets adequately seeks to minimize income segregation, which is a common social risk associated with affordable housing. The state's QAP also creates incentives to build affordable housing in areas where it is less than 10% of the existing housing stock.
- We believe RIHousing's established track record in providing affordable multifamily rental housing, combined with its comprehensive policies, procedures, and programs, such as aligning with the state's QAP, ensures that both perceived and realized social risks associated with the eligible projects are appropriately identified, managed, and mitigated. All projects must meet RIHousing's Design and Construction Standards, which address housing costs, comfort, durability, efficiency, and resident health, and exceed the state building code.













Green analytical considerations

- We have assessed this project as category light green because all financed projects, including both new construction and refurbishments, will have environmental characteristics that materially exceed the state building code and thus represent progress toward a low-carbon and climate resilient future. All projects will receive LIHTC funding, which is allocated using the state's QAP scoring system. The QAP requires energy efficiency performance stronger than what is required under the state's Base Code, and the framework further says that all multifamily developments financed under the sustainability bonds program are expected to receive energy efficiency points under the state's QAP. The points require projects to exceed requirements for LIHTC eligibility. According to management, only projects that receive energy efficiency points will be financed by the issuance of sustainability bonds.
- The QAP creates incentives for climate-friendly building design and encourages projects to reach best market practices in energy efficiency. The 2023-2024 QAP has incorporated the Rhode Island Residential New Construction Program via National Grid, which lists three "Tiers of Energy Savings". Tier 1 (energy savings between 15% and 25% compared with baseline) is the minimum requirement for projects under the QAP while tier 2 (26%-39% savings) and tier 3 (40% plus savings) receive incentives

through the QAP point system. The energy efficiency standards listed in the Residential New Construction (RNC) tiering guide is measured against the average energy performance of new construction projects in Rhode Island, a baseline that is updated every three years. In our opinion, this ensures competitive improvements in energy efficiency, but is less well established than a Home Energy Rating System (HERS)-based system.

- Historically, new construction projects financed with RIHousing sustainability bonds have consistently met the tier 2 standard (26%-39% improvement) and management anticipates projects financed under the framework will reach similar energy efficiency levels. On average, RIHousing's 2023 LIHTC projects received about 9.4 out of 14 possible energy efficiency category points for exceeding RNC tier 1 standards--the highest points being 12.5 and the lowest 6.
- That said, the minimum energy efficiency requirements within the QAP mandate energy efficiency that is inferior to the state's Stretch Code. In addition, partial points can be awarded for smaller investments, and the energy efficiency section also awards points for developing on land that does not involve the destruction of fields, forests, agricultural lands or environmentally sensitive land, and/or includes a cluster development in which more than 50% of the land is conserved. Therefore, the actual energy efficiency gains associated with energy efficiency points under the QAP may represent a more marginal improvement over the existing building stock and new construction.
- This approach does not explicitly prohibit the use of fossil fuel-based heating. As a result, there is risk of emissions lock in, whereby an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes and their corresponding GHGs. However, energy efficiency gains reduce associated emissions. The construction of new multifamily homes contributes to GHG emissions as well, with most of a building's lifecycle emissions coming from the construction phase. Applicants generally are required to provide an executed contract with an energy consultant to monitor design and construction as necessary to meet the program requirements.
- The construction of new multifamily homes and refurbishment of existing properties exposes them to physical climate risk in a region that is facing intensifying flooding and storm events, which disproportionately affect vulnerable populations. There are no specific criteria related to mitigation of physical climate risks of the financed assets in addition to what is required for all Rhode Island construction. In general, buildings are highly exposed to physical climate risks, and while building codes to some extent consider such risks, this is no guarantee that such risks are properly addressed.

S&P Global Ratings' Shades of Green

Assessments					
 Dark green	 Medium green	 Light green	 Yellow	 Orange	 Red
Description					
Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps toward an LCCR future but will require further improvements to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects					
 Solar power plants	 Energy efficient buildings	 Hybrid road vehicles	 Health care services	 Conventional steel production	 New oil exploration

Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

Social project categories

Affordable Housing

Provision of affordable housing under the following RIHousing programs:

- Single-Family Homeownership Opportunity Program: Finance single-family loans for low- to moderate-income, first-time homebuyers; and home equity and repair loans to current homeowners.
- Multi-Family Development Program: Finance the preservation of existing multifamily affordable housing and the creation of new affordable rental housing.

Analytical considerations

Single-Family Homeownership Opportunity Program

- We believe providing single-family mortgage loans for qualifying low- and moderate-income, first-time homebuyers has significant benefits in expanding access to affordable housing and encourages investment in sustainable communities. Single-family homes receive fixed-rate mortgages, and debt to income (DTI) cannot exceed 45%, which we view as important borrower protections. The program incorporates purchase price restrictions on residential dwellings. Homeowner education and consulting services are also provided, along with post-purchase education and guidance to promote financial literacy and preparedness.
- Qualifying first-time, income-eligible buyers may also receive assistance from a Down Payment Assistance (DPA) Program. From 2019-2024, 98.68% of Homeownership Opportunity Program first-time homebuyers received a DPA loan or grant, in an average amount of \$11,524 or 3.70% of the purchase price of the home. We believe this equity can provide long-term benefits in helping individuals stay in their home and achieve the long-term socio-economic benefits of homeownership.
- RIHousing services all mortgages it currently provides. This gives the agency significant flexibility to work with borrowers facing financial difficulty to prevent foreclosure, including interest rate adjustments, capitalization of arrearage, and term extension.
- We believe RIHousing's use of AMI, a metric used by the U.S. Department of Housing and Urban Development (HUD), is a best practice when defining low-income target populations. For single-family homes, the income limit is 100% of AMI for homes with less than two people and 115% of AMI for homes with three people or more. In identified targeted areas, a household with up to two people can go up to 120% AMI and as high as 140% of AMI for homes with three or more people. Of the borrowers in 2024, 55% were minorities and 46% had female heads of household.
- We believe RIHousing's established track record in providing affordable single-family housing, combined with its comprehensive policies, procedures, and programs, such as its mortgage payment protection coverage, ensures that both perceived and realized social risks associated with the eligible projects are appropriately identified, managed, and mitigated.

Multi-Family Development Program

- The construction and preservation of affordable mixed income housing will improve living conditions for low- and moderate-income residents in Rhode Island by helping maintain and expand access to safe, affordable housing. RIHousing offers training and technical assistance to property owners and managers participating in the program.
- To qualify for the program, housing facilities must satisfy tenant income restriction requirements, and rent cannot exceed 30% of the income limit for qualifying units. The target population is well defined, and the groups selected represent the underserved residents who earn up to 60% or less of the state's AMI. In some instances, affordable housing projects may exceed the underwritten AMI levels, if necessary, but we believe the broad range of AMI brackets adequately seeks to minimize income segregation, which is a common social risk associated with affordable housing. The state's QAP also creates incentives to build affordable housing in areas where it is less than 10% of the existing housing stock.
- We believe RIHousing's established track record in providing affordable multifamily rental housing, combined with its comprehensive policies, procedures, and programs, such as aligning with the state's QAP, ensures that both perceived and realized social risks associated with the eligible projects are appropriately identified, managed, and mitigated. All projects must



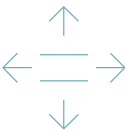

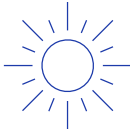

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meet RIHousing's Design and Construction Standards, which address housing costs, comfort, durability, efficiency, and resident health, and exceed the state building code.

Mapping To The U.N.'s Sustainable Development Goals

Where the financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not affect our alignment opinion.

This framework intends to contribute to the following SDGs:

Use of Proceeds	SDGs			
Affordable Housing	 1. No poverty	 8. Decent work and economic growth	 10. Reduced inequalities	 11. Sustainable cities and communities
Energy Efficiency	 7. Affordable and clean energy	 11. Sustainable cities and communities		

Related Research

- [Analytical Approach: Second Party Opinions: Use of Proceeds](#), July 27, 2023
- [FAQ: Applying Our Integrated Analytical Approach For Use-Of-Proceeds Second Party Opinions](#), July 27, 2023

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APPENDIX J

FORM OF SOCIAL BONDS ANNUAL REPORTING

Total Lendable Proceeds	Lendable Proceeds Spent as of __/__/__	Lendable Proceeds Remaining
\$[_____]	\$[_____]	\$[_____]

New Series 85-A Program Loans Originated By Borrower Income as a % of Area Median Income (“AMI”) [†]			
% of AMI:	\$ of Loans	# of Loans	Cumulative % of Proceeds
<50%			
50% - 59%			
60% - 69%			
70% - 79%			
80% - 89%			
90% - 99%			
100%+			

Down Payment Assistance (“DPA”) Provided In Conjunction with New Series 85-A Program Loans	
	\$ / # / %
Total DPA Provided (\$)	
Total DPA Provided (#)	
% of Borrowers Receiving DPA (%)	
Average DPA Provided per Borrower (\$)	
Average DPA Provided (% of Purchase Price)	

Note: As described in the Official Statement under the heading “**DESIGNATION OF THE SERIES 85-A BONDS AS SOCIAL BONDS — *Post Issuance Reporting***,” once all of the lendable proceeds of the Series 85-A Bonds have been spent from the Series 85 Loan Account, no further annual updates will be provided.

[†] Reported income is based off of borrower income at time of loan origination.

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APPENDIX K

PROJECTED PERCENTAGES OF INITIAL PRINCIPAL BALANCE OUTSTANDING AND PROJECTED WEIGHTED AVERAGE LIVES OF THE PAC BONDS

Set forth in the table below are projected percentages of initial principal balance outstanding and projected weighted average lives for the PAC Bonds under various prepayment speeds. “Projected percentages of initial principal balance outstanding” refers to the principal balance of a security that will be outstanding on a specified date expressed as a percentage of the initial principal amount of such security. The “projected weighted average life” of a security refers to the average amount of time, measured here in years, that is projected to elapse from the date of delivery of such security to the date of projected payment to the investor of each dollar paid to reduce the principal of such security (assuming no losses). The projected weighted average life of a security is determined by (a) multiplying each projected reduction, if any, of the outstanding amount of such security by the number of years from the date of delivery of such security to the related redemption date or maturity date, (b) adding the results and (c) dividing the sum by the initial outstanding amount of such security. The calculation of the projected weighted average life of the PAC Bonds set forth below requires the making of certain hypothetical assumptions. See “**DESCRIPTION OF THE SERIES 85 BONDS — Projected Weighted Average Lives of the PAC Bonds**” in the Official Statement.

Projected Percentages of Initial Principal Balance Outstanding and Weighted Average Lives of PAC Bonds Prepayment Assumption

Payment Date	0% PSA	25% PSA	50% PSA	75% PSA	100% PSA	200% PSA	300% PSA	400% PSA	500% PSA	600% PSA
Initial Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
October 1, 2025	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
October 1, 2026	100.0%	97.9%	95.4%	92.9%	92.9%	92.9%	92.9%	92.9%	92.9%	92.9%
October 1, 2027	100.0%	93.5%	86.6%	79.8%	79.8%	79.8%	79.8%	79.8%	79.8%	79.8%
October 1, 2028	100.0%	87.9%	75.6%	63.5%	63.5%	63.5%	63.5%	63.5%	63.5%	63.5%
October 1, 2029	100.0%	82.8%	65.7%	49.1%	49.1%	49.1%	49.1%	49.1%	49.1%	49.1%
October 1, 2030	100.0%	78.3%	57.0%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%
October 1, 2031	100.0%	74.3%	49.3%	25.7%	25.7%	25.7%	25.7%	25.7%	25.7%	25.7%
October 1, 2032	100.0%	70.7%	42.6%	16.4%	16.4%	16.4%	16.4%	16.4%	16.4%	16.4%
October 1, 2033	100.0%	67.7%	36.8%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
October 1, 2034	100.0%	64.9%	31.7%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	2.3%
October 1, 2035	100.0%	62.8%	27.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2036	100.0%	62.2%	26.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2037	100.0%	61.6%	24.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2038	100.0%	60.8%	23.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2039	100.0%	60.2%	22.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2040	98.7%	58.6%	20.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2041	93.1%	53.1%	14.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2042	87.3%	47.4%	9.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2043	81.1%	41.6%	3.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2044	74.6%	35.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2045	67.8%	29.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2046	60.7%	23.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2047	53.1%	16.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2048	45.0%	10.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2049	36.3%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2050	27.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2051	17.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2052	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
October 1, 2053	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
First Payment or Redemption Date	10/1/2040	4/1/2026	4/1/2026	4/1/2026	4/1/2026	4/1/2026	4/1/2026	4/1/2026	4/1/2026	4/1/2026
Last Payment or Redemption Date	10/1/2053	10/1/2050	10/1/2044	4/1/2035	4/1/2035	4/1/2035	4/1/2035	4/1/2035	4/1/2035	10/1/2035
Weighted Average Life										
Optional Call Not Exercised	22.7	14.7	8.4	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Optional Call at 04/01/2033 Exercised	8.0	6.9	5.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Weighted Average Life										
Date										
Optional Call Not Exercised	12/21/2047	12/20/2039	8/11/2033	3/27/2030	3/27/2030	3/27/2030	3/27/2030	3/27/2030	3/27/2030	3/29/2030
Optional Call at 04/01/2033 Exercised	4/1/2033	3/6/2032	2/11/2031	2/5/2030	2/5/2030	2/5/2030	2/5/2030	2/5/2030	2/5/2030	2/5/2030

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