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June 16, 2010

Sherry Seiwert, Executive Director
Indiana Housing and Community Development Authority
30 S. Meridian, Suite 1000
Indianapolis, IN 46204

Dear Ms. Seiwert:

We have received the audit report prepared by Katz, Sapper, & Miller, LLP, Independent Public Accountants, for the period January 1, 2009 to December 31, 2009. Per the auditors' opinions, the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the Government Auditing Standards issued by the Comptroller General of the United States. The financial statements included in the report present fairly the financial condition of the Indiana Housing and Community Development Authority as of December 31, 2009, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a public record.

STATE BOARD OF ACCOUNTS

A COMPONENT UNIT OF THE STATE OF INDIANA

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

December 31, 2009 and 2008

KATZ, SAPPER & MILLER
Certified Public Accountants

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE STATE OF INDIANA

CONTENTS

Independent Auditors' Report

Board of Directors
Indiana Housing and Community Development Authority

We have audited the accompanying statements of net assets of the major funds and business-type activities of Indiana Housing and Community Development Authority (Authority), a component unit of the State of Indiana, as of December 31, 2009 and 2008, and the related individual statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major funds and business-type activities of Indiana Housing and Community Development Authority at December 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Management's Discussion and Analysis on pages 2 through 11, and the schedule of funding progress and employer contributions on page 51 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2010, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
April 29, 2010

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of Indiana Housing and Community Development Authority's (Authority) annual financial report presents management's discussion and analysis of the Authority's financial position, results of operations and cash flows during the fiscal years ended December 31, 2009 and 2008. This information is being presented to provide additional information regarding the activities of the Authority and to meet the disclosure requirements of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* This analysis should be read in conjunction with the Independent Auditors' Report, financial statements and accompanying notes.

Introduction – The Indiana Housing and Community Development Authority

The Authority was created in 1978 as a public body corporate and politic of the State of Indiana (State). The Authority is entirely self-supporting and does not draw upon the general taxing authority of the State. The Authority has been given certain powers, including the power to enter into contracts and agreements, acquire, hold and convey property and issue notes and bonds, for the purpose of financing residential housing for persons and families of low and moderate income. The Authority's funding comes from a variety of sources, including sales of its own securities to private investors, grants from Federal governments, program fees, investment interest earnings and interest earned on loan portfolios.

The Authority's financial statements include the operations of funds that the Authority has established to achieve its purpose. The financial transactions of the Authority are recorded in the funds that consist of a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenses as appropriate. The Authority is a self-supporting entity and follows enterprise fund reporting. The Authority is considered a component unit of the State and is discretely presented in the State's financial statements.

This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position of the Authority. Readers are encouraged to consider the information presented in conjunction with the financial statements as a whole, which follow this section.

Financial Statements

The basic financial statements include three required statements, which provide different views of the Authority. They are the *Statement of Net Assets*, the *Statement of Revenues, Expenses and Changes in Net Assets* and the *Statement of Cash Flows*. These statements provide current and long-term information about the Authority and its activities.

The *Statements of Net Assets* answers the question, "How was our financial health at the end of the year?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in Net Assets*. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all of its costs through mortgages and loans, externally funded programs and other revenue sources. This statement also helps answer the question "Is the Authority as a whole better off or worse off as a result of the year's activities?"

The primary purpose of the *Statement of Cash Flows* is to provide information about the Authority's cash receipts and cash payments during the accounting period. This statement reports cash transactions, including receipts, payments, and net changes resulting from operations, noncapital financing, capital financing, and investing activities. It provides answers to such questions as "Where did the cash come from?"; "What was the cash used for?"; and "What was the change in cash balance during the reporting period?"

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements.

2009 Financial Highlights

The assets of the Authority exceeded its liabilities at December 31, 2009 by $279.0 million compared to $256.3 million at December 31, 2008. Net assets at December 31, 2009 consisted of $197.3 million restricted by bond indentures, $19.5 million restricted by funding sources, $1.5 million invested in capital assets, and $60.7 million, which is unrestricted and available to meet the obligations of the Authority's operations.

Total assets increased by $34.6 million or 1.8 percent during 2009 from $1,951.1 million to $1,985.8 million due mainly to an increase in restricted cash and investments.

The Authority's largest liability, bonds payable, increased by $51.3 million or 4.0 percent during 2009, from $1,293.8 million to $1,345.1 million.

The total change in net assets in 2009 was an increase of $22.7 million consisting of operating income of $22.7 million (which includes a net increase in the fair value of investments of $8.2 million) and nonoperating income of $6.4 thousand.

In 2009, total operating revenues were $453.8 million, which includes interest income on mortgage loans of $57.5 million, federal and state program income of $357.9 million, interest income on investments of $16.3 million, a net increase in the fair value of securities of $8.2 million, $13.2 million in fee income and $0.7 million of other income.

Total operating expenses in 2009 were $431.1 million, which includes $56.4 million of interest expense on bonds, $351.0 million of direct federal and state program expenses, $18.4 million of general and administrative expense, $2.9 million of interest expense on bank loans, $2.0 million of amortization of debt issuance costs and $0.4 million of other expenses.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

2008 Financial Highlights

The assets of the Authority exceeded its liabilities at December 31, 2008 by $256.3 million compared to $198.7 million at December 31, 2007. Net assets at December 31, 2008 consisted of $163.7 million restricted by bond indentures, $8.5 million restricted by funding sources, $1.1 million invested in capital assets, and $83.0 million, which is unrestricted and available to meet the obligations of the Authority's operations.

Total assets decreased by $128.6 million or 6.2 percent during 2008 from $2,079.7 million to $1,951.1 million due mainly to a decrease in cash and investments.

The Authority's largest liability, bonds payable, decreased by $43.8 million or 3.3 percent during 2008 from $1,337.6 million to $1,293.8 million.

The total change in net assets in 2008 was an increase of $57.6 million consisting of operating income of $57.5 million (which includes a net increase in the fair value of investments of $36.4 million) and nonoperating income of $19.0 thousand.

In 2008, total operating revenues were $446.2 million, which includes interest income on mortgage loans of $56.5 million, federal and state program income of $297.4 million, interest income on investments of $38.5 million, a net increase in the fair value of securities of $36.4 million, $16.0 million in fee income and $1.4 million of other income.

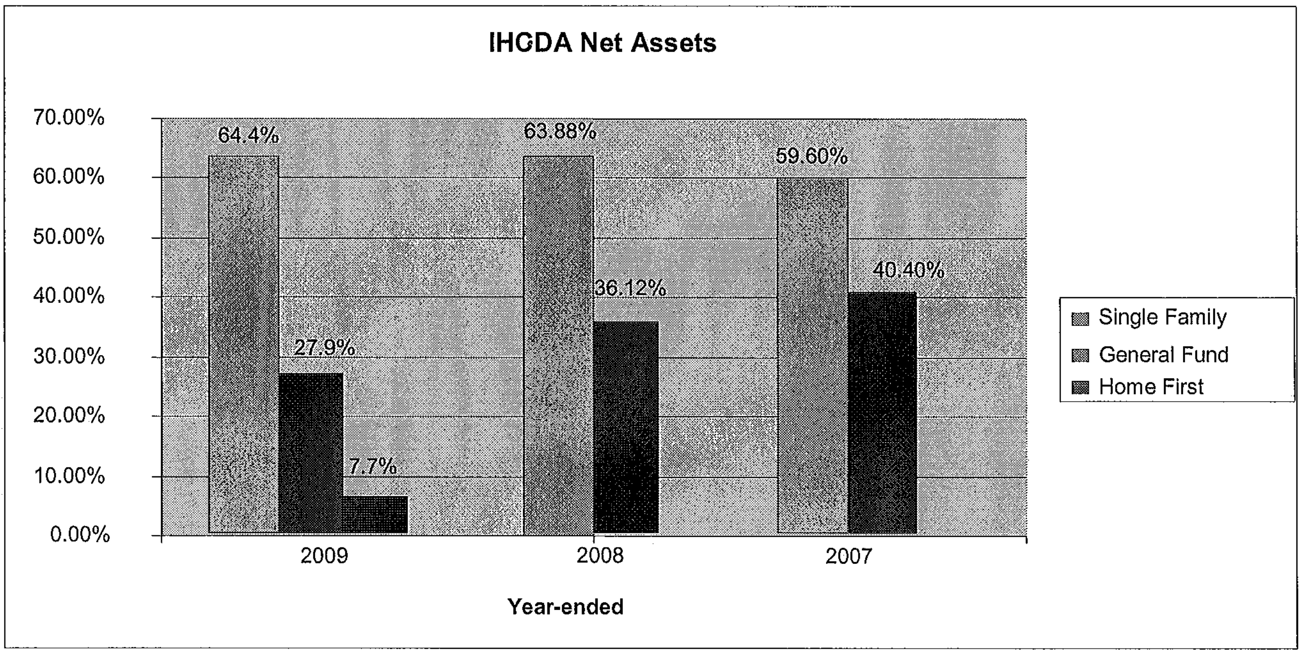
Total operating expenses in 2008 were $388.7 million, which includes $59.4 million of interest expense on bonds, $293.8 million of direct federal and state program expenses, $15.9 million of general and administrative expense, $16.9 million of interest expense on bank loans, $1.4 million of amortization of debt issuance costs and $1.3 million of other expenses.

2009 Financial Condition

The Authority operates within financial policies and guidelines set by the members of its Board of Directors. These guidelines require the Authority to maintain adequate liquid asset levels, good mortgage portfolio performance and a sufficient level of unrestricted net assets. Total net assets as of December 31, 2009 increased 8.9% to $279.0 million from $256.3 million in the previous year. Unrestricted net assets decreased $22.3 million or 26.8% from the prior year, comprising 3.1% of total assets and 21.8% of total net assets. Total assets increased $34.6 million or 1.8% from the prior year.

2008 Financial Condition

The Authority operates within financial policies and guidelines set by the members of its Board of Directors. These guidelines require the Authority to maintain adequate liquid asset levels, good mortgage portfolio performance and a sufficient level of unrestricted net assets. Total net assets as of December 31, 2008 increased 29.0% to $256.3 million from $198.7 million in the previous year. Unrestricted net assets increased $6.3 million or 8.2% from the prior year, comprising 4.3% of total assets and 32.4% of total net assets. Total assets decreased $128.6 million or 6.2% from the prior year.



2009 Financial Analysis

The following table is a condensed summary of net assets at December 31 (in thousands):

	2009	2008	Change	Percentage
Assets				
Current assets	$ 401,304	$ 449,440	$ (48,136)	-10.7%
Noncurrent assets	1,584,424	1,501,702	82,722	5.5%
Total assets	1,985,728	1,951,142	34,586	1.8%
Liabilities				
Current liabilities	594,953	492,479	102,474	20.8%
Noncurrent liabilities	1,111,825	1,202,402	(90,577)	-7.5%
Total liabilities	1,706,778	1,694,881	11,897	0.7%
Net assets				
Restricted	218,233	173,288	44,945	25.9%
Unrestricted	60,717	82,973	(22,256)	-26.8%
Total net assets	$ 278,950	$ 256,261	$ 22,689	8.9%

Operating Analysis

The following table is a condensed summary of operating income for the years ended December 31 (in thousands):

	2009	2008	Change	Percentage
Operating Revenues				
Interest on loans	$ 57,487	$ 56,535	$ 952	1.7%
Interest on investments	16,329	38,551	(22,222)	-57.6%
Program revenues	371,080	313,333	57,747	18.4%
Net increase in fair value of investments	8,159	36,378	(28,219)	-77.6%
Other operating revenue	774	1,432	(658)	-45.9%
Total operating revenues	453,829	446,229	7,600	1.7%
Operating Expenses				
Total interest expense	59,329	76,223	(16,894)	-22.2%
Program expenses	351,023	293,813	57,210	19.5%
Other operating expenses	20,794	18,647	2,147	11.5%
Total operating expenses	431,146	388,683	42,463	10.9%
Operating income	$ 22,683	$ 57,546	$ (34,863)	-60.6%

Interest income on mortgage loans, interest income on investments, fee income, and federal grant income represent the significant sources of operating revenue for the Authority.

Interest income on mortgage loans of $57.5 million for 2009 increased compared to $56.5 million for 2008. Interest income on investments of $16.3 million for 2009 decreased compared to $38.6 million for 2008.

The increase in fair value of securities for 2009 was $8.2 million compared to an increase of $36.4 million in 2008. This represents an increase in the overall fair value of investments held at December 31, 2009, compared to their fair value at December 31, 2008, due to the current interest rate environment. Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* requires the Authority to value its securities at fair value with the change in fair value reported as operating revenue. The change in the fair value of securities is an unrealized gain in market value and has no direct effect on actual cash flows.

Fee income of $13.2 million for the current year decreased compared to $16.0 million in the prior year.

Total interest expense on bonds was $56.4 million in 2009 compared to $59.4 million in 2008.

Federal program income and expense represent funds received and disbursed relating to projects funded by the U.S. Department of Housing and Urban Development Section 8 Contract Administration, Community Development Block Grant, HOME Investment Partnership, and other federal programs totaling $357.9 million in revenue in 2009.

2008 Financial Analysis

The following table is a condensed summary of net assets at December 31 (in thousands):

	2008	2007	Change	Percentage
Assets				
Current assets	$ 449,440	$ 574,896	$ (125,456)	-21.8%
Noncurrent assets	1,501,702	1,504,757	(3,055)	-0.2%
Total assets	1,951,142	2,079,653	(128,511)	-6.2%
Liabilities				
Current liabilities	492,479	550,403	(57,924)	-10.5%
Noncurrent liabilities	1,202,402	1,330,554	(128,152)	-9.6%
Total liabilities	1,694,881	1,880,957	(186,076)	-9.9%
Net assets				
Restricted	173,288	122,040	51,248	42.0%
Unrestricted	82,973	76,656	6,317	8.2%
Total net assets	$ 256,261	$ 198,696	$ 57,565	29.0%

Operating Analysis

The following table is a condensed summary of operating income for the years ended December 31 (in thousands):

	2008	2007	Change	Percentage
Operating Revenues				
Interest on loans	$ 56,535	$ 48,674	$ 7,861	16.2%
Interest on investments	38,551	39,182	(631)	-1.6%
Program revenues	313,333	285,374	27,959	9.8%
Net increase in fair value of investments	36,378	8,960	27,418	306.0%
Other operating revenue	1,432	907	525	57.9%
Total operating revenues	446,229	383,097	63,132	16.5%
Operating Expenses				
Total interest expense	76,223	70,306	5,917	8.4%
Program expenses	293,813	274,997	18,816	6.8%
Other operating expenses	18,647	16,308	2,339	14.3%
Total operating expenses	388,683	361,611	27,072	7.5%
Operating income	$ 57,546	$ 21,486	$ 36,060	167.8%

Interest income on mortgage loans, interest income on investments, fee income, and federal grant income represent the significant sources of operating revenue for the Authority.

Interest income on mortgage loans of $56.5 million for 2008 increased compared to $48.7 million for 2007. Interest income on investments of $38.6 million for 2008 decreased compared to $39.2 million for 2007.

The increase in fair value of securities for 2008 was $36.4 million compared to an increase of $9.0 million in 2007. This represents an increase in the overall fair value of investments held at December 31, 2008, compared to their fair value at December 31, 2007, due to the current interest rate environment. Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* requires the Authority to value its securities at fair value with the change in fair value reported as operating revenue. The change in the fair value of securities is an unrealized gain in market value and has no direct effect on actual cash flows.

Fee income of $13.2 million for the current year decreased compared to $16.0 million in the prior year.

Total interest expense on bonds was $59.4 million in 2008 compared to $69.0 million in 2007.

Federal program income and expense represent funds received and disbursed relating to projects funded by the U.S. Department of Housing and Urban Development Section 8 Contract Administration, Community Development Block Grant, HOME Investment Partnership, and other federal programs totaling $297.4 million in revenue in 2008.

2009 Debt Administration

Total current and noncurrent bonds payable, not including any original issue premium/(discount), as of December 31, 2009, was $1,345.1 million, which increased $51.3 million compared to $1,293.8 million on December 31, 2008. This increase was due to the $173.7 million of repayments and redemptions of bonds previously issued by the Authority offset by issuance in 2009 of a series of mortgage revenue bonds under the Home First Indenture totaling $225.0 million. The Authority has maintained its long-term bond ratings of Aaa from Moody's Investors Services and AAA from Fitch IBCA. More detailed information about the Authority's debt is presented in Note 6 to the financial statements.

The following table summarizes the 2009 mortgage revenue bond issuances (in thousands):

Home First Mortgage Revenue Bonds	Tax-exempt amount	Taxable amount	Total	Moody's rating	Fitch rating
2009 Series A	$	$ 225,000	$ 225,000	Aaa	AAA
Total	$	$ 225,000	$ 225,000		

At December 31, 2009, the Authority had one line of credit borrowing totaling $307,475,000, which represents the maximum amount available under this agreement. This line of credit matured on February 2, 2010 and was extended to June 2, 2010. The interest rate on this borrowing was .25%.

2008 Debt Administration

Total current and noncurrent bonds payable, not including any original issue premium/(discount), as of December 31, 2008, was $1,293.8 million, which decreased $43.7 million compared to $1,337.5 million on December 31, 2007. This decrease was due to the $203.5 million of repayments and redemptions of bonds previously issued by the Authority offset by issuance in 2008 of a series of mortgage revenue bonds under the Single Family Indenture totaling $159.8 million. The Authority has maintained its long-term bond ratings of Aaa from Moody's Investors Services and AAA from Fitch IBCA. More detailed information about the Authority's debt is presented in Note 6 to the financial statements.

The following table summarizes the 2008 mortgage revenue bond issuances (in thousands):

Single Family Mortgage Revenue Bonds	Tax-exempt amount	Taxable amount	Total	Moody's rating	Fitch rating
2008 Series A	$ 159,795	$	$ 159,795	Aaa	AAA
Total	$ 159,795	$	$ 159,795		

At December 31, 2008, the Authority had one line of credit borrowing totaling $350,000,000, which represents the maximum amount available under this agreement. This line of credit matured on May 29, 2009. The interest rate on this borrowing was 1.36%.

Economic Factors and Other Financial Information

The primary business activity of the Authority is funding the purchase of single-family home mortgages and administering various federal programs. The Authority's mortgage financing activities are sensitive to the level of interest rates, the spread between the rate available on Authority loans and those available in the conventional mortgage markets and the availability of affordable housing. The availability of long-term tax-exempt financing on favorable terms is a key element in providing the funding necessary for the Authority to continue its mortgage financing activities.

The Authority's single-family programs and investment income are the main sources of revenues. Market interest rates have an effect on both the single family program and investment income revenues. If interest rates continue at current levels, the Authority expects single family and investment income to be stable. If interest rates rise, the Authority expects single family and investment income to increase as new loans are originated and new investments are purchased at the higher rates. If interest rates fall, the Authority expects single family and investment income to decrease as new loans are originated and new investments are purchased at the lower rates. The Authority also expects a drop in market rates to cause an increase in prepayments on higher rate mortgages. The Authority uses these prepayments to call the corresponding series bonds, which lowers the rate of return on those bond series.

Contacting the Authority's Financial Management

This financial report is designed to provide the citizens of Indiana, our constituents and investors with a general overview of the Authority's finances and resources. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at Indiana Housing and Community Development Authority, 30 South Meridian Street Suite 1000, Indianapolis, IN 46204 or visit our website at www.in.gov/ihcda/.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY

STATEMENT OF NET ASSETS
December 31, 2009 (with Comparative 2008 Total)

	2009					
Assets	**General Fund**	**Single Family Mortgage Program Fund**	**Multi-Unit Mortgage Program Fund**	**Home First Mortgage Program Fund**	**Total**	**2008 Total**
Current Assets						
Unrestricted cash and investments	$ 56,836,842				$ 56,836,842	$ 63,444,050
Restricted cash and investments	329,373,208				329,373,208	363,264,136
Accrued interest receivable:						
Investments	214,499				214,499	429,358
Unrestricted accounts receivable and other assets	1,585,042				1,585,042	19,014,758
Restricted accounts receivable and other assets	13,294,577				13,294,577	3,287,152
Total current assets	401,304,168				401,304,168	449,439,454
Noncurrent Assets						
Restricted cash and investments	1,113	$ 296,485,561		$ 245,486,485	541,973,159	327,462,378
Mortgage loans receivable	2,817,553				2,817,553	719,794
Restricted mortgage loans receivable		1,024,351,643	$ 723,000		1,025,074,643	1,157,355,718
Less unamortized commitment fees						(25,753)
Net mortgage loans receivable	2,817,553	1,024,351,643	723,000		1,027,892,196	1,158,049,759
Restricted accrued interest receivable:						
Investments		392,129		93,460	485,589	221,857
Mortgage loans	22,500	4,237,084			4,259,584	4,894,720
Deferred debt issuance costs, net	95,122	7,854,121		406,275	8,355,518	9,969,333
Capital assets, at cost, less accumulated depreciation	1,457,822				1,457,822	1,104,285
Interfund accounts	838,444	(838,444)				
Total noncurrent assets	5,232,554	1,332,482,094	723,000	245,986,220	1,584,423,868	1,501,702,332
Total assets	$ 406,536,722	$ 1,332,482,094	$ 723,000	245,986,220	$ 1,985,728,036	$ 1,951,141,786
Liabilities						
Current Liabilities						
Bonds payable		$ 17,765,000	$ 723,000	$ 225,000,000	$ 243,488,000	$ 103,736,000
Line of credit borrowings	$ 307,475,000				307,475,000	350,000,000
Accrued interest payable	64,057	26,552,952			26,617,009	29,019,867
Accounts payable and other liabilities	1,606,086				1,606,086	1,472,082
Commitment fee deposits	157,557				157,557	170,541
Other liabilities	15,608,774				15,608,774	8,079,908
Total current liabilities	324,911,474	44,317,952	723,000	225,000,000	594,952,426	492,478,398
Noncurrent Liabilities						
Bonds payable		1,101,570,000			1,101,570,000	1,190,028,000
Less original issue discount						(11,696)
Add original issue premium		9,159,455			9,159,455	11,187,875
Net noncurrent bonds payable		1,110,729,455			1,110,729,455	1,201,204,179
Other liabilities		1,095,832			1,095,832	1,198,070
Total noncurrent liabilities		1,111,825,287			1,111,825,287	1,202,402,249
Total liabilities	324,911,474	1,156,143,239	723,000	225,000,000	1,706,777,713	1,694,880,647
Net Assets						
Invested in capital assets	1,457,822				1,457,822	1,104,285
Restricted by bond indenture		176,338,855		20,986,220	197,325,075	163,704,368
Restricted by funding source	19,450,067				19,450,067	8,479,549
Unrestricted	60,717,359				60,717,359	82,972,937
Total net assets	$ 81,625,248	$ 176,338,855	$	$ 20,986,220	$ 278,950,323	$ 256,261,139

See accompanying notes to financial statements.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY

STATEMENT OF NET ASSETS
December 31, 2008

	2008			
Assets	General Fund	Single Family Mortgage Program Fund	Multi-Unit Mortgage Program Fund	Total
Current Assets				
Unrestricted cash and investments	$ 63,444,050			$ 63,444,050
Restricted cash and investments	363,264,136			363,264,136
Accrued interest receivable:				
Investments	429,358			429,358
Unrestricted accounts receivable and other assets	19,014,758			19,014,758
Restricted accounts receivable and other assets	3,287,152			3,287,152
Total current assets	449,439,454			449,439,454
Noncurrent Assets				
Restricted cash and investments	2,169	$ 327,460,209		327,462,378
Mortgage loans receivable	719,794			719,794
Restricted mortgage loans receivable		1,156,621,718	$ 734,000	1,157,355,718
Less unamortized commitment fees		(25,753)		(25,753)
Net mortgage loans receivable	719,794	1,156,595,965	734,000	1,158,049,759
Restricted accrued interest receivable:				
Investments		221,857		221,857
Mortgage loans	6,000	4,888,720		4,894,720
Deferred debt issuance costs, net	124,391	9,844,942		9,969,333
Capital assets, at cost, less accumulated depreciation	1,104,285			1,104,285
Interfund accounts	1,055,098	(1,055,098)		
Total noncurrent assets	3,011,737	1,497,956,595	734,000	1,501,702,332
Total assets	$ 452,451,191	$ 1,497,956,595	$ 734,000	$ 1,951,141,786
Liabilities				
Current Liabilities				
Bonds payable		$ 103,725,000	$ 11,000	$ 103,736,000
Line of credit borrowings	$ 350,000,000			350,000,000
Accrued interest payable	171,889	28,847,978		29,019,867
Accounts payable and other liabilities	1,472,082			1,472,082
Commitment fee deposits	170,541			170,541
Other liabilities	8,079,908			8,079,908
Total current liabilities	359,894,420	132,572,978	11,000	492,478,398
Noncurrent Liabilities				
Bonds payable		1,189,305,000	723,000	1,190,028,000
Less original issue discount		(11,696)		(11,696)
Add original issue premium		11,187,875		11,187,875
Net noncurrent bonds payable		1,200,481,179	723,000	1,201,204,179
Other liabilities		1,198,070		1,198,070
Total noncurrent liabilities		1,201,679,249	723,000	1,202,402,249
Total liabilities	359,894,420	1,334,252,227	734,000	1,694,880,647
Net Assets				
Invested in capital assets	1,104,285			1,104,285
Restricted by bond indenture		163,704,368		163,704,368
Restricted by funding source	8,479,549			8,479,549
Unrestricted	82,972,937			82,972,937
Total net assets	$ 92,556,771	$ 163,704,368	$	$ 256,261,139

See accompanying notes to financial statements.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended December 31, 2009 (with Comparative 2008 Total)

	2009					
	General Fund	Single Family Mortgage Program Fund	Multi-Unit Mortgage Program Fund	Home First Mortgage Program Fund	Total	2008 Total
Operating revenues:						
Interest income on mortgage loans	$ 57,139	$ 57,237,003		$ 193,310	$ 57,487,452	$ 56,535,206
Interest income on investments	5,762,861	10,565,830			16,328,691	38,550,888
Commitment fee amortization		25,753			25,753	7,149
Fee income	13,196,794				13,196,794	15,952,637
Federal and state program income	357,883,393				357,883,393	297,380,293
Net increase in fair value of investments	(1,069,399)	7,710,867		1,517,029	8,158,497	36,378,031
Other income	748,267				748,267	1,424,744
Total operating revenues	376,579,055	75,539,453		1,710,339	453,828,847	446,228,948
Operating expenses:						
Interest expense on bonds		56,411,655	$ 6,394		56,418,049	59,368,786
Interest expense on bank loans	2,910,530				2,910,530	16,854,173
Amortization of debt issuance costs	29,268	2,015,106			2,044,374	1,419,556
Servicing fees on mortgage loans	2,282	9,672			11,954	15,471
Federal and state program expenses	351,022,927				351,022,927	293,812,233
Arbitrage expense	360,869				360,869	1,162,673
Bond call premium						199,650
General and administrative expenses	13,864,272	4,513,082			18,377,354	15,850,783
Total operating expenses	368,190,148	62,949,515	6,394		431,146,057	388,683,325
Operating income (loss)	8,388,907	12,589,938	(6,394)	1,710,339	22,682,790	57,545,623
Nonoperating revenues:						
Other			6,394		6,394	19,008
Total nonoperating revenues			6,394		6,394	19,008
Income before transfers	8,388,907	12,589,938		1,710,339	22,689,184	57,564,631
Transfers	(19,320,430)	44,549		19,275,881		
Change in net assets	(10,931,523)	12,634,487		20,986,220	22,689,184	57,564,631
Net assets, beginning of year	92,556,771	163,704,368			256,261,139	198,696,508
Net assets, end of year	$ 81,625,248	$ 176,338,855	$	$ 20,986,220	$ 278,950,323	$ 256,261,139

See accompanying notes to financial statements.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended December 31, 2008

	2008			
	General Fund	Single Family Mortgage Program Fund	Multi-Unit Mortgage Program Fund	Total
Operating revenues:				
Interest income on mortgage loans	$ 77,651	$ 56,457,555		$ 56,535,206
Interest income on investments	20,221,024	18,329,864		38,550,888
Commitment fee amortization	5,979	1,170		7,149
Fee income	15,952,637			15,952,637
Federal and state program income	297,380,293			297,380,293
Net increase in fair value of investments	1,270,971	35,107,060		36,378,031
Other income	1,424,744			1,424,744
Total operating revenues	336,333,299	109,895,649		446,228,948
Operating expenses:				
Interest expense on bonds		59,349,778	$ 19,008	59,368,786
Interest expense on bank loans	16,854,173			16,854,173
Amortization of debt issuance costs	29,268	1,390,288		1,419,556
Servicing fees on mortgage loans	2,755	12,716		15,471
Federal and state program expenses	293,812,233			293,812,233
Arbitrage expense		1,162,673		1,162,673
Bond call premium		199,650		199,650
General and administrative expenses	12,658,089	3,192,694		15,850,783
Total operating expenses	323,356,518	65,307,799	19,008	388,683,325
Operating income (loss)	12,976,781	44,587,850	(19,008)	57,545,623
Nonoperating revenues:				
Other			19,008	19,008
Total nonoperating revenues			19,008	19,008
Income before transfers	12,976,781	44,587,850		57,564,631
Transfers	(601,453)	601,453		
Change in net assets	12,375,328	45,189,303		57,564,631
Net assets, beginning of year	80,181,443	118,515,065		198,696,508
Net assets, end of year	$ 92,556,771	$ 163,704,368	$	$ 256,261,139

See accompanying notes to financial statements.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2009

	2009 General Fund	Single Family Mortgage Program Fund	Multi-Unit Mortgage Program Fund	Home First Mortgage Program Fund	Total
Cash flows from operating activities:					
Cash receipts for services	$ 35,403,420				$ 35,403,420
Interest income on mortgage loans	40,639	$ 57,888,639			57,929,278
Principal repayments on mortgage loans	864,969	188,329,591			189,194,560
Interest received on investments	5,977,720	10,395,559		$ 99,850	16,473,129
Federal revenue	357,883,393				357,883,393
Federal expenses	(356,123,894)				(356,123,894)
Cash payments to suppliers	(10,958,337)	(4,522,755)			(15,481,092)
Cash payments to employees	(3,916,604)				(3,916,604)
Interfund transfers	(19,103,776)	(172,105)		19,275,881	
Net cash provided by operating activities	10,067,530	251,918,929		19,375,731	281,362,190
Cash flows from noncapital financing activities:					
Proceeds from bond issues and bank loans	307,475,000			225,000,000	532,475,000
Debt issuance costs incurred		(24,300)		(406,274)	(430,574)
Purchases of mortgage loans		(56,059,516)			(56,059,516)
Repayments and redemption of bonds and bank loans	(350,000,000)	(173,695,000)	$ (11,000)		(523,706,000)
Interest paid on bonds and bank loans	(3,018,362)	(58,808,920)	(6,394)		(61,833,676)
Contribution from Pedcor			17,394		17,394
Net cash provided by (used in) noncapital financing activities	(45,543,362)	(288,587,736)		224,593,726	(109,537,372)
Cash flows from capital financing activities:					
Purchases of capital assets	(991,235)				(991,235)
Net cash used in capital financing activities	(991,235)				(991,235)
Cash flows from investing activities:					
Purchases of investments	(389,141,117)			(18,750,882)	(407,891,999)
Proceeds from sales or maturities of investments	420,740,858	104,504,802		1,302,759	526,548,419
Net cash provided by (used in) investing activities	31,599,741	104,504,802		(17,448,123)	118,656,420
Increase (decrease) in cash and cash equivalents	(4,867,326)	67,835,995		226,521,334	289,490,003
Cash and cash equivalents, beginning of year	32,544,729	71,064,297			103,609,026
Cash and cash equivalents, end of year	$ 27,677,403	$ 138,900,292	$	$ 226,521,334	$ 393,099,029

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
Year Ended December 31, 2009

	2009				
	General Fund	Single Family Mortgage Program Fund	Multi-Unit Mortgage Program Fund	Home First Mortgage Program Fund	Total
Reconciliation of cash and cash equivalents:					
Current unrestricted cash and investments as presented in the statement of net assets	$ 56,836,842				$ 56,836,842
Restricted cash and investments as presented in the statement of net assets	329,374,321	$ 296,485,561		$ 245,486,485	871,346,367
Total cash and investments as presented in the statement of net assets	386,211,163	296,485,561		245,486,485	928,183,209
Less: Investments with maturities greater than three months	358,533,760	157,585,269		18,965,151	535,084,180
Cash and cash equivalents as presented in the statement of cash flows	$ 27,677,403	$ 138,900,292		$ 226,521,334	$ 393,099,029
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 8,388,907	$ 12,589,938	$ (6,394)	$ 1,710,339	$ 22,682,790
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Change in fair value of investments	1,069,399	(7,710,867)		(1,517,029)	(8,158,497)
Interest on bonds and bank loans	2,910,530	56,384,499	6,394		59,301,423
Amortization and write-off of debt issuance costs and discount amortization	29,268	2,015,106			2,044,374
Amortization of nonrefundable fee income		(25,753)			(25,753)
Depreciation/Bond Call Prem expense	637,697				637,697
Changes in assets and liabilities:					
Commitment fee deposits	(12,984)				(12,984)
Principal repayments on mortgage loans	864,969	188,356,747			189,221,716
Accrued interest receivable on loans/investments	198,359	481,364		(93,460)	586,263
Other assets	7,422,291				7,422,291
Accounts payable and other liabilities	7,662,870				7,662,870
Interfund accounts	216,654	(216,654)			-
Interfund transfer	(19,320,430)	44,549		19,275,881	
Net cash provided by operating activities	$ 10,067,530	$ 251,918,929	$	$ 19,375,731	$ 281,362,190

See accompanying notes to financial statements.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2008

	2008			
	General Fund	Single Family Mortgage Program Fund	Multi-Unit Mortgage Program Fund	Total
Cash flows from operating activities:				
Cash receipts for services	$ 12,812,024			$ 12,812,024
Interest income on mortgage loans	78,901	$ 55,777,608		55,856,509
Principal repayments on mortgage loans	171,092	143,551,004		143,722,096
Interest received on investments	20,880,968	18,613,623		39,494,591
Federal revenue	297,380,293			297,380,293
Federal expenses	(293,812,233)			(293,812,233)
Purchases of mortgage loans		(359,601,730)		(359,601,730)
Cash payments to suppliers	(22,364,301)	(3,405,060)		(25,769,361)
Cash payments to employees	(3,875,434)			(3,875,434)
Interfund transfers	(598,915)	598,915		
Net cash provided by (used in) operating activities	10,672,395	(144,465,640)		(133,793,245)
Cash flows from noncapital financing activities:				
Proceeds from bond issues		159,795,000		159,795,000
Debt issuance costs incurred		(1,167,523)		(1,167,523)
Repayments and redemption of bonds and bank loans	(128,475,000)	(203,330,000)	$ (10,000)	(331,815,000)
Interest paid on bonds and bank loans	(17,328,167)	(63,677,394)	(19,008)	(81,024,569)
Contribution from Pedcor			29,008	29,008
Net cash (used in) noncapital financing activities	(145,803,167)	(108,379,917)		(254,183,084)
Cash flows from capital financing activities:				
Purchases of capital assets	(905,000)			(905,000)
Net cash used in capital financing activities	(905,000)			(905,000)
Cash flows from investing activities:				
Purchases of investments	(9,595,000)			(9,595,000)
Proceeds from sales or maturities of investments	137,119,032	146,509,960		283,628,992
Net cash provided by investing activities	127,524,032	146,509,960		274,033,992
Decrease in cash and cash equivalents	(8,511,740)	(106,335,597)		(114,847,337)
Cash and cash equivalents, beginning of year	41,056,469	177,399,894		218,456,363
Cash and cash equivalents, end of year	$ 32,544,729	$ 71,064,297	$	$ 103,609,026

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
Year Ended December 31, 2008

	2008			
	General Fund	Single Family Mortgage Program Fund	Multi-Unit Mortgage Program Fund	Total
Reconciliation of cash and cash equivalents:				
Current unrestricted cash and investments as presented in the statement of net assets	$ 63,444,050			$ 63,444,050
Restricted cash and investments as presented in the statement of net assets	363,266,305	$ 327,460,209		690,726,514
Total cash and investments as presented in the statement of net assets	426,710,355	327,460,209		754,170,564
Less: Investments with maturities greater than three months	394,165,626	256,395,912		650,561,538
Cash and cash equivalents as presented in the statement of cash flows	$ 32,544,729	$ 71,064,297		$ 103,609,026
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 12,976,781	$ 44,587,850	$ (19,008)	$ 57,545,623
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:				
Change in fair value of investments	(1,270,971)	(35,107,060)		(36,378,031)
Interest on bonds and bank loans	16,854,173	58,875,784	19,008	75,748,965
Amortization and write-off of debt issuance costs and discount amortization	29,268	1,390,288		1,419,556
Amortization of nonrefundable fee income	(5,979)	(1,170)		(7,149)
Depreciation	345,474	199,650		545,124
Changes in assets and liabilities:				
Commitment fee deposits	(153,724)			(153,724)
Purchases of mortgage loans		(359,601,730)		(359,601,730)
Principal repayments on mortgage loans	171,092	143,825,348		143,996,440
Accrued interest receivable on loans/investments	661,194	(396,188)		265,006
Other assets	(16,531,571)			(16,531,571)
Accounts payable and other liabilities	(1,804,427)	1,162,673		(641,754)
Interfund accounts	2,538	(2,538)		
Interfund transfer	(601,453)	601,453		
Net cash provided by (used in) operating activities	$ 10,672,395	$ (144,465,640)	$	$ (133,793,245)

See accompanying notes to financial statements.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - AUTHORIZING LEGISLATION AND FUNDS

Indiana Housing and Community Development Authority (the Authority) was created in 1978 by an act of the Indiana Legislature (the Act). The Authority has been given numerous powers under the Act, including the power to enter into contracts and agreements, acquire, hold and convey property and issue notes and bonds, for the purpose of financing residential housing for persons and families of low and moderate incomes.

The powers of the Authority are vested by the Act in seven members who constitute the Board of Directors, four of whom are appointed by the Governor of Indiana and three of whom serve by virtue of holding other Indiana state offices. The three ex-officio members are the Lieutenant Governor, the State Treasurer, and the Public Finance Director of Indiana Finance Authority. The Authority is considered a component unit of the State of Indiana and is discretely presented in the State's financial statements as determined by the Indiana State Board of Accounts.

The Act empowers the Authority to (1) make or participate in the making of construction loans and mortgage loans to sponsors of federally assisted multi-family residential housing; (2) purchase or participate in the purchase from mortgage lenders, mortgage loans made to persons of low and moderate income for residential housing; and (3) make loans to mortgage lenders for the purpose of furnishing funds to be used for making mortgage loans to persons and families of low and moderate incomes. The Act authorizes the Authority to issue its bonds and notes to carry out its purposes, and neither the Act nor the Bond Trust Indentures establish any limitation as to the aggregate amount of obligations which the Authority may have outstanding.

The Authority's financial statements include the operations of funds that the Authority has established to achieve its purposes under powers granted to it by the Act. The financial transactions of the Authority are recorded in the funds which consist of a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenses as appropriate. The Authority's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which financial activity is controlled. Each of the Authority's funds described below is considered a major fund.

General Fund

The General Fund was established by the Authority to account for all fee income and charges that are not required to be recorded in other funds and for operating expenses of the Authority. In addition, this fund accounts for the federal grant activity related to various Federal programs administered by the Authority. In 2009 and 2008, the Authority elected to set aside $51,952,571 and $8,409,953, respectively, of its single family bonding authority for the issuance of Mortgage Credit Certificates primarily to first-time home buyers.

NOTE 1 - AUTHORIZING LEGISLATION AND FUNDS (CONTINUED)

Single Family Mortgage Program Fund

The Single Family Mortgage Program Fund provides for the purchase of mortgage loans made to eligible borrowers for owner occupied housing. Borrowers meeting certain income guidelines may qualify under the Authority's First Home Plus Program. This program is facilitated by a Down Payment Assistance Program funded by federal HOME Investment Partnerships Program funds which allows the borrower to receive up to 10% of down payment assistance money. This down payment assistance money is in the form of a non-amortizing second mortgage at a 0% interest rate, which must be repaid in full upon refinance of the original mortgage or sale of the home.

Commencing in June 1980, the Authority entered into mortgage purchase agreements with certain commercial banks, savings and loan associations and mortgage banking companies admitted to do business in the State of Indiana whereby the lenders agreed to originate mortgage loans on newly constructed and existing dwellings meeting criteria established by the Authority and to sell them to the Authority.

Multi-Unit Mortgage Program Fund

This fund, established in 1982 under the Multi-Unit Mortgage Program Resolution, uses bond proceeds to provide construction and long-term financing for certain federally assisted multi-unit housing developments intended for occupancy by families and persons of low and moderate incomes. The Authority has issued four series of Multi-Unit Program Bonds and is the special purpose issuer for two series (see Note 6).

The Multi-Family Housing Mortgage Revenue Bonds are limited and special obligations of the Authority payable solely from the payments on the mortgage note, certain other payments under the Building Loan Agreement made by the owner and required debt service reserves of the issue. Neither the Bonds nor the obligation to pay the principal or interest thereon constitutes an indebtedness of the Authority or the State of Indiana.

In August 1997, the Authority, as a special purpose issuer, issued $10,000,000 of Multi-Family Housing Mortgage Revenue Bonds (Cumberland Crossing) under a separate closed indenture, which are included in these financial statements as the Authority's Multi-Unit Mortgage Program Fund. The proceeds of the bonds were used to originate a mortgage loan to construct a new multi-family residential rental facility containing 232 apartment units. The expended funds are subject to the terms of a loan agreement dated July 1, 1997, and the bonds are secured by two letters of credit issued by the Federal Home Loan Bank that expire August 21, 2014. Pedcor Investments 1997 XXX LP (Pedcor) is responsible for the bond payments from a source of funds outside of the Authority. During 2009 and 2008, Pedcor contributed $6,394 and $19,008, respectively, in order for the full amount of the bond payments to be made. In addition, $11,000 of outstanding bond payable was paid off during 2009.

Home First Mortgage Program Fund

Established in December of 2009, the objective of this program is to provide funds for long term mortgage financing of residential housing for occupancy by eligible persons in the State, and thereby encourage the purchase and construction of residential housing by such persons.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The Authority's financial statements have been prepared on the accrual basis of accounting and using the economic resource management focus. Accordingly, the Authority recognizes revenue in the period earned and expenses in the period incurred.

In accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has elected to apply the Financial Accounting Standards Board (FASB) Codification, except for items that conflict with or contradict GASB pronouncements.

(b) Investment Securities

The Authority reports its investments securities at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pool,* (Statement No. 31). Statement No. 31 requires investment securities, including mortgage-backed securities, to be recorded at fair value and the unrealized gains or losses reported in the Statement of Revenues, Expenses and Changes in Net Assets. Realized gains or losses were computed as the difference between the proceeds of investment sales and the original cost of the investments sold. The calculation of realized gains or losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in prior years and the current year. The realized gain in the General Fund amounted to $1,436 and $130,314 for the years ended December 31, 2009 and 2008, respectively.

Following is a summary of the effects of valuing investment securities at fair value on total assets, net assets and change in net assets for 2009 and 2008:

	Total Assets			
	2009		2008	
	Fair value	Cost	Fair value	Cost
General Fund	$ 406,536,722	$ 406,148,429	$ 452,451,191	$ 450,992,364
Single Family Mortgage Program Fund	1,332,482,094	1,293,254,664	1,497,956,595	1,466,439,731
Multi-Unit Mortgage Program Fund	723,000	723,000	734,000	734,000
Home First Mortgage Program Fund	245,986,220	244,469,191		
Total	$ 1,985,728,036	$ 1,944,595,284	$ 1,951,141,786	$ 1,918,166,095

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	Net Assets			
	2009		2008	
	Fair value	Cost	Fair value	Cost
General Fund	$ 81,625,248	$ 81,237,255	$ 92,556,771	$ 91,097,943
Single Family Mortgage Program Fund	176,338,855	137,111,125	163,704,368	132,187,504
Home First Mortgage Program Fund	20,986,220	19,469,191		
Total	$ 278,950,323	$ 237,817,571	$ 256,261,139	$ 223,285,447

	Income Before Transfers			
	2009		2008	
	Fair value	Cost	Fair value	Cost
General Fund	$ 8,388,907	$ 9,459,742	$ 12,976,781	$ 11,836,124
Single Family Mortgage Program Fund	12,589,938	4,879,071	44,587,850	9,480,790
Home First Mortgage Program Fund	1,710,339	193,310		
Total	$ 22,689,184	$ 14,532,123	$ 57,564,631	$ 21,316,914

(c) Bond Issuance Costs

Bond issuance costs are deferred and amortized over the contractual life of the respective bond issue based on the interest method.

(d) Original Issue Discounts

Original issue discounts on bonds are amortized using the interest method, over the life of the bonds to which they relate.

(e) Original Issue Premiums

Original issue premiums on bonds are accreted using the interest method, over the life of the bonds to which they relate.

(f) Capital Assets

Capital assets consist primarily of office furniture and equipment in the General Fund which are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets which range from three to seven years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A summary of capital assets (in thousands) being depreciated follows:

	Balance at December 31, 2008	Increases	Decreases	Balance at December 31, 2009
Building improvements	$ 45			$ 45
Furniture and equipment	3,240	$ 991	$	4,231
Total accumulated depreciation	(2,181)	(637)		(2,818)
Total capital assets being depreciated, net of accumulated depreciation	$ 1,104	$ 354	$	$ 1,458

	Balance at December 31, 2007	Increases	Decreases	Balance at December 31, 2008
Building improvements	$ 45			$ 45
Furniture and equipment	2,342	$ 905	$ 7	3,240
Total accumulated depreciation	(1,836)	(345)		(2,181)
Total capital assets being depreciated, net of accumulated depreciation	$ 551	$ 560	$ 7	$ 1,104

(g) Fair Value of Financial Instruments

The fair value of the Authority's financial instruments either approximate fair value or are stated at fair value except for bonds payable. It is not practicable to estimate the fair value of the Authority's bonds payable because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

(h) Operating Revenues

The Authority records all revenues derived from mortgages, investment income and federal programs as operating revenues since these revenues are generated from the Authority's daily operations needed to carry out its statutory purpose.

(i) Fee Income

Nonrefundable fees received (commitment and buy-down fees) in excess of direct costs associated with originating mortgage loans are deferred and recognized over the life of the mortgage loans. Fees for Mortgage Credit Certificate and Mortgage Revenue Bond Programs are recorded as fee income in the General Fund as certificates are issued. Low Income Housing Tax Credit fees are recognized as applications are submitted. The Authority also receives certain administrative fees for a federal grant program that are recorded as earned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) *Provision for Possible Loan Losses*

No provision for possible loan losses has been made because the Authority has purchased mortgage pool insurance on its loans, or they are fully insured by the FHA, as described in Note 5. The remaining loans have been pooled into Fannie Mae, Freddie Mac, or GNMA mortgage-backed securities that ensure the timely payment of principal and interest on the underlying mortgage loans.

(k) *Allocation of Expenses Among Funds*

The Single Family and Multi-Unit Mortgage Programs provide that funds may be transferred to the General Fund for the purpose of paying reasonable and necessary program expenses.

(l) *Cash and Cash Equivalents*

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and on deposit and investments with a maturity of three months or less.

(m) *Use of Estimates*

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

(n) *Net Assets*

The Authority's resources are classified for accounting and financial reporting purposes into the following net asset categories:

- *Invested in Capital Assets* – resources resulting from capital acquisition, net of accumulated depreciation.
- *Restricted by Bond Indenture* – net assets subject to externally imposed stipulations as to use. These net assets are restricted to use for the purposes of the Authority's loan program projects.
- *Restricted by Funding Source* – net assets subject to externally imposed stipulations as to use. These net assets are restricted for use for the purposes of certain loan programs.
- *Unrestricted* – net assets which are available for use of the Authority.

(o) *Use of Restricted and Unrestricted Resources*

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

(p) *Reclassifications*

Certain reclassifications have been made to the financial statements to conform to the current year presentation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) ***Change in Accounting Treatment for Overdraws of Section 8 Housing Assistance Fund***

Pursuant to HUD issued notice PIH 2006-03 which among other things, changed the regulatory requirements for the overdraws of Section 8 voucher funds. The Notice PIH 2006-03, and subsequent interpretive guidance issued by HUD, requires Section 8 voucher funds to be reported as restricted net assets in the Financial Data Schedule filings. The Authority changed its treatment of Section 8 overdraws in 2008 by including them in net assets restricted by funding source.

(r) ***Subsequent Events***

The Authority has evaluated the financial statements for subsequent events occurring through April 29, 2010, the date the financial statements were available to be issued.

NOTE 3 - RESTRICTED CASH AND INVESTMENTS

The Trust Indentures between the Authority and the Program Trustee established special accounts for the segregation of assets and restriction of the use of bond proceeds and certain other funds received. As of December 31, 2009 and 2008, the assets of all accounts equaled or exceeded the requirements as established by the Indentures. Such assets are restricted for the following purposes:

	December 31, 2009				
	General Fund	Single Family Mortgage Program Fund	Home First Mortgage Program Fund	Total	December 31, 2008 Total
Refundable Reservation Fee Escrow Accounts	$ 157,557			$ 157,557	$ 170,541
Loan or Bond Proceeds Accounts – Payment of issuance costs and purchase of qualified mortgage loans		$ 55,882,217		55,882,217	146,700,053
Revenue Accounts – Deposit of Program revenues for debt service payments and Program expense disbursements		229,146,741	$ 225,118,725	454,265,466	169,073,531
Mortgage Reserve Accounts – Payment of expenses incurred in protecting the Authority's interest in mortgage loans, including property repair and improvement		2,100,940		2,100,940	2,248,959
Debt Service Reserve Accounts – Equal to the maximum annual amount of debt service requirements on outstanding bonds during current or any future calendar year, a percentage of mortgage loans receivable under the indenture, or the amount of designated as debt service reserve accounts bonds		9,355,663		9,355,663	9,437,666
Loan Loss Escrow Account – Established to reserve for mortgage loan defaults not covered by the Federal Department of Housing and Urban Development, and shall be maintained at one-half of one percent of the outstanding principal balance of loans purchased	1,113			1,113	2,169
Home First Indenture Reserve Account - Established to support the Home First Indenture. Funds may be spent as the Authority deems necessary in order to support the Home First Indenture.			20,367,760	20,367,760	
Draw downs on line of credit	307,475,000			307,475,000	350,000,000
Federal programs funds	21,196,382			21,196,382	11,261,446
State programs funds	544,269			544,269	1,832,149
	$ 329,374,321	$ 296,485,561	$ 245,486,485	$ 871,346,367	$ 690,726,514

NOTE 3 - RESTRICTED CASH AND INVESTMENTS (CONTINUED)

The Trust Indentures between the Authority and the Program Trustee established special accounts for the segregation of assets and restriction of the use of bond proceeds and certain other funds received. As of December 31, 2008 and 2007, the assets of all accounts equaled or exceeded the requirements as established by the Indentures. Such assets are restricted for the following purposes:

	December 31, 2008			December 31, 2007
	General Fund	Single Family Mortgage Program Fund	Total	Total
Refundable Reservation Fee Escrow Accounts	$ 170,541		$ 170,541	$ 324,265
Loan or Bond Proceeds Accounts – Payment of issuance costs and purchase of qualified mortgage loans		$ 146,700,053	146,700,053	347,847,177
Revenue Accounts – Deposit of Program revenues for debt service payments and Program expense disbursements		169,073,531	169,073,531	178,271,412
Mortgage Reserve Accounts – Payment of expenses incurred in protecting the Authority's interest in mortgage loans, including property repair and improvement		2,248,959	2,248,959	2,325,406
Debt Service Reserve Accounts – Equal to the maximum annual amount of debt service requirements on outstanding bonds during current or any future calendar year, a percentage of mortgage loans receivable under the indenture, or the amount of designated as debt service reserve accounts bonds		9,437,666	9,437,666	18,344,033
Loan Loss Escrow Account – Established to reserve for mortgage loan defaults not covered by the Federal Department of Housing and Urban Development, and shall be maintained at one-half of one percent of the outstanding principal balance of loans purchased	2,169		2,169	2,035
Draw downs on line of credit	350,000,000		350,000,000	478,475,000
Federal programs funds	11,261,446		11,261,446	15,168,253
State programs funds	1,832,149		1,832,149	961,435
	$ 363,266,305	$ 327,460,209	$ 690,726,514	$ 1,041,719,016

NOTE 4 - CASH AND INVESTMENTS

A summary of cash and investments as of December 31 follows:

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
Cash and money market funds	$ 393,099,029	$ 393,099,029	$ 103,808,676	$ 103,808,676
Certificates of deposit	307,775,000	307,775,000	350,800,000	350,800,000
U.S. Treasury Bonds and Notes	972,420	820,000	1,215,518	820,000
Federal agency obligations	132,498,999	126,569,326	88,552,946	85,642,039
Guaranteed investment contracts and other	93,837,761	93,585,505	209,793,424	209,793,424
	$ 928,183,209	$ 921,848,860	$ 754,170,564	$ 750,864,139

Investment Policy

General
Indiana Code 5-20-1 authorizes the Authority to invest in obligations of the State, the United States, or heir agencies or instrumentalities and such other obligors as may be permitted under the terms of any resolution authorizing the issuance of the Authority's obligations.

Indentures
The Bond Indentures permit investments in the direct obligations of, or obligations guaranteed by, the United States of America, obligations issued by certain agencies of the Federal government, and investments collateralized by those types of investments. At December 31, 2009, all investments held by the Authority were in compliance with the requirements of the Indentures.

NOTE 4 - CASH AND INVESTMENTS (CONTINUED)

Investment Type and Interest Rate Risk Disclosure

As of December 31, 2009, the Authority had the following investments and maturities. (Amounts are in thousands.)

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less Than 1**	**1-5**	**6-10**	**More than 10**
Certificates of Deposit	$ 307,775	$ 307,775			
U.S. Treasuries	972				$ 972
U.S. agencies	132,499	3	$ 9,867	$ 3,027	119,602
Guaranteed Investment Contracts	93,838				93,838
Total	$ 535,084	$ 307,778	$ 9,867	$ 3,027	$ 214,412

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Authority's $928.2 million in cash and investments, $27.3 million includes bank balances that are not collateralized or insured but were held by the Authority's banks at December 31, 2009.

Credit Risk Disclosure

The following table (in thousands of dollars) provides information on the credit ratings associated with the Authority's investments in debt securities:

	S & P	Fitch	Moody's	Fair Value
Bonds	AAA	AAA	Aaa	$ 132,499
Guaranteed Investment Contracts	unrated	unrated	unrated	93,838
Total Rated Investments				$ 226,337

NOTE 4 - CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. The following table shows investments in issuers that represent 5 percent or more of total investments.

Issuer	Percent of Total Investments
JP Morgan Chase	57.43%
GNMA	12.97%
Pallas Capital Corp GIC	12.38%

NOTE 5 - MORTGAGE LOANS RECEIVABLE

The Single Family Mortgage Program requires that mortgage loans shall be made to borrowers whose adjusted family income does not exceed 125% of the median income for the borrower's geographic area. At least 40% of the mortgage loans purchased by the Authority must be loans to borrowers whose income is below 80% of the median income for the borrower's geographic area. In addition, Section 103A of the Internal Revenue Code specifies certain requirements with respect to the nature of the residence, mortgage and eligibility of the borrower.

The Single Family Mortgage Program Bond Trust Indenture requires that all mortgage loans be insured by the FHA, VA or, if the loan to value ratio is greater than 80%, by an approved private mortgage insurer.

The Indenture also requires pool insurance ranging from 10% to 25% of the initial principal amount of mortgage loans to be purchased. The Authority has obtained mortgage pool insurance covering any potential net losses on all mortgage loans financed from the proceeds of the 1980 through 1987 Single Family Mortgage Program bonds.

The proceeds of the 2001 through 2008 Single Family bonds were used to purchase GNMA and FNMA certificates collateralized by mortgage loans approved under the guidelines of the Single Family Mortgage Program.

The mortgages in the Cumberland Crossing Series are secured by one letter of credit.

NOTE 5 - MORTGAGE LOANS RECEIVABLE (CONTINUED)

The financing periods of the mortgage loans financed through the Single Family Mortgage Programs vary in duration from twenty-five to thirty years (principally thirty years). The financing rates at December 31, 2009, were as follows:

Single Family Mortgage Program	Mortgage rate	Certificate rate
2001 Series A	6.500% to 7.250%	5.915% to 6.665%
2001 Series B	6.250% to 7.500%	5.665% to 6.500%
2001 Series C	6.250% to 6.585%	5.665% to 6.000%
2002 Series A	6.000% to 7.250%	5.500% to 6.750%
2002 Series B	6.250% to 6.500%	5.665% to 6.000%
2002 Series C	5.750% to 6.500%	5.250% to 5.915%
2002 Series D	5.500% to 6.250%	4.915% to 5.750%
2003 Series A	5.250% to 6.250%	4.665% to 5.665%
2003 Series B	5.250% to 6.250%	4.665% to 5.750%
2003 Series C	5.500% to 6.000%	4.915% to 5.500%
2003 Series D	5.150% to 6.000%	4.650% to 5.415%
2004 Series A	5.150% to 6.000%	4.565% to 5.500%
2004 Series B	5.500% to 6.250%	4.915% to 5.750%
2004 Series C	4.990% to 5.750%	4.405% to 5.250%
2005 Series A	4.990% to 6.625%	4.490% to 6.040%
2005 Series B	4.990% to 5.750%	4.405% to 5.250%
2005 Series C	4.990% to 6.625%	4.405% to 6.125%
2006 Series A	4.990% to 6.625%	4.415% to 6.125%
2006 Series B	5.250% to 7.535%	4.665% to 6.950%
2006 Series C	5.125% to 6.625%	4.575% to 6.125%
2006 Series D	5.125% to 6.375%	4.540% to 5.875%
2007 Series A	5.125% to 6.375%	4.540% to 5.875%
2008 Series A	5.125% to 7.250%	4.540% to 6.750%

NOTE 5 - MORTGAGE LOANS RECEIVABLE (CONTINUED)

GNMA and FNMA certificates, which are included in the mortgage loan receivable balances, are presented in the statement of net assets at fair value in accordance with the requirements of GASB Statement No. 31. All other loans are carried at cost. The table below summarizes the carrying value and cost of mortgage loans receivable.

	2009	
	Carrying value	Cost
General Fund	$ 2,817,553	$ 2,817,553
Single Family Mortgage Program Fund	1,024,351,643	989,553,239
Multi-Unit Mortgage Program Fund	723,000	723,000
Total	$ 1,027,892,196	$ 993,093,792

	2008	
	Carrying value	Cost
General Fund	$ 719,794	$ 719,794
Single Family Mortgage Program Fund	1,156,621,718	1,126,952,452
Multi-Unit Mortgage Program Fund	734,000	734,000
Total	$ 1,158,075,512	$ 1,128,406,246

NOTE 6 - BONDS PAYABLE

Bonds payable at December 31, 2009 and 2008 consist of (dollars in thousands):

Single Family Mortgage Program Fund	Original Amount	Balance 2009	Balance 2008
1997 Series D-2:			
Term bonds (5.85%), due 2020	$ 960	$ 380	$ 430
Term bonds (5.875%), due 2024	6,450	2,535	2,865
Term bonds (5.90%), due 2027	4,840	1,905	2,145
Term bonds (5.90%), due 2030	8,070	3,170	3,580
	20,320	7,990	9,020
1998 Series A-2:			
Serial bonds (4.85% to 4.95%), due 2010 - 2011	875	250	275
Term bonds (5.15%), due 2017	5,625	1,660	1,855
	6,500	1,910	2,130
1998 Series A-3:			
Serial bonds (5.00% to 5.05%), due 2009 - 2010	4,665	175	430
Term bonds (5.375%), due 2023	7,000	2,060	2,300
Term bonds (5.375%), due 2029	9,800	2,890	3,230
	21,465	5,125	5,960
1998 Series D-2:			
Term bonds (5.25%), due 2028	10,000	5,430	8,210
	10,000	5,430	8,210
1999 Series A-1:			
Term bonds (5.05%), due 2017	4,280		785
	4,280	-	785
1999 Series A-2:			
Serial bonds (4.70% to 5.00%), due 2008 - 2012	5,035		350
Term bonds (5.25%), due 2029	235		45
Term bonds (5.25%), due 2030	17,450		3,215
	22,720	-	3,610
1999 Series X-2:			
Serial bonds (4.70% to 5.00%), due 2008 - 2012	2,725		185
Term bonds (5.15%), due 2019	4,900		470
Term bonds (5.30%), due 2031	15,035		1,425
	22,660	-	2,080
1999 Series Y-1:			
Taxable PAC bonds (6.86%), due 2031	15,000		1,195
	15,000	-	1,195
1999 Series Y-2:			
Term bonds (5.35%), due 2014	1,290		90
Term bonds (5.50%), due 2020	4,655		320
	5,945	-	410
1999 Series Y-3:			
Serial bonds (5.10% to 5.35%), due 2008 - 2012	2,955		160
Term bonds (5.65%), due 2031	14,635		1,000
	17,590	-	1,160

NOTE 6 - BONDS PAYABLE (CONTINUED)

Single Family Mortgage Program Fund	Original Amount	Balance 2009	Balance 2008
1999 Series Z-1:			
Taxable PAC bonds (7.09%), due 2030	$ 13,000	$	$ 200
	13,000	-	200
1999 Series Z-3:			
Term bonds (5.65%), due 2031	5,040		85
	5,040	-	85
2000 Series A-1:			
Taxable PAC bonds (7.75%), due 2031	15,000	770	1,150
	15,000	770	1,150
2000 Series B-1:			
Taxable PAC bonds (7.57%), due 2030	15,000		15
	15,000	-	15
2000 Series B-2:			
PAC bonds (5.55%), due 2031	10,950		2,665
	10,950	-	2,665
2000 Series C-1:			
Taxable PAC bonds (7.85%), due 2031	15,000	1,155	1,805
	15,000	1,155	1,805
2000 Series C-3:			
PAC bonds (5.65%), due 2030	11,000	185	1,900
	11,000	185	1,900
2000 Series D-1:			
Taxable PAC bonds (7.34%), due 2030	15,000		1,185
	15,000	-	1,185
2000 Series D-2:			
Serial bonds (5.00% to 5.15%), due 2009 - 2012	3,700	300	405
Term bonds (5.625%), due 2017	5,795	600	600
	9,495	900	1,005
2000 Series D-3:			
Term bonds (5.95%), due 2026	8,160	835	835
PAC bonds (5.35%), due 2031	10,000	1,940	2,880
Term bonds (5.95%), due 2032	9,790	1,000	1,000
	27,950	3,775	4,715
2001 Series A-1:			
Term bonds (5.35%), due 2020	2,045	310	390
	2,045	310	390
2001 Series A-2:			
Serial bonds (4.85% to 5.15%), due 2009 - 2013	5,895	300	545
Term bonds (5.60%), due 2021	4,085	620	780
Term bonds (5.70%), due 2031	7,695	1,170	1,470
PAC bonds (4.80%), due 2032	7,600	250	1,235
Term bonds (5.70%), due 2032	7,680	1,160	1,465
	32,955	3,500	5,495

NOTE 6 - BONDS PAYABLE (CONTINUED)

Single Family Mortgage Program Fund	Original Amount	Balance 2009	Balance 2008
2001 Series B-2:			
Serial bonds (4.45% to 4.70%), due 2009 - 2012	$ 2,465	$ 240	$ 530
	2,465	240	530
2001 Series B-3:			
Term bonds (5.45%), due 2021	2,500	380	665
Term bonds (5.45%), due 2021	4,480	680	1,195
Term bonds (5.55%), due 2033	8,220	1,255	2,195
Term bonds (5.55%), due 2033	11,000	1,675	2,930
	26,200	3,990	6,985
2001 Series C:			
Serial bonds (4.40% to 4.75%), due 2009 - 2012	6,965	605	945
Term bonds (5.25%), due 2022	8,090	2,130	2,485
PAC bonds (4.30%), due 2031	8,785	950	1,720
Term bonds (5.375%), due 2032	16,160	4,250	4,955
	40,000	7,935	10,105
2002 Series A:			
Serial bonds (4.30% to 5.00%), due 2009 - 2014	7,510	810	1,105
Term bonds (5.30%), due 2022	6,340	400	545
Term bonds (5.35%), due 2027	5,845	5,845	5,845
Term bonds (5.45%), due 2033	5,000	315	430
Term bonds (5.45%), due 2033	5,305	335	455
PAC bonds (4.50%), due 2033	10,000	730	2,215
	40,000	8,435	10,595
2002 Series B:			
Serial bonds (4.30% to 4.70%), due 2009 - 2012	6,930	820	1,305
Term bonds (5.45%), due 2022	3,000	995	1,190
Term bonds (5.45%), due 2022	5,435	1,810	2,160
Term bonds (5.55%), due 2031	4,000	1,330	1,595
Term bonds (5.55%), due 2032	10,310	3,450	4,120
PAC bonds (4.50%), due 2032	10,325	1,420	2,800
	40,000	9,825	13,170
2002 Series C-1:			
Serial bonds (4.00% to 4.30%), due 2010 - 2013	2,235	755	840
	2,235	755	840
2002 Series C-2:			
Serial bonds (4.10% to 4.85%), due 2009 - 2014	6,410	790	1,165
Term bonds (5.25%), due 2023	7,815	3,215	3,400
Term bonds (5.40%), due 2030	9,625	3,975	4,210
PAC bonds (4.15%), due 2033	11,860	2,005	3,715
Term bonds (5.40%), due 2033	7,745	3,210	3,395
	43,455	13,195	15,885

NOTE 6 - BONDS PAYABLE (CONTINUED)

Single Family Mortgage Program Fund	Original Amount	Balance 2009	Balance 2008
2002 Series D-1:			
Taxable term bond (floating rate), due 2033	$ 5,000	$ 515	$ 900
	5,000	515	900
2002 Series D-2:			
Serial bonds (3.50% to 4.05%), due 2009 - 2013	9,105	2,180	2,825
Term bonds (4.85%), due 2022	5,900	3,895	3,895
Term bonds (4.85%), due 2023	2,500	1,640	1,640
Term bonds (4.95%), due 2032	5,560	3,670	3,670
PAC bonds (3.60%), due 2033	11,435	2,200	3,760
Term bonds (4.95%), due 2033	5,500	3,625	3,625
	40,000	17,210	19,415
2003 Series A:			
Serial bonds (3.50% to 4.35%), due 2009 - 2013	7,185	1,915	2,685
Term bonds (4.90%), due 2022	4,945	3,000	3,225
Term bonds (4.90%), due 2023	3,000	1,820	1,960
Term bonds (4.95%), due 2034	17,570	10,630	11,450
PAC bonds (4.70%), due 2034	12,250	3,375	5,235
	44,950	20,740	24,555
2003 Series B:			
Serial bonds (2.90% to 3.90%), due 2010 - 2016	3,805	2,600	2,715
Term bonds (4.25%), due 2024	8,015	5,665	5,920
Term bonds (4.40%), due 2033	7,070	4,995	5,220
Term bonds (4.40%), due 2034	7,000	4,955	5,175
PAC bonds (4.00%), due 2034	19,060	5,900	8,655
	44,950	24,115	27,685
2003 Series C-1:			
Serial bonds (3.65% to 4.45%), due 2010 - 2016	3,785	2,550	2,630
	3,785	2,550	2,630
2003 Series C-2:			
Serial bonds (3.45% to 4.35%), due 2009 - 2013	3,155	430	740
Term bonds (5.10%), due 2024	3,810	2,550	2,630
Term bonds (5.10%), due 2024	3,810	2,565	2,645
Term bonds (5.20%), due 2034	7,605	5,115	5,280
Term bonds (5.20%), due 2034	7,605	5,105	5,270
PAC bonds (5.00%), due 2034	15,180	5,325	7,650
	41,165	21,090	24,215
2003 Series D-1:			
Serial bonds (3.30% to 4.20%), due 2010 - 2014	5,355	3,585	3,970
	5,355	3,585	3,970

NOTE 6 - BONDS PAYABLE (CONTINUED)

Single Family Mortgage Program Fund	Original Amount	Balance 2009	Balance 2008
2003 Series D-2:			
Serial bonds (3.35% to 3.40%), due 2009	$ 4,305		$ 750
Term bonds (4.85%), due 2023	5,715	$ 3,820	4,235
Term bonds (4.85%), due 2023	5,380	3,590	3,990
Term bonds (4.90%), due 2029	5,305	3,540	3,930
Term bonds (4.90%), due 2029	5,400	3,600	4,000
PAC bonds (5.25), due 2033	10,500	3,800	5,390
Term bonds (4.95%), due 2034	8,205	5,475	6,080
	44,810	23,825	28,375
2004 Series A-1:			
Serial bonds (3.50% to 3.90%), due 2014 - 2017	2,920	2,160	2,515
Term bonds (4.20%), due 2019	1,360	985	1,160
	4,280	3,145	3,675
2004 Series A-2:			
Serial bonds (2.70% to 3.80%), due 2009 - 2014	9,210	3,540	5,030
Term bonds (4.45%), due 2024	4,265	3,085	3,620
Term bonds (4.45%), due 2025	4,265	3,090	3,625
PAC bonds (5.00%), due 2034	9,630	3,905	5,560
Term bonds (4.60%), due 2034	9,175	6,695	7,850
Term bonds (4.60%), due 2035	9,175	6,685	7,845
	45,720	27,000	33,530
2004 Series B-1:			
Serial bonds (4.40% to 4.70%), due 2014 - 2017	4,275	2,795	3,125
	4,275	2,795	3,125
2004 Series B-2:			
Serial bonds (4.00% to 4.75%), due 2009 - 2014	2,605	105	575
Term bonds (4.30%), due 2014	4,365	2,220	2,700
Term bonds (4.30%), due 2014	4,370	2,085	2,560
PAC bonds (5.25%), due 2034	18,880	8,425	11,340
	30,220	12,835	17,175
2004 Series B-2A:			
Term bonds (5.15%), due 2025	6,965	4,570	5,105
Term bonds (5.15%), due 2025	6,965	4,570	5,105
Term bonds (5.20%), due 2029	4,930	3,235	3,615
Term bonds (5.20%), due 2029	4,925	3,235	3,615
Term bonds (5.30%), due 2035	10,860	7,125	7,965
Term bonds (5.30%), due 2035	10,860	7,130	7,970
	45,505	29,865	33,375
2004 Series C-1:			
Serial bonds (3.80% to 4.10%), due 2014 - 2017	5,200	3,620	4,465
Term bonds (4.35%), due 2020	1,295	935	1,150
	6,495	4,555	5,615

NOTE 6 - BONDS PAYABLE (CONTINUED)

Single Family Mortgage Program Fund	Original Amount	Balance 2009	Balance 2008
2004 Series C-2:			
Serial bonds (3.30% to 4.10%), due 2009 -2013	$ 8,140	$ 3,105	$ 4,710
Term bonds (4.70%), due 2025	7,720	5,565	6,855
Term bonds (4.85%), due 2029	7,065	5,090	6,270
PAC bonds (5.00%), due 2034	9,680	4,875	6,585
Term bonds (4.90%), due 2035	10,900	7,850	9,675
	43,505	26,485	34,095
2005 Series A-1:			
Serial bonds (3.90% to 4.20%), due 2014 - 2017	2,940	2,275	2,535
Term bonds (4.375%), due 2020	1,620	1,255	1,390
	4,560	3,530	3,925
2005 Series A-2:			
Serial bonds (4.05% to 4.30%), due 2013 - 2015	695	285	305
PAC bonds (5.00%), due 2035	22,755	16,220	19,010
Term bonds (4.65%), due 2035	28,615	19,735	22,770
	52,065	36,240	42,085
2005 Series B-1:			
Serial bonds (3.90% to 4.15%), due 2014 - 2017	4,565	1,900	4,050
Term bonds (4.30%), due 2020	1,660	700	1,475
	6,225	2,600	5,525
2005 Series B-2:			
Serial bonds (3.50% to 4.30%), due 2009 - 2015	12,960	3,300	8,410
Term bonds (4.625%), due 2025	480	200	425
Term bonds (4.75%), due 2030	400	165	355
PAC bonds (5.00%), due 2036	27,220	19,545	23,545
Term bonds (4.80%), due 2036	715	300	640
Term bonds (variable rate, swap), due 2036	32,000	32,000	32,000
	73,775	55,510	65,375
2005 Series C-1:			
Serial bonds (4.00% to 4.25%), due 2013 - 2016	5,765	3,320	4,720
Term bonds (4.55%), due 2020	4,035	2,325	3,300
	9,800	5,645	8,020
2005 Series C-2:			
Serial bonds (3.75% to 4.25%), due 2009 - 2013	7,410	2,595	4,665
Term bonds (4.85%), due 2026	980	560	800
Term bonds (5.00%), due 2031	1,030	470	825
PAC bonds (5.00%), due 2036	24,600	16,660	20,830
Term bonds (5.05%), due 2037	4,180	2,400	3,415
	38,200	22,685	30,535
2005 Series C-3:			
Term bonds (variable rate, swap), due 2036	32,000	32,000	32,000
	32,000	32,000	32,000

NOTE 6 - BONDS PAYABLE (CONTINUED)

Single Family Mortgage Program Fund	Original Amount	Balance 2009	Balance 2008
2006 Series A-1:			
Serial bonds (3.70% to 4.40%), due 2009 - 2016	$ 18,365	$ 11,110	$ 15,705
Term bonds (4.75%), due 2026	2,215	1,770	2,210
Term bonds (4.85%), due 2030	1,465	1,180	1,465
Term bonds (5.25%), due 2037	35,065	27,375	31,930
Term bonds (4.90%), due 2037	2,890	2,315	2,885
	60,000	43,750	54,195
2006 Series A-2:			
Term bonds (variable rate, swap), due 2037	40,000	40,000	40,000
	40,000	40,000	40,000
2006 Series B-1:			
Serial bonds (3.65% to 4.25%), due 2009 - 2016	17,795	11,805	14,610
	17,795	11,805	14,610
2006 Series B-2:			
Term bonds (4.80%), due 2021	13,230	10,295	11,360
Term bonds (4.90%), due 2026	16,755	12,530	15,190
Term bonds (4.95%), due 2031	22,620	18,575	20,500
Term bonds (5.00%), due 2037	34,125	28,030	30,930
Term bonds (5.50%), due 2037	26,500	19,860	23,255
Taxable PAC bonds (5.90%), due 2037	50,000	37,150	44,305
	163,230	126,440	145,540
2006 Series C-1:			
Serial bonds (3.75% to 4.35%), due 2009 - 2016	11,205	8,890	10,235
Term bonds (4.65%), due 2021	8,935	8,715	8,935
Term bonds (4.80%), due 2027	14,970	14,600	14,970
Term bonds (4.85%), due 2031	13,475	13,140	13,475
PAC bonds (5.75%), due 2037	10,000	8,275	9,350
Term bonds (4.90%), due 2037	27,865	27,175	27,865
	86,450	80,795	84,830
2006 Series C-2:			
Serial bonds (5.27% to 5.58%), due 2009 - 2016	4,000	2,520	3,810
Term bonds (5.692%), due 2037	26,000	20,615	24,125
	30,000	23,135	27,935
2006 Series D-1:			
Serial bonds (3.70% to 4.20%), due 2009 - 2016	10,445	8,425	9,615
Term bonds (4.45%), due 2021	8,045	7,895	8,045
Term bonds (4.55%), due 2027	13,420	13,210	13,420
Term bonds (4.60%), due 2031	12,025	11,835	12,025
PAC bonds (5.50%), due 2038	16,000	13,385	14,925
Term bonds (4.625%), due 2038	30,065	18,760	30,065
	90,000	73,510	88,095
2006 Series D-2:			
Serial bonds (5.04% to 5.16%), due 2009 - 2013	2,920	1,445	2,920
Term bonds (5.25%), due 2016	2,035	2,005	2,035
Taxable bonds (5.409%), due 2038	25,045	21,505	23,930
	30,000	24,955	28,885

NOTE 6 - BONDS PAYABLE (CONTINUED)

Single Family Mortgage Program Fund	Original Amount	Balance 2009	Balance 2008
2007 Series A-1:			
Serial bonds (3.85% to 4.30%), due 2009 - 2015	$ 4,580	$ 4,130	$ 4,580
Term bonds (4.170%), due 2014	2,210	2,210	2,210
Term bonds (4.375%), due 2017	2,585	2,585	2,585
Term bonds (4.650%), due 2022	7,155	2,405	2,405
Term bonds (4.780%), due 2027	9,415	735	735
Term bonds (4.80%), due 2032	12,405	12,405	12,405
PAC bonds (5.50%), due 2038	9,030	8,030	8,825
Term bonds (4.875%), due 2039	22,620	22,620	22,620
	70,000	55,120	56,365
2007 Series A-2:			
Taxable serial bonds (5.05% to 5.40%), due 2009 - 2017	5,015	4,775	5,015
Taxable PAC bonds (5.505%), due 2039	24,985	22,765	24,685
	30,000	27,540	29,700
2008 Series A-1:			
Serial bonds (3.65% to 3.95%), due 2010 - 2011	1,955	1,925	1,955
	1,955	1,925	1,955
2008 Series A-2:			
Term bonds (variable rate, swap), due 2039	85,000	84,925	85,000
	85,000	84,925	85,000
2008 Series A-3:			
Serial bonds (3.95% to 5.30%), due 2011 - 2018	22,920	22,490	22,920
Term bonds (5.95%), due 2023	7,015	6,885	7,015
Term bonds (6.125%), due 2029	11,165	10,960	11,165
Term bonds (6.25%), due 2033	13,370	13,125	13,370
Term bonds (6.45%), due 2040	18,370	18,030	18,370
	72,840	71,490	72,840
	$ 1,917,180	$ 1,119,335	$ 1,293,030

Multi-Unit Mortgage Program Fund			
1997 Series M-B (Cumberland Crossing):			
Term bonds (adjustable rate), due 2028	$ 800	$ 723	$ 734
	800	723	734
	$ 800	$ 723	$ 734

Home First Mortgage Program Fund			
2009 Series A:			
Taxable bonds (floating rate), due 2010	$ 225,000	$ 225,000	-
	225,000	225,000	-
	$ 225,000	$ 225,000	-

NOTE 6 - BONDS PAYABLE (CONTINUED)

The Single Family, Multi-Unit and Home First bonds are special obligations of the Authority. The bonds are payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures.

Cumberland Crossing, a bond series within the Multi-Unit Mortgage Program Fund, is a conduit issue. All scheduled, advance and delinquent payments on mortgage loans, mortgage insurance and guaranty proceeds received by the Authority, and the earnings on investments of amounts held under the Bond Trust Indentures are pledged to secure the payment of these three bond series. The 1997 Series M-B Bonds have an adjustable rate that is currently remarketed on a weekly basis.

The 1999 Series Y, 1999 Series Z, 2000 Series B, 2000 Series C, 2000 Series D, 2002 Series D, 2006 Series B, 2006 Series C, 2006 Series D, and 2007 Series A include both taxable and tax-exempt bonds. Taxable bonds were utilized to increase resources for the Authority's mortgage program.

The 2000 Series A and 2009 Series A includes only taxable bonds.

The 2002 Series D-1 are floating rate bonds. The interest rate is the three-month LIBOR plus .28% (0.53% at December 31, 2009) adjusted on the second business day preceding the beginning of each calendar quarter. The General Fund purchased an interest rate cap which had a fair market value of approximately $21,000 as of December 31, 2009 to protect the rate from exceeding 7.0%.

Variable Rate Demand Bonds

Included in long-term debt is $124,925,000 of 2008 Series A-2 and Series 2006 A-2 variable rate demand bonds maturing serially at various dates from January 1, 2019 to July 1, 2039. The bonds are payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures. The redemption schedule for these bonds is included in the bond redemption schedule.

The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the Authority's remarketing agents, Goldman Sachs & Co. and RBC Capital Markets Corporation. The remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

The Authority has entered into a Standby Purchase Agreement ("SBPA") with Fannie Mae and Federal Home Loan Mortgage Corporation (GSEs) to buy any bonds that are "put" back by the remarketing agent. Once these bonds are purchased by the SBPA provider, they are called "bank bonds". If the bonds are "bank bonds", they will bear interest at an adjustable interest rate equal to the bank's rate per annum equal to the Base Rate plus 1.00% but not to exceed the maximum lawful rate of interest permitted by the applicable indenture ("Base Rate" means, for any day, a rate per annum equal to the prime rate of JP Morgan Chase Bank, National Association, until such time as another bank is designated by the GSEs in their discretion by the notice to the Authority). If the SBPA were to be exercised because any portion of demand bonds was "put" and not resold, the bonds shall be subject to mandatory redemption within 10 years. The SBPA expires on December 31, 2012.

The Authority paid the GSEs a commitment fee upfront and is also required to pay an annual fee of ranging from 40 to 90 basis points per year based on the outstanding principal amount of the bonds. In addition, the remarketing agent receives an annual fee based on the outstanding principal amount of the bonds.

NOTE 6 - BONDS PAYABLE (CONTINUED)

Variable Rate Demand Bonds (Continued)

Included in long-term debt are $64,000,000 of 2005 Series B-2 and 2005 Series C-3 and variable rate demand bonds maturing serially at various dates from January 1, 2016 to January 1, 2036. The bonds are payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures. The redemption schedule for these bonds is included in the bond redemption schedule.

The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on one days' notice and delivery to the Authority's remarketing agents. The remarketing agents are authorized to use their best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

The Authority has entered into a Standby Purchase Agreement ("SBPA") with JP Morgan to buy any bonds that are "put" back by the remarketing agents. Once these bonds are purchased by the SBPA provider, they are called "bank bonds". If the bonds are "bank bonds" for a period of 60 days from the purchase date, the "bank bonds" convert to a installment loan payable over a three-year period bearing an adjustable interest rate equal to the bank's rate per annum equal to (a) for the period from and including the Bank Purchase Date to and including the ninetieth (90th) day thereafter, the Base Rate from time to time in effect and (b) from and including the ninety-first (91st) day immediately following the related Bank Purchase Date and thereafter, the Base Rate from time to time in effect plus 1.0% ("Base Rate" means the highest of (a) the Prime Rate plus 1.5%; (b) the Federal Funds Rate plus 2.0%; and (c) 8.5 %.).

The SBPA expires on August 8, 2012. If the SBPA were to be exercised because any portion of demand bonds was "put" and not resold, the bonds shall be subject to mandatory redemption in equal semi-annual principal installments plus interest, so that such bonds are paid in full within three years.

The Authority pays JP Morgan a SBPA annual fee based on amount of outstanding principal amount of the bonds. In addition, the remarketing agents receive an annual fee based on the outstanding principal amount of the bonds.

NOTE 6 - BONDS PAYABLE (CONTINUED)

The Single Family and Multi-Unit bonds are subject to optional redemption provisions at various dates at prices ranging from 100 to 103 percent of the principal amount, extraordinary optional redemption at par from unexpended or uncommitted funds, prepayments of mortgage loans and proportionate amounts in certain related accounts or excess revenues. The Authority redeemed $159,005,000 and $190,720,000 of bonds in 2009 and 2008, respectively, from prepayments that had been received. The bond redemptions resulted in write-offs of unamortized discount and deferred debt issuance costs related to the redeemed bonds.

At December 31, 2009, the Authority had one line of credit borrowing totaling $307,475,000, which represents the maximum amount available under this agreement. This line of credit matured on February 2, 2010, and was extended to June 2, 2010. The interest rate on this borrowing is 0.25%.

The following are the scheduled amounts of principal and interest payments on bond payable obligations in the five years subsequent to December 31, 2009 and thereafter (all amounts in thousands). The Authority typically has significant prepayments of principal amounts and therefore does not expect to make all interest payments in their scheduled amounts.

	Single Family Mortgage Program Fund		Multi Unit Mortgage Program Fund		Home First Mortgage Program Fund		Total		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Payments
2010	$ 17,765	$ 53,408	$ 723	$ 31	$ 225,000		$ 243,488	$ 53,439	$ 296,927
2011	20,230	52,649					20,230	52,649	72,879
2012	20,450	51,805					20,450	51,805	72,255
2013	21,220	50,923					21,220	50,923	72,143
2014	22,790	49,978					22,790	49,978	72,768
2015-2019	133,225	232,513					133,225	232,513	365,738
2020-2024	178,435	195,908					178,435	195,908	374,343
2025-2029	235,450	146,773					235,450	146,773	382,223
2030-2034	287,170	82,882					287,170	82,882	370,052
2035-2039	179,505	19,173					179,505	19,173	198,678
2040-2044	3,095	100					3,095	100	3,195
Original issue premium	9,159						9,159		9,159
Original issue discount									
Total	$ 1,128,494	$ 936,112	$ 723	$ 31	$ 225,000	$ —	$ 1,354,217	$ 936,143	$ 2,290,360

NOTE 6 - BONDS PAYABLE (CONTINUED)

Summary of long-term debt as of December 31, 2009 (dollars in thousands):

Interest rate ranges	Maturity range	Annual payment range of principal	Amount
2.70% – 7.85%	2010 - 2040	\$3,095 - \$58,655	\$1,345,058

Changes in Obligations

The following are changes in the obligations of the Authority for the year ended December 31, 2009:

Short-term obligations (in thousands):

	Balance at December 31, 2008	Borrowings	Repayments	Balance at December 31, 2009
Line of credit	\$ 350,000,000	\$ 307,475,000	\$ 350,000,000	\$ 307,475,000

Long-term obligations (in thousands):

	Balance at December 31, 2008	Increases	Decreases	Balance at December 31, 2009	Amounts due within one year	Amounts due thereafter
Bonds payable/notes payable	\$ 1,293,764	\$ 225,000	\$ 173,706	\$ 1,345,058	\$ 243,488	\$ 1,101,570
Less original discount	(12)		(12)			
Add original premium	11,188		2,029	9,159		9,159
Other liabilities	1,198		102	1,096		1,096
	\$ 1,306,138	\$ 225,000	\$ 175,825	\$ 1,355,313	\$ 243,488	\$ 1,111,825

	Balance at December 31, 2007	Increases	Decreases	Balance at December 31, 2008	Amounts due within one year	Amounts due thereafter
Bonds payable/notes payable	\$ 1,337,524	\$ 159,795	\$ 203,555	\$ 1,293,764	\$ 103,736	\$ 1,190,028
Less original discount	(27)		(15)	(12)		(12)
Add original premium	12,851		1,663	11,188		11,188
Other liabilities	35	1,163		1,198		1,198
	\$ 1,350,383	\$ 160,958	\$ 205,203	\$ 1,306,138	\$ 103,736	\$ 1,202,402

NOTE 6 - BONDS PAYABLE (CONTINUED)

Swap Agreements

On September 22, 2005, the Authority entered into an interest rate swap agreement with Goldman Sachs Mitsui Marine Derivatives Products, L.P. (Counterparty), effective April 6, 2006. The objective of this swap agreement is to create, with respect to the 2005 Series B-2 Bonds in an amount totaling $32,000,000, an approximately fixed interest rate net obligation. Payments made to the Counterparty by the Authority under this swap agreement are to be made semi-annually, commencing on July 1, 2006, on the basis of a notional principal amount and a fixed interest rate of 3.626%. Payments received by the Authority from the Counterparty under the swap agreement bear interest at a variable rate calculated by reference to the LIBOR.

On November 30, 2005, the Authority entered into an interest rate swap agreement with UBS AG (Counterparty), effective June 1, 2006. The objective of this swap agreement is to create, with respect to the 2005 Series C-3 Bonds in an amount totaling $32,000,000, an approximately fixed interest rate net obligation. Payments made to the Counterparty by the Authority under this swap agreement are to be made semi-annually, commencing on July 1, 2006, on the basis of a notional principal amount and a fixed interest rate of 3.782%. Payments received by the Authority from the Counterparty under the swap agreement bear interest at a variable rate calculated by reference to the LIBOR.

On February 14, 2006, the Authority entered into an interest rate swap agreement with Goldman Sachs Mitsui Marine Derivatives Products, L.P. (Counterparty), effective September 29, 2006. The objective of this swap agreement is to create, with respect to the 2006 Series A-2 Bonds in an amount totaling $40,000,000, an approximately fixed rate net obligation. Payments made to the Counterparty by the Authority under this swap agreement are to be made semi-annually, commencing on January 1, 2007, on the basis of a notional principal amount and a fixed interest rate of 3.954%. Payments received by the Authority from the Counterparty under the swap agreement bear interest at a variable rate calculated by reference to the LIBOR.

On November 6, 2008, the Authority entered into an interest rate swap agreement with Royal Bank of Canada (Counterparty), effective December 2, 2008. The objective of this swap agreement is to create, with respect to the 2008 Series A-2 Bonds in an amount totaling $85,000,000, an approximately fixed rate net obligation. Payments made to the Counterparty by the Authority under this swap agreement are to be made semi-annually, commencing on January 1, 2009, on the basis of a notional principal amount and a fixed interest rate of 3.445%. Payments received by the Authority from the Counterparty under the swap agreement bear interest at a variable rate calculated by reference to the SIFMA Municipal Swap Index.

NOTE 6 - BONDS PAYABLE (CONTINUED)

Swap Agreements (Continued)

Objective of the Swaps: In order to protect against the potential of rising interest rates, the Authority entered four separate pay-fixed, receive-variable interest rate swaps.

Terms, Fair Values, and Credit Risk: The terms, including, the fair values and credit ratings of the outstanding swaps as of December 31, 2009, are as follows. The notional amounts of the swaps match the principal amounts of the associated debt. The Authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category.

Associated Bond Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty Credit Rating S&P/ Moody's / Fitch
2005 Series B-2 Swap	$ 32,000,000	4/6/2006	3.626%	58% of 1 month LIBOR Plus 41 Basis Points	$ (1,389,728)	7/1/2036	AAA/Aaa/N/A
2005 Series C-3 Swap	32,000,000	6/1/2006	3.782%	58% of 1 month LIBOR Plus 41 Basis Points	(2,330,589)	7/1/2036	AA+/Aa2/A+
2006 Series A-2 Swap	40,000,000	9/29/2006	3.954%	66.9% of 3 month LIBOR	(2,811,481)	1/1/2037	AAA/Aaa/N/A
2008 Series A-2 Swap	84,925,000	12/2/2008	3.445%	USD-SIFMA	(4,380,176)	7/1/2027	AA-/Aaa/AA
Total	$ 188,925,000				$ (10,911,974)		

Fair Value: Because interest rates declined, all swaps had a negative fair value as of December 31, 2009. The negative fair values may be countered by reductions in total interest payments required under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the Authority's variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases.

Credit Risk: As of December 31, 2009, the Authority was not exposed to credit risk because the swaps had negative fair values. However, should interest rates change and the fair values of the swaps become positive, the Authority would be exposed to credit risk in the amount of the derivatives' fair value.

Although the Authority executes swap transactions with various counterparties, approximately 45% of the notional amount of swaps outstanding are held by one counterparty. That counterparty is rated AA-/Aaa/AA. The remaining three swaps are held by two different counterparties.

Basis Risk: The Authority is exposed to basis risk on the swaps when the variable payment received is based on an index other than SIFMA. As of December 31, 2009, the SIFMA rate was .25%, whereas 1 month LIBOR was .23531% and 3 month LIBOR was .25656%.

***Termination Risk*:** The Authority or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. If any of the swaps is terminated, the associated variable-rate bonds would no longer carry synthetic interest rates. Also, if at the time of the termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

Rollover Risk. The Authority is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, the Authority will not realize the synthetic rate offered by the swaps on the underlying debt issues. The 2008 Series A-2 is exposed to termination risk since the swap termination date precedes the debt maturity date.

NOTE 6 - BONDS PAYABLE (CONTINUED)

Swap Agreements (Continued)

Swap Payments and Associated Debt: As of December 31, 2009, debt service requirements of the Authority's outstanding variable rate debt and net swap payments, assuming current interest rates remain the same, for their term and there are no mandatory redemptions under a SBPA, are as follows:

Variable- Rate Bonds

Year Ending December 31	Principal	Interest	Interest Rate, Swaps, Net	Total
2010		$ 472,500	$ 5,929,409	$ 6,401,909
2011		472,500	5,929,409	6,401,909
2012		472,500	5,929,409	6,401,909
2013		472,500	5,929,409	6,401,909
2014-2018	$ 4,020,000	2,353,644	29,540,573	35,914,217
2019-2023	30,585,000	2,159,813	27,138,331	59,883,144
2024-2028	41,440,000	1,705,925	21,456,523	64,602,448
2029-2033	49,630,000	1,141,819	14,388,260	65,160,079
2034-2037	49,235,000	401,150	5,080,777	54,716,927
2038-2039	14,015,000	43,188	551,936	14,610,124
Total	$ 188,925,000	$ 9,695,539	$ 121,874,036	$ 320,494,575

NOTE 7 - COMMITMENTS

As of December 31, 2009, the Authority had the following commitments:

Lease

Lease expense for 2009 and 2008 was $496,532 and $338,528, respectively. The Authority entered into a lease agreement for new office space in February 2003. The lease requires payments of $43,913 per month ($526,960 per year) for the ten-year term of the lease.

Excess Investment Earnings

In order to preserve the exemption of federal and state income taxation on interest received by the bond holders, each bond issue is subject to certain Internal Revenue Code (IRC) and U.S. Treasury Regulations. Under these regulations, the Authority is required to pay the federal government any excess earnings as defined by IRC Section 148(f) on all nonpurpose investments if such investments were invested at a rate greater than the yield on the bond issue.

The Authority's liability, included in accounts payable and other liabilities on the statements of net assets for excess earnings at December 31, follows:

	2009	2008
Single Family Program Fund	$ 1,095,832	$ 1,198,070

NOTE 8 - RETIREMENT PLAN

(a) Plan Description

The Authority contributes to the Indiana Public Employees' Retirement Fund (PERF), an agent multiple-employer retirement system that acts as a common investment and administrative agent for units of state and local government in Indiana. PERF was created and is governed by state statutes I.C.S. 5-10.2 and 5-10.3. As such, it is PERF's responsibility to administer the law in accordance with the expressed intent of the Indiana General Assembly. PERF is a qualified plan under the Internal Revenue Code Section 401(a) and is tax exempt.

PERF is a contributory defined benefit plan that covers substantially all Authority employees. PERF retirement benefits vest after 10 years of service. Effective July 1, 1995, Senate Bill 74 enabled PERF participants to be eligible for early retirement with 100% of the defined benefit pension if certain conditions were met. A participant may retire with full benefits at age 60 with 15 or more years of service or at age 55 if the participant's age plus years of service equals 85 or more (Rule of 85). If neither of the above conditions is met, a participant may retire with 100% of the defined pension at age 65 with 10 or more years of service. This annual pension benefit is equal to 1.1% times the average annual salary times the number of years and months of PERF-covered employment. The average annual salary used for calculating the pension benefit is an average of the participant's highest five years of employment earning within the 10 years preceding retirement.

NOTE 8 - RETIREMENT PLAN (CONTINUED)

Participants who retire between the ages of 50 and 65 with 15 or more years of service receive a pension benefit that is reduced by various percentages according to the participant's age.

Participants have two choices regarding their annuity savings account. They may elect to receive the contributions and accumulated earnings in a lump sum at retirement, or, they may choose to receive the annuity amount as a monthly supplement to their employer-provided pension described in the paragraph above.

PERF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERF, Harrison Building, Suite 800, 143 West Market Street, Indianapolis, Indiana 46204.

(b) Funding Policy

The Authority contributes the participant's required contribution of 3% of their annual salaries to an annuity savings account that may be withdrawn at any time with interest should a participant terminate employment. The Authority is required by State statute to contribute at an actuarially determined rate. The current rate is 6.5% of annual covered payroll. The contribution requirements of participants are determined by State statute.

(c) Annual Pension Cost

For the 2009 plan year, the Authority's annual contribution of $214,128 was more than the required contribution of $204,628. For the 2008 plan year, the Authority's annual contribution of $196,131 was greater than the required contribution. The PERF funding policy provides for actuarially determined periodic contributions at rates that change so that sufficient assets will be available to pay benefits when due. The required contributions were determined as part of the June 30, 2009 and 2008 actuarial valuation using the entry age normal cost method. The asset valuation method is 75% of expected actuarial value plus 25% of market value. The actuarial assumptions included (a) a rate of return on investment of present and future assets of 7.25% per year, compounded annually; (b) projected salary increases based on PERF experience from 2000 to 2005; and (c) assumed annual post retirement benefit increases of 1.50%. PERF uses the level percentage of payroll method to amortize the unfunded liability over a 30-year open period.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY

REQUIRED PENSION SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

December 31, 2009

(Unaudited)

Asset valuation date	(1) Actuarial value of assets	(2) Actuarial accrued liability (AAL) entry age	(2-1) Unfunded (overfunded) AAL (UAAL)	(1/2) Funded ratio	(3) Covered payroll	[(2-1)/3] UAAL as a percentage of covered payroll	Annual pension cost (APC)	Percentage of APC contributed
June 30, 2009	$ 1,372,000	$ 1,579,000	$ 207,000	87%	$ 3,473,000	6%	$ 206,092	104%
June 30, 2008	1,450,000	1,476,000	26,000	98%	3,148,000	1%	168,385	116%
June 30, 2007	1,227,000	1,207,000	(20,000)	102%	2,823,000	1%	134,003	109%
June 30, 2006	1,106,000	1,127,000	21,000	98%	2,195,000	1%	115,299	95%
June 30, 2005	1,179,000	1,203,000	24,000	98%	2,136,000	1%	96,158	88%