



**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)

Basic Financial Statements and  
Supplementary Information

March 31, 2021 and 2020

(Unaudited)

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)

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**VIRGINIA HOUSING AND DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)

Summary of the Quarterly Report

March 31, 2021 and 2020

(Unaudited)

This condensed report provides highlights of the financial performance of the Virginia Housing Development Authority (the Authority) for the third quarter of fiscal year 2021. The information provided is an abbreviated version of the full financial report published annually. Sections and notes included are based on an analysis of significant interim information necessary to provide an accurate representation of the Authority's year-to-date activity.

The basic financial statements consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, the Statements of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position and the accompanying abbreviated notes to the basic financial statements constitute the condensed financial statements.

The *Statement of Net Position* reports all of the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, presented in order of liquidity and using the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is presented as net position, and is displayed in three components: net investment in capital assets; restricted portion of net position; and unrestricted portion of net position. Net position is restricted when external constraints are placed upon their use, such as bond indentures, legal agreements, or statutes. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* identifies all the Authority's revenues and expenses for the reporting period, distinguishing between operating and nonoperating activities. This statement measures the success of the Authority's operations for the third quarter and can be used to determine whether the Authority has successfully recovered all of its costs through mortgage loan income, investment income, externally funded programs and other revenue sources.

The *Statement of Cash Flows* provides information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash transactions, including receipts, payments, and net changes resulting from operations, noncapital financing, capital financing, and investing activities. This statement provides information regarding the sources and use of cash and the change in cash during the reporting period.

The *Statement of Fiduciary Net Position* reports the assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position of pension (and other employee benefit) trust funds and custodial funds. The purpose of this statement is to report the financial position of activities the Authority has stewardship of that are not assets or liabilities of the Authority.

The *Statement of Changes in Fiduciary Net Position* reports the additions and deductions from pension (and other employee benefit) trust funds and custodial funds. The purpose of this statement is to report the financial activities which includes the receipts and disbursements of funds the Authority has stewardship of but are not included in the Authority's financial activities.

The *Notes to Basic Financial Statements* provide additional information that is essential for understanding financial data that may not be displayed on the face of the basic financial statements and as such, are an integral part of the Authority's financial statements. The report includes abbreviated notes which are necessary to provide context to the interim financial activity.

The most recent audited financial report as of June 30, 2020 is available on the Authority's website at [www.vhda.com/about/InvestorRelations](http://www.vhda.com/about/InvestorRelations).

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Statements of Net Position  
March 31, 2021 and 2020  
(Unaudited)

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 3)	\$ 1,675,010,333	945,189,493
Interest receivable – investments	2,622,906	2,538,057
Derivative instruments (note 1)	5,881,576	-
Mortgage loans held for sale (note 1)	322,204,018	291,754,186
Mortgage and other loans receivable, net	183,217,265	166,299,469
Interest receivable – mortgage and other loans	26,656,177	23,952,674
Other real estate owned	3,457,006	11,288,794
Other assets	12,145,221	9,610,540
Total current assets	2,231,194,502	1,450,633,213
Noncurrent assets:		
Investments (note 5)	980,413,372	566,934,456
Mortgage and other loans receivable	5,878,578,876	5,820,038,914
Less allowance for loan loss (note 1)	180,642,562	156,089,756
Less net loan discounts	50,258,144	42,301,294
Mortgage and other loans receivable, net	5,647,678,170	5,621,647,864
Capital Assets, net of accumulated depreciation and amortization of \$47,055,062 and \$42,855,843 respectively	24,496,086	26,595,417
Mortgage servicing rights, net (note 1)	42,177,097	38,876,373
Other assets	17,505,825	12,183,117
Total noncurrent assets	6,712,270,550	6,266,237,227
<b>Total assets</b>	<b>8,943,465,052</b>	<b>7,716,870,440</b>
<b>Deferred outflows of resources</b>		
Other postemployment benefits - change in assumptions (note 1)	2,362,344	2,653,422
Other postemployment benefits - difference between expected and actual experience (note 1)	2,228,265	1,200,594
Other postemployment benefits - difference between projected and actual earning (note 1)	-	856,736
<b>Total deferred outflows of resources</b>	<b>4,590,609</b>	<b>4,710,752</b>

See accompanying notes to basic financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Statements of Net Position  
March 31, 2021 and 2020  
(Unaudited)

<b>Liabilities</b>	<u>2021</u>	<u>2020</u>
<b>Current liabilities:</b>		
Notes and bonds payable (note 4)	\$ 848,193,834	670,859,634
Accrued interest payable on notes and bonds	38,875,507	30,134,186
Escrows	46,929,604	47,118,476
Derivative instruments	-	13,820,055
Accounts payable and other liabilities	50,558,350	23,161,174
Total current liabilities	<u>984,557,295</u>	<u>785,093,525</u>
<b>Noncurrent liabilities:</b>		
Bonds payable, net (note 4)	4,145,430,195	3,217,648,409
Project reserves	99,613,056	114,521,351
Loan participation payable to Federal Financing Bank	35,783,226	36,516,210
Other liabilities	7,254,508	10,569,887
Total noncurrent liabilities	<u>4,288,080,985</u>	<u>3,379,255,857</u>
<b>Total liabilities</b>	<u>5,272,638,280</u>	<u>4,164,349,382</u>
<b>Deferred inflows of resources</b>		
Other postemployment benefits - change in assumptions (note1)	583,584	-
Other postemployment benefits - difference between expected and actual experience (note 1)	166,145	186,913
Other postemployment benefits - difference between projected and actual earning (note 1)	2,860,594	-
<b>Total deferred inflows of resources</b>	<u>3,610,323</u>	<u>186,913</u>
<b>Net position (note 1):</b>		
Net investment in capital assets	13,353,227	14,504,809
Restricted by bond indentures	3,324,470,891	3,170,246,624
Unrestricted	333,982,940	372,293,464
<b>Total net position</b>	<u>\$ 3,671,807,058</u>	<u>3,557,044,897</u>

See accompanying notes to basic financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Statements of Revenues, Expenses, and Changes in Net Position  
Nine months ended March 31, 2021 and 2020  
(Unaudited)

	<b>2021</b>	<b>2020</b>
Operating revenues:		
Interest on mortgage and other loans receivable	\$ 217,651,398	220,816,726
Housing Choice Voucher program administrative income (note 1)	5,129,061	5,374,972
Other real estate owned income	-	14,868
Gains and recoveries on sale of other real estate owned	413,817	759,528
Gains on sale of single family mortgage loans	35,645,423	30,691,929
Mortgage servicing fees net of guaranty fees	28,807,790	30,922,687
Other	8,137,504	8,193,183
Total operating revenues	295,784,993	296,773,893
Operating expenses:		
Interest on notes and bonds payable	109,281,728	90,758,497
Salaries and related employee benefits	48,326,078	44,255,957
General operating expenses	20,768,750	18,755,983
Note and bond expenses	1,216,004	901,392
Bond issuance expenses	4,181,871	3,591,547
Grant expenses	32,261,760	25,020,181
Housing Choice Voucher program expenses (note 1)	5,266,004	5,988,380
Mortgage servicing rights amortization and other servicing costs	24,282,698	21,893,506
Other real estate owned expenses	-	19,645
Losses on other real estate owned	665,360	1,004,930
Provision for loan losses (note 1)	6,983,486	21,278,409
Total operating expenses	253,233,739	233,468,427
Operating income	42,551,254	63,305,466
Nonoperating revenues (losses):		
Pass-through grant awards	120,401,524	68,381,197
Pass-through grants expenses	(120,401,524)	(68,381,197)
Investment income	37,346,361	39,297,363
Unrealized gain (loss) on derivative instruments	5,786,834	(11,601,832)
Other, net	19,042	26,970
Total nonoperating revenues, net	43,152,237	27,722,501
Change in net position	85,703,491	91,027,967
Total net position, beginning of year	3,586,103,567	3,466,016,930
Total net position, end of nine months	\$ 3,671,807,058	3,557,044,897

See accompanying notes to basic financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)

Statements of Cash Flows

Nine months ended March 31, 2021 and 2020

(Unaudited)

	<b>2021</b>	<b>2020</b>
Cash flows from operating activities:		
Cash payments for mortgage and other loans	\$ (1,989,509,550)	(1,936,826,625)
Principal repayments on mortgage and other loans	536,017,154	417,416,844
Sale of mortgage loans	705,870,669	982,482,325
Interest received on mortgage and other loans	218,351,763	226,821,598
Pass-through grant awards received	134,215,370	68,381,197
Pass-through grant awards disbursed	(120,401,523)	(68,381,197)
Grant administration fees received	3,635,000	-
Housing Choice Voucher payments received	4,375,736	7,527,611
Housing Choice Voucher payments disbursed	(4,393,326)	(6,451,618)
Escrow and project reserve payments received	(150,738,986)	(134,350,753)
Escrow and project reserve payments disbursed	151,827,533	150,403,392
Other operating revenues	79,346,533	78,528,299
Cash received for loan origination fees and loan discounts	4,607,481	8,170,696
Cash paid for loan origination fees and loan premiums	(9,449,938)	(11,861,002)
Cash payments for salaries and related benefits	(51,055,680)	(44,774,617)
Cash payments for general operating expenses	(16,373,629)	(19,324,141)
Cash payments on grants	(32,261,758)	(25,020,186)
Cash payments for servicing release premiums and guaranty fees	(34,945,549)	(32,359,373)
Proceeds from sale of other real estate owned	6,223,962	26,224,697
Disposition of other real estate owned property	-	(4,777)
Net cash used in operating activities	(564,658,738)	(313,397,630)
Cash flows from noncapital financing activities:		
Proceeds from issuance of notes and bonds	914,355,000	690,896,720
Proceeds from loan participation - FFB	-	7,850,000
Principal payments on notes and bonds	(368,422,168)	(289,863,324)
Principal payments on loan participation - FFB	(552,493)	(494,342)
Interest payments on notes and bonds	(100,324,698)	(88,250,782)
Cash payments for bond issuance expenses	(4,181,871)	(3,591,547)
Net cash provided by noncapital financing activities	440,873,770	316,546,725
Cash flows from capital and related financing activities:		
Purchases of property, furniture, and equipment	(230,827)	(1,217,924)
Net cash used in capital and related financing activities	(230,827)	(1,217,924)
Cash flows from investing activities:		
Proceeds from sales or maturities of investments	127,422,648	90,442,789
Investment purchases	(8,969,799)	-
Interest received on investments	19,696,116	25,183,083
Net cash provided by investing activities	138,148,965	115,625,872
Net increase in cash and cash equivalents	14,133,170	117,557,043
Cash and cash equivalents, at beginning of year	1,660,877,163	827,632,450
Cash and cash equivalents, at end of nine months	\$ 1,675,010,333	945,189,493



**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Statements of Cash Flows  
Nine months ended March 31, 2021 and 2020  
(Unaudited)

	<b>2021</b>	<b>2020</b>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 42,551,254	63,305,466
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation of property, furniture, and equipment	2,869,238	2,199,003
Bond issuance costs	4,181,871	3,591,547
Interest on notes and bonds payable	109,281,728	90,758,497
Increase in mortgage loans held for sale	(204,125,897)	(90,656,823)
Increase in mortgage and other loans receivable	(543,793,228)	(419,825,694)
Increase in allowance for loan loss	6,146,006	18,851,872
Increase in net loan discounts	4,770,522	897,313
Increase in interest receivable – mortgage and other loans	(2,607,343)	(360,875)
Decrease in other real estate owned	2,432,985	1,139,695
Decrease/(increase) Increase in mortgage servicing rights	220,627	(850,306)
(Increase)/decrease in other assets	(2,329,208)	1,992,300
(Decrease)/increase in accounts payable and other liabilities	14,325,717	(105,432)
Decrease in escrows and project reserves	1,416,990	15,665,807
Net cash used in operating activities	\$ (564,658,738)	(313,397,630)
Supplemental disclosure of noncash activity:		
Increase in other real estate owned as a result of loan foreclosures	\$ 3,692,064	24,896,847
Decrease in mortgage and other loans receivable from transferring loans to MBS securities retained as investments	\$ 497,446,961	24,913,922

See accompanying notes to basic financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Statement of Fiduciary Net Position  
Fiduciary Funds  
March 31, 2021 and 2020  
(Unaudited)

	<b>2021</b>		<b>2020</b>	
	<b>Pension (and Other Employee Benefit) Trust Funds *</b>	<b>Custodial Funds</b>	<b>Pension (and Other Employee Benefit) Trust Funds *</b>	<b>Custodial Funds</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,457	203,952,137	1,439	131,905,507
Interest receivable - investments	-	304	-	11,172
Interest receivable - mortgage and other loans	-	47,178	-	24,874
Other assets	-	67,868	-	67,876
Total current assets	<u>1,457</u>	<u>204,067,487</u>	<u>1,439</u>	<u>132,009,429</u>
Noncurrent assets:				
Mortgage and other loans receivable	-	25,462,490	-	18,376,432
Investments	<u>42,850,589</u>	<u>-</u>	<u>38,928,107</u>	<u>-</u>
Total noncurrent assets	<u>42,850,589</u>	<u>25,462,490</u>	<u>38,928,107</u>	<u>18,376,432</u>
Total assets	<u>42,852,046</u>	<u>229,529,977</u>	<u>38,929,546</u>	<u>150,385,861</u>
<b>LIABILITIES</b>				
Accounts payable	206,659	-	203,025	-
Other liabilities	<u>-</u>	<u>5,250,625</u>	<u>-</u>	<u>5,935,007</u>
Total liabilities	<u>206,659</u>	<u>5,250,625</u>	<u>203,025</u>	<u>5,935,007</u>
<b>NET POSITION</b>				
Restricted for:				
Other postemployment benefit plan other than pension	42,645,387	-	38,726,521	-
Funds held in escrow	-	195,521,990	-	122,651,656
Other governmental agency	<u>-</u>	<u>28,757,361</u>	<u>-</u>	<u>21,799,198</u>
Total Net Position	<u>\$ 42,645,387</u>	<u>224,279,351</u>	<u>38,726,521</u>	<u>144,450,854</u>

\* September 30, 2020 and 2019 year-end.  
See accompanying notes to basic financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Nine months ended March 31, 2021 and 2020  
(Unaudited)

	<u>2021</u>		<u>2020</u>	
	<b>Pension (and Other Employee Benefit) Trust Funds *</b>	<b>Custodial Funds</b>	<b>Pension (and Other Employee Benefit) Trust Funds *</b>	<b>Custodial Funds</b>
<b>ADDITIONS</b>				
Contribution:				
Borrower payments	\$ -	2,796,307,938	-	1,291,036,989
Employers	2,086,587	99,038	2,037,654	115,355
Other governmental agency	-	6,834,150	-	3,579,903
Total Contributions	<u>2,086,587</u>	<u>2,803,241,126</u>	<u>2,037,654</u>	<u>1,294,732,247</u>
Investment earnings:				
Net increase/(decrease) in fair value of investments	204,602	-	3,939,802	-
Interest, dividends, and other	606,693	15,473	711,940	126,414
Securities lending income (gain on sales)	-	-	-	-
Total investment earnings	<u>811,295</u>	<u>15,473</u>	<u>4,651,742</u>	<u>126,414</u>
Total additions	<u>2,897,882</u>	<u>2,803,256,599</u>	<u>6,689,396</u>	<u>1,294,858,661</u>
<b>DEDUCTIONS</b>				
Benefits paid to participants or beneficiaries	206,659	-	203,025	-
Other governmental agency	-	1,304,243	-	41,339
Disbursement of escrow funds	-	2,742,459,287	-	1,230,089,341
Administrative expense	45,640	-	97,873	-
Total deductions	<u>252,299</u>	<u>2,743,763,530</u>	<u>300,898</u>	<u>1,230,130,680</u>
Net increase in fiduciary net position	2,645,583	59,493,069	6,388,498	64,727,981
Net position - beginning of year	39,999,804	164,786,282	32,338,023	79,722,873
Net position - end of nine months	<u>\$ 42,645,387</u>	<u>224,279,351</u>	<u>38,726,521</u>	<u>144,450,854</u>

\* September 30, 2020 and 2019 year-end.  
See accompanying notes to basic financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

March 31, 2021 and 2020

(Unaudited)

**(1) Organization and Summary of Significant Accounting Policies**

**(a) Organization**

The Virginia Housing Development Authority (Authority) was created under the Virginia Housing Development Authority Act, as amended (Act) enacted by the 1972 Session of the Virginia General Assembly. The Act empowers the Authority, among other authorized activities, to finance the acquisition, construction, rehabilitation and ownership of housing intended for occupancy or ownership, or both, by families of low or moderate income. Mortgage loans are generally financed by the proceeds of notes, bonds, or other debt obligations of the Authority or by Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) guaranteed mortgage backed securities (see note 1 (g)). The notes, bonds and other debt obligations do not constitute a debt or grant or loan of credit of the Commonwealth of Virginia (Commonwealth), and the Commonwealth is not liable for the repayment of such obligations.

For financial reporting purposes, the Authority is a component unit of the Commonwealth. The accounts of the Authority, along with other component units, are combined to form the component units of the Commonwealth. The Authority reports all of its activities as one enterprise fund, in accordance with U.S. generally accepted accounting principles (GAAP). See note 2 for further discussion.

**(b) Measurement Focus and Basis of Accounting**

The Authority utilizes the economic resources measurement focus and accrual basis of accounting in preparing its basic financial statements where revenues are recognized when earned and expenses when incurred. The accounts are organized on the basis of funds and groups of funds, which are set up in accordance with the Act and the various note and bond resolutions.

**(c) Adoption of New Accounting Standards**

During the fiscal year ended June 30, 2020, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): Statement No. 84, *Fiduciary Activities*. The Authority's implementation of GASB Statement No. 84 resulted in a change in accounting and financial report for the Authority's fiduciary activities which is disclosed in the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position.

The change in accounting and financial reporting will affect the March 31, 2020 balances which have now been reclassified and disclosed on the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position.

**(d) Use of Estimates**

The preparation of basic financial statements, in conformity with GAAP, requires management to make estimates and judgments that affect reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosures of contingencies at the date of the basic financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

**(e) Investments**

Investments include various debt and asset backed securities which are reported at fair value in the Statements of Net Position, with changes in fair value recognized in investment income in the Statements of Revenues, Expenses, and Changes in Net Position. The fair value of the debt securities

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is derived from management's review of third party pricing services that use various models that are based on quoted market prices when available or on adjusted values in relation to observable prices on similar investments. The fair value of asset backed securities which include agency-mortgage backed securities are also derived from management's review of third party pricing services that use various models that are based on quoted market prices when available or on adjusted values in relation to observable prices on similar investments.

**(f) *Derivative Instruments***

Forward sales securities commitments are utilized to hedge changes in fair value of mortgage loan inventory and commitments to originate mortgage loans. At March 31, 2021, the Authority had outstanding 72 forward sales transactions with a \$582.0 million notional amount with five counterparties. At March 31, 2020, the Authority had outstanding 60 forward sales transactions with a \$545.0 million notional amount with five counterparties.

**(g) *Mortgage Loans Held for Sale***

The Authority is an authorized issuer of GNMA, FNMA and FHLMC Mortgage-Backed Securities (MBS). Through the MBS programs, GNMA, FNMA and FHLMC guarantee securities that are backed by pools of mortgage loans originated or purchased by the Authority. These mortgage loan securitizations are treated as sales for accounting and reporting purposes. Upon the sale, the Authority no longer recognizes the mortgage loans receivable in the Statements of Net Position.

Mortgage loans originated or acquired with the intent to sell through the MBS programs are carried at the lower of cost or fair value. The fair values of the loans are based on observable market prices for similar instruments traded on the secondary mortgage loan markets. Any gains or losses on loan sales are reported in the Statements of Revenues, Expenses, and Changes in Net Position.

**(h) *Mortgage and Other Loans Receivable***

Mortgage and other loans receivable are stated at their unpaid principal balance, net of premiums and discounts and an allowance for loan losses. Pricing premiums and discounts are deferred and amortized, using the interest method, over the contractual life of the loans as an adjustment to yield. The interest method is computed on a loan-by-loan basis and any unamortized premiums and discounts on loans fully repaid are recognized as income in the year in which such loans are repaid.

**(i) *Allowance for Loan Losses***

The Authority provides for expected losses when a specific need for an allowance is identified. The provision for loan losses charged or credited to operating expense is the amount necessary, in management's judgment, to maintain the allowance at a level it believes sufficient to cover losses in collection of its mortgage loans. Estimates of future losses involve the exercise of management's judgment and assumptions with respect to future conditions. The principal factors considered by management in determining the adequacy of the allowance are the composition of the loan portfolio, historical loss experience and delinquency statistics, the value and adequacy of collateral, and economic conditions.

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Notes to Basic Financial Statements

March 31, 2021 and 2020

(Unaudited)

The allowance for loan losses was increased by \$6,146,006 for the nine months ended March 31, 2021 and increased by \$18,851,872 for the nine months ended March 31, 2020.

	<b>Nine months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Beginning Balance, July 1	\$ 174,496,556	137,237,884
Provision:		
Homeownership	(1,178,043)	11,840,094
Rental Housing	8,161,529	9,438,315
Provision	6,983,486	21,278,409
Net (charge-offs)/recoveries:		
Homeownership	(608,259)	(2,311,802)
Rental Housing	(229,221)	(114,735)
Net charge-offs	(837,480)	(2,426,537)
Net change	6,146,006	18,851,872
Ending Balance, March 31	\$ 180,642,562	156,089,756

**(j) Mortgage Servicing Rights**

The Authority pays mortgage servicing release premiums when purchasing homeownership mortgage loans from participating lenders. These premiums are capitalized at cost and amortized on a loan-by-loan basis over the estimated life of the related mortgage loans using the sum-of-years-digits method. Mortgage servicing rights are recorded when those mortgage loans are securitized through either GNMA, FNMA or FHLMC and the Authority remains the servicer of the loans. Estimated life is determined to be 7 years.

**(k) Notes and Bonds Payable**

Notes and bonds payable are stated at their unpaid balance less any unamortized premiums or discounts. Bond premiums and discounts are amortized over the lives of the issues using the interest method. The Authority generally has the right to specially redeem bonds, without premium, upon the occurrence of certain specified events, such as the prepayment of a mortgage loan. The Authority also has the right to optionally redeem the various bonds. The optional redemptions generally cannot be exercised until the bonds have been outstanding for approximately ten years. All issues generally have term bonds, which are subject to partial redemption, without premium, from mandatory sinking fund installments.

**(l) Retirement Plans and Other Postemployment Benefit Plans**

The Authority has three defined contribution retirement savings plans covering substantially all employees. Retirement expense is fully funded as incurred. To the extent terminating employees are

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less than 100% vested in the Authority's contributions, the unvested portion is forfeited and redistributed to the remaining participating employees.

The Authority also provides postretirement healthcare benefits administered through a trust under a defined benefit plan to all employees who have met the years of service requirement and who retire from the Authority on or after attaining age 55 or become permanently disabled. Effective for the plan year ended December 31, 2017, the Authority adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and the Authority adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ended June 30, 2018. For purposes of measuring the net OPEB liability, deferred outflows or inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Virginia Housing Development Authority Retiree Health Care Plan (the Plan) and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit terms of the Plan. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost, which approximates fair value.

**(m) Cash Equivalents**

Cash equivalents consist of highly liquid short term instruments with original maturities of three months or less from the date of purchase and are recorded at amortized cost. Cash equivalents include commercial paper, repurchase agreements, money-market securities, and other short-term instruments.

**(n) Statements of Net Position**

The assets presented in the Statements of Net Position represent the total of similar accounts of the Authority's various groups (see note 2). Since the assets of certain of the groups are restricted by the related debt resolutions, the total does not indicate that the combined assets are available in any manner other than that provided for in the resolutions for the separate groups. When both restricted and unrestricted resources are available for use, the Authority's policy is to use restricted resources first and thereafter, unrestricted resources as needed.

**(o) Operating and Nonoperating Revenues and Expenses**

The Authority's Statements of Revenues, Expenses, and Changes in Net Position distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally arise from financing the acquisition, construction, rehabilitation, and ownership of housing intended for occupancy and ownership, by families of low or moderate income. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, Deferred Outflows of Resources and Deferred Inflows of Resources

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The Authority reports deferred outflows of resources and deferred inflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until a future period.

**(p) *Reclassifications***

Certain reclassifications have been made in the March 31, 2020 financial statements to conform to the March 31, 2021 presentation.

**(2) *Basis of Presentation***

The accounts of the Authority are presented in a single proprietary fund set of basic financial statements consisting of various programs. The Authority's activities include the following programs:

**(a) *General Operating Accounts***

The General Operating Accounts consist of a group of accounts used to record the receipt of income not directly pledged to the repayment of specific notes and bonds and the payment of expenses related to the Authority's administrative functions.

**(b) *Rental Housing Bond Group***

The proceeds of the Rental Housing Bonds are used to finance construction and permanent mortgage loans on rental housing developments, as well as, temporary financing for other rental housing real estate owned and the financing of the Authority's office facilities.

**(c) *Commonwealth Mortgage Bond Group***

The proceeds of Commonwealth Mortgage Bonds are used to purchase or make long-term mortgage loans to owner occupants of homeownership dwellings, as well as, temporary financing for other homeownership real estate owned.

**(d) *Homeownership Mortgage Bond Group***

The Homeownership Mortgage Bond group was established to encompass the Authority's participation in the U.S. Department of the Treasury's New Issue Bond Program, which was created to assist state and local housing finance agencies in acquiring cost-effective mortgage loan capital. The proceeds of Homeownership Mortgage Bonds are used to purchase or make long-term mortgage loans to owner occupants of homeownership dwellings.



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**(3) Cash, Cash Equivalents, and Investments**

Cash includes cash on hand and amounts in checking accounts, which are insured by the Federal Depository Insurance Corporation or are collateralized under provisions of the Virginia Security for Public Deposits Act. At March 31, 2021 and 2020, the carrying amount of the Authority's deposits was \$87,411,546 and \$91,613,111, respectively. The associated bank balance of the Authority's deposits was \$77,957,443 and \$89,290,685 at March 31, 2021 and 2020, respectively. The difference between the carrying amount and the bank balance is due to outstanding checks, deposits in transit, and other reconciling items.

Cash equivalents include investments with original maturities of three months or less from date of purchase. Investments consist of U.S. government and agency securities, repurchase agreements, asset-backed securities, agency-mortgage backed securities, money market securities and other interest-bearing securities held at the FHLB Atlanta. Investments in the bond funds consist of those permitted by the various resolutions adopted by the Authority. At March 31, 2021 and 2020, total cash equivalents were \$1,587,598,787 and \$853,576,382, respectively.

The Investment of Public Funds Act of the Code of Virginia as well as the various bond resolutions establishes permitted investments for the Authority. Within the permitted statutory framework, the Authority's investment policy is to fully invest all monies and maximize the return thereon, by investing and managing investments in a prudent manner that will enable the Authority to fulfill its financial commitments. Approved investments include but are not limited to: direct obligations of the U.S. government, direct obligations of any state or political subdivision of the U.S. government, obligations unconditionally guaranteed by the U.S. government or other political subdivisions, bonds, debentures, certificates of deposit, repurchase agreements, swap contracts, futures contracts, and forward contracts. No more than 3.0% of the Authority's total assets may be invested in any one entity, excluding obligations issued or guaranteed by the U.S. government and repurchase agreement transactions. However, repurchase agreements cannot be no more than the Authority's total assets and must mature in less than one month. Such agreements must be collateralized with U.S. Treasury or Agency securities with a fair value at least equal to 102% of the principal amount of the agreement.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy is to generally hold all investments to maturity and to limit the length of an investment at purchase, to coincide with expected timing of its use.

**(a) Interest Rate Risk**

Interest rate risk is the risk that changes in market rates of interest will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates. As a means of communicating interest rate risk, the Authority has elected the segmented time distribution method of disclosure, which requires the grouping of investment cash flows into sequential time periods in tabular form.

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As of March 31, 2021, the Authority had the following investments (including cash equivalents) and maturities:

<u>Investment type</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>Over 10 years</u>	<u>Total</u>
U.S. government and agency	\$ 514,938,815	-	-	-	514,938,815
Repurchase agreements	825,000,000	-	-	-	825,000,000
Asset-backed securities	-	-	-	2,486,635	2,486,635
Agency-mortgage backed securities	-	-	844,809	975,581,928	976,426,737
Money market securities	247,659,972	-	-	-	247,659,972
Total investments	<u>\$ 1,587,598,787</u>	<u>-</u>	<u>844,809</u>	<u>978,068,563</u>	<u>2,566,512,159</u>

As of March 31, 2020, the Authority had the following investments (including cash equivalents) and maturities:

<u>Investment type</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>Over 10 years</u>	<u>Total</u>
U.S. government and agency	\$ 119,711,090	-	-	-	119,711,090
Repurchase agreements	450,000,000	-	-	-	450,000,000
Asset-backed securities	-	-	-	2,499,476	2,499,476
Agency-mortgage backed securities	-	-	1,104,248	563,330,732	564,434,980
Money market securities	283,865,292	-	-	-	283,865,292
Total investments	<u>\$ 853,576,382</u>	<u>-</u>	<u>1,104,248</u>	<u>565,830,208</u>	<u>1,420,510,838</u>

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**(4) Notes and Bonds Payable**

Notes and bonds payable at June 30, 2020 and March 31, 2021 and changes for the nine months ended March 31, 2021 were as follows:

Description	Balance at June 30, 2020	Issued	Retired	Balance at March 31, 2021
(Amounts shown in thousands)				
General operating accounts:				
Revolving line of credit:				
Bank of America				
floating daily rate (rate of				
0.11% at March 31, 2021)				
termination date of December 1, 2021	\$ 5,000	35,000	40,000	—
Federal Home Loan Bank				
varying fixed rate notes with 90-day maturities				
(average of 0.20% as of March 31, 2021 and				
1.12% at March 31, 2020), maturities range				
from April 2, 2021 to June 18, 2021				
no fixed maturity	445,300	210,000	—	655,300
Total general operating				
accounts	\$ 450,300	245,000	40,000	655,300

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		(Amounts shown in thousands)		
Rental housing bond group:				
2010 Series F, dated December 2, 2010, 4.86% effective interest rate, final due date January 1, 2041	\$ 16,510	—	16,510	—
2011 Series A, dated May 24, 2011, 4.92% effective interest rate, final due date May 1, 2041	9,720	—	9,720	—
2011 Series B, dated September 27, 2011, 4.27% effective interest rate, final due date October 1, 2041	12,700	—	375	12,325
2011 Series C, dated December 8, 2011, 4.24% effective interest rate, final due date December 1, 2038	15,940	—	15,940	—
2011 Series D, dated December 8, 2011, 4.93% effective interest rate, final due date January 1, 2039	127,200	—	4,310	122,890
2012 Series A, dated February 28, 2012, 3.60% effective interest rate, final due date March 1, 2042	29,325	—	29,325	—
2012 Series B/C, dated August 21, 2012, 3.64% effective interest rate, final due date August 1, 2042	98,270	—	2,870	95,400
2012 Series D dated October 30, 2012, 4.02% effective interest rate, final due date October 1, 2042	190,635	—	5,485	185,150
2012 Series E dated November 2, 2042, 3.16% effective interest rate, final due date November 1, 2042	9,155	—	280	8,875
2013 Series A/B dated April 11, 2013, 3.95% effective interest rate, final due date April 1, 2043	29,385	—	—	29,385
2013 Series C dated May 2, 2013, 3.82% effective interest rate, final due date February 1, 2043	140,080	—	4,255	135,825
2013 Series D dated May 30, 2013, 4.06% effective interest rate, final due date June 1, 2043	97,270	—	1,325	95,945

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(Amounts shown in thousands)				
2013 Series E dated July 11, 2013, 4.15% effective interest rate, final due date July 1, 2043	\$ 18,465	—	525	17,940
2013 Series F dated October 10, 2013, 4.98% effective interest rate, final due date October 1, 2043	53,080	—	1,275	51,805
2013 Series G dated December 3, 2013, 4.39% effective interest rate, final due date December 1, 2043	9,400	—	235	9,165
2014 Series A dated August 19, 2014, 3.75% effective interest rate, final due date August 1, 2049	11,855	—	230	11,625
2014 Series B dated October 28, 2014, 3.30% effective interest rate, final due date October 1, 2044	8,145	—	225	7,920
2014 Series C dated November 20, 2014, 4.29% effective interest rate, final due date November 1, 2044	120,730	—	3,120	117,610
2015 Series A dated March 18, 2015, 3.50% effective interest rate, final due date March 1, 2045	35,825	—	970	34,855
2015 Series B dated May 12, 2015, 3.44% effective interest rate, final due date May 1, 2045	10,655	—	—	10,655
2015 Series C dated August 5, 2015, 3.68% effective interest rate, final due date August 1, 2045	21,185	—	560	20,625
2015 Series D dated November 10, 2015, 3.55% effective interest rate, final due date November 1, 2045	32,680	—	865	31,815
2015 Series E/F dated December 8, 2015, 3.94% effective interest rate, final due date December 1, 2045	77,325	—	1,880	75,445
2016 Series A dated March 8, 2016, 2.99% effective interest rate, final due date March 1, 2046	4,500	—	125	4,375

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(Amounts shown in thousands)				
2016 Series B dated May 17, 2016, 3.35% effective interest rate, final due date May 1, 2046	\$ 65,645	—	885	64,760
2016 Series C dated July 19, 2016, 2.72% effective interest rate, final due date July 1, 2046	4,450	—	115	4,335
2016 Series D dated October 18, 2016, 2.89% effective interest rate, final due date October 1, 2046	7,575	—	205	7,370
2017 Series A dated March 14, 2017, 3.66% effective interest rate, final due date March 1, 2049	27,370	—	595	26,775
2017 Series B dated June 13, 2017, 3.35% effective interest rate, final due date June 1, 2047	6,690	—	—	6,690
2017 Series C dated September 13, 2017, 3.24% effective interest rate, final due date September 1, 2047	2,825	—	70	2,755
2017 Series D dated October 19, 2017, 3.21% effective interest rate, final due date October 1, 2047	5,530	—	140	5,390
2017 Series E dated December 5, 2017, 3.28% effective interest rate, final due date December 1, 2050	47,880	—	970	46,910
2018 Series A dated March 27, 2018, 3.62% effective interest rate, final due date March 1, 2053	48,375	—	15,385	32,990
2018 Series B dated June 5, 2018, 3.76% effective interest rate, final due date June 1, 2053	27,355	—	—	27,355
2018 Series C dated August 28, 2018, 3.51% effective interest rate, final due date August 1, 2053	23,145	—	—	23,145
2018 Series D dated October 2, 2018, 3.74% effective interest rate, final due date October 1, 2053	74,395	—	—	74,395
2018 Series E dated December 4, 2018, 3.90% effective interest rate, final due date December 1, 2049	42,090	—	—	42,090
2019 Series A dated March 26, 2019, 3.53% effective interest rate, final due date March 1, 2054	80,425	—	—	80,425
2019 Series B dated May 22, 2019, 3.10% effective interest rate, final due date May 1, 2054	17,100	—	—	17,100
2019 Series C dated August 21, 2019 3.13% effective interest rate, final due date August 1, 2054	50,000	—	—	50,000
2019 Series D dated October 16, 2019 3.12% effective interest rate, final due date October 1, 2054	50,000	—	—	50,000

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Description	Balance at June 30, 2020	Issued	Retired	Balance at March 31, 2021
		(Amounts shown in thousands)		
2019 Series E dated December 12, 2019 2.89% effective interest rate, final due date December 1, 2054	\$ 63,700	—	—	63,700
2020 Series A dated March 25, 2020 2.74% effective interest rate, final due date March 1, 2055	75,000	—	—	75,000
2020 Series B dated March 25, 2020 2.30% effective interest rate, final due date March 1, 2055	75,905	—	—	75,905
2020 Series C dated April 28, 2020 3.57% effective interest rate, final due date April 1, 2055	200,000	—	—	200,000
2020 Series D dated May 27, 2020 3.58% effective interest rate, final due date June 1, 2055	425,000	—	—	425,000
2020 Series E dated July 28, 2020 2.40% effective interest rate, final due date July 1, 2055	—	44,770	—	44,770
2020 Series F dated July 21, 2020 3.09% effective interest rate, final due date July 1, 2055	—	200,000	—	200,000
2020 Series G dated October 14, 2020 2.20% effective interest rate, final due date September 1, 2055	—	23,050	—	23,050
2020 Series H dated October 7, 2020 2.94% effective interest rate, final due date September 1, 2055	—	175,000	—	175,000
2020 Series I dated December 9, 2020 2.33% effective interest rate, final due date November 1, 2053	—	44,970	—	44,970
2020 Series J dated December 2, 2020 3.04% effective interest rate, final due date November 1, 2055	—	50,000	—	50,000
2021 Series A dated March 2, 2021 2.68% effective interest rate, final due date February 1, 2056	—	81,590	—	81,590
2021 Series B dated March 30, 2021 2.12% effective interest rate, final due date March 1, 2056	—	49,975	—	49,975
	<u>2,600,490</u>	<u>669,355</u>	<u>118,770</u>	<u>3,151,075</u>
Unamortized premium	(540)	—	17	(523)
Total rental housing bonds	<u>\$ 2,599,950</u>			<u>3,150,552</u>

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Description	Balance at June 30, 2020	Issued	Retired	Balance at March 31, 2021
(Amounts shown in thousands)				
Commonwealth mortgage bonds group:				
2002 Series E/F/G, dated December 17, 2002, 5.29% effective interest rate, final due date December 25, 2032	\$ 5,498	—	5,498	—
2004 Series B, dated June 10, 2004, 5.80% effective interest rate, final due date June 25, 2034	1,229	—	1,229	—
2006 Series C, dated June 8, 2006, 6.30% effective interest rate, final due date June 25, 2034	7,895	—	1,383	6,512
2008 Series A, dated March 25, 2008, 6.11% effective interest rate, final due March 25, 2038	12,779	—	2,467	10,312
2008 Series B, dated April 10, 2008, 6.18% effective interest rate, final due date March 25, 2038	19,473	—	3,913	15,560
2008 Series C, dated November 18, 2008, 6.51% effective interest rate, final due date June 25, 2038	6,462	—	1,027	5,435
2012 Series A, dated December 20, 2012, 2.10% effective interest rate, final due date July 1, 2026	53,200	—	8,400	44,800
2012 Series B/C, dated December 20, 2012, 3.21% effective interest rate, final due date July 1, 2039.	371,250	—	17,400	353,850
2013 Series B, dated May 21, 2013, 2.75% effective interest rate, final due date April 25, 2042	31,358	—	4,932	26,426
2013 Series C, dated October 24, 2013, 4.25% effective interest rate, final due date October 25, 2043	51,445	—	13,723	37,722
2013 Series D, dated December 19, 2013, 4.30% effective interest rate, final due date December 25, 2043	44,088	—	9,948	34,140



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Description	Balance at June 30, 2020	Issued	Retired	Balance at March 31, 2021
	(Amounts shown in thousands)			
2014 Series A, dated December 11, 2014, 3.50% effective interest rate, final due date October 25, 2037	\$ 54,536	—	10,074	44,462
2015 Series A, dated November 10, 2015, 3.25% effective interest rate, final due date June 25, 2045	78,278	—	11,387	66,891
2016 Series A, dated June 9, 2016, 3.10% effective interest rate, final due date June 25, 2041	80,682	—	13,913	66,769
2017 Series A, dated June 13, 2017, 3.13% effective interest rate, final due date November 25, 2039	92,412	—	15,648	76,764
2019 Series A, dated November 5, 2019, 2.95% effective interest rate, final due date October 25, 2049	103,076	—	23,812	79,264
2020 Series A, dated February 12, 2020, 2.85% effective interest rate, final due date December 25, 2049	119,507	—	17,863	101,644
2020 Series B, dated April 21, 2020, 2.75% effective interest rate, final due date October 25, 2046	146,804	—	25,985	120,819
	<u>1,279,972</u>	<u>—</u>	<u>188,602</u>	<u>1,091,370</u>
Unamortized premium	(822)	—	248	(574)
Total commonwealth mortgage bonds group	<u>\$ 1,279,150</u>			<u>1,090,796</u>

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<u>Description</u>	<u>Balance at June 30, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at March 31, 2021</u>
(Amounts shown in thousands)				
Homeownership mortgage bonds group:				
2010 Series B, dated October 29, 2010, 3.54% effective interest rate, final due date March 1, 2022	\$ 8,000	—	3,000	5,000
2011 Series A, dated June 14, 2011, 3.58% effective interest rate, final due date March 1, 2024	17,900	—	2,900	15,000
2011 Series B, dated September 27, 2011, 3.41% effective interest rate, final due date September 1, 2024	22,850	—	3,200	19,650
2013 Series A, dated March 27, 2013, 3.25% effective interest rate, final due date August 25, 2042	<u>69,275</u>	<u>—</u>	<u>11,950</u>	<u>57,325</u>
Total homeownership mortgage bonds group	<u>118,025</u>	<u>—</u>	<u>21,050</u>	<u>96,975</u>
 Total	 <u>\$ 4,447,425</u>			 <u>4,993,623</u>

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Notes and bonds payable at June 30, 2019 and March 31, 2020 and changes for the nine months ended March 31, 2020 were summarized as follows (amounts in thousands):

Description	Balance at June 30, 2019	Issued	Retired	Increase/ (decrease) in unamortized premium/ discount	Balance at March 31, 2020
General operating accounts	\$ 445,300	149,000	30,000	-	564,300
Rental housing bonds group	1,824,645	314,605	113,700	-	2,025,550
Commonwealth mortgage bonds group	1,059,464	227,292	109,004	115	1,177,867
Homeownership mortgage bonds group	157,951	-	37,160	-	120,791
Total	<u>\$ 3,487,360</u>	<u>690,897</u>	<u>289,864</u>	<u>115</u>	<u>3,888,508</u>

The principal payment obligations and associated interest related to all note and bond indebtedness (excluding the effect of unamortized discounts and premium) commencing April 1, 2021 and thereafter are as follows:

Year Ending March 31	Outstanding principal	Current interest	Total debt service
2022	\$ 848,193,834	142,819,200	991,013,034
2023	101,075,000	138,418,140	239,493,140
2024	113,675,000	135,885,707	249,560,707
2025	123,695,000	133,311,814	257,006,814
2026	98,005,000	130,704,541	228,709,541
2027-2031	525,465,000	609,427,751	1,134,892,751
2032-2036	587,833,898	519,850,580	1,107,684,479
2037-2041	729,867,539	400,772,417	1,130,639,956
2042-2046	835,597,041	238,861,073	1,074,458,114
2047-2051	673,607,776	122,822,377	796,430,153
2052-2056	357,705,000	32,030,450	389,735,450
Total	<u>\$ 4,994,720,088</u>	<u>2,604,904,050</u>	<u>7,599,624,138</u>

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(Unaudited)

**(5) Loan Participation Payable to Federal Financing Bank**

On March 23, 2015, the Authority was designated as a “qualified Housing Finance Agency” under the Risk-Sharing Act and entered into a Risk-Sharing Agreement with HUD. In conjunction with the Risk-Sharing Agreement, the Authority elected to participate in a program offered by the Federal Financing Bank (FFB) for the financing of rental housing mortgage loans. The FFB is a government corporation, under the general supervision and direction of the Secretary of the Treasury, created by Congress with statutory authority to purchase any obligation that is fully guaranteed by another federal agency. To the extent that FFB proceeds are utilized to finance certain mortgage loans, such mortgage loans would not be available to be financed under the Rental Housing Bond Group other than on a temporary basis prior to such FFB financing. In February 2016, the Authority executed the necessary agreements to allow the Authority to participate in such FFB financing.

Under the program established by the Risk-Sharing Act (the “Risk-Sharing Program”), the Authority retains underwriting, mortgage loan management and property disposition functions and responsibility for defaulted loans. Following default under a mortgage loan subject to a HUD contract of mortgage insurance under the Risk-Sharing Program, HUD agrees to make an initial claim payment of 100% of the loan’s unpaid principal balance and accrued interest, subject to certain adjustments that passes through the Authority to FFB. After a period during which the Authority may work toward curing the default, foreclosing the mortgage, or reselling the related project, any losses are calculated and apportioned between the Authority and HUD according to a specified risk-sharing percentage determined at the time of its endorsement for insurance. At its election, the Authority may choose a risk percentage ranging from 50% to 90%, which in turn determines its reimbursement obligation to HUD. During the intervening period prior to the final loss settlement, the Authority is obligated to pay interest on the amount of the initial claim payment under a debenture required to be issued to HUD at the time of the initial claim payment.

For each rental housing mortgage loan to be financed by the FFB, the Authority will sell to the FFB a certificate representing a participation interest in the rental housing mortgage loan consisting of all principal payments due thereon and all interest payments due thereon, whereby the rate to FFB will be less than the mortgage loan interest rate. The participation proceeds from the FFB are recorded as a debt obligation payable to the FFB.

Under these agreements, the Authority will retain responsibility for originating, closing and servicing the rental housing mortgage loans underlying the certificates sold to the FFB. As servicer, the Authority will remit the balance of each mortgage payment to U.S. Bank, N.A. (“Custodian”). The Custodian will fund any required account and pay the amounts due to the FFB, deduct their fees, then remit any amount remaining to the Authority as servicing fees.

Under the terms of the agreements in the Risk-Sharing Program, the Authority has sold certificates representing the beneficial interest in the following mortgage loans to FFB:

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

March 31, 2021 and 2020

(Unaudited)

Description	Balance at June 30, 2020	Issued	Retired	Balance at March 31, 2021
Participation Certificates Outstanding:				
Colonnade at Rocktown - Note rate of 4.68%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.45%				
Maturity date of May 1, 2047	\$ 2,855,743	—	40,471	2,815,272
Wilsondale II - Note rate of 4.47%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.12%				
Maturity date of July 1, 2047	7,414,680	—	107,457	7,307,223
Baker Woods - Note rate of 3.91%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 2.89%				
Maturity date of December 1, 2052	5,403,411	—	62,816	5,340,595
Twin Canal Village - Note rate of 3.82%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.18%				
Maturity date of April 1, 2043	6,882,013	—	143,778	6,738,235
Treesdale - Note rate of 4.22%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.30%				
Maturity date of November 1, 2048	3,644,280	—	50,605	3,593,675
Landing at Weyers Cove - Note rate of 4.22%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.30%				
Maturity date of November 1, 2048	2,396,665	—	33,281	2,363,384
Belle Hall - Note rate of 3.57%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 2.72%				
Maturity date of September 1, 2049	4,387,035	—	64,673	4,322,362
Campostella Commons - Note rate of 3.57%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 2.72%				
Maturity date of September 1, 2049	3,351,892	—	49,412	3,302,480
Total participation certificates payable	\$ 36,335,719	—	552,493	35,783,226

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Net Position  
March 31, 2021  
(Unaudited)

<b>Assets</b>	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
<b>Current assets:</b>					
Cash and cash equivalents	\$ 181,511,958	1,050,083,734	404,040,758	39,373,883	1,675,010,333
Interest receivable – investments	2,040,733	35,481	545,280	1,412	2,622,906
Derivative instruments	-	-	5,881,576	-	5,881,576
Mortgage loans held for sale	-	-	322,204,018	-	322,204,018
Mortgage and other loans receivable, net	7,320,914	95,441,922	75,738,385	4,716,044	183,217,265
Interest receivable – mortgage and other loans	644,034	20,376,214	5,263,857	372,072	26,656,177
Other real estate owned	2,106,600	427,000	702,328	221,078	3,457,006
Other assets	12,139,708	-	5,513	-	12,145,221
Total current assets	<u>205,763,947</u>	<u>1,166,364,351</u>	<u>814,381,715</u>	<u>44,684,489</u>	<u>2,231,194,502</u>
<b>Noncurrent assets:</b>					
Investments	759,630,106	-	219,283,266	1,500,000	980,413,372
Mortgage and other loans receivable	258,408,445	3,823,935,392	1,652,951,271	143,283,768	5,878,578,876
Less allowance for loan loss	54,348,712	70,910,114	53,543,438	1,840,298	180,642,562
Less net loan discounts	2,214,970	53,676,624	(5,750,662)	117,212	50,258,144
Mortgage and other loans receivable, net	<u>201,844,763</u>	<u>3,699,348,654</u>	<u>1,605,158,495</u>	<u>141,326,258</u>	<u>5,647,678,170</u>
Capital Assets, net of accumulated depreciation and amortization of \$47,055,062	16,005,884	8,490,202	-	-	24,496,086
Mortgage servicing rights, net	42,177,097	-	-	-	42,177,097
Other Assets	17,505,825	-	-	-	17,505,825
Total noncurrent assets	<u>1,037,163,675</u>	<u>3,707,838,856</u>	<u>1,824,441,761</u>	<u>142,826,258</u>	<u>6,712,270,550</u>
<b>Total assets</b>	<u><u>1,242,927,622</u></u>	<u><u>4,874,203,207</u></u>	<u><u>2,638,823,476</u></u>	<u><u>187,510,747</u></u>	<u><u>8,943,465,052</u></u>
<b>Deferred outflows of resources</b>					
Other postemployment benefits - change in assumptions	2,362,344	-	-	-	2,362,344
Other postemployment benefits - difference between expected and actual experience	2,228,265	-	-	-	2,228,265
Total Deferred outflows of resources	<u><u>4,590,609</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>4,590,609</u></u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Net Position  
March 31, 2021  
(Unaudited)

	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
<b>Liabilities</b>					
Current liabilities:					
Notes and bonds payable	655,300,000	41,210,000	110,191,263	41,492,571	848,193,834
Accrued interest payable on notes and bonds	88,089	32,188,656	6,319,901	278,861	38,875,507
Escrows	46,929,604	-	-	-	46,929,604
Accounts payable and other liabilities	50,558,350	-	-	-	50,558,350
Total current liabilities	<u>752,876,043</u>	<u>73,398,656</u>	<u>116,511,164</u>	<u>41,771,432</u>	<u>984,557,295</u>
Noncurrent liabilities:					
Bonds payable, net	-	3,109,342,447	980,604,827	55,482,921	4,145,430,195
Project reserves	99,613,056	-	-	-	99,613,056
Loan participation payable to Federal Financing Bank	35,783,226	-	-	-	35,783,226
Other (assets) liabilities	7,254,508	-	-	-	7,254,508
Total noncurrent liabilities	<u>142,650,790</u>	<u>3,109,342,447</u>	<u>980,604,827</u>	<u>55,482,921</u>	<u>4,288,080,985</u>
<b>Total liabilities</b>	<u>895,526,833</u>	<u>3,182,741,103</u>	<u>1,097,115,991</u>	<u>97,254,353</u>	<u>5,272,638,280</u>
<b>Deferred inflows of resources</b>					
Other postemployment benefits - change in assumptions	583,584	-	-	-	583,584
Other postemployment benefits - difference between expected and actual experience	166,145	-	-	-	166,145
Other postemployment benefits - difference between projected and actual earning	2,860,594	-	-	-	2,860,594
<b>Total deferred inflows of resources</b>	<u>3,610,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,610,323</u>
<b>Net position:</b>					
Net investment in capital assets	14,398,135	(1,044,908)	-	-	13,353,227
Restricted by bond indentures	-	1,692,507,012	1,541,707,485	90,256,394	3,324,470,891
Unrestricted	333,982,940	-	-	-	333,982,940
<b>Total net position</b>	<u>\$ 348,381,075</u>	<u>1,691,462,104</u>	<u>1,541,707,485</u>	<u>90,256,394</u>	<u>3,671,807,058</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Revenues, Expenses, and Changes in Net Position  
Nine months ended March 31, 2021  
(Unaudited)

	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
Operating revenues:					
Interest on mortgage and other loans receivable	\$ 6,560,772	149,992,394	56,306,829	4,791,403	217,651,398
Housing Choice Voucher program administrative income	5,129,061	-	-	-	5,129,061
Gains and recoveries on sale of other real estate owned	215,948	-	194,477	3,392	413,817
Gains on sale of single family mortgage loans	-	-	35,645,423	-	35,645,423
Mortgage servicing fees net of guaranty fees	28,807,790	-	-	-	28,807,790
Other	5,079,429	3,057,866	209	-	8,137,504
Total operating revenues	<u>45,793,000</u>	<u>153,050,260</u>	<u>92,146,938</u>	<u>4,794,795</u>	<u>295,784,993</u>
Operating expenses:					
Interest on notes and bonds payable	976,718	76,911,255	28,606,401	2,787,354	109,281,728
Salaries and related employee benefits	48,326,078	-	-	-	48,326,078
General operating expenses	20,764,595	-	4,155	-	20,768,750
Note and bond expenses	1,214,479	-	1,525	-	1,216,004
Bond issuance expenses	140,500	4,041,371	-	-	4,181,871
Grant expenses	32,261,760	-	-	-	32,261,760
Housing Choice Voucher program expenses	5,266,004	-	-	-	5,266,004
Mortgage servicing rights amortization and other servicing costs	20,255,770	-	4,026,928	-	24,282,698
Losses/(gains) on other real estate owned	493,027	(39,334)	197,917	13,750	665,360
Provision for loan losses	3,333,914	8,719,306	(4,689,802)	(379,932)	6,983,486
Total operating expenses	<u>133,032,845</u>	<u>89,632,598</u>	<u>28,147,124</u>	<u>2,421,172</u>	<u>253,233,739</u>
Operating income (expense)	<u>(87,239,845)</u>	<u>63,417,662</u>	<u>63,999,814</u>	<u>2,373,623</u>	<u>42,551,254</u>
Nonoperating revenues (expenses):					
Pass-through grant awards	120,401,524	-	-	-	120,401,524
Pass-through grants expenses	(120,401,524)	-	-	-	(120,401,524)
Investment income	29,077,984	675,246	7,566,506	26,625	37,346,361
Unrealized gain on derivative instruments	-	-	5,786,834	-	5,786,834
Other, net	19,042	-	-	-	19,042
Total nonoperating revenues, net	<u>29,097,026</u>	<u>675,246</u>	<u>13,353,340</u>	<u>26,625</u>	<u>43,152,237</u>
Income (loss) before transfers	<u>(58,142,819)</u>	<u>64,092,908</u>	<u>77,353,154</u>	<u>2,400,248</u>	<u>85,703,491</u>
Transfers between funds	40,560,823	(51,085,860)	10,488,318	36,719	-
Change in net position	<u>(17,581,996)</u>	<u>13,007,048</u>	<u>87,841,472</u>	<u>2,436,967</u>	<u>85,703,491</u>
Total net position, beginning of year	365,963,071	1,678,455,056	1,453,866,013	87,819,427	3,586,103,567
Total net position, end of nine months	<u>\$ 348,381,075</u>	<u>1,691,462,104</u>	<u>1,541,707,485</u>	<u>90,256,394</u>	<u>3,671,807,058</u>



**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Fiduciary Net Position  
Fiduciary Funds - Custodial Funds  
March 31, 2021  
(Unaudited)

	<u>Escrow Funds (GNMA, FNMA, FHLMC, Habitat)</u>	<u>Commonwealth Priority Housing Fund</u>	<u>Virginia Housing Trust Fund</u>	<u>National Housing Trust Fund</u>	<u>Total Custodial Funds</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 195,521,990	5,016,009	2,691,815	722,323	203,952,137
Interest receivable - investments	-	170	109	25	304
Interest receivable - mortgage and other loans	-	1,046	39,757	6,375	47,178
Other assets	-	67,868	-	-	67,868
Total current assets	<u>195,521,990</u>	<u>5,085,093</u>	<u>2,731,681</u>	<u>728,723</u>	<u>204,067,487</u>
Noncurrent assets:					
Mortgage and other loans receivable	-	2,254,370	18,007,273	5,200,847	25,462,490
Total noncurrent assets	<u>-</u>	<u>2,254,370</u>	<u>18,007,273</u>	<u>5,200,847</u>	<u>25,462,490</u>
Total assets	<u>195,521,990</u>	<u>7,339,463</u>	<u>20,738,954</u>	<u>5,929,570</u>	<u>229,529,977</u>
<b>LIABILITIES</b>					
Other liabilities	-	1,891,551	2,639,061	720,014	5,250,625
Total liabilities	<u>-</u>	<u>1,891,551</u>	<u>2,639,061</u>	<u>720,014</u>	<u>5,250,625</u>
<b>NET POSITION</b>					
Restricted for:					
Funds held in escrow	195,521,990	-	-	-	195,521,990
Other governmental agency	-	5,447,912	18,099,893	5,209,556	28,757,361
Total Net Position	<u>\$ 195,521,990</u>	<u>5,447,912</u>	<u>18,099,893</u>	<u>5,209,556</u>	<u>224,279,351</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Changes in Fiduciary Net Position  
Fiduciary Funds - Custodial Funds  
Nine months ended March 31, 2021  
(Unaudited)

	<u>Escrow Funds (GNMA, FNMA, FHLMC, Habitat)</u>	<u>Commonwealth Priority Housing Fund</u>	<u>Virgina Housing Trust Fund</u>	<u>National Housing Trust Fund</u>	<u>Total Custodial Funds</u>
<b>ADDITIONS</b>					
Contribution:					
Borrower payments	\$ 2,796,307,938	-	-	-	2,796,307,938
Employers	-	22,320	58,398	18,320	99,038
Other governmental agency	-	-	4,059,150	2,775,000	6,834,150
Total Contributions	<u>2,796,307,938</u>	<u>22,320</u>	<u>4,117,548</u>	<u>2,793,320</u>	<u>2,803,241,126</u>
Investment earnings:					
Interest, dividends, and other	-	13,175	1,970	328	15,473
Total investment earnings	<u>-</u>	<u>13,175</u>	<u>1,970</u>	<u>328</u>	<u>15,473</u>
Total additions	<u>2,796,307,938</u>	<u>35,495</u>	<u>4,119,518</u>	<u>2,793,648</u>	<u>2,803,256,599</u>
<b>DEDUCTIONS</b>					
Other governmental agency	-	1,262,488	41,755	-	1,304,243
Disbursement of escrow funds	2,742,459,287	-	-	-	2,742,459,287
Total deductions	<u>2,742,459,287</u>	<u>1,262,488</u>	<u>41,755</u>	<u>-</u>	<u>2,743,763,530</u>
Net increase/(decrease) in fiduciary net position	53,848,651	(1,226,993)	4,077,763	2,793,648	59,493,069
Net position - beginning of year	141,673,339	6,674,905	14,022,130	2,415,908	164,786,282
Net position - end of nine months	<u>\$ 195,521,990</u>	<u>5,447,912</u>	<u>18,099,893</u>	<u>5,209,556</u>	<u>224,279,351</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Net Position  
March 31, 2020  
(Unaudited)

<b>Assets</b>	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
<b>Current assets:</b>					
Cash and cash equivalents	\$ 219,186,214	423,377,738	300,633,674	1,991,867	945,189,493
Interest receivable – investments	1,851,601	381,254	298,266	6,936	2,538,057
Mortgage loans held for sale	-	-	291,754,186	-	291,754,186
Mortgage and other loans receivable, net	8,467,928	76,027,430	75,685,985	6,118,126	166,299,469
Interest receivable – mortgage and other loans	924,828	15,270,584	7,142,125	615,137	23,952,674
Other real estate owned	6,955,790	427,000	3,284,751	621,253	11,288,794
Other assets	9,605,260	-	5,280	-	9,610,540
Total current assets	<u>246,991,621</u>	<u>515,484,006</u>	<u>678,804,267</u>	<u>9,353,319</u>	<u>1,450,633,213</u>
<b>Noncurrent assets:</b>					
Investments	566,934,456	-	-	-	566,934,456
Mortgage and other loans receivable	342,322,132	3,290,344,854	1,987,918,694	199,453,234	5,820,038,914
Less allowance for loan loss	47,462,556	52,016,798	54,226,954	2,383,448	156,089,756
Less net loan discounts	448,087	46,398,503	(4,652,951)	107,655	42,301,294
Mortgage and other loans receivable, net	<u>294,411,489</u>	<u>3,191,929,553</u>	<u>1,938,344,691</u>	<u>196,962,131</u>	<u>5,621,647,864</u>
Capital Assets, net of accumulated depreciation and amortization of \$42,855,843	17,408,621	9,186,796	-	-	26,595,417
Mortgage servicing rights, net	38,876,373	-	-	-	38,876,373
Other Assets	12,183,117	-	-	-	12,183,117
Total noncurrent assets	<u>929,814,056</u>	<u>3,201,116,349</u>	<u>1,938,344,691</u>	<u>196,962,131</u>	<u>6,266,237,227</u>
<b>Total assets</b>	<u><u>1,176,805,677</u></u>	<u><u>3,716,600,355</u></u>	<u><u>2,617,148,958</u></u>	<u><u>206,315,450</u></u>	<u><u>7,716,870,440</u></u>
<b>Deferred outflows of resources</b>					
Other postemployment benefits - change in assumptions	2,653,422	-	-	-	2,653,422
Other postemployment benefits - difference between expected and actual experience	1,200,594	-	-	-	1,200,594
Other postemployment benefits - difference between projected and actual earning	856,736	-	-	-	856,736
Total Deferred outflows of resources	<u>4,710,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,710,752</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Net Position  
March 31, 2020  
(Unaudited)

	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
<b>Liabilities</b>					
Current liabilities:					
Notes and bonds payable	564,300,000	39,010,000	56,292,602	11,257,032	670,859,634
Accrued interest payable on notes and bonds	317,933	22,553,570	6,918,210	344,473	30,134,186
Escrows	47,118,476	-	-	-	47,118,476
Derivative instruments	-	-	13,820,055	-	13,820,055
Accounts payable and other liabilities	23,159,741	-	1,433	-	23,161,174
Total current liabilities	<u>634,896,150</u>	<u>61,563,570</u>	<u>77,032,300</u>	<u>11,601,505</u>	<u>785,093,525</u>
Noncurrent liabilities:					
Bonds payable, net	-	1,986,539,999	1,121,574,621	109,533,789	3,217,648,409
Project reserves	114,521,351	-	-	-	114,521,351
Loan participation payable to Federal Financing Bank	36,516,210	-	-	-	36,516,210
Other liabilities	7,966,743	2,603,144	-	-	10,569,887
Total noncurrent liabilities	<u>159,004,304</u>	<u>1,989,143,143</u>	<u>1,121,574,621</u>	<u>109,533,789</u>	<u>3,379,255,857</u>
<b>Total liabilities</b>	<u>793,900,454</u>	<u>2,050,706,713</u>	<u>1,198,606,921</u>	<u>121,135,294</u>	<u>4,164,349,382</u>
<b>Deferred inflows of resources</b>					
Other postemployment benefits - difference between expected and actual experience	186,913	-	-	-	186,913
<b>Total deferred inflows of resources</b>	<u>186,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,913</u>
<b>Net position:</b>					
Net investment in capital assets	15,135,598	(630,789)	-	-	14,504,809
Restricted by bond indentures	-	1,666,524,431	1,418,542,037	85,180,156	3,170,246,624
Unrestricted	372,293,464	-	-	-	372,293,464
<b>Total net position</b>	<u>\$ 387,429,062</u>	<u>1,665,893,642</u>	<u>1,418,542,037</u>	<u>85,180,156</u>	<u>3,557,044,897</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Revenues, Expenses, and Changes in Net Position  
Nine months ended March 31, 2020  
(Unaudited)

	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
<b>Operating revenues:</b>					
Interest on mortgage and other loans receivable	\$ 7,274,334	134,774,752	71,497,004	7,270,636	220,816,726
Housing Choice Voucher program administrative income	5,374,972	-	-	-	5,374,972
Other real estate owned income	-	14,868	-	-	14,868
Gains and recoveries on sale of other real estate owned	451,853	-	282,493	25,182	759,528
Gains on sale of single family mortgage loans	-	-	30,691,929	-	30,691,929
Mortgage servicing fees net of guaranty fees	30,922,687	-	-	-	30,922,687
Other	5,689,044	2,498,333	5,806	-	8,193,183
Total operating revenues	<u>49,712,890</u>	<u>137,287,953</u>	<u>102,477,232</u>	<u>7,295,818</u>	<u>296,773,893</u>
<b>Operating expenses:</b>					
Interest on notes and bonds payable	7,041,831	53,077,975	27,030,135	3,608,556	90,758,497
Salaries and related employee benefits	44,255,957	-	-	-	44,255,957
General operating expenses	18,755,983	-	-	-	18,755,983
Note and bond expenses	899,656	-	1,736	-	901,392
Bond issuance expenses	241,000	2,143,081	1,207,466	-	3,591,547
Grant expenses	25,020,181	-	-	-	25,020,181
Housing Choice Voucher program expenses	5,988,380	-	-	-	5,988,380
Mortgage servicing rights amortization and other servicing costs	16,438,921	-	5,454,585	-	21,893,506
Other real estate owned expenses	-	19,645	-	-	19,645
Losses on other real estate owned	436,121	104	533,105	35,600	1,004,930
Provision for loan losses	14,031,105	8,229,212	(977,132)	(4,776)	21,278,409
Total operating expenses	<u>133,109,135</u>	<u>63,470,017</u>	<u>33,249,895</u>	<u>3,639,380</u>	<u>233,468,427</u>
Operating income (expense)	<u>(83,396,245)</u>	<u>73,817,936</u>	<u>69,227,337</u>	<u>3,656,438</u>	<u>63,305,466</u>
<b>Nonoperating revenues (expenses):</b>					
Pass-through grant awards	68,381,197	-	-	-	68,381,197
Pass-through grants expenses	(68,381,197)	-	-	-	(68,381,197)
Investment income	32,079,711	4,660,694	2,431,403	125,555	39,297,363
Unrealized loss on derivative instruments	-	-	(11,601,832)	-	(11,601,832)
Other, net	26,970	-	-	-	26,970
Total nonoperating revenues, net	<u>32,106,681</u>	<u>4,660,694</u>	<u>(9,170,429)</u>	<u>125,555</u>	<u>27,722,501</u>
Income (loss) before transfers	<u>(51,289,564)</u>	<u>78,478,630</u>	<u>60,056,908</u>	<u>3,781,993</u>	<u>91,027,967</u>
Transfers between funds	75,837,806	(12,927,138)	(62,962,202)	51,534	-
Change in net position	<u>24,548,242</u>	<u>65,551,492</u>	<u>(2,905,294)</u>	<u>3,833,527</u>	<u>91,027,967</u>
Total net position, beginning of year	362,880,820	1,600,342,150	1,421,447,331	81,346,629	3,466,016,930
Total net position, end of nine months	<u>\$ 387,429,062</u>	<u>1,665,893,642</u>	<u>1,418,542,037</u>	<u>85,180,156</u>	<u>3,557,044,897</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
 (A Component Unit of the Commonwealth of Virginia)  
 Combining Schedule of Fiduciary Net Position  
 Fiduciary Funds - Custodial Funds  
 March 31, 2020  
 (Unaudited)

	<u>Escrow Funds (GNMA, FNMA, Habitat)</u>	<u>Commonwealth Priority Housing Fund</u>	<u>Virginia Housing Trust Fund</u>	<u>National Housing Trust Fund</u>	<u>Total Custodial Funds</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 122,651,656	6,255,485	2,987,439	10,927	131,905,507
Interest receivable - investments	-	8,026	3,133	13	11,172
Interest receivable - mortgage and other loans	-	1,046	22,496	1,332	24,874
Other assets	-	67,876	-	-	67,876
Total current assets	<u>122,651,656</u>	<u>6,332,433</u>	<u>3,013,068</u>	<u>12,272</u>	<u>132,009,429</u>
Noncurrent assets:					
Mortgage and other loans receivable	-	3,396,858	12,553,727	2,425,847	18,376,432
Total noncurrent assets	<u>-</u>	<u>3,396,858</u>	<u>12,553,727</u>	<u>2,425,847</u>	<u>18,376,432</u>
Total assets	<u>122,651,656</u>	<u>9,729,291</u>	<u>15,566,795</u>	<u>2,438,119</u>	<u>150,385,861</u>
<b>LIABILITIES</b>					
Other liabilities	-	3,007,602	2,923,405	4,000	5,935,007
Total liabilities	<u>-</u>	<u>3,007,602</u>	<u>2,923,405</u>	<u>4,000</u>	<u>5,935,007</u>
<b>NET POSITION</b>					
Restricted for:					
Funds held in escrow	122,651,656	-	-	-	122,651,656
Other governmental agency	-	6,721,689	12,643,390	2,434,119	21,799,198
Total Net Position	<u>\$ 122,651,656</u>	<u>6,721,689</u>	<u>12,643,390</u>	<u>2,434,119</u>	<u>144,450,854</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Changes in Fiduciary Net Position  
Fiduciary Funds - Custodial Funds  
Nine months ended March 31, 2020  
(Unaudited)

	<b>Escrow Funds (GNMA, FNMA, Habitat)</b>	<b>Commonwealth Priority Housing Fund</b>	<b>Virginia Housing Trust Fund</b>	<b>National Housing Trust Fund</b>	<b>Total Custodial Funds</b>
<b>ADDITIONS</b>					
Contribution:					
Borrower payments	\$ 1,291,036,989	-	-	-	1,291,036,989
Employers	-	23,320	60,837	31,198	115,355
Other governmental agency	-	-	2,279,903	1,300,000	3,579,903
Total Contributions	<u>1,291,036,989</u>	<u>23,320</u>	<u>2,340,740</u>	<u>1,331,198</u>	<u>1,294,732,247</u>
Investment earnings:					
Interest, dividends, and other	-	92,163	30,835	3,416	126,414
Total investment earnings	<u>-</u>	<u>92,163</u>	<u>30,835</u>	<u>3,416</u>	<u>126,414</u>
Total additions	1,291,036,989	115,483	2,371,575	1,334,614	1,294,858,661
<b>DEDUCTIONS</b>					
Other governmental agency	-	-	41,339	-	41,339
Disbursement of escrow funds	1,230,089,341	-	-	-	1,230,089,341
Total deductions	<u>1,230,089,341</u>	<u>-</u>	<u>41,339</u>	<u>-</u>	<u>1,230,130,680</u>
Net increase in fiduciary net position	60,947,648	115,483	2,330,236	1,334,614	64,727,981
Net position - beginning of year	61,704,008	6,606,206	10,313,154	1,099,505	79,722,873
Net position - end of nine months	<u>\$ 122,651,656</u>	<u>6,721,689</u>	<u>12,643,390</u>	<u>2,434,119</u>	<u>144,450,854</u>