



Housing Opportunities
Commission

Of Montgomery County

A Component Unit of Montgomery County,
Maryland

Comprehensive

Annual Financial Report

For the Fiscal Year Ended

June 30, 2010

**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND**
(A Component Unit of Montgomery County, Maryland)
Comprehensive Annual Financial Report

For the Year Fiscal Ended June 30, 2010

Issued by
Finance Department
Gail Willison, Chief Financial Officer
Cornelia Kent, Assistant Chief Financial Officer

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

For the Year Ended June 30, 2010

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Housing Opportunities Commission of Montgomery County, Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



10400 Detrick Avenue

Kensington, Maryland 20895-2484

(240) 773-9000

December 20, 2010

Members of the Commission

Housing Opportunities Commission of Montgomery County

We are pleased to present the Housing Opportunities Commission of Montgomery County (HOC or Commission) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. The report was prepared by the Commission's Finance staff and was audited by the independent public accounting firm of Clifton Gunderson, LLP.

The data presented in this report are the responsibility of the management of the Commission. To the best of our knowledge and belief, the data presented are accurate in all material respects, are presented in a manner designed to fairly state the financial position and results of operations of the Commission, and all necessary disclosures have been included to enable the reader to gain a complete understanding of the Commission's financial affairs.

The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the organizational chart of the Commission and a list of principal officers. The financial section includes the Independent Auditor's Report on the Basic Financial Statements, Management's Discussion and Analysis, the Basic Financial Statements, Supplementary Information and the Component Unit's Financial Statements. The statistical section presents, on a multi-year basis, selected financial and demographic information for the Commission and Montgomery County.

This report includes all funds and component units of the Commission. The Commission's Financial Statements include five enterprise funds: General Fund, Opportunity Housing Fund, Public Fund, Single Family Bond Fund and the Multi-Family Bond Fund. In addition, 17 Low Income Housing Tax Credit Partnerships (LIHTC) are consolidated and presented as a discretely presented component unit in the financial statements.

In 1966, the Montgomery County Council activated the Housing Authority of Montgomery County (HAMC). In 1974, parallel State and County legislation was enacted that established a broader housing mission for the County and restructured HAMC into the Housing Opportunities Commission of Montgomery County, Maryland (HOC). HOC is an independent Agency and component unit of Montgomery County.

The governing body of HOC is the Board of Commissioners and is comprised of seven members, who are appointed by the County Executive and approved by the County Council. The Commission appoints an Executive Director to administer the affairs of the Commission. The primary sources of funding for the Commission are Housing Assistance Payments and Public Housing operating subsidy funded by the U.S. Department of Housing and Urban Development, dwelling rental income earned by Commission owned properties and interest on mortgage and construction loans earned by the Single Family and Multi-Family mortgage loan portfolios. The mission of the Commission is to provide affordable housing and supportive services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, Maryland. To accomplish these objectives, the Commission participates in a number of programs which are discussed in the Management's Discussion and Analysis and in the Notes to Financial Statements sections of this report.

Economic Condition and Outlook

The Washington Metropolitan area continued to show signs of recovery in the third quarter of 2010 and is recovering faster than other large metropolitan areas. The Metropolitan area employment indicators lead the nation. Job growth was positive during the past 12 months, with an increase of 41,800 jobs. This represents a 1.4% increase which contrasts with a national increase of 0.1%. This level of job formation is also higher than The Metropolitan area's 20 year average. The Metropolitan area unemployment rate peaked at 7.0% in January 2010 and declined to 6.3% in July (the most recent available information). This is up from a rate of 6.2% a year ago but, is the lowest among the nation's largest metropolitan areas. Federal government employment in the region increased by 19,700 jobs during the past 12 months with additional strong growth in the Professional/Business Service, Retail Trade and Leisure/Hospitality sectors.

Employment weakness has been felt in the State/Local Government, Construction, and Information sectors. Economic conditions are expected to recover during the balance of 2010 and into 2011. The forecast is for a Gross Regional Product (GRP) increase of 3.5% in 2010 and 3.8% in 2011. Job formation is expected to grow stronger through 2012 with 32,200, 37,300, and 44,300 new jobs forecast in 2010, 2011 and 2012, respectively. The Washington area housing market is in the recovery cycle, ahead of the rest of the nation. Home prices increased 7.5% in the Washington Metropolitan area for the 12 months ended June 30, 2010. This compares with a national decline of 1.6% during the same period.

Montgomery County experienced relatively weak economic performance in the past 12 months but is showing signs of improving. Employment decreased by 12,100 jobs, or 2.4%. The County unemployment rate as of September 2010 was 5.5% which is improved from the previous quarter (5.7%) and is well below the national rate (9.6%) and the state of Maryland rate (7.3%). The average sales price for existing homes in the County is expected to increase by less than 1.0% in 2010, following declines of 8.4% and 13.8% in 2008 and 2009, respectively. The inventory to sales ratio for existing homes increased to slightly more than four months' supply in July. This compares to 8.5 months in fiscal year 2008 and 7.1 months in fiscal year 2009.

The Commission's financial position is affected by several factors including the real estate rental and homeownership markets, the housing bond market, the (LIHTC) market, Federal

appropriations for both the Housing Choice Voucher program and Public Housing operations and modernization and the real estate acquisition and rehabilitation market.

Rental & Homeownership Market: In the quarter ended September 30, 2010, the Montgomery County market was characterized by slightly increasing vacancy overall and a significant increase in effective rents in all markets and in all market segments. The trend for the quarter ended September 30, 2010, is for significantly higher effective rents across the board. The Montgomery County market pipeline peaked at 7,112 units in December 2007. Since then, the pipeline has been trending down as construction has abated and absorption has been strong. This trend was very slow in 2008 but, accelerated in 2009 and has continued in 2010. In the third quarter of 2010, the pipeline decreased from 5,510 to 4,639 units. More importantly to the short-term market trends, the number of units under construction or in lease-up continues to fall and as of September 30, 2010 was 1,244 units, less than three quarters' supply at current absorption rates.

The Commission continues to underwrite and purchase single family mortgage loans throughout Montgomery County. The Single Family Mortgage Loan portfolio increased by approximately \$22 million from fiscal year 2009 as rates on mortgages loans average around 4.0% and home prices have declined.

Housing Bond Market: During fiscal year 2010, the Commission remarketed \$65.5 million in Single Family bonds and \$44.2 million in Multi-Family bonds. The bonds were remarketed under the Temporary Credit and Liquidity Program announced by the U.S. Department of the Treasury replacing the existing credit facility until December 2012. The Commission issued Housing Development Bonds for \$44.7 million during 2010. The Commission also issued \$46.5 million of Multi-Family Housing Bonds and \$65 million of Single Family Housing Revenue Bonds in December 2009 under the U.S Department of Treasury's New Issue Bond Program.

LIHTC Market: The LIHTC market has been showing substantial recovery in many markets throughout the country, but especially in Montgomery County, Maryland. The market for 4% LIHTC's which had been dormant since the financial crisis began in 2008, has been gaining strength. Pricing has risen dramatically as more investors re-enter the market. In 2009 the Commission received \$2.1 million, 9% LIHTC for Hampden Lane Apartments to be located in Bethesda, Maryland. Hampden Lane Apartments is expected to be completed construction in 2012, consisting of a 12 unit mid-rise building to provide supportive housing for formerly homeless individuals.

Housing Choice Voucher and Public Housing Operating Subsidy: The US Department of Housing and Urban Development (HUD) has not announced the funding level for the Public Housing operating subsidy for calendar year 2011. The overall impact to the Commission is unknown at this point in time. Funding for the Housing Choice Voucher program from HUD for calendar year 2011 is also unknown at this point in time; however, the Commission continues to attempt to maximize the number of vouchers utilized based on funding available.

During fiscal year 2010, the Commission committed and spent \$3.1 million in capital funding received for Public Housing through the American Recovery and Reinvestment Act (ARRA) from HUD. The Commission continues to obligate and spend \$1.6 million in capital funds for

elderly Public Housing properties also through ARRA. The Commission purchased 20 foreclosed homes for rental with funds received from the Neighborhood Stabilization Program and the Neighborhood Conservation Initiative Program with funds through Montgomery County via HUD and the State through the Housing and Economic Recovery Act (HERA). During FY 2010, the Commission received funding of \$2 million for 160 new vouchers from HUD to serve non-elderly disabled clients. In addition, the Commission received 38 opt out vouchers to provide vouchers to individuals who were housed under project based vouchers with a third party landlord. Lastly, the Commission received 25 vouchers for Veterans Affairs Supportive Housing (VASH) Program at a monthly amount of \$27,292.

Real Estate Acquisition and Rehabilitation: The Commission believes that its acquisition and rehabilitation efforts create strong communities and contribute to the overall economic well being of Montgomery County. During fiscal year 2010, renovation continued on several of the Commissions Multi-Family and scattered site properties. They are as follows:

- As mentioned above, Hampden Lane Apartments started construction and is expected to be completed in 2012. The property will house 12 formerly homeless individuals through project based vouchers and provide extensive resident supportive services.
- Pooks Hill Tower, a nine story high-rise, consisting of 189 mixed-income rental units located in North Bethesda, Maryland completed rehabilitation in FY 2010. The building, constructed in the late 1940's, is the oldest high-rise in Montgomery County.
- Magruders Discovery, a 134 unit garden style apartment community located in Bethesda, Maryland started rehabilitation in FY 2010 and is expected to be completed in December 2010. The property was constructed in 1979 and is 100% project based Section 8 funded.
- During FY 2009, the Commission entered into a partnership with Montgomery County to renovate and convert 49 apartments known as The Village at King Farm into workforce housing. These units have been renovated and continue to be sold as condominiums to employees of Montgomery County in an effort to provide affordable housing to employees of the County.
- The Commission will begin rehabilitation shortly on three properties in Takoma Park, Maryland which will be renovated and rented to low-to-moderate income families.
- The last phase of construction is near completion for Paddington Square Apartments, a 166 unit garden style dwelling serving moderate income residents, located in Silver Spring, Maryland.
- The Commission completed renovation on 2305 Hermitage Avenue in Silver Spring, Maryland, a single-family dwelling which will house three developmentally disabled adults.

- The Commission is currently planning a scattered site refinancing of 267 townhome, condominium and single family units spread throughout Montgomery County, Maryland during FY 2011.
- The Commission is also near completion of the renovation of The Metropolitan Apartments located in Bethesda, Maryland and the Brookside Glen townhomes located in Silver Spring, Maryland.

The Commission will also continue to access the bond market and look for opportunities to issue Housing Revenue Bonds in an effort to continue adding affordable housing units as well as maintaining existing units through renovation and capital improvements.

Financial Information

The Commission's management is responsible for establishing and maintaining a proper internal control structure to safeguard its assets and ensure accounting data is accurately stated and presented in the financial statements in conformity with generally accepted accounting principles. To ensure the cost of internal controls does not outweigh the benefit, the internal control structure provides reasonable assurance rather than absolute assurance that these objectives are met. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Commission is a recipient of Federal and County grants and must ensure the proper internal control structure for compliance with applicable laws and regulations related to these programs. The Federal programs are subject to periodic review by an internal Federal Programs Division as well as an internal auditor.


Single Audit: In compliance with A-133, the Commission is subject to an annual audit of all federal expenditures in excess of \$500,000 to be performed by an independent public accounting firm. The Single Audit was performed by Clifton Gunderson, LLP for the year ended June 30, 2010 with no material weaknesses or significant deficiencies noted in the internal control over financial reporting. The Commission did have significant deficiencies noted in internal controls over major programs. The Commission's Single Audit is available under separate cover.

Budgeting Process: The Commission, on an annual basis in conjunction with Division Heads and Executive Staff, prepares an annual Agency-wide budget by department and program. The annual budget is submitted to the Executive Director for approval and then presented to the Budget, Finance & Audit Committee (BF&A, a subset of the full Commission) and subsequently to the full Commission. Both groups must approve the annual budget. The Commission is no longer required to submit an annual budget to HUD for the Housing Choice Voucher program but is required to submit a budget for the Public Housing operating subsidy. During the year, budget amendments are presented to the BF&A Committee and the Commission for approval. Each Division Director or program head is responsible for monitoring budget to actual performance. On a quarterly basis, budget to actual reports are prepared and presented to both the BF&A Committee and the Commission.

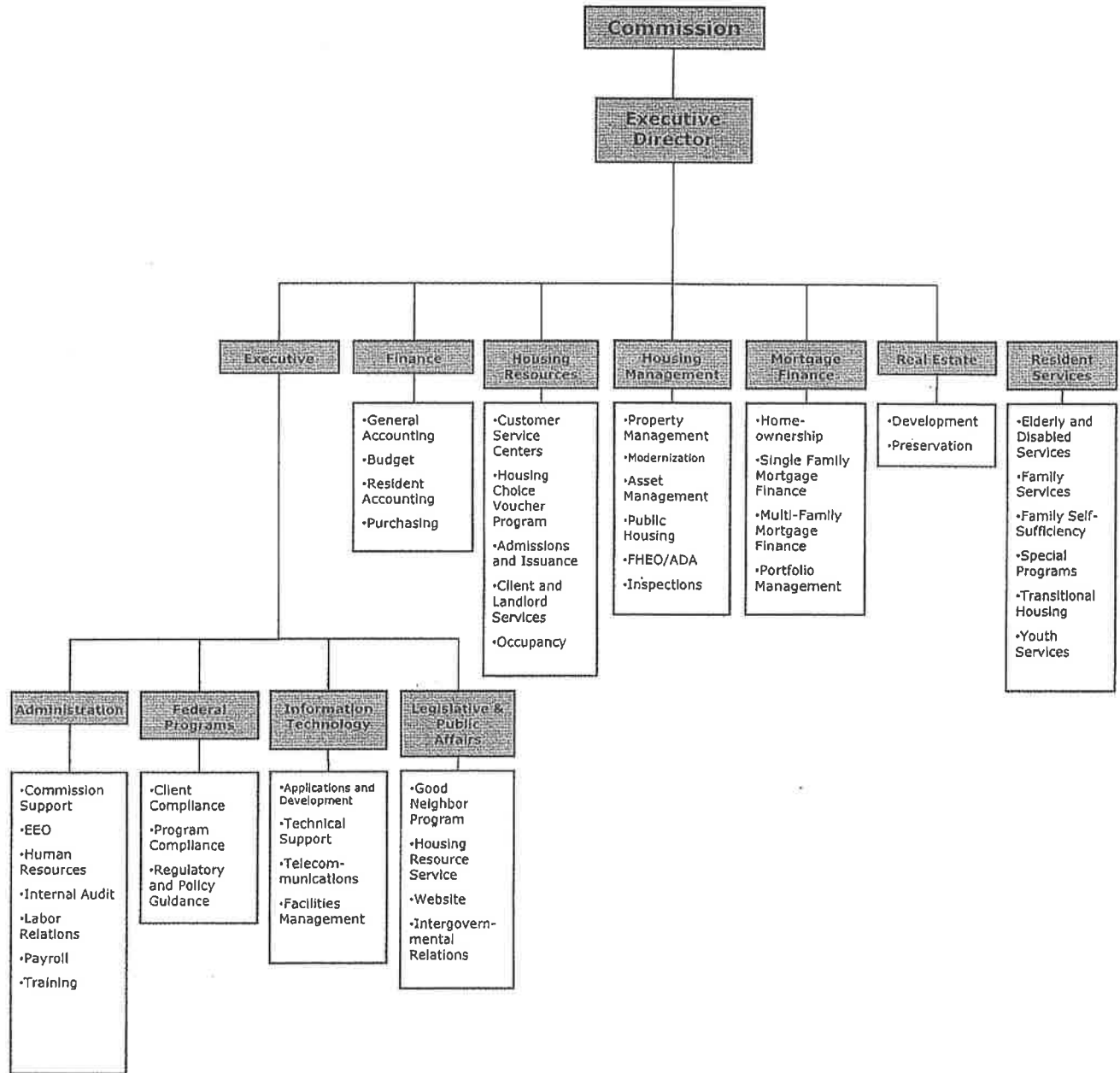
Component Units: The authority has 17 discretely presented component units which consist of LIHTC limited partnerships. Each LIHTC limited partnership is made up of a property or series of properties which provide rental housing to qualified tenants. As the 15-year cycle for maintaining the LIHTC partnerships expire, units are donated to the Commission by the limited partners. These units are typically absorbed into the Commission's Opportunity Housing Fund and continue to provide rental housing for the Commission's target population.

Acknowledgments: The preparation of this report has been accomplished by the efforts of the Finance Department in conjunction with the support of various Division Heads and staff throughout the Commission. We would also like to thank the Commission for their continued support and guidance throughout the year.

Respectfully submitted,



Gail Goodman Willison
Chief Financial Officer



**HOUSING OPPORTUNITIES COMMISSION
OF
MONTGOMERY COUNTY, MARYLAND**

List of Principal Officials

Name, Title	Expiration of Term
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BOARD OF COMMISSIONERS

Michael J. Kator, Chair	August, 2013
Roberto Piñero, Vice Chair	August, 2013
Norman Dreyfuss, Chair Pro Tem	August, 2014
Jean Banks, Commissioner	August, 2012
Norman Cohen, Commissioner	August, 2010
Pamela T. Lindstrom, Commissioner	August, 2014
Sally Roman, Commissioner	August, 2011

SENIOR MANAGEMENT

Annie, Alston, Executive Director
Ken Tecler, General Counsel

EXECUTIVE STAFF

Tedi Osias, Public Affairs
Les Kaplan, Housing Resources
Jerry Robinson, Housing Management
Lillian Durham, Resident Services
Gail Willison, Chief Financial Officer
Joy Flood, Federal Programs
Scott Ewart, Information Technology
Maryann Dillon, Real Estate
Kayrine Brown, Mortgage Finance

II. FINANCIAL SECTION

Independent Auditor's Report

Board of Commissioners
Housing Opportunities Commission of
Montgomery County, Maryland:

We have audited the accompanying financial statements of the business-type activities and each major fund of the Housing Opportunities Commission of Montgomery County, Maryland (the Commission), a component unit of Montgomery County, Maryland, as of and for the year ended June 30, 2010, which along with the aggregate discretely presented component units of the Commission collectively comprise the Commission's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. The prior year partial comparative fund information has been derived from the Commission's 2009 financial statements, and in our report dated November 2, 2009, we expressed an unqualified opinion on the respective fund financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund, and the aggregate discretely presented component units of the Commission as of June 30, 2010, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 1, 2010, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Commission's basic financial statements. The accompanying supplementary information, such as the introductory section, supplementary information as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying statement and certification of actual modernization costs included in the supplementary information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, statistical section, and real estate limited partnerships component unit financial statements included in the supplementary information have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Baltimore, Maryland
November 1, 2010

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Management's Discussion and Analysis
For the year ended June 30, 2010

As management of the Housing Opportunities Commission of Montgomery County, Maryland (the Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the audited basic financial statements and related notes. This discussion and analysis is focused on the activities of the Commission as a primary government.

Financial Highlights

- The Commission's net assets increased by \$4.1 million from \$184.9 million at June 30, 2009 to \$189.0 million at June 30, 2010.
- The Commission's current ratio (ratio of current assets to current liabilities) increased from 1.50 at June 30, 2009 to 2.02 at June 30, 2010. The increase is due to an increase in short-term investments in the Single Family and Multi-Family Bond Funds.
- The Commission issued \$79.9 million of new bonds for the Single Family Fund. A portion of the proceeds, \$4.4 million, was used to reimburse the General Fund for a note payable from previous bond redemption; \$33.6 million was used to finance new mortgages and \$40 million is held in escrow under the New Issue Bond Program (NIBP). The Commission plans to convert approximately \$9 to \$12 million of the \$40 million NIBP bonds in December 2010. The Commission anticipates two more conversions in 2011 of the remainder of escrowed NIBP funds. All bonds must be converted by December 31, 2011. The remaining \$1.87 million is capital accretion bonds.
- The Commission issued \$91.2 million of new bonds for the Multi-Family Fund. The bonds issued were used to finance the MetroPointe Development Corporation mortgage loan, the Magruder's Discovery mortgage loan and bonds in escrow under the NIBP through the U.S. Treasury Department. In July 2010 the Commission converted all the Multi-Family NIBP bonds into long term by financing two Multi-Family projects in Southern Silver Spring, Maryland.
- The Commission retired and refunded bonds in the amount of \$21.4 million from the Single Family Mortgage Purchase Program. The funds used to retire the bonds came from borrowers' payments of their mortgage loans.
- The Commission retired bonds in the amount of \$51.9 million from the Multi-Family Fund. The funds used to retire the bonds came from mortgage payments, mortgage refinancing and the issuance of 2009 Issue A to refund and redeem the 2008 Issue A.
- Outstanding mortgage and construction loans receivable increased from \$346.1 million at June 30, 2009 to approximately \$362.9 million at June 30, 2010. The increase is attributable to an increase in mortgage and construction loans receivable in the Single Family Mortgage Purchase Program.
- The amount of U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Payments (IIAP) administered by the Commission increased from \$69 million in fiscal year 2009 to \$75 million in fiscal year 2010.
- Unrealized gains on investments totaled \$3.8 million in fiscal year 2010 compared to unrealized gains of \$3.1 million in fiscal year 2009 due to the continued low interest rate environment.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Management's Discussion and Analysis
For the year ended June 30, 2010

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The annual financial report is comprised of three components: management's discussion and analysis, the financial statements, and notes to the financial statements.

The financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business. These statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units using the economic resources measurement focus and the accrual basis of accounting. Under this basis of accounting, revenues are recognized in the period they are earned, while expenses are recognized in the period they are incurred. Depreciation and amortization of capital and deferred assets are recognized in the statements of revenues, expenses, and changes in net assets.

The statement of net assets presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The statement of revenues, expenses, and changes in net assets presents information on how the Commission's net assets changed during the fiscal year.

The statement of cash flows explains the sources and uses of cash during the fiscal year.

Fund Structure

The Commission maintains only proprietary funds. Such funds are accounted for in a manner similar to that of businesses operating in the private-sector. Proprietary funds provide both long and short-term financial information. The following is a brief description of the activity accounted for in each of the major funds.

Major Funds

General Fund – is the primary operating fund. The entire administration and overhead of the Commission is maintained within this fund.

Opportunity Housing Fund – accounts for properties that provide affordable housing to low and moderate-income residents. Properties owned by the Commission make up the primary assets in this fund.

Public Fund – accounts for grants from federal, state, and county government. These grants are used to provide Housing Assistance Payments and supportive services for residents. Activities related to Public Housing and the Housing Choice Voucher Programs are maintained in this fund.

Single Family Fund – accounts for taxable and non-taxable bonds. These bonds are used to finance mortgage loans for qualifying first-time homebuyers. The primary assets are mortgage loans receivable and restricted cash and investments.

Multi-Family Fund – accounts for taxable and non-taxable bonds. These bonds are used to finance the acquisition, rehabilitation, and/or construction of affordable multi-family housing. The primary assets are mortgage loans receivable and restricted cash and investments.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Management's Discussion and Analysis
For the year ended June 30, 2010

Component Units

Real Estate Limited Partnerships – The Commission is the managing general partner in 17 real estate limited partnerships. Fifteen of the partnerships have calendar year ends and two have a June 30 fiscal year end. Accordingly, the amounts included for each discretely presented component unit that comprise the aggregate component unit column in the combined financial statements are as of and for the respective year ends that fall within the year ended June 30, 2010.

Financial Analysis of the Commission as a Whole

The Commission's total net assets in fiscal year 2010 increased by 2.2%.

Capital assets, net of related debt, are 14% of the Commission's net assets. These capital assets are used primarily to provide housing to low-income residents.

27% of the Commission's net assets reflect cash and investments, which are restricted as to their use. The preponderance of these restricted net assets are used to finance and fund low-income housing.

59% of the Commission's net assets are not restricted. These non-restricted net assets are used in the operations of the Commission.

Housing Opportunities Commission's Net Assets
(in millions of dollars)

	<u>2010</u>	<u>2009</u>	<u>Variance (\$)</u>	<u>Variance %</u>
Assets:				
Current and other assets	\$ 440.8	352.6	88.2	25.0%
Capital assets	332.0	330.1	1.9	0.6%
Mortgage and construction loans receivable	362.9	346.1	16.8	4.8%
Total assets	<u>1,135.7</u>	<u>1,028.8</u>	<u>106.9</u>	<u>10.4%</u>
Liabilities:				
Current liabilities (including current portion of long term debt and bonds payable)	148.9	102.7	46.2	44.99%
Noncurrent liabilities:				
Bonds payable	662.6	617.8	44.8	7.25%
Other liabilities	135.2	123.4	11.8	9.56%
Total liabilities	<u>946.7</u>	<u>843.9</u>	<u>102.8</u>	<u>12.18%</u>
Net assets:				
Invested in capital assets, net of related debt	26.3	34.3	(8.0)	-23.4%
Restricted for:				
Debt service	38.7	32.2	6.5	20.2%
Customer deposits and other	12.5	10.2	2.3	22.5%
Closing cost assistance program	0.7	0.7	—	0.0%
Unrestricted	<u>110.8</u>	<u>107.5</u>	<u>3.3</u>	<u>3.1%</u>
Total net assets	\$ <u>189.0</u>	<u>184.9</u>	<u>4.1</u>	<u>2.2%</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Management's Discussion and Analysis
For the year ended June 30, 2010

Total assets of the Commission increased by \$107 million from fiscal year 2009. The primary reason for the increase is due to an increase in short-term and long-term investments in the Single Family and Multi-Family Funds as a result of bond issues through the United States Department of the Treasury NIBP. In December 2009, the Commission issued 2009 Series C Bonds for \$40,000,000 in the Single Family Fund and 2009 Series A Multi-Family Housing Bonds for \$46,490,000 in the Multi-Family Fund. As of June 30, 2010 the proceeds from both bond issuances were held in escrow, with an offsetting increase in current bonds payable.

Net assets of the Commission increased by \$4.1 million or 2.2%. Some key elements of this increase are:

Housing Opportunities Commission's Changes in Net Assets
(in millions of dollars)

	<u>2010</u>	<u>2009</u>	<u>Variance \$</u>	<u>Variance (%)</u>
Operating revenues:				
Intergovernmental grants	\$ 103.2	94.3	8.9	9.4%
Investment income	6.9	7.6	(0.7)	-9.2%
Unrealized gains (losses) on investments	3.8	3.1	0.7	22.6%
Interest on mortgages and construction loans receivable	17.7	19.8	(2.1)	-10.6%
Dwelling rental	51.6	50.3	1.3	2.6%
Management fees and other income	7.9	10.4	(2.5)	-24.0%
Total operating revenues	<u>191.1</u>	<u>185.5</u>	<u>5.6</u>	<u>3.0%</u>
Operating expenses:				
Housing assistance payments	74.8	71.1	3.7	5.2%
Administration	34.3	33.5	0.8	2.4%
Maintenance	14.2	14.2	—	0.0%
Depreciation and amortization	15.7	14.5	1.2	8.3%
Utilities	6.0	5.6	0.4	7.1%
Fringe benefits	8.0	7.7	0.3	3.9%
Interest expense	32.7	34.5	(1.8)	-5.2%
Other expenses	6.1	7.3	(1.2)	-16.4%
Total operating expenses	<u>191.8</u>	<u>188.4</u>	<u>3.4</u>	<u>1.8%</u>
Operating income (loss)	(0.7)	(2.9)	2.2	-75.9%
Nonoperating revenues, net	<u>1.0</u>	<u>1.7</u>	<u>(0.7)</u>	<u>-41.2%</u>
Income (loss) before contributions	0.3	(1.2)	1.5	125.0%
Capital contributions and transfers	<u>3.8</u>	<u>0.8</u>	<u>3.0</u>	<u>375.0%</u>
Net increase (decrease) in net assets	<u>\$ 4.1</u>	<u>(0.4)</u>	<u>4.5</u>	<u>1125.0%</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Management's Discussion and Analysis
For the year ended June 30, 2010

In January 2006, HUD issued PIH Notice 2006-03 which requires that the Annual Budget Authority (ABA) that the Commission receives be reported as income in the same fiscal year regardless of the total housing assistance payments incurred. As of June 30, 2010 the Commission has recorded all ABA received as income.

Intergovernmental grants increased as a result of an increase in the Public Housing operating subsidy and Housing Choice Voucher funding received from HUD as well as additional funds received from Montgomery County for the tenant rent supplement program.

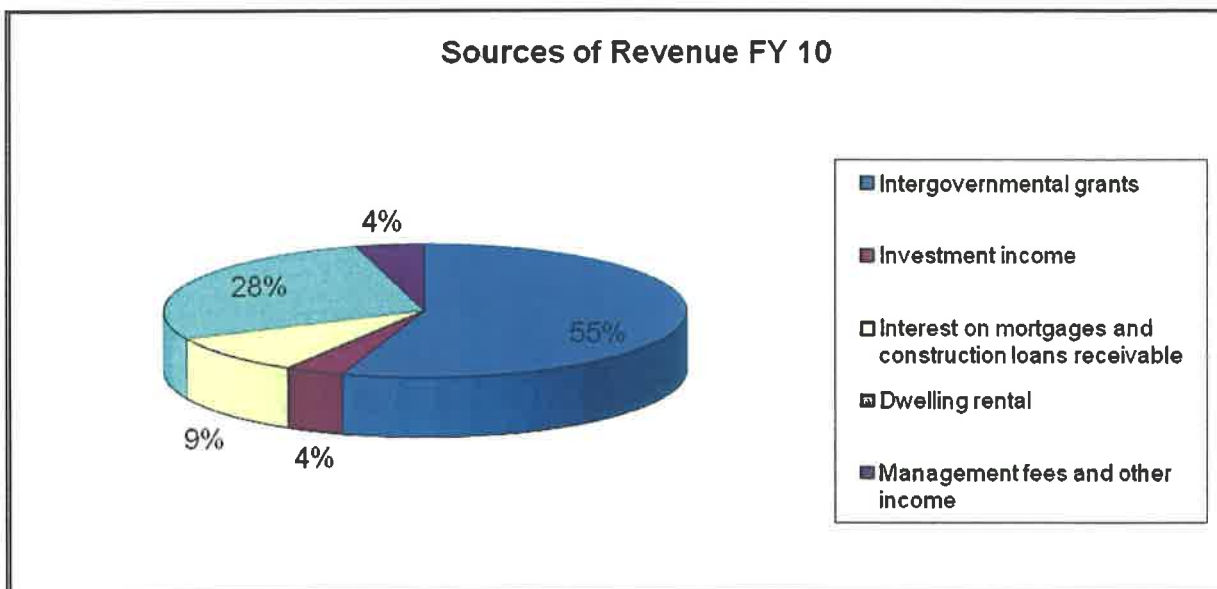
Investment interest income decreased by \$.7 million as a result of continued low interest rates received on investments in both bond funds. Unrealized gains on investments totaled \$3.8 million as compared to unrealized gains of \$3.1 million in fiscal year 09. The unrealized gain is a result of the current low interest rate environment.

Interest on mortgage and construction loans receivable decreased by \$2.1 million due to the transfer of the Metro Pointe Development Corporation to the Commission and subsequent elimination of interest on mortgage and construction loans receivable from the consolidated Commission financial statements.

Dwelling rental income increased as a result of the inclusion of the Metro Pointe Development Corporation in the Opportunity Housing Fund for the entire fiscal year.

Management fees and other income decreased as a result of several one-time occurrences in fiscal year 09 which were not repeated in fiscal year 10.

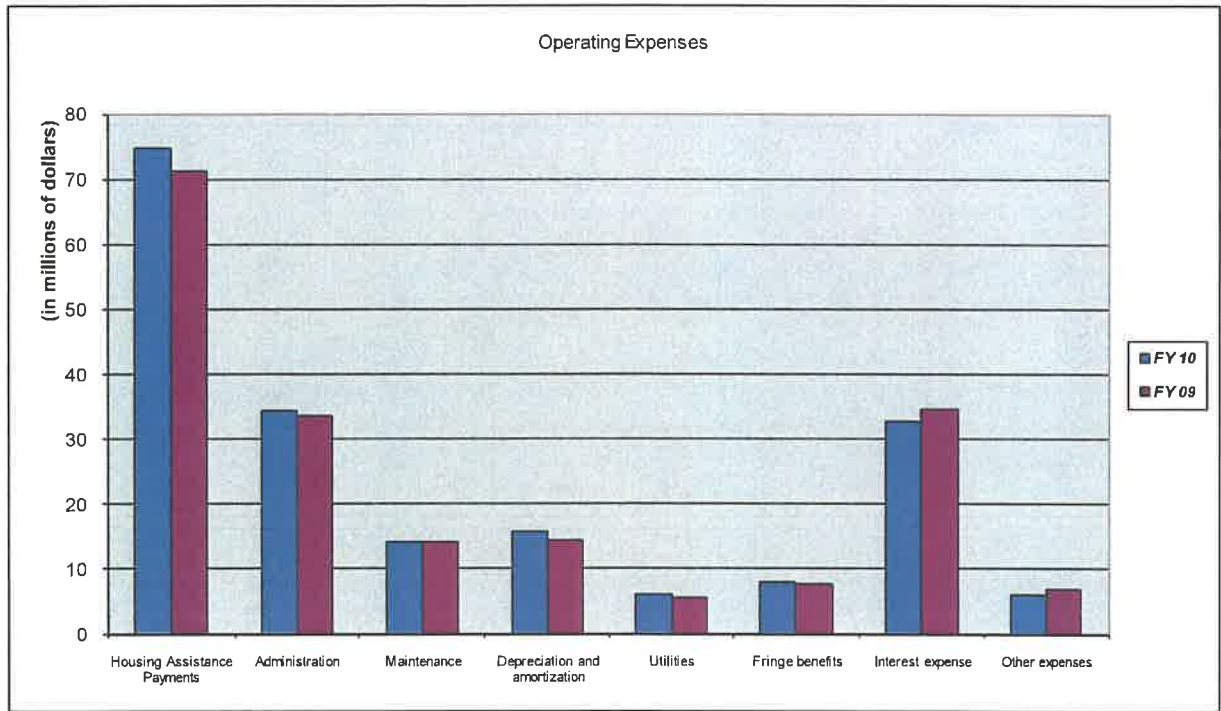
The following chart shows the Commission's sources of revenue as a percentage of total revenue. The primary sources of revenue for the Commission are grants from federal, state, and local governments, and dwelling rentals.



HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
 (A Component Unit of Montgomery County, Maryland)

Management's Discussion and Analysis
 For the year ended June 30, 2010

The following is a comparison of current and prior year operating expenses:



The increase in housing assistance payments is due to an increase in housing choice voucher payments to landlords during fiscal year 2010 as a result of an increase in the average payment per voucher.

The increase in administration expenses is attributable to increases in salary expenses in the Opportunity Housing Fund and Public Fund.

The decrease in interest expense is a result of a decrease in the Single Family Fund due to bond redemptions and a decrease in the interest rate for variable rate debt.

The increase in fringe benefits is attributable to increases in retirement expenses, defined contribution plan expenses and health insurance expenses in the General Fund.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Management's Discussion and Analysis
For the year ended June 30, 2010

Housing Opportunities Commission's Capital Assets
Net of Accumulated Depreciation
(in millions of dollars)

	<u>2010</u>	<u>2009</u>	<u>\$ Variance</u>	<u>% Variance</u>
Capital assets:				
Property and equipment, net of depreciation	\$ 318.2	315.6	2.6	0.8%
Capitalized lease (net of amortization)	<u>13.8</u>	<u>14.5</u>	<u>-0.7</u>	<u>-4.8%</u>
Total capital assets, net	\$ <u>332.0</u>	<u>330.1</u>	<u>1.9</u>	<u>0.6%</u>

Real property is depreciated using a straight line method over a 40 year period. During the year, the Commission acquired assets of approximately \$21.3 million, while disposing of capital assets with a net book value of approximately \$18.8 million. Capital leases are recorded net of amortization, explaining the decrease from the prior year.

During the coming year the Commission intends to acquire Moderately Priced Dwelling Units which are scattered throughout Montgomery County, Maryland. These units are intended to serve low to moderate income individuals and families.

The properties within the Commission's portfolio that are scheduled for or currently under major rehabilitation during the coming fiscal year are Pooks Hill High-Rise, Paddington Square, Metropolitan, Magruder's Discovery, 7423 Aspen Court, 717 Sligo Creek Parkway and 7411 Aspen Court.

Note 4 (Capital Assets) provides detailed information about capital asset activity.

Outstanding Debt

Housing Opportunities Commission's Outstanding Debt
(in millions of dollars)

	<u>2010</u>	<u>2009</u>	<u>\$ Variance</u>	<u>\$ Variance</u>
Multi-Family bonds	\$ 438.5	399.1	39.4	9.9%
Single Family Mortgage Purchase Program bonds	328.8	270.2	58.6	21.7%
Mortgage notes and loans payable	40.5	51.4	(10.9)	-21.2%
Capitalized lease obligation	20.2	20.5	(0.3)	-1.5%
Loans payable to Montgomery County	<u>56.8</u>	<u>47.2</u>	<u>9.6</u>	<u>20.3%</u>
Total	\$ <u>884.8</u>	<u>788.4</u>	<u>96.4</u>	<u>12.2%</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Management's Discussion and Analysis
For the year ended June 30, 2010

The following are key elements of the Commission's outstanding debt as of June 30, 2010:

- \$328.8 million of single family mortgage bonds outstanding. Sources of payments for the bonds are single family mortgages of \$223.4 million and cash, cash equivalents and investments of \$134.9 million.
- \$438.5 million of multi-family mortgage bonds outstanding. Sources of payments for the bonds are multi-family mortgages of \$317.2 million and cash, cash equivalents and investments of \$167.5 million.

The outstanding debt is secured by real estate or by first mortgages on real estate. The exception is the closing cost assistance program.

Note 8 (Bonds, Mortgage Notes, and Loans Payable) provides detailed information about long-term debt activity.

Economic Outlook

With the issuance of Moody's Investors Service's highest management quality rating for a Public Housing Authority, and the Commission's very diverse activities – public housing authority, housing finance agency, developer, and housing management – the management believes it has a very strong economic outlook. There are some economic factors that will require constant monitoring, but with proper budgeting the potential risks should be minimal.

The Commission expects a slight increase in revenues from property related income, and real estate activity. Cash flows from federal, state and county grants are expected to hold constant or increase slightly as compared to fiscal year 10 as a result of the receipt of economic stimulus funds and funding from HUD. Overall, the Commission expects an increase in operating revenues that will be used to increase the funding of operating and replacement reserves.

These factors were considered in preparing the Commission's budget for the 2011 fiscal year.

Request for information

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, 10400 Detrick Avenue, Kensington, Maryland, 20895.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Statement of Net Assets – Business-Type Activities and
Discretely Presented Component Units
June 30, 2010

	<u>Business-Type Activities</u>	<u>Real Estate Limited Partnership Component Units</u>
Assets		
Current assets:		
Unrestricted:		
Cash and cash equivalents	\$ 73,235,802	2,915,419
Advances to component units	20,970,422	—
Accounts receivable and other assets	9,010,711	1,502,471
Accrued interest receivable	5,449,722	—
Mortgage and construction loans receivable	9,053,811	—
Total unrestricted current assets	<u>117,720,468</u>	<u>4,417,890</u>
Restricted cash and cash equivalents:		
Restricted cash and cash equivalents	54,967,967	8,316,740
Restricted short-term investments	92,665,358	—
Current bonds payable	31,550,569	—
Customer deposits	3,828,275	724,126
Total restricted cash and cash equivalents	<u>183,012,169</u>	<u>9,040,866</u>
Total current assets	<u>300,732,637</u>	<u>13,458,756</u>
Noncurrent assets:		
Restricted long-term investments	125,717,041	—
Mortgage and construction loans receivable	353,903,841	—
Capital assets, net of depreciation	318,150,036	129,687,194
Leased property under capital lease, net of amortization	13,787,310	—
Loans receivable from component units	5,409,306	—
Deferred charges	10,613,081	2,976,111
Deferred outflow of resources	7,348,632	—
Total noncurrent assets	<u>834,929,247</u>	<u>132,663,305</u>
Total assets	<u>1,135,661,884</u>	<u>146,122,061</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Statement of Net Assets – Business-Type Activities and
Discretely Presented Component Units
June 30, 2010

	<u>Business-Type Activities</u>	<u>Real Estate Limited Partnership Component Units</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 12,004,093	2,612,371
Accrued interest payable	196,396	5,886,165
Advances from primary government	—	17,731,110
Loans payable to Montgomery County – current	2,762,493	2,500,000
Mortgage notes and loans payable – current	12,276,335	3,839,841
Capitalized lease obligations – current	161,466	—
Total current unrestricted liabilities	<u>27,400,783</u>	<u>32,569,487</u>
Current liabilities payable from restricted assets:		
Customer deposits payable	3,398,937	674,216
Accrued interest payable	13,407,288	—
Bonds payable – current	104,626,741	—
Total current liabilities payable from restricted assets	<u>121,432,966</u>	<u>674,216</u>
Total current liabilities	<u>148,833,749</u>	<u>33,243,703</u>
Noncurrent liabilities:		
Bonds payable	662,634,978	—
Mortgage notes and loans payable	28,191,982	91,953,681
Loans payable to Montgomery County	54,089,145	13,788,493
Capitalized lease obligations	20,047,355	—
Deferred revenue	20,561,788	—
Escrow and other deposits	4,875,177	1,623,941
Interest rate swap	7,348,632	—
Total noncurrent liabilities	<u>797,749,057</u>	<u>107,366,115</u>
Total liabilities	<u>946,582,806</u>	<u>140,609,818</u>
Net Assets		
Invested in capital assets, net of related debt	26,296,666	(125,931)
Restricted for:		
Debt service	38,767,241	8,316,740
Customer deposits and other	12,490,371	49,910
Closing cost assistance program	741,671	—
Unrestricted	<u>110,783,129</u>	<u>(2,728,476)</u>
Total net assets	\$ <u>189,079,078</u>	\$ <u>5,512,243</u>

See accompanying notes to financial statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Statement of Revenues, Expenses, and Changes in Net Assets— Business-Type Activities
and Discretely Presented Component Units
Year ended June 30, 2010

	<u>Business-Type Activities</u>	<u>Real Estate Limited Partnership Component Units</u>
Operating revenues:		
Dwelling rental	\$ 51,602,384	18,184,828
Investment income	6,925,130	—
Unrealized gains on investments	3,848,207	—
Interest on mortgage and construction loans receivable	17,731,617	—
Management fees and other income	7,911,157	280,354
U.S. Department of Housing and Urban Development grants:		
Housing Assistance Payments	75,384,843	—
HAP administrative fees	5,866,937	—
Other grants	11,254,618	—
State and county grants	10,629,223	—
Total operating revenues	<u>191,154,116</u>	<u>18,465,182</u>
Operating expenses:		
Housing Assistance Payments	74,850,432	—
Administration	34,285,500	3,020,462
Maintenance	14,202,508	3,902,891
Depreciation and amortization	15,658,584	5,653,635
Utilities	6,001,107	1,667,618
Fringe benefits	8,038,944	784,754
Interest expense	32,711,853	4,793,874
Other expenses	5,662,593	2,991,709
Bad debt expense	436,581	94,504
Total operating expenses	<u>191,848,102</u>	<u>22,909,447</u>
Operating income/(loss)	<u>(693,986)</u>	<u>(4,444,265)</u>
Nonoperating revenues (expenses):		
Investment income	683,595	46,392
State and County grants	253,857	—
Interest on mortgage and construction loans receivable	141,505	—
Interest expense	(73,480)	—
Other grants	38,146	103,991
Total nonoperating income	<u>1,043,623</u>	<u>150,383</u>
Income/(loss) before contributions and transfers	349,637	(4,293,882)
Capital contributions	3,749,082	1,680,619
Change in net assets	4,098,719	(2,613,263)
Total net assets, beginning of year	<u>184,980,359</u>	<u>8,125,506</u>
Total net assets, end of year	<u>\$ 189,079,078</u>	<u>5,512,243</u>

See accompanying notes to financial statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Statement of Cash Flows – Business-Type Activities
and Discretely Presented Component Units
Year ended June 30, 2010

	Business-Type Activities	Real Estate Limited Partnership Component Units
Cash flows from operating activities:		
Receipts from customers	\$ 59,932,173	21,750,549
Mortgage principal payments	(15,923,027)	—
Intergovernmental revenue	103,135,621	—
Investment income received	6,925,130	—
Mortgage interest received	17,168,904	—
Payments to suppliers	(34,159,880)	(12,462,912)
Payments to employees	(34,284,516)	(2,441,483)
Interest paid	(32,505,030)	(4,771,713)
Housing assistance payments	(74,850,432)	—
Net cash (used in) provided by operating activities	<u>(4,561,057)</u>	<u>2,074,441</u>
Cash flows from investing activities:		
Repayments of advances to component units	(1,196,110)	—
Repayment of advances by component units	2,967,667	4,990,022
Investments purchased	(109,021,827)	—
Investments sold	11,044,458	—
Investment income received	683,595	46,392
Investment in mortgages receivable	(1,736,671)	—
Mortgage interest received	50,879	—
Net cash (used in) provided by investing activities	<u>(97,208,009)</u>	<u>5,036,414</u>
Cash flows from noncapital financing activities:		
Proceeds from sale of bonds	171,044,386	—
Bond repayments	(73,294,425)	—
Intergovernmental revenue	292,003	103,991
Net cash provided by noncapital financing activities	<u>98,041,964</u>	<u>103,991</u>
Cash flows from capital and related financing activities:		
Payments for property, equipment and committed financing fees	(36,524,807)	(1,001,166)
Proceeds from sale of property and equipment	19,044,921	36,250,210
Proceeds from new mortgage notes and loans payable	11,154,492	—
Payments on mortgage notes and loans payable	(22,122,749)	(38,257,249)
Proceeds from new loans payable to Montgomery County	11,868,806	—
Payments on loans payable to Montgomery County	(2,211,637)	(4,588,712)
Interest paid on mortgages	(73,480)	—
Proceeds received for FHA risk-sharing loss reserve	673,083	—
Payments on capital lease obligations	(285,233)	—
Capital contributions and transfers	3,749,082	1,680,619
Net cash (used in) capital and related financing activities	<u>(14,727,522)</u>	<u>(5,916,298)</u>
Net increase (decrease) in cash and cash equivalents	(18,454,624)	1,298,548
Cash and cash equivalents, beginning of year	<u>182,037,237</u>	<u>10,657,737</u>
Cash and cash equivalents, end of year	<u>\$ 163,582,613</u>	<u>11,956,285</u>

(Continued)

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Statement of Cash Flows – Business-Type Activities
and Discretely Presented Component Units
Year ended June 30, 2010

	<u>Business-Type Activities</u>	<u>Real Estate Limited Partnership Component Units</u>
Reconciliation of cash and cash equivalents, end of year to amounts in the statement of net assets:		
Current unrestricted cash and cash equivalents	\$ 73,235,802	2,915,419
Restricted cash and cash equivalents:		
Restricted cash and cash equivalents	54,967,967	8,316,740
Current bonds payable	31,550,569	—
Customer deposits	3,828,275	724,126
Total cash and cash equivalents	\$ 163,582,613	11,956,285
Reconciliation of operating income (loss) to net cash (used in) provided by operating activities:		
Operating loss	\$ (693,986)	(4,444,265)
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities:		
Depreciation and amortization	15,658,584	5,653,635
Unrealized gains on investments	(3,848,207)	—
Change in assets and liabilities:		
(Increase) decrease in accounts receivable and other assets	984,335	1,714,215
(Increase) decrease in mortgage/construction loans receivables	(15,093,182)	—
(Increase) decrease in accrued interest receivable	(563,448)	—
(Increase) decrease in deferred charges	(266,985)	1,603,946
Increase (decrease) in accounts payable	(686,787)	(2,442,457)
Increase (decrease) in deferred revenue	(99,750)	(31,808)
Increase (decrease) in accrued interest payable	239,959	22,161
Increase (decrease) in escrow and other deposits	(191,590)	(986)
Net cash (used in) provided by operating activities	\$ (4,561,057)	2,074,441
Noncash items:		
Interest on capital appreciation bonds	\$ 1,884,386	—

See accompanying notes to financial statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Statement of Net Assets – Enterprise Funds
 June 30, 2010
 (with comparative totals for June 30, 2009)

Assets	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2010	2009
Current assets:								
Unrestricted:								
Cash and cash equivalents	\$ 20,201,230	27,090,849	7,240,914	16,853,821	1,848,988	—	73,235,802	67,593,117
Interfund receivable (payable)	(8,018,152)	19,055,965	(4,312,938)	(5,095,591)	(1,629,284)	—	—	—
Advances to component units	12,283,058	8,687,364	—	—	—	—	20,970,422	21,559,059
Accounts receivable and other assets	2,651,249	8,965,835	3,394,472	47,773	49,022	(6,097,640)	9,010,711	10,721,364
Accrued interest receivable	200,297	1,113,955	—	3,084,336	1,850,293	(799,159)	5,449,722	4,795,648
Mortgage and construction loans receivable	5,259,693	—	—	5,473,443	6,576,879	(8,256,204)	9,053,811	9,323,299
Total unrestricted current assets	<u>32,577,375</u>	<u>64,913,968</u>	<u>6,322,448</u>	<u>20,363,782</u>	<u>8,695,898</u>	<u>(15,153,003)</u>	<u>117,720,468</u>	<u>113,992,487</u>
Restricted cash and cash equivalents:								
Restricted cash and cash equivalents	10,552	8,874,107	12,237,070	16,448,809	17,397,429	—	54,967,967	83,909,221
Restricted short-term investments	—	—	—	40,017,593	52,647,765	—	92,665,358	1,226,621
Current bonds payable	—	—	—	14,780,388	16,770,181	—	31,550,569	26,709,774
Customer deposits	—	1,737,189	2,091,086	—	—	—	3,828,275	3,825,125
Total restricted cash and cash equivalents	<u>10,552</u>	<u>10,611,296</u>	<u>14,328,156</u>	<u>71,246,790</u>	<u>86,815,375</u>	<u>—</u>	<u>183,012,169</u>	<u>115,670,741</u>
Total current assets	<u>32,587,927</u>	<u>75,525,264</u>	<u>20,650,604</u>	<u>91,610,572</u>	<u>95,511,273</u>	<u>(15,153,003)</u>	<u>300,732,637</u>	<u>229,663,228</u>
Noncurrent assets:								
Restricted long-term investments	—	—	—	46,831,309	78,885,732	—	125,717,041	115,330,202
Mortgage and construction loans receivable	6,722,529	15,916,111	—	217,980,946	310,654,847	(197,370,592)	353,903,841	336,804,500
Capital assets, net of depreciation	7,770,324	255,414,288	63,592,088	—	—	(8,626,664)	318,150,036	315,575,608
Leased property under capital lease, net of amortization	295,546	13,491,764	—	—	—	—	13,787,310	14,540,436
Loans receivable from component units	5,409,306	—	—	—	—	—	5,409,306	6,592,226
Deferred charges	—	5,165,093	—	4,746,585	721,417	(20,014)	10,613,081	10,346,096
Deferred outflow of resources	—	—	—	3,763,072	3,585,560	—	7,348,632	—
Total noncurrent assets	<u>20,197,705</u>	<u>289,987,256</u>	<u>63,592,088</u>	<u>273,321,912</u>	<u>393,847,556</u>	<u>(206,017,270)</u>	<u>834,929,247</u>	<u>799,189,068</u>
Total assets	<u>\$ 52,785,632</u>	<u>365,512,520</u>	<u>84,242,692</u>	<u>364,932,484</u>	<u>489,358,829</u>	<u>(221,170,273)</u>	<u>1,135,661,884</u>	<u>1,028,852,296</u>

(Continued)

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Statement of Net Assets – Enterprise Funds
June 30, 2010
(with comparative totals for June 30, 2009)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2010	2009
Liabilities								
Current liabilities:								
Accounts payable and accrued liabilities	\$ 2,588,293	5,969,273	2,131,179	1,212,162	6,200,826	(6,097,640)	12,004,093	13,417,198
Accrued interest payable	4,600	990,955	—	—	—	(799,159)	196,396	165,799
Loans payable to Montgomery County – current	—	2,762,493	—	—	—	—	2,762,493	4,319,839
Mortgage notes and loans payable – current	8,810,994	11,505,982	—	—	17,627	(8,058,268)	12,276,335	16,047,084
Capitalized lease obligations – current	158,978	2,488	—	—	—	—	161,466	240,812
Total current unrestricted liabilities	11,562,865	21,231,191	2,131,179	1,212,162	6,218,453	(14,955,067)	27,400,783	34,190,732
Current liabilities payable from restricted assets:								
Customer deposits payable	—	1,601,358	1,797,579	—	—	—	3,398,937	3,555,435
Mortgage notes and loans payable – current	—	—	—	197,936	—	(197,936)	—	—
Accrued interest payable	—	—	—	4,753,848	8,653,440	—	13,407,288	13,442,592
Bonds payable – current	—	—	—	50,020,000	54,606,741	—	104,626,741	51,440,530
Total current liabilities payable from restricted assets	—	1,601,358	1,797,579	54,971,784	63,260,181	(197,936)	121,432,966	68,438,557
Total current liabilities	11,562,865	22,832,549	3,928,758	56,183,946	69,478,634	(15,153,003)	148,833,749	102,629,289
Noncurrent liabilities:								
Bonds payable	—	—	—	278,740,828	383,894,150	—	662,634,978	617,826,562
Mortgage notes and loans payable	2,097,347	218,822,370	1,715,004	—	2,927,853	(197,370,592)	28,191,982	35,389,491
Loans payable to Montgomery County	3,463,135	50,626,010	—	—	—	—	54,089,145	42,874,629
Capitalized lease obligations	81,894	19,965,461	—	—	—	—	20,047,355	20,253,242
Deferred revenue	15,147,744	2,447,563	740,345	—	2,246,150	(20,014)	20,561,788	19,988,455
Escrow and other deposits	—	—	—	—	4,875,177	—	4,875,177	4,910,269
Interest rate swap	—	—	—	3,763,072	3,585,560	—	7,348,632	—
Total noncurrent liabilities	20,790,120	291,861,404	2,455,349	282,503,900	397,528,890	(197,390,606)	797,749,057	741,242,648
Total liabilities	32,352,985	314,693,953	6,384,107	338,687,846	467,007,524	(212,543,609)	946,582,806	843,871,937
Net Assets								
Invested in capital assets, net of related debt	7,824,998	(34,778,752)	61,877,084	—	—	(8,626,664)	26,296,666	34,340,554
Restricted for:								
Debt service	—	8,874,107	—	9,390,817	20,502,317	—	38,767,241	32,176,630
Customer deposits and other	—	135,831	12,354,540	—	—	—	12,490,371	10,179,838
Closing cost assistance program	741,671	—	—	—	—	—	741,671	777,886
Unrestricted (deficit)	11,865,978	76,587,381	3,626,961	16,853,821	1,848,988	—	110,783,129	107,505,451
Total net assets	\$ 20,432,647	50,818,567	77,858,585	26,244,638	22,351,305	(8,626,664)	189,079,078	184,980,359

See accompanying notes to financial statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Statement of Revenues, Expenses, and Changes in Net Assets – Enterprise Funds
June 30, 2010
(with comparative totals for June 30, 2009)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2010	2009
Operating revenues:								
Dwelling rental	\$ 783,453	45,686,869	5,132,062	—	—	—	51,602,384	50,338,236
Investment income	—	—	—	1,923,255	5,001,875	—	6,925,130	7,638,163
Unrealized gains (losses) on investments	—	—	—	2,640,281	1,207,926	—	3,848,207	3,110,604
Interest on mortgage and construction loans receivable	—	—	—	11,669,498	16,403,706	(10,341,587)	17,731,617	19,819,780
Management fees and other income	15,012,510	2,289,495	2,101,889	—	51,516	(11,544,253)	7,911,157	10,397,564
U.S. Department of Housing and Urban Development grants:								
Housing Assistance Payments	—	—	75,384,843	—	—	—	75,384,843	69,038,665
HAP administrative fees	—	—	5,866,937	—	—	—	5,866,937	5,266,978
Other grants	—	—	11,254,618	—	—	—	11,254,618	10,500,329
State and County grants	—	—	10,629,223	—	—	—	10,629,223	9,422,158
Total operating revenues	<u>15,795,963</u>	<u>47,976,364</u>	<u>110,369,572</u>	<u>16,233,034</u>	<u>22,665,023</u>	<u>(21,885,840)</u>	<u>191,154,116</u>	<u>185,532,477</u>
Operating expenses:								
Housing Assistance Payments	—	—	74,850,432	—	—	—	74,850,432	71,116,935
Administration	10,431,407	9,115,961	18,245,916	2,827,234	1,950,898	(8,285,916)	34,285,500	33,514,421
Maintenance	1,017,675	8,898,826	4,279,107	—	6,900	—	14,202,508	14,205,755
Depreciation and amortization	1,075,162	9,933,668	4,649,754	—	—	—	15,658,584	14,499,967
Utilities	254,934	3,822,215	1,923,958	—	—	—	6,001,107	5,629,351
Fringe benefits	3,338,490	695,703	4,004,751	—	—	—	8,038,944	7,673,443
Interest expense	—	12,434,662	—	11,111,665	19,507,113	(10,341,587)	32,711,853	34,520,213
Other expenses	1,279,618	4,953,387	2,680,589	7,336	—	(3,258,337)	5,662,593	6,932,322
Bad debt expense	—	365,418	71,163	—	—	—	436,581	379,192
Total operating expenses	<u>17,397,286</u>	<u>50,219,840</u>	<u>110,705,670</u>	<u>13,946,235</u>	<u>21,464,911</u>	<u>(21,885,840)</u>	<u>191,848,102</u>	<u>188,471,599</u>
Operating income (loss)	\$ <u>(1,601,323)</u>	<u>(2,243,476)</u>	<u>(336,098)</u>	<u>2,286,799</u>	<u>1,200,112</u>	<u>—</u>	<u>(693,986)</u>	<u>(2,939,122)</u>

(Continued)

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Statement of Revenues, Expenses, and Changes in Net Assets – Enterprise Funds
June 30, 2010
(with comparative totals for June 30, 2009)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2010	2009
Nonoperating revenues (expenses):								
Investment income	\$ 553,887	85,868	43,840	—	—	—	683,595	1,351,318
Unrealized losses on investments	—	—	—	—	—	—	—	—
Interest on mortgage and construction loans receivable	63,677	77,828	—	—	—	—	141,505	105,433
Interest expense	(73,480)	—	—	—	—	—	(73,480)	(142,965)
Other grants	—	38,146	—	—	—	—	38,146	39,698
State and County grants	—	253,857	—	—	—	—	253,857	368,694
Total nonoperating income	544,084	455,699	43,840	—	—	—	1,043,623	1,722,178
Income (loss) before contributions and transfers	(1,057,239)	(1,787,777)	(292,258)	2,286,799	1,200,112	—	349,637	(1,216,944)
Capital contributions	—	—	3,749,082	—	—	—	3,749,082	1,607,686
Operating transfers in (out)	1,415,726	291,231	128,610	—	(1,835,567)	—	—	—
Transfer of MHLP VI	—	—	—	—	—	—	—	(747,219)
Changes in net assets	358,487	(1,496,546)	3,585,434	2,286,799	(635,455)	—	4,098,719	(356,477)
Total net assets, beginning of year	20,074,160	52,315,113	74,273,151	23,957,839	22,986,760	(8,626,664)	184,980,359	185,336,836
Total net assets, end of year	\$ 20,432,647	50,818,567	77,858,585	26,244,638	22,351,305	(8,626,664)	189,079,078	184,980,359

See accompanying notes to financial statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Statement of Cash Flows – Enterprise Funds
June 30, 2010
(with comparative totals for June 30, 2009)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2010	2009
Cash flows from operating activities:								
Receipts from customers	\$ 15,436,047	48,547,498	7,804,524	—	51,516	(11,907,412)	59,932,173	62,966,830
Mortgage principle payments/receipts	—	—	—	(23,150,890)	(1,674,172)	8,902,035	(15,923,027)	24,924,211
Intergovernmental principal payments received	—	—	103,135,621	—	—	—	103,135,621	94,228,130
Investment income received	—	—	—	1,923,255	5,001,875	—	6,925,130	7,638,163
Mortgage interest received	—	—	—	11,050,389	16,443,534	(10,325,019)	17,168,904	19,816,837
Receipts from interfund services provided	—	3,217,477	—	462,487	—	—	3,679,964	9,026,683
Payments to suppliers	(4,022,337)	(22,815,083)	(16,102,745)	(1,807,096)	(1,320,031)	11,907,412	(34,159,880)	(33,512,373)
Payments to employees	(11,601,878)	(6,097,228)	(14,920,169)	(1,027,474)	(637,767)	—	(34,284,516)	(33,655,401)
Interest paid	(3,685)	(12,416,948)	—	(10,675,341)	(19,734,075)	10,325,019	(32,505,030)	(32,982,028)
Housing assistance payments	—	—	(74,850,432)	—	—	—	(74,850,432)	(71,116,935)
Payments to interfund services used	(570,542)	—	(1,426,275)	—	(1,683,147)	—	(3,679,964)	(9,026,683)
Net cash provided by (used in) operating activities	<u>(762,395)</u>	<u>10,435,716</u>	<u>3,640,524</u>	<u>(23,224,670)</u>	<u>(3,552,267)</u>	<u>8,902,035</u>	<u>(4,561,057)</u>	<u>38,307,434</u>
Cash flows from investing activities:								
Repayments of advances from (to) component units	—	(1,196,110)	—	—	—	—	(1,196,110)	(5,664,664)
Repayments of advances by component units	2,967,667	—	—	—	—	—	2,967,667	2,067,474
Investments purchased	—	—	—	(55,137,593)	(53,884,234)	—	(109,021,827)	(11,349,567)
Investments sold	—	—	—	3,000,000	8,044,458	—	11,044,458	108,205,335
Investment income received	553,887	85,868	43,840	—	—	—	683,595	1,351,318
Investment in mortgages receivable	(180,086)	(1,556,585)	—	—	—	—	(1,736,671)	(8,221,162)
Mortgage interest received	49,751	1,128	—	—	—	—	50,879	34,823
Net cash provided by (used in) investing activities	<u>3,391,219</u>	<u>(2,665,699)</u>	<u>43,840</u>	<u>(52,137,593)</u>	<u>(45,839,776)</u>	<u>—</u>	<u>(97,208,009)</u>	<u>86,423,557</u>
Cash flows from noncapital financing activities:								
Proceeds from sale of bonds	—	—	—	79,873,857	91,170,529	—	171,044,386	69,487,072
Bond repayments	—	—	—	(21,399,425)	(51,895,000)	—	(73,294,425)	(142,633,752)
Intergovernmental revenue	—	292,003	—	—	—	—	292,003	408,392
Net cash provided by (used in) noncapital financing activities	<u>\$ —</u>	<u>292,003</u>	<u>—</u>	<u>58,474,432</u>	<u>39,275,529</u>	<u>—</u>	<u>98,041,964</u>	<u>(72,738,288)</u>

(Continued)

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Statement of Cash Flows – Enterprise Funds
June 30, 2010
(with comparative totals for June 30, 2009)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2010	2009
Cash flows from capital and related financing activities:								
Payments for property, equipment and capital financing fees	\$ (590,531)	(27,565,610)	(8,368,666)	—	—	—	(36,524,807)	(70,574,906)
Proceeds from sale of property and equipment	609,913	15,165,909	3,269,099	—	—	—	19,044,921	17,893,477
Proceeds from new mortgage notes and loans payable	712,809	9,993,747	250,000	197,936	—	—	11,154,492	48,135,537
Payments on mortgage notes and loans payable	(229,170)	(8,573,598)	—	(4,400,000)	(17,946)	(8,902,035)	(22,122,749)	(41,427,297)
Proceeds from new loans payable to Montgomery County	1,176,896	10,691,910	—	—	—	—	11,868,806	10,721,304
Payments on loans payable to Montgomery County	—	(2,211,637)	—	—	—	—	(2,211,637)	(6,994,565)
Interest paid on mortgages	(73,480)	—	—	—	—	—	(73,480)	(142,965)
Proceeds received for FHA risk-sharing losses reserve	673,083	—	—	—	—	—	673,083	625,728
Payment of principal on capital lease obligations	(282,924)	(2,309)	—	—	—	—	(285,233)	(230,696)
Capital contributions and transfers	—	—	3,749,082	—	—	—	3,749,082	860,467
Net cash provided by (used in) capital and related financing activities	1,996,596	(2,501,588)	(1,100,485)	(4,202,064)	(17,946)	(8,902,035)	(14,727,522)	(41,133,916)
Net increase (decrease) in cash and cash equivalents	4,625,420	5,560,432	2,583,879	(21,089,895)	(10,134,460)	—	(18,454,624)	10,858,787
Cash and cash equivalents, beginning of year	15,586,362	32,141,713	18,985,191	69,172,913	46,151,058	—	182,037,237	171,178,450
Cash and cash equivalents, end of year	\$ 20,211,782	37,702,145	21,569,070	48,083,018	36,016,598	—	163,582,613	182,037,237
Reconciliation of cash and cash equivalents, end of year to amounts in the statement of net assets:								
Current unrestricted cash and cash equivalents	\$ 20,201,230	27,090,849	7,240,914	16,853,821	1,848,988	—	73,235,802	67,593,117
Restricted cash and cash equivalents:								
Restricted cash and cash equivalents	10,552	8,874,107	12,237,070	16,448,809	17,397,429	—	54,967,967	83,909,221
Current bonds payable	—	—	—	14,780,388	16,770,181	—	31,550,569	26,709,774
Customer deposits	—	1,737,189	2,091,086	—	—	—	3,828,275	3,825,125
Total cash and cash equivalents	\$ 20,211,782	37,702,145	21,569,070	48,083,018	36,016,598	—	163,582,613	182,037,237

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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Statement of Cash Flows – Enterprise Funds
June 30, 2010
(with comparative totals for June 30, 2009)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2010	2009
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	\$ (1,601,323)	(2,243,476)	(336,098)	2,286,799	1,200,112	—	(693,986)	(2,939,122)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	1,075,162	9,933,668	4,649,754	—	—	—	15,658,584	14,499,967
Unrealized losses (gains) on investments	—	—	—	(2,640,281)	(1,207,926)	—	(3,848,207)	(3,110,604)
Change in assets and liabilities:								
Decrease (increase) in accounts receivable and other assets	(551,813)	373,449	1,558,259	6,971	(39,372)	(363,159)	984,335	2,462,136
Decrease (increase) in mortgage and construction loans receivable	—	—	—	(22,467,621)	(1,527,596)	8,902,035	(15,093,182)	29,419,829
Decrease (increase) in accrued interest receivable	—	—	—	(626,080)	79,200	(16,568)	(563,448)	120,253
Decrease (increase) in deferred charges	—	164	—	(677,119)	411,202	(1,232)	(266,985)	(1,804,740)
Decrease (increase) in interfund receivable	(570,542)	3,217,477	(1,426,275)	462,487	(1,683,147)	—	—	—
(Decrease) increase in accounts payable	697,909	(1,060,801)	182,570	(6,150)	(863,474)	363,159	(686,787)	(2,740,976)
(Decrease) increase in deferred revenue	191,897	206,716	(840,383)	—	340,788	1,232	(99,750)	753,384
(Decrease) increase in accrued interest payable	(3,685)	17,714	—	436,324	(226,962)	16,568	239,959	1,413,795
(Decrease) increase in escrow and other deposits	—	(9,195)	(147,303)	—	(35,092)	—	(191,590)	233,512
Net cash provided by (used in) operating activities	\$ (762,395)	10,435,716	3,640,524	(23,224,670)	(3,552,267)	8,902,035	(4,561,057)	38,307,434

See accompanying notes to financial statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Notes to Financial Statements

June 30, 2010

(1) Organization and Summary of Significant Accounting Policies

(a) Description of the Commission

The Housing Opportunities Commission of Montgomery County, Maryland (a component unit of Montgomery County, Maryland) (the Commission) is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law. In addition, Chapter 41 of the laws of Montgomery County, Maryland, known as the Housing Opportunities Act, which permits Montgomery County (the County) to authorize the Commission to perform various housing functions either through a contract with the County or by local law.

Specific powers of the Commission include:

- Acquiring land,
- Utilizing federal/state housing subsidies,
- Making mortgage loans and rent subsidy payments,
- Making construction loans,
- Providing permanent mortgage financing,
- Purchasing mortgages, and
- Issuing bonds.

Housing activities sponsored by the Commission include:

- The Public Housing Rental Program, which provides housing for low- and moderate-income families and elderly and disabled individuals who pay either a flat rent or 30% of their adjusted gross income for rent;
- Home-Ownership Program, whereby families pay a minimum of 30% of their adjusted gross income each month to the Commission. A portion of this monthly payment is placed in an earned home-payment account, and another sum is placed in a non-routine maintenance reserve. Once a family's income is high enough to secure a mortgage, these reserve accounts can be used for the down payment and/or closing costs. Title to the home is then transferred to the family, and they assume ownership of the home along with all rights and responsibilities of home ownership;

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June 30, 2010

- Section 8 Housing Assistance Payments Program, sponsored by the U.S. Department of Housing and Urban Development (HUD), through which eligible persons may seek housing in the private marketplace. The Section 8 Housing Choice Voucher program allows eligible families to obtain adequate rental housing while paying a minimum of 30% of their monthly income for rent;
- Opportunity Housing Program, which is a local program administered by the Commission for families of eligible income, and includes both sales and rental housing; and
- Tax Credit Partnerships, which provide rental housing for low and moderate income households. The Commission manages these properties and is a 1% general partner.

The above activities are supported by a network of tenant services. Funding for these services is provided by federal, state and county government agencies.

Bonds issued by the Commission include Single Family Mortgage Revenue Bonds and Multi-Family Housing Revenue Bonds. Single Family Mortgage Revenue Bonds provide below-market interest rate mortgage loans for the purchase of single-family homes for low- to moderate-income families on an equal opportunity basis. The Multi-Family Housing Revenue Bonds provide below-market rental units within Multi-Family developments for low- to moderate-income families.

Except as noted below, neither the Single Family Mortgage Revenue Bonds nor the Multi-Family Housing Revenue Bonds constitute a liability or obligation, either direct or indirect, of Montgomery County, the State of Maryland (the State) or any political subdivision thereof and are not backed by the full faith and credit of the Commission, the State or any political subdivision thereof, but are limited obligations of the Commission payable solely from the revenue and other assets of the Commission pursuant to individual Bond Resolutions. The Multi-Family Housing Revenue Bonds, 1998 Issue A and 2009 Issue A, are guaranteed as general obligation bonds of Montgomery County.

Management of the Commission and Montgomery County have determined that the Commission is a component unit of the County. Accordingly, the County is required to report the Commission, together with all other component units, in its basic financial statements.

(b) Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America (GAAP) these financial statements present the Commission and the following component units, which are entities for which the primary government is considered financially accountable:

Development Corporations. The Development Corporations (the Corporations) operate exclusively for non-profit purposes and were created to assist in carrying out housing projects for persons of eligible income. Housing projects undertaken, financed, or assisted by the Corporations and their related expenditures must be approved by the Commission. The Corporations are legally separate from the Commission, and are included in the Opportunity Housing Fund as blended component units, since the Commission can significantly influence the programs, projects, or activities of, or the level of service performed by the Corporations, and their boards of directors are substantially the same as the Commission.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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June 30, 2010

Real Estate Limited Partnerships. The Commission is the managing general partner in 17 real estate limited partnerships. The limited partnership interests are held by third parties unrelated to the Commission. As managing general partner, the Commission has certain rights and responsibilities, which enable it to impose its will on the limited partnerships. Additionally, the Commission is financially accountable for the limited partnerships as the Commission is legally obligated to fund operating deficits in accordance with the terms of the partnership agreements. Fifteen of the partnerships have calendar year ends and two have a June 30 fiscal year end. Accordingly, the amounts included for each discretely presented component unit that comprise the aggregate component units column in the combined financial statements are as of and for the respective year ends that fall within the year ended June 30, 2010. Separate financial statements for the individual limited partnerships can be obtained from the Commission.

(c) ***Basis of Accounting***

The financial activities of the Commission are recorded in five proprietary enterprise funds. A brief description of each of the Commission's enterprise funds follows:

- *General Fund* – Includes all operations with the exception of public-funded programs, opportunity housing programs and bond-funded activities. This fund also includes any private grants received and the development costs of tax credit partnerships.
- *Opportunity Housing Fund* – Includes all operating, capital improvements and capital development related to the Commission's opportunity housing portfolio.
- *Public Fund* – Includes all funds the Commission receives from federal, state and local government agencies, and related activities.
- *Multi-Family Fund* – Used to account for the proceeds of Multi-Family Housing Revenue Bonds, the debt service requirements on the bonds, investments held pursuant to the indenture authorizing the issuance of the bonds and the related mortgage-loan financing for newly constructed or rehabilitated Multi-Family rental housing in the County.
- *Single Family Fund* – Used to account for the proceeds of Single Family Mortgage Revenue Bonds, the debt service requirements on the bonds, investments held pursuant to the indenture authorizing the issuance of the bonds and debt service collected from mortgage loans purchased for the financing of owner-occupied, single-family residences in the County.

The Commission uses the accrual method of accounting, whereby expenses are recognized when a liability is incurred, and revenue is recognized when earned.

Commission financial statements distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a fund's principal ongoing operations. The principal operating revenues of the General and Opportunity Housing Funds are dwelling rentals, management fees and other income. The principal operating revenues of the Public Fund are intergovernmental grants. The principal operating revenues of the Single Family and Multi-Family Funds are investment interest and interest on mortgage and construction loans receivable. Operating expenses for the General, Opportunity Housing and Public

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June 30, 2010

funds include administrative, maintenance, depreciation and amortization, utilities, and other expenses. Interest expense is included as an operating expense of the Opportunity Housing Fund. Housing assistance payments are considered operating expenses of the Public Fund. The principal operating expenses of the Single Family and Multi-Family Funds are interest and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The effect of interfund activity has been eliminated from the combined financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting* allows governments to choose not to implement, in proprietary fund types, pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, provided that this is applied on a consistent basis, or to continue to follow FASB standards. The Commission has elected not to implement FASB pronouncements issued after that date.

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

(d) Investments

Investments of the General Fund, the Public Fund, and the Opportunity Housing Fund consist of those permitted by the investment policy including obligations of the U.S. government and federal agencies, bankers' acceptances, repurchase agreements, certificates of deposit, money market mutual funds, investments in the Maryland Local Government Investment Pool, commercial paper, and investments in the Montgomery County investment pool. Investments of the Multi-Family Program Fund and the Single Family Mortgage Purchase Program Fund consist of those permitted by the respective bond trust indentures adopted by the Commission providing for the issuance of bonds. Investments are recorded at fair value. Fair value is based upon quoted market prices. The Commission classifies its investments as current or non-current based on the maturity dates. Short-term investments have maturities within one year.

(e) Mortgage and Construction Loans Receivable

Mortgage and construction loans are carried at amounts advanced, net of collections and reserves for loan losses, if any. As of June 30, 2010, there were no reserves for loan losses. Loans that become past due as to principal and interest are evaluated for collectability. Generally, loans are not placed on non-accrual status because they are insured or otherwise guaranteed. Historically, the Commission's loan losses have been insignificant.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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June 30, 2010

(f) *Mortgage Risk-Sharing Agreement*

The Commission participates in a mortgage risk-sharing agreement with HUD to provide for full mortgage insurance through the Federal Housing Administration (FHA) of loans for affordable housing. The Commission was approved by HUD as both a Level I and Level II participant. Level I participants assume 50% or more, in 10% increments of the risk of loss from mortgage default and Level II participants assume either 25% or 10% of the risk of loss from mortgage default.

Upon default of a mortgage and request of the Commission, HUD will pay the claim in full, so the Commission can redeem the bonds. Upon receipt of the cash payment from FHA, the Commission will execute a debenture with HUD for the full amount of the claim within 30 days. The instrument will be dated as of the date that the initial claim payment is issued. In the instrument, the Commission will agree to reimburse HUD over a five-year period for its portion of the loss upon the sale of the project based on the proportion of risk borne by the Commission. The Commission must pay annual interest on the debenture at HUD's published debenture rate as of the earlier of the initial endorsement date or the final endorsement date. The Commission's maximum potential risk of loss as of June 30, 2010 is \$113,336,956 which is collateralized primarily by the underlying properties. Management has established what it deems to be an adequate reserve of \$7,174,760 against this potential loss in excess of the value of the real estate securing the notes.

(g) *Grants/Contributions from Governmental Agencies*

The Commission receives reimbursement from federal, state and county governmental agencies for the cost of sponsored projects, including administrative costs. Revenue is recognized to the extent of reimbursable costs incurred subject to limitations in the agreements with the sponsoring governmental agencies.

(h) *Capital Assets*

Capital assets include property held for and under development, operating properties, and fixed assets used in operations that cost \$5,000 or more and have an estimated useful life of at least two years.

The Commission capitalizes costs associated with properties held for and under development, including interest costs during the construction period. The carrying amount of such properties does not exceed the estimated net realizable value.

Operating properties are carried at cost and are depreciated on a straight-line basis. Estimated useful lives are 40 years for buildings and 3 to 10 years for building equipment.

The Commission is exempt from county property taxes under specific payment-in-lieu of taxes (PILOT) agreements for all public housing and Opportunity Housing properties.

Fixed assets used in operations consist of furniture and equipment. Estimated useful lives range from 3 to 10 years.

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(i) Loan Origination, Commitment, and Monitoring Fees

The Commission charges commitment and financing fees to developers within the Multi-Family Fund. Loan origination and commitment fees are deferred and recognized over the life of the related loan as an adjustment of yield. Net deferred fees are amortized to income in a manner approximating the effective interest method. The Commission also incurs cost of issuance expenses for the Single Family bond issues which are deferred and amortized over the life of the bonds. Net deferred fees amounted to \$5,468,002 at June 30, 2010 and are included in deferred charges on the statement of net assets. The Commission also annually receives loan monitoring fees for the ongoing costs of monitoring mortgages and bonds for compliance under the Multi-Family Fund. These fees are recognized as earned and are included in management fees and other income in the accompanying statement of revenues, expenses and changes in net assets.

(j) Bond Discounts

Bond discounts are amortized using a method which approximates the effective interest method.

(k) Bond Accretion

Interest expense on capital appreciation bonds is not paid in cash during the term of the bonds, but is added to the principal balance. Accretion is computed using the effective interest method and is included in bond interest expense in the accompanying statement of revenues, expenses and changes in net assets.

(l) Cash Equivalents

For purposes of the statements of cash flows, the Commission considers all highly liquid investments with maturities of twelve months or less when purchased to be cash equivalents.

(m) Compensated absences and severance

The Commission's policy provides for the accrual of annual leave only. The accrual is based on the employee's current leave balance and the current hourly rate of pay. The maximum number of hours per employee is 240. The outstanding annual leave accrual as of June 30, 2010 amounted to \$1,863,064 and is included in accounts payable and accrued liabilities in the accompanying statement of net assets.

In July 2006, the Commission adopted a personnel policy for senior executive staff which provides for a severance package which includes payments up to thirty-six week of wages, in addition to other benefits. The outstanding annual leave accrual includes the severance package accruals for senior executive staff up to thirty-six weeks as appropriate.

(n) Prior-Period Comparative Financial Information

The basic financial statements include certain prior-year partial comparative information that is not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended June 30, 2009, from which the partial information was derived.

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(o) Accounting Changes

The Commission has adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB No. 53 addresses the recognition, measurement and disclosure of information regarding derivative instruments entered into by state and local governments. The Commission engages in interest rate swaps in conjunction with the issuance of variable rate debt in both the Single Family and Multi-Family Funds as a way to hedge against increases in variable interest rates. GASB 53 states that if a derivative effectively hedges an identified risk of increasing or decreasing cash flows or fair values, then the periodic changes in the fair value of the derivative can be deferred until the derivative ceases to be effective or the hedged transaction terminates. If the derivative fails to effectively hedge the identified risk, then the change in fair value is reported immediately as investment income or loss.

As of June 30, 2010 all of the Commission's interest rate swaps were deemed to be effective hedges. Under hedge accounting, the changes in fair values of hedging derivative instruments are reported as either deferred inflows or outflows in the statement of net assets. The Commission has experienced a decrease in fair value of \$7,348,632 in its interest rate swaps and has recorded this decrease as a deferred outflow of resources, with an offset to interest rate swap liability.

The Commission also adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB No. 51 requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets and recognized in the statement of net assets only if considered identifiable. Existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. For fiscal year 2010 the Commission has identified and recorded all intangible assets that are to be treated as capital assets.

(2) Cash, Cash Equivalents, and Investments

Business-Type Activities

A. Cash

The Commission's cash balances as of June 30, 2010 were entirely insured or collateralized with securities held by the Commission's agent in the Commission's name.

	<u>Carrying Amount</u>	<u>Bank Balances</u>
Cash:		
General Fund	\$ 5,283,636	5,279,836
Opportunity Housing Fund	28,831,167	28,822,713
Public Fund	13,292,300	13,291,000
	<hr/>	<hr/>
Total cash	\$ 47,407,103	47,393,549
	<hr/>	<hr/>

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B. Cash Equivalents & Investments

The General Fund cash and cash equivalents balance at June 30, 2010 includes \$10,552 of cash and cash equivalents restricted for closing cost programs. The Opportunity Housing Fund cash and cash equivalents balance at June 30, 2010 includes \$10,611,296 of cash and cash equivalents restricted in accordance with various loan agreements with agencies of the State of Maryland and Montgomery County, in bond indentures and security deposits. The Public Fund cash and cash equivalent balance includes \$14,328,156 as of June 30, 2010, of security deposits, housing choice voucher funding and home ownership reserves restricted in accordance with the HUD regulations.

The Commission and its discretely presented component units investments are subject to interest rate, credit and custodial risk as described below:

Interest Rate Risk. The Commission's investment policy which applies to the General Fund, Public Fund and the Opportunity Housing Fund requires that the majority of the investments of the Commission must be on a short-term basis (less than one year); however a portion of the portfolio may be invested in investments with longer maturities (up to two years). The investment requirements for the Multi-Family Fund and Single Family Fund are specified within each of the bond trust indentures. The bond trustee is required to invest money in obligations with the objective that sufficient money will be available to pay the interest due on the Bonds and will mature or be subject to redemption with the objective that sufficient money will be available for the purposes intended in accordance with the Indenture.

Credit Risk. The Commission's investment policy for the General Fund, Public Fund and the Opportunity Housing Fund permits the following investment types: U.S. government and federal agencies; repurchase agreements; banker's acceptances; money market mutual funds; Maryland Local Government Investment Pool; Montgomery County Local Government Investment Pool; certificate of deposits and time deposits; and commercial paper. Bankers Acceptances of domestic banks and commercial paper must maintain the highest rating from one of the Nationally Recognized Statistical Rating Organizations (NRSRO) as designated by the SEC or State Treasurer. Repurchase agreements require collateralization at 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities provided the collateral is held by a custodian, other than the seller. Certificates of deposit or time deposits must be collateralized at 102% of the market value and held by a custodian other than the seller.

The Commission invests in the Montgomery County Local Government Investment Pool and the Maryland Local Government Investment Pool (MLGIP). The pools are not subject to regulatory oversight by the SEC. However the County pool is subject to oversight by the County's investment committee.

The State Legislature created MLGIP with the passage of Article 95 22G, of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, has been managed by PNC Bank. The pool has a AAA rating from Standard and Poors and maintains a \$1.00 per share value. An MLGIP Advisory Committee of current participants was formed to review, on a semi-annual basis, the activities of the Fund and to provide suggestions to enhance the pool. The fair market value of the pool is the same as the value of the pool shares. The MLGIP issues a publicly available financial report that includes financial statements and required supplementary information for the MLGIP. This report can be

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obtained by writing: PNC Bank, Maryland Local Government Investment Pool, Mr. David Rommel, 2 Hopkins Plaza, 5th Floor, Baltimore, Maryland 21201; or by calling 1-800-492-5160.

The Single Family and Multi-Family Funds require that the Trustee invest moneys on deposit under the Indenture in Investment Obligations as defined by the respective Bond Indenture Agreements. Investment Obligations are defined as the following: (i) Government obligations; (ii) bond debentures or other obligation issued by government agencies or corporations; (iii) time deposits or certificate of deposits insured by the Federal Deposit Insurance Corporation; (iv) repurchase agreements backed by obligations described in (i) and (ii) above; (v) investment agreements; (vi) tax exempt obligations; and (vii) money market funds.

Custodial Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Amounts held in trust accounts and other demand accounts within the General Fund, the Opportunity Housing Fund and the Public Fund are covered by federal depository insurance, or collateralized at a level of at least 102% of market value of principal and accrued interest. The collateral is held by the bank's agent in the Commission's name with the exception of the repurchase agreement collateral for the MLGIP which is segregated and held in the name of PNC Banks Safe Deposit and Trust's account at the Federal Reserve Bank. The cash and cash equivalents held by PNC Bank for the General Fund, Opportunity Housing Fund and Public Fund are in bank money market accounts and interest bearing accounts. These accounts are not rated by an independent rating agency. The Moody's rating for PNC Bank short-term deposits as of June 30, 2010 was P-1.

Amounts held in money market funds and investment agreements within the Multi-Family and Single Family Funds are typically collateralized at 102% by either U.S. Treasuries or other government guaranteed securities. The Bond Indenture agreements permit investments in funds that contain agency debt which are not collateralized by U.S. Treasuries or other guaranteed government securities. As of June 30, 2010, the Commission held investments in agency securities which were not collateralized but were rated A, AA, AA2, VWIG1 and AAA.

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As of June 30, 2010 the Commission had the following cash, cash equivalents, investments and maturities:

<u>Cash Equivalents</u>	<u>Fair Value</u>	<u>Ratings</u>
Cash equivalents:		
General Fund		
<i>Money Market Accounts</i>	\$ 14,928,146	N/A
Opportunity Housing Fund		
<i>Investment in Maryland Local Government Investment Pool</i>	413,889	AAA
<i>Money Market Accounts</i>	8,457,089	N/A
Public Fund		
<i>Investment in Maryland Local Government Investment Pool</i>	3,721,433	AAA
<i>Money Market Accounts</i>	4,555,337	N/A
Multi-Family Fund		
<i>Money Market Accounts</i>	36,016,598	AAA
Single Family Fund		
<i>Money Market Accounts</i>	48,083,018	AAA
<i>Total cash equivalents</i>	<u>\$ 116,175,510</u>	
Short-term Investments:		
Multi-Family Fund		
<i>Money Market Accounts</i>	\$ 46,510,447	N/A
<i>GNMA Pool</i>	965,804	AAA
<i>Freddie Mac</i>	601,514	AAA
<i>RBC GIC</i>	4,570,000	AAA
Single Family Fund		
<i>USG GSE Global Escrow Agreement</i>	40,017,593	N/A
<i>Total short-term investments</i>	<u>\$ 92,665,358</u>	

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As of June 30, 2010, the Commission had the following cash, cash equivalents, investments and maturities:

<u>Long Term Investments</u>	<u>Fair Value</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>Greater than 10 years</u>	<u>Rating</u>
Long-term Investments:					
Multi-Family Fund					
<i>US Treasuries</i>	\$ 2,837,872	-	-	2,837,872	AAA
<i>Fannie Mae</i>	4,063,033	-	-	4,063,033	AAA
<i>Freddie Mac</i>	3,213,918	1,645,418	-	1,568,500	AAA
<i>GNMA Pool</i>	65,449,560	-	-	65,449,560	AAA
<i>Bank One Investment Agreement</i>	591,525	-	-	591,525	AA/Aa2
<i>Federal Farms</i>	2,729,824	-	-	2,729,824	AAA
Single Family Fund					
<i>Federal Farm Credit Banks</i>	6,340,935	-	-	6,340,935	AAA
<i>Federal Home Loan Banks</i>	9,769,899	149,848	-	9,620,051	AAA
<i>Fannie Mae</i>	971,539	-	-	971,539	AAA
<i>US Treasuries</i>	8,955,586	321,169	2,557,144	6,077,273	AAA
<i>New York, NY Housing Development Corp.</i>	2,650,000	-	2,650,000	-	VWIG1
<i>New York, NY Variable Taxable Subseries</i>	4,295,000	-	-	4,295,000	VWIG1
<i>Colorado Educational & Cultural Facilities</i>	1,345,000	-	-	1,345,000	AA2
<i>Kentucky Housing Corporation</i>	3,830,000	-	-	3,830,000	AAA
<i>Solomon Repurchase Agreement</i>	2,345,800	-	2,345,800	-	A
<i>Tennessee Valley Authority</i>	6,327,550	-	2,612,475	3,715,075	AAA
Total long-term investments	<u>125,717,041</u>	<u>2,116,435</u>	<u>10,165,419</u>	<u>113,435,187</u>	
<i>Cash balances</i>	47,407,103				
	<u>\$ 381,965,012</u>				
Reconciliation of cash, cash equivalents and investments to amounts in the statement of net assets:					
Current unrestricted cash and cash equivalents	\$ 73,235,802				
Restricted cash and cash equivalents	54,967,967				
Restricted short-term investments	92,665,358				
Restricted cash and cash equivalents for current liabilities	35,378,844				
Noncurrent restricted assets	<u>125,717,041</u>				
	<u>\$ 381,965,012</u>				

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C. Real Estate Limited Partnership Component Units

The Real Estate Limited partnership Component unit cash and cash equivalents balance as of December 31, 2009 were as follows:

	<u>Carrying Amount</u>	<u>Bank Balances</u>
Cash	\$ 6,185,195	\$ 6,181,481
Cash Equivalents	<u>Fair Value</u>	<u>Rating</u>
<i>Investment in Maryland Local</i>		
<i>Government Investment Pool</i>	\$ 1,635,842	AAA
<i>Money Market Accounts</i>	4,135,248	N/A
	<u>5,771,090</u>	
Total Cash, Cash Equivalents and Investments	<u>\$ 11,956,285</u>	
Reconciliation of cash and cash equivalents to amounts in the statement of net assets:		
Current unrestricted cash and cash equivalents	\$ 2,915,419	
Restricted cash and cash equivalents for current liabilities	724,126	
Restricted cash and cash equivalents	<u>8,316,740</u>	
	<u>\$ 11,956,285</u>	

All cash equivalents have maturities of one year or less. The Real Estate Limited Partnership Component Units follow the Commission's investment policy.

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(3) Mortgage and Construction Loans Receivable

Mortgage and construction loans receivable are secured by deeds of trust evidencing first mortgage liens on applicable real property and are either insured by private mortgage insurance, the U.S. Federal Housing Administration or the Maryland Housing Fund or are guaranteed by the U.S. Department of Veterans Affairs. Mortgage and construction loans receivable as of June 30, 2010 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Balance</u>
General Fund		
Closing Cost Assistance Loans	4.94% \$	2,262,188
		<u>2,262,188</u>
Opportunity Housing Fund		
Home-Ownership Assistance Loan Fund (HALF)	4.500 to 6.500%	30,886
Rental Assistance Security Deposit Loan	—	8,659
Metropolitan of Bethesda Limited Partnership	—	1,142,000
Strathmore Court Associates Limited Partnership	—	1,000,000
Barclay One Associates Limited Partnership	—	5,347,969
Spring Garden One Associates Limited Partnership	—	3,274,431
		<u>10,803,945</u>
Multifamily Fund		
Metropolitan of Bethesda Limited Partnership	6.38%	6,647,848
Landings Edge	4.95%	5,988,475
Strathmore Court at White Flint - B	7.62%	4,448,488
Dring's Reach	4.75%	6,482,192
Ambassador	7.16%	2,398,839
TC IX Pond Ridge	6.30%	1,794,984
TC IX MPDU's	6.30%	3,063,132
Croydon Manor	6.35%	2,759,328
Silver Spring House	6.35%	2,073,897

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Shady Grove	5.20%	\$ 6,685,214
Willows	5.20%	4,769,298
Manchester	5.20%	2,002,787
Tax Credit X	6.20%	3,386,254
Ring House	6.10%	15,548,368
Stewartown	6.20%	3,839,769
Georgian Court	6.20%	4,880,063
Charter House	6.02%	13,165,407
Rockville Housing	5.21%	3,721,993
Barclay	4.55%	6,342,778
Spring Gardens	4.55%	6,424,401
Forest Oak	4.93%	17,195,482
Metro Pointe LP	6.50%	<u>2,946,906</u>
		126,565,903
Less deferred commitment fees		<u>(128,773)</u>
		126,437,130
Single Family Fund		
Mortgage loans receivable, net	4.900 to 13.445%	<u>223,454,389</u>
Total		<u>\$ 362,957,652</u>

As of June 30, 2010, the amounts available or committed for additional advances or new loans are \$6,097,640 and \$23,922,804 for the Multi-Family Fund and the Single Family Fund, respectively.

Included in the mortgage and construction loans receivable balance of the Multi-Family Fund are interfund mortgage loans receivable from the Opportunity Housing Fund amounting to \$190,794,596 as of June 30, 2010, which have been eliminated. The related interest revenue, amounting to \$9,949,823 for the year ended June 30, 2010 has also been eliminated.

Included in the mortgage and construction loans receivable balance of the General Fund at June 30, 2010 are interfund mortgage loans receivable from the Opportunity Housing Fund, the Public Fund and the Multi-Family Bond Fund amounting to \$9,720,034 which has been eliminated in the accompanying financial statements. The related interest revenue, amounting to \$316,812 for the year ended June 30, 2010 has also been eliminated.

Included in the mortgage and construction loans receivable balance of the Opportunity Housing Fund at June 30, 2010 are interfund mortgage loans receivables from the OHRF Fund amounting to \$5,112,166, which has been eliminated in the accompanying financial statements. The related interest revenue, amounting to \$74,952 for the year ended June 30, 2010 has also been eliminated.

Construction loans in the Opportunity Housing and Multi-Family Funds generally have maturities of less than one year. Mortgage loans receivable in the Single Family Fund and the Multi-Family Fund have maturities extending up to 40 years.

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(4) Capital Assets

The Commission's capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Land:				
General Fund	\$ 4,055,535	-	608,248	3,447,287
Opportunity Housing Fund	30,608,180	1,745,160	-	32,353,340
Public Fund	16,181,721	-	3,441	16,178,280
Total land	<u>50,845,436</u>	<u>1,745,160</u>	<u>611,689</u>	<u>51,978,907</u>
Site improvements:				
Public Fund	2,945,910	-	-	2,945,910
Accumulated depreciation	<u>(2,891,105)</u>	<u>(31,316)</u>	-	<u>(2,922,421)</u>
Total site improvements, net	<u>54,805</u>	<u>(31,316)</u>	-	<u>23,489</u>
Building and improvements:				
General Fund	4,505,426	302,499	-	4,807,925
Accumulated depreciation	<u>(2,051,702)</u>	<u>(155,595)</u>	-	<u>(2,207,297)</u>
Opportunity Housing Fund	272,079,832	14,729,711	4,865,397	281,944,146
Accumulated depreciation	<u>(76,122,754)</u>	<u>(8,359,838)</u>	<u>(243,012)</u>	<u>(84,239,580)</u>
Public Fund	93,422,026	3,751,433	35,501	97,137,958
Accumulated depreciation	<u>(52,957,477)</u>	<u>(4,570,359)</u>	<u>(14,714)</u>	<u>(57,513,122)</u>
Total building and improvements, net	<u>238,875,351</u>	<u>5,697,851</u>	<u>4,643,172</u>	<u>239,930,030</u>
Furniture and equipment:				
General Fund	7,618,138	288,032	71,253	7,834,917
Accumulated depreciation	<u>(5,517,625)</u>	<u>(666,136)</u>	<u>(71,253)</u>	<u>(6,112,508)</u>
Opportunity Housing Fund	6,655,825	1,078,721	-	7,734,546
Accumulated depreciation	<u>(3,684,551)</u>	<u>(517,144)</u>	-	<u>(4,201,695)</u>
Public Fund	4,172,422	2,810	-	4,175,232
Accumulated depreciation	<u>(3,316,801)</u>	<u>(33,187)</u>	-	<u>(3,349,988)</u>
Total furniture and equipment, net	<u>5,927,408</u>	<u>153,096</u>	-	<u>6,080,504</u>
Construction in progress:				
Opportunity Housing Fund	14,285,365	8,966,949	10,055,447	13,196,867
Public Fund	5,585,578	4,813,459	3,458,798	6,940,239
General Fund	<u>1,665</u>	-	1,665	-
Total construction in progress	<u>19,872,608</u>	<u>13,780,408</u>	<u>13,515,910</u>	<u>20,137,106</u>
Total capital assets, net	\$ <u>315,575,608</u>	<u>21,345,199</u>	<u>18,770,771</u>	<u>318,150,036</u>

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<u>Real estate limited partnerships component units</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Land	\$ 20,074,800	—	(1,428,020)	18,646,780
Site improvements	2,250,017	—	(2,016,519)	233,498
Building and improvements	183,978,636	206,961	(33,139,931)	151,045,666
Furniture and equipment	5,223,540	477,343	—	5,700,883
Total accumulated depreciation	<u>(40,937,120)</u>	<u>(5,336,773)</u>	<u>334,260</u>	<u>(45,939,633)</u>
Net component unit capital assets	\$ <u>170,589,873</u>	<u>(4,652,469)</u>	<u>(36,250,210)</u>	<u>129,687,194</u>

Included in operating properties for the Opportunity Housing Fund is an interfund elimination for interest paid to the Multi-Family Fund amounting to \$8,626,664 as of June 30, 2010, which was capitalized during construction of the property.

Commission capital assets not being depreciated include land and construction in progress.

(5) Advances to Real Estate Partnership Component Units

Advances to component units represent additional funds provided by the Commission to facilitate the purchase of the rental Moderately Priced Dwelling Units (MPDUs) and to fund operating deficits incurred by the Partnerships. The purchases of the rental MPDUs are collateralized by certain notes receivable of the Partnerships due from the limited partners in connection with the purchase of their limited partnership interests. The Partnerships' agreements:

- Include ground rent to be paid by the Partnerships to the Commission's General Fund. Ground rent for the year ended June 30, 2010, amounted to \$783,453.
- Extend from 45 to 65 years, and call for annual ground rent payments with fixed and variable upward adjustments on January 1 of each calendar year.
- Include management fees of 6.0% of monthly rental collections. Management fees paid to the Commission for the year ended June 30, 2010, amounted to \$274,220.
- Require the Commission to maintain \$100,000 in a segregated account for certain partnerships to be available for the exclusive use and benefit of the respective partnership. The purpose of this account is to provide assurance to the limited partnership that funds will be available in the event the project experiences an operating deficit.

Due to differences in fiscal year ends, Advances to Component Units differ from Advances from the Primary Government at June 30, 2010.

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(6) Accounts Receivable and Other Assets

Accounts receivable consists of grants and loans due from HUD and Montgomery County, tenant rents receivable, and amounts due from property managers. All amounts are deemed to be collectible within one year. Accounts receivable and other assets consisted of the following as of June 30, 2010:

	<u>General Fund</u>	<u>Opportunity Housing Fund</u>	<u>Public Fund</u>	<u>Single Family Fund</u>	<u>Multi Family Fund</u>	<u>Total</u>
Accounts receivable:						
U.S. Department of Housing and Urban Development \$	—	—	972,659	—	—	972,659
Montgomery County, Maryland	—	105,590	940,126	—	—	1,045,716
Other	2,383,633	1,142,947	1,481,687	—	—	5,008,267
Other assets	<u>267,616</u>	<u>1,619,658</u>	<u>—</u>	<u>47,773</u>	<u>49,022</u>	<u>1,984,069</u>
	<u>\$ 2,651,249</u>	<u>2,868,195</u>	<u>3,394,472</u>	<u>47,773</u>	<u>49,022</u>	<u>9,010,711</u>

Included in the accounts receivable and other assets balance of the Opportunity Housing Fund are interfund accounts receivable from the Multi-Family Fund amounting to \$6,097,640 as of June 30, 2010, which have been eliminated upon consolidation.

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(7) Interfund Receivables, Payables, and Transfers

Interfund receivables and payables result from cash collections and disbursements for all funds being processed through the General Fund. All amounts are expected to be repaid within one year. The composition of interfund balances as of June 30, 2010, is as follows:

Due to / from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Opportunity Housing Fund	General Fund	\$ 19,055,965
General Fund	Public Fund	(4,312,938)
General Fund	Multi-Family Fund	(1,629,284)
General Fund	Single Family Fund	(5,095,591)
		<u>\$ 8,018,152</u>

Due to / from primary government and component units:

<u>Receivable entity</u>	<u>Payable entity</u>	<u>Amount</u>
Primary government – General Fund	Component units - tax credit limited partnerships	\$ 17,692,364
Opportunity Housing Fund	Component units - tax credit limited partnerships	<u>8,687,364</u>
		<u>\$ 26,379,728</u>

Interfund transfers were made during the fiscal year to reduce interfund receivables and payables. The transfers occur routinely and are approved by the Board of Commissioners.

Interfund transfers:

	<u>Transfer in</u> <u>General</u> <u>Fund</u>
Transfer (in) out:	
Opportunity Housing Fund	\$ (291,231)
Public Fund	(128,610)
Single Family Fund	—
Multi-Family Fund	<u>1,835,567</u>
Net transfers in: General Fund	<u>\$ 1,415,726</u>

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(8) Bonds, Mortgage Notes, and Loans Payable – Primary Government

Bonds and mortgage notes have been issued to provide financing for the Commission's housing programs and are collateralized as follows:

- Mortgage loans receivable made on the related developments or single-family residential mortgage loans purchased.
- Substantially all revenue, mortgage payments and recovery payments received by the Commission from mortgage loans made on the related developments.
- Certain accounts, generally debt service reserve funds, established pursuant to the indenture authorizing issuance of the bonds.

Interest rates on bonds payable ranged from 0.800% to 11.25% as of June 30, 2010.

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(a) Bonds Payable

The Commission has the following bonds payable outstanding as of June 30, 2010:

	Outstanding beginning of year	Issued this year	Retired this year	Outstanding end of year	Amount due within one year
Single Family Fund:					
1986 Series A	\$ 5,000	—	5,000	—	—
1988 Series A	5,000	—	5,000	—	—
1988 Series B	5,000	—	5,000	—	—
1998 Series A – Accretions	31,463,989	1,716,214	3,039,425	30,140,778	—
2001 Series A	2,245,000	—	690,000	1,555,000	130,000
2002 Series A	4,185,000	—	1,030,000	3,155,000	620,000
2002 Series B – Accretions	2,633,158	157,643	—	2,790,801	—
2002 Series C	16,890,000	—	—	16,890,000	—
2004 Series A	12,945,000	—	1,395,000	11,550,000	470,000
2004 Series B	2,765,000	—	1,455,000	1,310,000	60,000
2005 Series A	15,485,000	—	1,775,000	13,710,000	605,000
2005 Series B	3,910,000	—	850,000	3,060,000	620,000
2005 Series C	9,830,000	—	1,140,000	8,690,000	385,000
2005 Series D	10,970,000	—	730,000	10,240,000	690,000
2006 Series A	16,850,000	—	1,970,000	14,880,000	665,000
2006 Series B	10,870,000	—	1,040,000	9,830,000	995,000
2007 Series A	14,760,000	—	1,755,000	13,005,000	595,000
2007 Series B	18,985,000	—	655,000	18,330,000	625,000
2007 Series C	1,000,000	—	—	1,000,000	—
2007 Series D	19,635,000	—	1,555,000	18,080,000	1,025,000
2007 Series E	—	13,000,000	—	13,000,000	—
2007 Series F	10,000,000	—	—	10,000,000	—
2008 Series A	13,205,000	—	1,530,000	11,675,000	2,355,000
2008 Series B	3,895,000	—	600,000	3,295,000	5,000
2008 Series C	8,450,000	—	—	8,450,000	—
2008 Series D	17,200,000	—	—	17,200,000	—
2009 Series A	20,000,000	—	175,000	19,825,000	175,000
2009 Series A	—	10,000,000	—	10,000,000	—
2009 Series B	—	15,000,000	—	15,000,000	—
2009 Series C	—	40,000,000	—	40,000,000	40,000,000
	<u>268,187,147</u>	<u>79,873,857</u>	<u>21,399,425</u>	326,661,579	<u>50,020,000</u>
Less: unamortized discount	<u>1,973,885</u>			<u>2,099,249</u>	
	<u>\$ 270,161,032</u>			<u>\$ 328,760,828</u>	

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	Outstanding beginning of year	Issued this year	Retired this year	Outstanding end of year	Amount due within one year
Multi-Family Fund Bonds:					
1992 Series C	\$ 2,685,000	—	105,000	2,580,000	115,000
1993 Issue II	1,110,000	—	540,000	570,000	570,000
1984 Series A – Accretions	91,008	10,529	—	101,537	11,741
1995 Series A	3,010,000	—	125,000	2,885,000	140,000
1996 Series A	2,835,000	—	95,000	2,740,000	95,000
1996 Series B	3,170,000	—	90,000	3,080,000	90,000
1998 Issue A	10,490,000	—	325,000	10,165,000	340,000
1998 Series A	10,045,000	—	255,000	9,790,000	265,000
1998 Series B	15,010,000	—	530,000	14,480,000	560,000
2000 Series A	16,950,000	—	395,000	16,555,000	415,000
2000 Series B	25,055,000	—	595,000	24,460,000	640,000
2001 Series A	7,805,000	—	85,000	7,720,000	90,000
2002 Series A	21,990,000	—	440,000	21,550,000	460,000
2002 Series C	12,965,000	—	—	12,965,000	—
2002 Series A	7,530,000	—	175,000	7,355,000	175,000
2002 Series B	29,785,000	—	520,000	29,265,000	505,000
2003 Series A	18,250,000	—	425,000	17,825,000	435,000
2003 Series B	17,430,000	—	200,000	17,230,000	205,000
2004 Series A	13,450,000	—	255,000	13,195,000	260,000
2004 Series B	3,955,000	—	45,000	3,910,000	45,000
2004 Series C	18,520,000	—	400,000	18,120,000	415,000
2004 Series D	13,440,000	—	290,000	13,150,000	295,000
2005 Series A	11,040,000	—	11,040,000	—	—
2005 Series B	5,735,000	—	145,000	5,590,000	150,000
2005 Series C	29,925,000	—	635,000	29,290,000	660,000
2007 Series A	18,730,000	—	340,000	18,390,000	350,000
2007 Series B	26,155,000	—	515,000	25,640,000	535,000
2007 Series C	7,875,000	—	280,000	7,595,000	295,000
2008 Series A	13,355,000	—	—	13,355,000	—
2008 Issue A	33,050,000	—	33,050,000	—	—
2009 Issue A	—	32,295,000	—	32,295,000	—
2009 Series A	—	46,490,000	—	46,490,000	46,490,000
2010 Series A	—	12,375,000	—	12,375,000	—
	<u>401,436,008</u>	<u>91,170,529</u>	<u>51,895,000</u>	<u>440,711,537</u>	<u>54,606,741</u>
Less: unamortized discount	(2,329,948)			(2,210,646)	
\$	<u>\$ 399,106,060</u>			<u>438,500,891</u>	

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b) Mortgage Notes and Loans Payable

The Commission has the following Opportunity Housing Fund and General Fund mortgage notes and loans payable as of June 30, 2010:

	<u>Outstanding beginning of year</u>	<u>Issued this year</u>	<u>Retired this year</u>	<u>Outstanding end of year</u>	<u>Amount due within one year</u>
Opportunity Housing Fund					
Paint Branch Townhouses	\$ 174,461	—	31,999	142,462	34,655
State Partnership Rental Programs	8,795,567	—	—	8,795,567	—
State Partnership VII	4,712,864	—	—	4,712,864	—
Alexander House	225,000	—	150,000	75,000	75,000
Diamond Square	2,000,000	—	—	2,000,000	—
The Glen	1,211,707	—	—	1,211,707	—
Tanglewood	92,500	—	7,500	85,000	7,500
Holiday Park	1,350,000	—	1,350,000	—	—
Paddington Square	6,985,424	—	120,654	6,864,770	129,351
Paddington Square - PNC Bank LOC	3,000,000	—	3,000,000	—	—
Dale Drive	—	600,000	—	600,000	—
Montgomery Arms	135,137	—	3,587	131,550	3,693
Kings Farm	7,125,000	—	3,909,858	3,215,142	3,215,142
Barclay Development Corporation	2,456,567	—	—	2,456,567	—
	<u>38,264,227</u>	<u>600,000</u>	<u>8,573,598</u>	<u>30,290,629</u>	<u>3,465,341</u>
General Fund:					
Line of Credit with PNC Bank	8,525,005	197,936	76,761	8,646,180	8,646,180
Tax Credit IX	50,500	—	—	50,500	—
Stewartown CDA Loan	1,633,417	—	152,409	1,481,008	164,814
	<u>10,208,922</u>	<u>197,936</u>	<u>229,170</u>	<u>10,177,688</u>	<u>8,810,994</u>
Multi-Family Bond Fund:					
Wheaton Metro Limited Partnership	2,963,426	—	2,963,426	—	—
Total mortgage notes and loans payable	\$ <u>51,436,575</u>	<u>797,936</u>	<u>11,766,194</u>	<u>40,468,317</u>	<u>12,276,335</u>

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Interest rates on mortgage notes and loans payable ranged from .70% to 8% as of June 30, 2010.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Fund at June 30, 2010 are interfund mortgage loans payable to the Multi-Family Fund amounting to \$190,794,596 which has been eliminated in the accompanying financial statements. The related interest expense, amounting to \$9,949,823 for the year ended June 30, 2010 has also been eliminated.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Fund at June 30, 2010 are interfund mortgage loans payable to the General Fund amounting to \$4,861,614, which has been eliminated in the accompanying financial statements. The related interest expense, amounting to \$289,933 for the year ended June 30, 2010 has also been eliminated.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Fund at June 30, 2010 are interfund mortgage loans payable to the OHRF Fund amounting to \$4,381,513, which has been eliminated in the accompanying financial statements. The related interest expense, amounting to \$66,462 for the year ended June 30, 2010 has also been eliminated.

Included in the mortgage notes and loans payable balance of the General Fund at June 30, 2010 are interfund mortgage loans payable to the Opportunity Housing Fund amounting to \$730,653, which has been eliminated in the accompanying financial statements. The related interest expense, amounting to \$8,490 for the year ended June 30, 2010 has also been eliminated.

Included in the mortgage notes and loans payable balance of the Public Fund at June 30, 2010 are interfund mortgage loans payable to the General Fund amounting to \$1,715,004, which has been eliminated in the accompanying financial statements.

Included in the mortgage notes and loans payable balance of the Single Family Fund and the Multi-Family Fund are interfund mortgage notes and loans payable to the General Fund amounting to \$197,936 and \$2,945,480, respectively, which has been eliminated in the accompanying financial statements. The related interest expense, amounting to \$11,052 for the Single Family loan and \$15,827 for the Multi-Family loan for the year ended June 30, 2010 has also been eliminated.

On June 29, 2010 the Commission extended the variable rate balance loan agreement with PNC Bank until June 29, 2012 for an amount not to exceed \$25,000,000. A portion of the loan in the principal amount not to exceed \$5,000,000 may be used for working capital purposes. The proceeds of each advance of the PNC Bank loan shall be used solely for the purposes of providing interim financing of the costs of existing residential properties and land acquired by the Commission for future development and for working capital of the Commission. Interest is payable monthly for tax exempt borrowings at 60% of the prime rate and for taxable borrowings at LIBOR plus 90 basis points. At June 30, 2010, the Commission had approximately \$8,646,180 due under this arrangement. The promissory note has a termination date of June 29, 2012.

The Commission remarketed \$31,270,000 of Multi-Family Housing Revenue Bonds 2004 Series C (Non-AMT) and 2004 Series D (AMT) in December 2009 under the Temporary Credit and Liquidity Program announced by the United States Department of the Treasury on October 19, 2009 replacing the existing credit facility until December 22, 2012.

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The Commission remarketed \$12,965,000 of Multi-Family Housing Revenue Bonds 2002 Series C (Non-AMT) (Variable Rate) in December 2009 under the Temporary Credit and Liquidity Program announced by the United States Department of the Treasury on October 19, 2009 replacing the existing credit facility until December 22, 2012.

In December 2009 the Commission issued Housing Development Bonds 2009 Issue A (Non-Amt) guaranteed by Montgomery County, Maryland for \$32,295,000 to refund at maturity the Commission's Housing Development Bonds 2008 A and provide financing for a mortgage loan in the principal amount of \$33,178,254. The bonds are expected to be refunded on or before January 1, 2012.

In December 2009, the Commission issued 2009 Series A (Federally Taxable) Multi-Family Housing Bonds for \$46,490,000 under the U.S. Treasury Department's New Issue Bond Program.

In April 2010 the Commission issued Multi-Family Housing Development Bonds 2010 Series A (Non-AMT) for \$12,375,000 to finance a mortgage loan for a 134 unit development, refund outstanding prior bonds on the development and fund certain capital expenditures of the Commission.

In December 2009, the Commission remarketed Single Family Mortgage Revenue Bonds 2002 Series C (Non-AMT) for \$16,890,000, 2007 Series E (Federally Taxable) for \$13,000,000, 2007 Series F (AMT) for \$10,000,000, 2008 Series C (AMT) for \$8,450,000, and 2008 Series D (Federally Taxable) for \$17,200,000. The Credit and Liquidity Facility securing the Remarketed Bonds will expire on December 22, 2012.

Single Family Housing Revenue bonds, 2009 Series A (Non-AMT) for \$10,000,000, Series B (Non-AMT) for \$15,000,000 and Series C (Federally Taxable) (NRO) (Variable rate) for \$40,000,000, were issued in December 2009 to provide funds to make or purchase qualified mortgage loans. The Series A Bonds were offered by the Underwriters and the Series B and Series C Bonds were privately placed with Fannie Mae and Freddie Mac. The Series C Bonds initially were to be converted to a fixed rate by December 31, 2010, however the Treasury has extended the date until December 31, 2011.

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(c) Maturities

Bonds, mortgage notes, and loans payable mature in the years and in the principal and interest amounts as follows:

	<u>General Fund Notes Payable</u>	<u>Fund Notes Payable</u>	<u>Fund Bonds & Notes Payable</u>	<u>Fund Notes Payable</u>	<u>Combined</u>
Years ending June 30,					
2011	\$ 8,810,994	3,465,341	54,606,741	50,020,000	116,903,076
2012	178,227	6,784,255	40,793,103	9,270,000	57,025,585
2013	192,733	52,066	8,214,619	9,750,000	18,209,418
2014	258,919	41,172	8,396,304	10,035,000	18,731,395
2015	225,381	11,663	7,758,199	10,350,000	18,345,243
2016 - 2020	511,434	60,293	41,572,852	39,915,000	82,059,579
2021 - 2025	—	36,476	55,310,995	14,010,000	69,357,471
2026 - 2030	—	30,756	55,793,724	54,535,779	110,360,260
2031 - 2035	—	31,274	101,175,000	35,150,800	136,357,074
2036 - 2040	—	600,630	37,225,000	93,625,000	131,450,630
2041 - 2045	—	—	20,775,000	—	20,775,000
2046 - 2050	—	—	9,090,000	—	9,090,000
Upon sale or refinancing of property	—	19,176,703	—	—	19,176,703
	<u>10,177,688</u>	<u>30,290,629</u>	<u>440,711,537</u>	<u>326,661,579</u>	<u>807,841,433</u>
Less unamortized bond discount	—	—	(2,210,646)	2,099,249	(111,397)
	<u>\$ 10,177,688</u>	<u>30,290,629</u>	<u>438,500,891</u>	<u>328,760,828</u>	<u>807,730,036</u>

	<u>Interest</u>				<u>Combined</u>
	<u>General Fund Notes Payable</u>	<u>Opportunity Housing Fund Notes Payable</u>	<u>Multi-Family Fund Bonds Payable</u>	<u>Single Family Fund Notes Payable</u>	
Years ending June 30,					
2011	\$ 108,077	495,596	16,570,069	9,803,308	26,977,050
2012	—	285,144	16,339,074	9,331,192	25,955,410
2013	—	7,821	15,318,113	9,126,720	24,452,654
2014	—	4,465	14,949,514	8,900,726	23,854,705
2015	—	3,426	14,587,590	8,617,568	23,208,584
2016 - 2020	—	15,152	68,049,742	40,086,028	108,150,922
2021 - 2025	—	11,468	55,022,979	40,669,000	95,703,447
2026 - 2030	—	7,189	43,571,096	31,047,770	74,626,055
2031 - 2035	—	2,240	22,559,573	13,971,107	36,532,920
2036 - 2040	—	24	10,336,246	6,296,388	16,632,658
2041 - 2045	—	—	5,058,509	—	5,058,509
2046 - 2050	—	—	95,520	—	95,520
Upon sale of property	—	—	—	—	—
Upon sale of property	—	—	—	—	—
	<u>\$ 108,077</u>	<u>832,525</u>	<u>282,458,025</u>	<u>177,849,807</u>	<u>461,248,434</u>

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(d) Derivative Instruments

At June 30, 2010, the Commission has several derivative instruments outstanding as noted in the table below. The Commission used the synthetic instrument method to evaluate the hedge effectiveness of the interest rate swaps. This method evaluates effectiveness by combining the cash flows on the derivative with the cash flows on the hedged item to create a new instrument. The synthetic rate on the cash flows is calculated based on the combination of all the cash flows and is compared against the fixed rate on the derivative. A potential hedging derivative instrument is effective if the actual synthetic rate is within a range of 90 to 111 percent of the fixed rate of the potential hedging derivative instrument to be substantially fixed. At June 30, 2010, all hedging derivative instruments shown in the table below met the criteria for effectiveness.

Objective of the interest rate swaps. In order to protect against the potential of rising interest rates, the Commission entered into seven separate pay-fixed, receive variable interest rate swaps. The net interest paid on the swaps and variable rate debt is anticipated to be less than the interest paid had the Commission issued fixed-rate debt.

Terms. The notional amounts of the swaps match the principal amounts of the associated variable rate debt. Except as discussed under rollover risk, the 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 during the period that the bonds are hedged. The Commission may terminate the swap at market value at any time.

Fair value. The termination value of all swaps had a negative fair value as of June 30, 2010 as a result of low interest rates. Because the coupons on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

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<u>Associated Bond Issue</u>	<u>Notional Amounts</u>	<u>Trade Date</u>	<u>Terms</u>	<u>Fair Values</u>	<u>Swap Termination Date</u>	<u>Counterparty/Credit Rating</u>
Single Family 2002 Series C	\$16,890,000	12/12/2002	Receive SIFMA, pay 3.63%	(\$1,416,741)	1/01/2013	MLCS, A2/A/A+
Multifamily 2004 Series C	\$18,120,000	11/05/2004	Receive 63.3% LIBOR + 0.19%, pay 3.653%	(\$1,603,859)	7/01/2036	MLCS, A2/A/A+
Multifamily 2004 Series D	\$13,150,000	11/05/2004	Receive 63.3% LIBOR + 0.29%, pay 3.76%	(\$1,168,816)	7/01/2036	MLCS, A2/A/A+
Note Payable	\$2,940,000	4/3/2006	Receive 100% LIBOR + 0.10%, pay 6.067%	(\$812,885)	1/1/2049	MLCS, A2/A/A+
Single family 2007 Series F	\$10,000,000	10/17/2007	Receive 64.0% LIBOR + 0.30%, pay 4.111%	(\$1,350,072)	7/1/2038	MLCS, A2/A/A+
Single family 2008 Series C	\$8,450,000	6/10/2008	Receive 63.6% LIBOR + 0.31%, pay 3.865%	(\$996,259)	7/1/2039	MLDP, Aa3/AAA/ AAA
Total	\$69,550,000			(\$7,348,632)		

Credit risk. The Commission's counterparties may become unable to meet their obligations under the swap agreement. The counterparty for the Commissions swaps is Merrill Lynch Capital Services (MLCS) and Merrill Lynch Derivative Products AG (MLDP). Under the 2004 Series C, 2004 Series D, 2009 Issue A, Note Payable (previously called 2006 Issue A) and 2007 Series F swap agreements, Merrill Lynch Derivative Products (MLDP), a Aaa rated structured entity, guarantees termination payment. As of June 30, 2010, the Commission was not exposed to credit risk with respect to termination payments as all of its swap agreements had negative fair value on this date. However, should interest rates change such that the fair value of the swap

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becomes positive, the Commission would be exposed to credit risk in the amount of the swap's fair value. The swap agreements do not contain any collateral agreements with the counterparties.

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

Interest rate risk. The Commission is exposed to interest rate risk on its pay-fixed, receive variable interest rate swaps as the Commission's net payment increases as the LIBOR or the SIFMA swap index decreases.

Basis risk. The Commission is exposed to basis risk on its pay-fixed interest rate swaps because the variable rate payments received on these derivative instruments are based on a rate or index other than interest rates the Commission pays on its hedged variable-rate debt, which is remarketed every 7 days. Should the relationship between the floating rate received on the swap and the floating rate paid on the bonds diverge from historical relationships, the Commission pays more interest than originally anticipated. The Commission considered basis risk when it structured its interest rate swaps and has experienced little basis risk over time.

Rollover risk. The Commission is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature prior to the maturity of the associated debt. The Single Family 2002 Series C derivative instrument exposes the Commission to rollover risk in that the debt maturity date is July 1, 2033 while the swap termination date is January 1, 2013.

Market-access risk. The objectives of the hedging derivative instruments do not involve any plans to issue or refund bonds, so the Commission is not exposed to market-access risk.

Foreign currency risk. The Commission is not exposed to foreign currency risk on its hedging derivative instruments.

In addition to the hedging derivative instruments described above, the Commission also has an interest rate swap outstanding related to the Multifamily 2009 Issue A bonds. The underlying debt contains fixed rate interest payments and the bonds are guaranteed by Montgomery County. The swap carries a notional amount of \$33,075,000 effective April 3, 2006 and terminating January 1, 2049. The fixed rate paid is 4.02% and the swap had a fair value of (\$5,890,246) at June 30, 2010. The counterparty credit rating for MLCS is A2/A/A+.

(9) Long-Term Debt – Component Units

The long-term debt of the component units are primarily non-recourse debt of each of the limited partnerships, which is collateralized by the land, structures, and equipment of each limited partnership and have varying repayment terms and interest rates ranging from 4.00% to 7.85%.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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June 30, 2010

The annual maturities of the component units' long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2011	\$ 3,839,841	4,512,635
2012	2,359,183	4,276,088
2013	2,509,613	4,129,142
2014	2,668,849	3,972,422
2015	2,838,671	3,805,307
2016 - 2020	15,051,486	16,302,786
2021 - 2025	17,361,106	11,643,397
2026 - 2030	15,998,178	6,709,733
2031 - 2035	10,877,472	3,234,086
2036 - 2040	5,180,007	801,505
2041 - 2045	682,006	361,278
Upon sale of property	16,427,110	105,460
	<u>\$ 95,793,522</u>	<u>59,853,839</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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Notes to Financial Statements

June 30, 2010

(10) Loans Payable to Montgomery County

The County advances funds to the Commission and the real estate limited partnership component units (component units) through two Capital Improvement Program Funds. The Commission and the component units use County funds to purchase or construct various housing developments in expectation that permanent financing will be provided through a combination of state, county or federal grants or that loans or bonds will be issued by the Commission or the component units. If the development is funded from another source, the Commission or the component units repay the County. If no alternative funding is found for a development, the County may agree to forgive the Commission's or the component unit's debt. The Commission and the component units paid no interest on funds received from the County for the year ended June 30, 2010. There is no set maturity date or repayment term on borrowings from the County for the projects. The Commission has the following Opportunity Housing Fund, General Fund and component unit loans payable to Montgomery County as of June 30, 2010:

	<u>Outstanding beginning of year</u>	<u>Issued this year</u>	<u>Retired this year</u>	<u>Outstanding end of year</u>	<u>Amount due within one year</u>
Opportunity Housing Fund	\$ 44,908,229	10,793,983	2,313,709	53,388,503	2,762,493
General fund	2,286,239	1,176,896	—	3,463,135	—
	<u>\$ 47,194,468</u>	<u>11,970,879</u>	<u>2,313,709</u>	<u>56,851,638</u>	<u>2,762,493</u>
Real estate limited partnership component units	\$ 20,877,205	—	4,588,712	16,288,493	2,500,000

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Notes to Financial Statements

June 30, 2010

(11) Lease Commitments

(a) Operating Leases

The Commission has leases for its offices in Montgomery County. During fiscal year 08 the Commission entered into two additional office leases for Customer Service Centers within Montgomery County. The Customer Service Centers contain office space and client walk-in and meeting facilities. On November 21, 2007 the Commission signed a ten year lease with Professional Equity Limited Partnership for the first customer service center located in Gaithersburg, Maryland. The base annual rent is \$189,774 with an annual adjustment to base annual rent of 3%. On January 28, 2008 the Commission signed a ten year lease with Thayer Avenue Limited Partnership for the second Customer Service Center in Silver Spring, Maryland. The base annual rent is \$151,110 with an annual adjustment of 3% per year of the minimum rent in the previous lease year.

Lease expense for the year ended June 30, 2010 for all office space was \$491,412. Future minimum lease obligations under these leases are as follows:

Year ending June 30,	
2011	\$ 457,691
2012	405,655
2013	384,643
2014	396,172
2015	408,048
2016 - 2020	827,202
	<hr/>
	\$ 2,879,411
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HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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Notes to Financial Statements

June 30, 2010

(b) Capital Lease

In November 2005, the Commission entered into a lease purchase agreement with M&T Bank for equipment with an interest rate of 4.82%. The lease qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The lease is for a 5 year term, with an option to purchase the equipment upon expiration of the lease for \$1.00. The last lease payment was made during fiscal year 2010 and HOC has purchased the equipment in accordance with the terms of the lease contract.

	Outstanding beginning of year	Issued this year	Retired this year	Outstanding end of year	Amount due within one year
\$	<u>130,151</u>	<u>-</u>	<u>130,151</u>	<u>-</u>	<u>-</u>

In July 2006, the Commission entered into a lease purchase agreement with Bank of America for equipment with an interest rate of 4.0209%. The lease qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The lease is for a 5 year term, with an option to purchase the equipment upon expiration of the lease for \$1.00. The Commission has the following General Fund capital lease obligation as of June 30, 2010.

	Outstanding beginning of year	Issued this year	Retired this year	Outstanding end of year	Amount due within one year
\$	<u>393,645</u>	<u>-</u>	<u>152,773</u>	<u>240,872</u>	<u>158,978</u>

Future minimum lease payments under the General Fund lease are as follows:

Year ending June 30,	Future minimum payments
2011	\$ 167,081
2012	<u>83,540</u>
Total payments	250,621
Less interest	<u>(9,749)</u>
	240,872
Less: current portion	<u>(158,978)</u>
Long-term portion	\$ <u>81,894</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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Notes to Financial Statements

June 30, 2010

In August 1997, the Commission entered into a lease agreement for building and land with an interest rate of 7.50%. The lease agreement qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The lease is for a 99-year-term, with an option to purchase the land and building after 20 years for approximately \$20,000,000. The Commission has the following Opportunity Housing Fund capital lease obligation as of June 30, 2010.

	Outstanding beginning of year	Issued this year	Retired this year	Outstanding end of year	Amount due within one year
\$	19,970,258	—	2,309	19,967,949	2,488

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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June 30, 2010

Future minimum rentals under the lease are as follows:

Year ending June 30,	<u>Future minimum rentals</u>
2011	\$ 1,511,428
2012	1,511,428
2013	1,511,428
2014	1,511,428
2015	1,511,428
2016 - 2020	7,557,139
2021 - 2025	7,557,139
2026 - 2030	7,557,139
2031 - 2035	7,557,139
2036 - 2040	7,557,139
2041 - 2045	7,557,139
2046 - 2050	7,557,139
2051 - 2055	7,557,139
2056 - 2060	7,557,139
2061 - 2065	7,557,139
2066 - 2070	7,557,139
2071 - 2075	7,557,139
2076 - 2080	7,557,139
2081 - 2085	7,557,139
2086 - 2090	7,557,139
2091 - 2095	7,557,139
2096 - 2097	<u>1,637,380</u>
Total payments	130,108,744
Less interest	<u>(110,140,795)</u>
	19,967,949
Less: current portion	<u>(2,488)</u>
Long-term portion	<u>\$ 19,965,461</u>

The following is an analysis of the leased property under capital lease:

Westwood Towers	\$ 19,987,798
Less accumulated amortization	<u>(6,496,034)</u>
	<u>\$ 13,491,764</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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Notes to Financial Statements

June 30, 2010

(12) Restricted Net Assets

Restricted net assets represent the portion of total net assets restricted by the requirements of the various bond indentures, for the loan closing cost program and for capital projects. All restricted amounts are net of related liabilities.

(13) Pension Plan and Postretirement Health Care Benefits

(a) Pension Plan

All the Commission's full-time employees hired before October 1, 1994, participate in the Employees' Retirement System of Montgomery County (the System), a cost-sharing multiple-employer defined benefit pension plan. The System was established under Chapter 33 of the Montgomery County Code, 1965, as amended. The payroll from Commission employees covered by the System for the year ended June 30, 2010 was \$5,412,280; the Commission's total payroll was \$22,944,873.

Participation in the System is mandatory for employees hired before October 1, 1994, and provides normal retirement benefits equivalent to 2% of the average final earnings multiplied by years of credited service, up to a maximum of 36 years, plus sick leave credits. The benefit may be adjusted for cost of living annually. The average final earnings would be equal to the average earnings for the 36 months immediately preceding retirement or any consecutive 36-month period during employment, whichever is greater. Benefits fully vest on reaching five years of service. Vested employees may retire at or after age 45 and receive reduced retirement benefits.

During the fiscal year 2010, covered employees contributed between 4% to 6% of their salary to the system. The Commission is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The contribution requirements for the three years ended June 30, 2010 is as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commission contribution	\$ 1,272,127	1,246,154	1,318,380
Employee contribution	219,304	227,952	233,804
Total contribution requirement	\$ <u>1,491,431</u>	<u>1,474,106</u>	<u>1,552,184</u>
Contribution requirements as a percentage of covered payroll:			
Commission	23.50%	22.17%	22.15%
Employees	4.05%	4.05%	3.92%

In July 2009 a new retirement option, the Guaranteed Retirement Income Plan (GRIP), was implemented for employees hired after October 1, 1994. During fiscal year 2009, employees participating in the Retirement Savings Plan (RSP) were provided a one-time irrevocable election opportunity to transfer from the RSP to the GRIP effective July 1, 2009. New employees hired after July 1, 2009 have the option to participate in RSP or GRIP. The one time irrevocable election must be made within 150 days of date of hire.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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June 30, 2010

GRIP is a tax-deferred cash balance defined benefit retirement plan under IRS Code Section 401(a). As part of the Employees' Retirement System, the GRIP is a multiple-employer plan of Montgomery County. Participant account balances are determined by credited interest rate, and members must have 3 years participation to become vested in employer contributions. Normal retirement is age 62. Loans and hardship withdrawals are not permitted.

The GRIP plan requires all participants to contribute 4% of their salary. Participants earning salaries exceeding the Social Security wage base must contribute 8% of the excess over the wage base. The Commission contributed 7.50% of each participant's annual salary in fiscal year 2010.

	<u>2010</u>	
Commission contribution	\$	251,294
Employee contribution		<u>134,024</u>
Total contribution requirement	\$	<u><u>385,318</u></u>
Contribution requirements as a percentage of covered payroll:		
Commission		7.50%
Employees		4.00%

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's financial statements as of and for the year ended June 30, 2010. A publicly available annual report that includes financial statements and required supplementary information for the System and the Defined Contribution Plan can be obtained by writing the Board of Investment Trustees, Montgomery County Government, 101 Monroe Street, Rockville, Maryland, 20850.

(b) Defined Contribution Plan

All full-time employees of the Commission hired after October 1, 1994 participate in the Montgomery County Government Employees' Retirement Savings Plan (RSP), a cost sharing multiple-employer defined contribution plan. The Plan was established by Montgomery County under Chapter 33 of the Montgomery County Code. Part-time employees of the Commission hired after October 1, 1994 may also participate in the plan.

The plan requires all participants to contribute 4% of their salaries. Participants earning salaries exceeding the Social Security wage base, which approximated \$106,800 at June 30, 2010, must contribute 8% of the excess over the wage base. The Commission must contribute 8% of each participant's annual salary. Employee and employer contributions must remain in the participant's account until retirement or termination of employment. No loans are allowed.

Payroll from the Commission covered by the plan for the year ended June 30, 2010 totaled \$12,066,558. Commission and employee contributions to the plan totaled \$965,219 and \$492,173, respectively, for the year ended June 30, 2010.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Notes to Financial Statements

June 30, 2010

(c) Other Postemployment Benefits (OPEB)

Plan Description: The Commission is a component unit of Montgomery County, Maryland and a participant in the cost-sharing multiple-employer defined healthcare plan sponsored by the County. The Commission provides postretirement health care benefits, in accordance with County statutes, to all employees who retire after achieving age and years of service requirements. Postemployment benefit provisions and eligibility requirements for retirees are described under the Montgomery County Group Insurance Summary Plan. Postemployment benefits include medical, life, dental, vision and prescription coverage. Currently, 77 retirees meet those eligibility requirements.

Funding Policy: The Commission pays 50% to 80% of the group medical and life insurance premiums of those retirees, depending on years of service in the plan. Expenditures for postretirement health care benefits are recognized as the County bills the Commission on a quarterly basis. The annual pay-as-you-go expenditures amounted to \$403,292 during fiscal year 2010. In addition, the Commission paid the annual required contribution (ARC) amount of \$600,000 for both fiscal year 10 and fiscal year 09, which represents the requirement over a five year period. In fiscal year 09 the period changed to eight years.

Annual OPEB Cost and Net OPEB Obligation: The ARC, or annual OPEB cost (AOC) for fiscal year 10 was based on the actuarial valuation as of June 30, 2008, the latest valuation on the date the County Council was required to approve the appropriate resolution.

Actuarial Methods and Assumptions: The actuarial valuation for fiscal year 10 was performed by AON Consulting with a valuation date of June 30, 2008. The actuarial method used was the Projected Unit Credit Actuarial Cost Method. The estimated cost to the Commission to fund the fiscal year 11 ARC is \$1,053,300.

(14) Contingencies

(a) Litigation

As a result of the normal course of operations, the Commission currently is involved in certain litigation. This litigation involves former employee complaints, tenant matters and subcontractor claims. Management and legal counsel believe the outcome of any current litigation will not have a materially adverse impact on the financial position of the Commission.

(b) HUD Program Grants

The Commission participates in a number of Federal, State and County assisted grant programs, principal of which are the Department of Housing and Urban Development Housing Assistance Payments (Section 8), Low Rent Public Housing, Comprehensive Grants, Lower Income Housing Assistance Program (Section 8 Moderate Rehabilitation), Public Housing Capital Fund and Supportive Housing. These programs are subject to financial and compliance audits by grantors or their representatives. The audits of most of these programs for, or including, the year ended June 30, 2010, have not yet been completed. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although management does not believe disallowed amounts, if any, would be material.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Notes to Financial Statements

June 30, 2010

(c) Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission participates in Montgomery County's self-insurance fund or purchases insurance to address such exposures. The County fund is maintained for general liability and property coverages under which participants share the costs of workers' compensation, comprehensive general, automobile and professional liability, fire and theft, the liability for errors, omissions, and other selected areas which require coverage. Commercial insurance is purchased for claims in excess of coverage by the self-insurance fund and for other risks not covered by the fund. The Commission's liability for claims is limited to insurance premiums paid to the self-insurance fund. During the year, there were no significant reductions in commercial insurance coverage. For the past five years, no insurance settlements exceeded commercial insurance coverage.

(15) Conduit Debt Obligations

Conduit debt obligations refer to certain limited-obligation revenue bonds or similar debt instruments issued by the Commission for the purpose of providing capital financing for a third party that is not part of the Commission's reporting entity. The Commission has issued a number of individual bonds for financing for Multi-Family developments for which the Commission has no legal liability for repayment or administration. The Commission participates in such issuances in order to increase the availability of affordable housing in the County. The bonds are secured by the facilities financed and are payable from revenues or monies made available to the Commission for such purpose. The bonds do not constitute a debt or charge against the general credit of the Commission, the County, the State or a political subdivision thereof. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The bonds outstanding at June 30, 2010 are summarized below:

Bonds outstanding, beginning of year	\$ 270,078,666
Issuances during the year	41,280,000
Redemptions during the year	<u>(61,766,619)</u>
Bonds outstanding, end of year	<u>\$ 249,592,047</u>

(16) Arbitrage

The Internal Revenue Code of 1986 placed significant restrictions regarding arbitrage on housing finance agencies throughout the United States. Arbitrage occurs when investments of bond proceeds not used to purchase mortgage loans earn more than the interest rate on the bonds or when the housing finance agency has net earnings of more than 1.125% on mortgages purchased with bond proceeds. Under the Internal Revenue Service (IRS) regulations, if an individual bond series has positive arbitrage five years after the original issuance, this amount must be refunded to the IRS.

At June 30, 2010, there is a liability of \$567,699 and \$284,033 for the Single Family and Multi-Family Fund Programs, respectively, which may be due in future years. The liability is included in the accounts payable and accrued liabilities balance of each fund.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Notes to Financial Statements

June 30, 2010

(17) New GASB Pronouncements

The Commission is in the process of assessing the impact on its financial position or results of operations of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 will be effective for the Commission in fiscal year 2011. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

(18) Subsequent Events

Line of Credit

In October 2010 the Commission authorized and approved an additional \$5 million to be provided by PNC Bank on the existing line of credit facility. The additional \$5 million is to be used as interim financing for capital projects. This brings the total amount available on the line of credit facility to \$30 million.

Master Lease Purchase Agreement

In September 2010 the Commission executed a Master Equipment Lease Purchase Agreement with the Banc of America Public Capital Corp for \$750,000 for facility and information technology equipment. The lease is for a 5 year term, with a termination date of June 30, 2015, with an option to purchase the equipment upon expiration of the lease for \$1.00.

Single Family Bond Issue

The Commission plans to convert approximately \$9 to \$12 million of the \$40 million NIBP bonds in December 2010. The Commission anticipates two more conversions in 2011 of the remainder of escrowed NIBP funds. All bonds must be converted by December 31, 2011.

Multi-Family Bond Issues

On July 1, 2010, the Commission converted into long-term securities \$38,450,000 of bonds that were escrowed pursuant to the NIBP and named 2009 Series A-1. The proceeds of these bonds were used to fund a mortgage loan for the Galaxy Apartments, a 195-unit development that is currently under construction in Southern Silver Spring. On July 29, 2010, the Commission also converted to long-term securities the remaining NIBP bonds totaling \$8,040,000 and used the proceeds along with the public sale of \$4,860,000 in tax-exempt bonds to fund a \$12,900,000 mortgage that financed the acquisition and construction of the Argent Apartments, also located in Southern Silver Spring. The bonds are named Multifamily Housing Bonds 2009 Series A-2 and 2010 Series A. In addition, \$12,400,000 of short-term tax-exempt bonds were also issued for the Argent Apartments and privately placed with Bank of America, N.A. and named Multifamily Housing Bonds 2010 Issue A.

The financing of these two developments enabled the Commission to fully utilize the total amount of its NIBP multifamily allocation and successfully convert the entire \$46,490,000 of bonds that were issued in escrow in 2009 pursuant to the Multifamily Housing Bond Resolution. The financings will add 291 new rental units to the market.

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(A Component Unit of Montgomery County, Maryland)

Notes to Financial Statements

June 30, 2010

In December 2008, following widespread financial market failures and amidst a severe credit crisis, the Commission remarketed \$70,450,000 of floating rate bonds that financed several multifamily developments into a two-year mode. The bond series covered by this transaction are Multifamily Housing Development Bonds 2005 Series B and C and 2007 Series B and C. The investor for these bonds was Wells Fargo Bank, N.A. and the maturity date is January 1, 2011. All but approximately \$5.5 million of the bonds are expected to be remarketed into a fixed rate mode pursuant to provisions in the current financing documents for the outstanding bonds. The Commission will seek credit support in the form of a standby liquidity facility for approximately \$5.5 million and will remarket these bonds into a weekly mode. The remarketing is expected to close and the bonds remarketed by December 30, 2010.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Statement of Certification of Actual Modernization Costs

Modernization Project Number MD 39-P004-501-06

From Inception through June 30, 2010

Management improvements	\$	97,825
Operations		350,000
Administration		220,518
Fees and costs		130,606
Site improvements		111,708
Dwelling structures		993,552
Non-dwelling structures		8,117
Total development costs	\$	<u>1,912,326</u>

The total amount of modernization costs at June 30, 2010, as shown above, is in agreement with the Annual Performance and Evaluation Form submitted to HUD on January 6, 2009.

See accompanying independent auditor's report.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Statement of Certification of Actual Modernization Costs

Modernization Project Number MD 39-P004-501-06

From Inception through June 30, 2010

Management improvements	\$ 322,591
Operations	360,690
Administration	200,367
Fees and costs	146,225
Site improvements	291,003
Dwelling structures	592,693
Dwelling equipment-nonexpendable	7,600
Non-dwelling structures	9,034
Total development costs	<u>\$ 1,930,203</u>

The total amount of modernization costs at June 30, 2010, as shown above, is in agreement with the Annual Performance and Evaluation Form submitted to HUD on July 15, 2010.

See accompanying independent auditor's report.

**HOUSING OPPORTUNITES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND**

Real Estate Limited Partnership

Component Units Financial Statements

COMPONENT UNITS:

The following limited partnerships do not qualify for blending and are, therefore, classified as discreetly presented component units of the Commission. All Real Estate Limited Partnerships financial statements are prepared in accordance with Generally Accepted Accounting Principles:

Montgomery Homes Limited Partnership II (MHLP II) – which is reported as a component unit, owns and operates 54 moderately priced dwelling units located in various parts of Montgomery County, Maryland to be operated as rental housing for low and moderate income families.

Montgomery Homes Limited Partnership VII (MHLP VII) – which is reported as a component unit, owns and operates 35 moderately priced dwelling units located in various parts of Montgomery County, Maryland to be operated as rental housing for low and moderate income families.

Montgomery Homes Limited Partnership VIII (MHLP VIII) – which is reported as a component unit, owns and operates 49 moderately priced dwelling units located in various parts of Montgomery County, Maryland to be operated as rental housing for low and moderate income families.

Montgomery Homes Limited Partnership IX (MHLP IX) – which is reported as a component unit, owns and operates 116 moderately priced dwelling units located in various parts of Montgomery County, Maryland to be operated as rental housing for low and moderate income families.

Montgomery Homes Limited Partnership X (MHLP X) – which is reported as a component unit, owns and operates 75 moderately priced dwelling units located in various parts of Montgomery County, Maryland to be operated as rental housing for low and moderate income families.

Shady Grove Apartments Limited Partnership - which is reported as a component unit, owns and operates a 144 unit apartment rental complex for low and moderate income families located in Rockville, Montgomery County, Maryland.

Manchester Manor Apartments Limited Partnership - which is reported as a component unit, owns and operates a 53 unit apartment rental complex for low and moderate income families Located in Silver Spring, Montgomery County, Maryland.

The Willows of Gaithersburg Associates Limited Partnership - which is reported as a component unit, owns and operates a 195 unit apartment rental complex for low and moderate income families under Section 236 of the National Housing Act located in Gaithersburg, Montgomery County, Maryland.

Georgian Court Silver Spring Limited Partnership - which is reported as a component unit, owns and operates a 147 unit apartment rental complex for low and moderate income families under Section 236 of the National Housing Act located in Silver Spring, Montgomery County, Maryland.

MV Affordable Housing Associates Limited Partnership - which is reported as a component unit, owns and operates 94 moderately priced dwelling units known as Stewartown Homes for low and moderate income families under Section 236 of the National Housing Act located in Gaithersburg, Montgomery County, Maryland.

Strathmore Court Associates Limited Partnership - which is reported as a component unit, owns and operates 51 rental unit apartments for low and moderate income families located in Rockville, Montgomery County, Maryland.

Metropolitan of Bethesda Limited Partnership – which is reported as a component unit, owns and operates 92 luxury residential apartment units for low and moderate income families in Bethesda, Montgomery County, Maryland.

Spring Garden One Associates Limited Partnership - which is reported as a component unit, owns and operates 58 low-income tax credit apartment units and 24 units at market rate for low and moderate income families in Silver Spring, Montgomery County, Maryland.

Barclay One Associates Limited Partnership - which is reported as a component unit, owns and operates 81 rental unit apartments for low and moderate income families located in Bethesda, Montgomery County, Maryland.

Wheaton University Boulevard Limited Partnership - which is reported as a component unit, owns and operates a 162 rental unit apartments for moderate income families located in Wheaton, Montgomery County, Maryland.

Wheaton Metro Limited Partnership (Metro Pointe) – which is reported as a component unit, owns and operates 40 rental unit apartments for low and moderate income families located in Wheaton, Montgomery County, Maryland.

Forest Oak Towers Limited Partnership - which is reported as a component unit, owns and operates a 175 unit apartment rental complex for elderly low and moderate income renters located in Gaithersburg, Montgomery County, Maryland.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Real Estate Limited Partnership Component Units Financial Statements
As of June 30, 2010

	<u>Totals</u>	<u>Reclassification</u>	<u>MHLP II</u>	<u>MHLP VII</u>	<u>MHLP VIII</u>	<u>MHLP IX</u>	<u>MHLP X</u>	<u>Shady Grove</u>	<u>Manchester</u>	<u>Willows</u>	<u>Georgian</u>
Assets											
Current Assets											
Unrestricted:											
Cash and Cash Equivalents	\$ 2,915,419	-	-	-	78,874	100	-	403,001	11,072	190,762	204,362
Interfund Receivable (Payable)	-	(404,435)	13,170	-	-	-	127,565	-	-	18,271	-
Accounts Receivable and Other Assets	1,502,471	-	67,246	8,320	24,102	66,477	69,927	268,102	27,239	20,106	85,828
Total unrestricted current assets	4,417,890	(404,435)	80,416	8,320	102,976	66,577	197,492	671,103	38,311	229,139	290,190
Restricted Cash and Cash Equivalents paid for Current Liabilities											
Customer Deposits	724,126	-	29,089	16,058	24,387	49,101	28,234	50,143	26,488	104,901	88,854
Restricted Cash and Cash equivalents	8,316,740	-	116,714	46,368	-	202,324	75,117	855,090	144,599	396,501	486,293
Total restricted cash and cash equivalents	9,040,866	-	145,803	62,426	24,387	251,425	103,351	905,233	171,087	501,402	575,147
Total current assets	13,458,756	(404,435)	226,219	70,746	127,363	318,002	300,843	1,576,336	209,398	730,541	865,337
Property & equipment, net of depreciation	129,687,194	-	1,847,612	2,103,141	2,737,249	7,638,759	4,589,846	7,731,110	2,573,596	6,718,974	7,618,846
Deferred Charges	2,976,111	-	-	-	791	74,132	123,066	178,207	64,659	167,849	142,008
Total noncurrent assets	132,663,305	-	1,847,612	2,103,141	2,738,040	7,712,891	4,712,912	7,909,317	2,638,255	6,886,823	7,760,854
Total assets	\$ 146,122,061	(404,435)	2,073,831	2,173,887	2,865,403	8,030,893	5,013,755	9,485,653	2,847,653	7,617,364	8,626,191
Liabilities											
Current Liabilities											
Accounts payable and accrued liabilities	\$ 2,612,371	-	17,555	11,241	10,945	554,686	32,096	54,595	246,519	143,436	345,197
Accrued interest payable	5,886,165	2,866,237	10,042	-	-	25,899	17,709	30,115	8,802	4,292	21,898
Mortgage notes and loans payable-Current	3,839,841	-	759,773	564,766	-	152,426	83,834	220,898	57,399	316,852	220,566
Loans payable to Montgomery County	2,500,000	-	-	-	-	-	-	-	-	-	-
Advances from primary government	17,731,110	17,731,110	-	-	-	-	-	-	-	-	-
Total current unrestricted liabilities	32,569,487	20,597,347	787,370	576,007	10,945	733,011	133,639	305,608	312,720	464,580	587,661
Current Liabilities Payable from Restricted Assets											
Customer Deposit Payable	674,216	-	16,476	11,448	22,317	46,484	25,665	48,788	20,787	104,903	87,703
Total current liabilities payable from restricted assets	674,216	-	16,476	11,448	22,317	46,484	25,665	48,788	20,787	104,903	87,703
Total current liabilities	33,243,703	20,597,347	803,846	587,455	33,262	779,495	159,304	354,396	333,507	569,483	675,364
Non-Current Liabilities											
Mortgage notes and loans payable	91,953,681	10,698,652	-	-	-	4,780,706	4,482,334	6,622,981	1,973,715	4,901,240	4,768,075
Advances from primary government LT	-	(524,315)	-	-	-	-	-	-	-	-	-
Notes Payable HOC	-	(10,174,337)	-	-	-	1,153,175	-	-	-	-	182,412
Loans payable to Montgomery County	13,788,493	-	-	-	-	1,405,500	800,000	282,000	800,000	651,996	1,676,298
Interfund Payable	-	(18,135,545)	-	1,919,129	2,636,088	1,917,553	-	7,192	231,303	-	9,600
Deferred Interest Payable	-	(2,866,237)	-	-	-	1,023,540	541,890	-	-	165,584	-
Escrow and other deposits	1,623,941	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	107,366,115	(21,001,782)	-	1,919,129	2,636,088	10,280,474	5,824,224	6,912,173	3,005,018	5,718,820	6,636,385
Total Liabilities	140,609,818	(404,435)	803,846	2,506,584	2,669,350	11,059,969	5,983,528	7,266,569	3,338,525	6,288,303	7,311,749
Net Assets											
Investment in Capital Assets, Net of Related Debt	(125,931)	(125,931)	-	-	-	-	-	-	-	-	-
Restricted Net Assets	8,366,650	8,366,650	-	-	-	-	-	-	-	-	-
Unrestricted Net Assets	(2,728,476)	(2,728,476)	-	-	-	-	-	-	-	-	-
Partners' Equity/Retained Earnings	-	(5,512,243)	1,269,985	(332,697)	196,053	(3,029,076)	(969,773)	2,219,084	(490,872)	1,329,061	1,314,442
Total net assets	5,512,243	-	1,269,985	(332,697)	196,053	(3,029,076)	(969,773)	2,219,084	(490,872)	1,329,061	1,314,442
Total liabilities and partners' equity	\$ 146,122,061	(404,435)	2,073,831	2,173,887	2,865,403	8,030,893	5,013,755	9,485,653	2,847,653	7,617,364	8,626,191

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Real Estate Limited Partnership Component Units Financial Statements
As of June 30, 2010

	<u>Totals</u>	<u>Reclassification</u>	<u>MHLP II</u>	<u>MHLP VII</u>	<u>MHLP VIII</u>	<u>MHLP IX</u>	<u>MHLP X</u>	<u>Shady Grove</u>	<u>Manchester</u>	<u>Willows</u>	<u>Georgian</u>
Operating Revenues:											
Dwelling Rental	\$ 18,184,828	-	627,769	429,178	602,141	1,433,458	934,917	1,815,119	567,230	1,788,666	1,278,905
Management fees and other income	280,354	-	5,124	5,854	0	346	1,079	3,902	485	102,250	47,457
Total Operating Revenues	18,465,182	-	632,893	435,032	602,141	1,433,804	935,996	1,819,021	567,715	1,890,916	1,326,362
Operating Expenses:											
Administration	3,020,462	-	127,680	70,490	91,575	218,652	141,093	219,968	50,170	309,011	247,896
Maintenance	3,902,891	-	144,959	136,363	160,900	352,245	253,913	301,715	171,320	474,983	310,493
Depreciation and amortization	5,653,635	-	102,504	89,746	140,370	376,922	290,302	342,288	138,293	273,172	323,351
Utilities	1,667,618	-	5,429	2,217	1,320	12,437	2,199	148,224	151,848	329,435	96,677
Fringe benefits	784,754	-	25,902	20,596	25,371	80,163	41,818	88,801	28,527	102,206	87,175
Interest Expense	4,793,874	-	57,352	46,912	266	391,728	272,930	360,701	106,929	82,310	173,643
Other	2,991,709	-	286,080	214,907	247,713	460,403	206,800	214,308	161,285	114,547	164,833
Bad Debt Expense	94,504	-	2,690	5,210	1,749	12,231	-	-	8,712	8,906	2,392
Total Operating Expenses	22,909,447	-	752,596	586,441	669,264	1,904,781	1,209,055	1,676,005	817,084	1,694,570	1,406,460
Operating Income (loss)	(4,444,265)	-	(119,703)	(151,409)	(67,123)	(470,977)	(273,059)	143,016	(249,369)	196,346	(80,098)
Nonoperating revenues (expense)											
Investment income	46,392	-	1,317	324	829	2,136	390	4,739	1,301	1,991	6,117
Other grants	103,991	-	-	-	-	-	-	-	-	103,991	-
Total Nonoperating Income (Loss)	150,383	-	1,317	324	829	2,136	390	4,739	1,301	105,982	6,117
Net Income	\$ (4,293,882)	-	(118,386)	(151,085)	(66,294)	(468,841)	(272,669)	147,755	(248,068)	302,328	(73,981)
Capital Contributions											
	1,680,619										
Change in net assets	(2,613,263)										
Net assets, beginning of year	8,125,506										
Net assets, end of year	\$ 5,512,243										

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Real Estate Limited Partnership Component Units Financial Statements
As of June 30, 2010

	<u>Stewartown</u>	<u>Strathmore</u>	<u>Metropolitan</u>	<u>Spring Garden</u>	<u>Barclay</u>	<u>Ambassador</u>	<u>Wheaton Metro</u>	<u>Forest Oak</u>
Assets								
Current Assets								
Unrestricted:								
Cash and Cash Equivalents	162,596	9,596	40,065	210,375	583,947	191,654	97,242	731,773
Interfund Receivable (Payable)	-	39,589	-	31,358	174,482	-	-	-
Accounts Receivable and Other Assets	52,601	8,901	94,881	176,200	122,440	70,017	166,947	173,137
Total unrestricted current assets	215,197	58,086	134,946	417,933	880,869	261,671	264,189	904,910
Restricted Cash and Cash Equivalents paid for Current Liabilities								
Customer Deposits	46,950	20,511	37,712	28,942	40,614	59,978	27,560	44,604
Restricted Cash and Cash equivalents	455,654	24,279	318,930	399,578	192,224	878,503	1,663,161	2,061,405
Total restricted cash and cash equivalents	502,604	44,790	356,642	428,520	232,838	938,481	1,690,721	2,106,009
Total current assets	717,801	102,876	491,588	846,453	1,113,707	1,200,152	1,954,910	3,010,919
Property & equipment, net of depreciation	7,861,572	4,450,795	8,220,248	11,454,846	10,277,001	4,944,046	14,402,198	24,517,355
Deferred Charges	152,654	-	-	246,085	366,661	178,319	427,571	854,109
Total noncurrent assets	8,014,226	4,450,795	8,220,248	11,700,931	10,643,662	5,122,365	14,829,769	25,371,464
Total assets	8,732,027	4,553,671	8,711,836	12,547,384	11,757,369	6,322,517	16,784,679	28,382,383
Liabilities								
Current Liabilities								
Accounts payable and accrued liabilities	194,554	12,151	102,964	311,982	44,802	219,127	202,975	107,546
Accrued interest payable	43,222	28,246	35,317	780,008	441,167	1,294,623	29,666	248,922
Mortgage notes and loans payable-Current	501,058	109,304	99,365	127,191	125,575	175,287	17,065	308,482
Loans payable to Montgomery County	-	-	-	-	-	-	2,500,000	-
Advances from primary government	-	-	-	-	-	-	-	-
Total current unrestricted liabilities	738,834	149,701	237,646	1,219,181	611,544	1,689,037	2,749,706	664,950
Current Liabilities Payable from Restricted Assets								
Customer Deposit Payable	44,641	19,894	36,679	25,922	30,722	63,164	24,414	44,209
Total current liabilities payable from restricted assets	44,641	19,894	36,679	25,922	30,722	63,164	24,414	44,209
Total current liabilities	783,475	169,595	274,325	1,245,103	642,266	1,752,201	2,774,120	709,159
Non-Current Liabilities								
Mortgage notes and loans payable	3,729,286	5,339,184	7,525,483	6,360,087	6,279,276	2,985,083	4,468,235	17,039,344
Advances from primary government LT	-	-	-	-	-	-	524,315	-
Notes Payable HOC	-	-	-	3,274,431	2,891,404	-	1,109,372	1,563,543
Loans payable to Montgomery County	2,425,420	-	-	1,382,000	-	2,000,000	865,279	1,500,000
Interfund Payable	70,306	1,782,278	7,689,569	-	-	-	1,872,045	482
Deferred Interest Payable	-	1,135,223	-	-	-	-	-	-
Escrow and other deposits	-	-	-	-	-	-	-	1,623,941
Total non-current liabilities	6,225,012	8,256,685	15,215,052	11,016,518	9,170,680	4,985,083	8,839,246	21,727,310
Total Liabilities	7,008,487	8,426,280	15,489,377	12,261,621	9,812,946	6,737,284	11,613,366	22,436,469
Net Assets								
Investment in Capital Assets, Net of Related Debt	-	-	-	-	-	-	-	-
Restricted Net Assets	-	-	-	-	-	-	-	-
Unrestricted Net Assets	-	-	-	-	-	-	-	-
Partners' Equity/Retained Earnings	1,723,540	(3,872,609)	(6,777,541)	285,763	1,944,423	(414,767)	5,171,313	5,945,914
Total net assets	1,723,540	(3,872,609)	(6,777,541)	285,763	1,944,423	(414,767)	5,171,313	5,945,914
Total liabilities and partners' equity	8,732,027	4,553,671	8,711,836	12,547,384	11,757,369	6,322,517	16,784,679	28,382,383

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Real Estate Limited Partnership Component Units Financial Statements
As of June 30, 2010

	<u>Stewartown</u>	<u>Strathmore</u>	<u>Metropolitan</u>	<u>Spring Garden</u>	<u>Barclay</u>	<u>Ambassador</u>	<u>Wheaton Metro</u>	<u>Forest Oak</u>
Operating Revenues:								
Dwelling Rental	1,095,388	533,836	668,923	968,745	955,533	1,371,676	652,403	2,460,941
Management fees and other income	20,022	5,465	6,752	8,389	27,433	25,229	20,567	
Total Operating Revenues	1,115,410	539,301	675,675	977,134	982,966	1,396,905	672,970	2,460,941
Operating Expenses:								
Administration	156,648	148,633	223,690	146,397	119,966	232,606	200,247	315,740
Maintenance	267,168	155,796	215,364	164,394	135,035	298,497	61,752	297,994
Depreciation and amortization	354,958	270,544	319,812	567,434	544,600	196,410	741,597	581,332
Utilities	77,893	58,156	175,006	77,036	71,542	286,984	63,982	107,233
Fringe benefits	79,180	27,086	47,600	17,912	19,574	20,860	32,176	39,807
Interest Expense	92,205	419,530	426,556	494,692	448,779	288,586	208,401	922,354
Other	157,067	21,817	89,493	85,715	186,287	71,136	112,348	196,970
Bad Debt Expense	10,384	-	12,141	8,807	522	19,200	1,560	-
Total Operating Expenses	1,195,503	1,101,562	1,509,662	1,562,387	1,526,305	1,414,279	1,422,063	2,461,430
Operating Income (loss)	(80,093)	(562,261)	(833,987)	(585,253)	(543,339)	(17,374)	(749,093)	(489)
Nonoperating revenues (expense)								
Investment income	3,047	121	220	4,814	3,991	1,902	7,930	5,223
Other grants	-	-	-	-	-	-	-	-
Total Nonoperating Income (Loss)	3,047	121	220	4,814	3,991	1,902	7,930	5,223
Net Income	(77,046)	(562,140)	(833,767)	(580,439)	(539,348)	(15,472)	(741,163)	4,734

Capital Contributions

Change in net assets
Net assets, beginning of year
Net assets, end of year

III. STATISTICAL SECTION

**Housing Opportunities Commission of Montgomery County
Statistical Section Narrative
For the Fiscal Year Ended June 30, 2010**

This part of the Housing Opportunities comprehensive annual financial report presents detailed information as a context for understanding the information in the management's discussion and analysis, financial statements, notes and required supplementary information in relation to the Commission's overall financial health.

Contents

Financial Trends

These schedules contain trend information to assist the reader in understanding how the Commission's financial performance and well-being have changed over time. See pages 73-74.

Revenue Capacity

These schedules contain information to assist the reader in accessing the factors affecting the Commission's ability to generate its own source revenue. See pages 75-77.

Debt Capacity

These schedules present information to assist the reader in assess the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt in the future. See pages 78-82.

Operating Information

These schedules contain information about the Commission's operations and resources to assist the reader in understanding how the Commission's financial information relates to the services the Commission provides and the activities it performs. See pages 83-87.

Demographic and Economic Information

These schedules offer demographic and economic indicators to assist the reader in understanding the environment within the Commission's financial activities take place and to assist in making comparisons over time with other housing authorities. See pages 88-92.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
NET ASSETS BY COMPONENT - UNAUDITED
LAST NINE YEARS ENDED JUNE 30, 2010**

Fiscal Year	Invested in Capital Assets Net of Related Debt	Restricted	Unrestricted	Total Net Assets
2002	\$ 33,137,217	\$ 57,044,829	\$ 53,495,437	\$ 143,677,483
2003	25,804,778	60,325,677	70,077,777	156,208,232
2004	35,900,750	43,004,294	73,011,523	151,916,567
2005	31,118,443	45,091,955	86,835,351	163,045,749
2006	41,079,396	31,493,525	87,874,552	160,447,473
2007	43,431,423	30,809,793	99,342,652	173,583,868
2008	39,974,579	44,853,616	100,508,641	185,336,836
2009	34,340,554	43,134,354	107,505,451	184,980,359
2010	26,296,666	51,999,283	110,783,129	189,079,078

Note: Prior years data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
CHANGE IN NET ASSETS BY ENTERPRISE FUND
LAST NINE YEARS ENDED JUNE 30, 2010**

General Fund				Opportunity Housing Fund			Public Fund		
Fiscal Year	Operating and Non-operating Revenues	Operating and Non-operating Expenses	Change in Net Assets	Operating and Non-operating Revenues	Operating and Non-operating Expenses	Change in Net Assets	Operating and Non-operating Revenues	Operating and Non-operating Expenses	Change in Net Assets
2010	\$ 17,829,253	\$ 17,470,766	\$ 358,487	\$ 48,723,294	\$ 50,219,840	(1,496,546)	\$114,291,104	\$110,705,670	\$ 3,585,434
2009	24,822,954	19,576,621	5,246,333	48,636,324	54,912,968	(6,276,644)	105,254,560	105,958,797	(704,237)
2008	18,605,303	16,165,334	2,439,969	49,211,864	45,662,928	3,548,936	102,866,531	98,523,036	4,343,495
2007	18,398,540	14,669,524	3,729,016	43,925,076	40,419,947	3,505,129	97,655,029	92,205,862	5,449,167
2006	13,101,933	13,271,621	(169,688)	47,084,754	39,944,912	7,139,842	92,719,426	89,976,339	2,743,087
2005	15,343,680	11,750,449	3,593,231	50,709,551	45,697,221	5,012,330	91,068,923	91,551,693	(482,770)
2004	10,965,043	14,824,658	(3,859,615)	49,191,812	42,485,568	6,706,244	90,802,701	88,609,131	2,193,570
2003	14,019,632	10,927,084	3,092,548	44,004,260	42,938,552	1,065,708	74,148,345	73,862,004	286,341
2002	16,823,607	10,412,272	6,411,335	42,404,199	43,700,672	(1,296,473)	59,047,778	60,031,473	(983,695)
Average	\$ 16,656,661	\$ 14,340,925	\$ 2,315,735	\$ 47,099,015	\$ 45,109,179	\$ 1,989,836	\$ 91,983,822	\$ 90,158,223	\$ 1,825,599

Single Family Fund				Multi-Family Fund		
Fiscal Year	Operating and Non-operating Revenues	Operating and Non-operating Expenses	Change in Net Assets	Operating and Non-operating Revenues	Operating and Non-operating Expenses	Change in Net Assets
2010	\$ 16,233,034	\$ 13,946,235	2,286,799	\$ 22,665,023	\$ 23,300,478	(635,455)
2009	13,161,636	14,492,241	(1,330,605)	26,178,221	23,469,545	2,708,676
2008	15,712,926	14,991,208	721,718	22,923,420	22,224,570	698,850
2007	14,593,737	15,147,917	(554,180)	23,204,209	22,056,056	1,148,153
2006	8,332,078	13,075,152	(4,743,074)	17,328,986	24,679,371	(7,350,385)
2005	13,209,525	12,635,470	574,055	25,473,068	22,784,625	2,688,443
2004	5,552,530	12,957,459	(7,404,929)	18,110,910	19,871,624	(1,760,714)
2003	18,850,910	16,657,095	2,193,815	25,350,983	19,458,646	5,892,337
2002	20,715,720	17,769,623	2,946,097	21,770,474	23,842,724	(2,072,250)
Average	\$ 14,040,233	\$ 14,630,267	\$ (590,034)	\$ 22,556,144	\$ 22,409,738	\$ 146,406

Note: Prior years data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - UNAUDITED
LAST NINE YEARS ENDED JUNE 30, 2010

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating revenues:									
Dwelling rental	\$ 51,602,384	50,338,236	47,207,730	44,708,879	45,050,127	48,423,150	47,249,298	45,927,853	45,626,585
Investment income	6,925,130	7,638,163	12,594,626	16,949,098	15,319,779	10,620,043	13,180,090	7,077,255	8,832,261
Unrealized gains on investments	3,848,207	3,110,604	390,768	(834,397)	(9,850,434)	7,766,629	(11,187,026)	9,755,942	1,223,382
Interest on mortgage and construction loans receivable	17,731,617	19,819,780	17,297,737	13,710,886	12,192,024	11,603,179	12,564,013	18,173,298	21,568,065
Management fees and other income	7,911,157	10,397,564	9,115,619	10,485,337	9,785,159	11,599,202	6,882,011	8,718,342	5,346,584
U.S. Department of Housing and Urban Development grants:									
Housing Assistance Payments (HAP)	75,384,843	69,038,665	68,098,758	65,497,448	64,550,179	65,636,655	60,454,965	47,318,424	34,923,904
HAP administrative fees	5,866,937	5,266,978	5,132,533	4,260,881	4,580,067	4,685,801	4,683,912	4,163,245	3,303,148
Other grants	11,254,618	10,500,329	8,777,422	7,950,894	6,976,369	6,780,137	7,302,864	6,687,547	7,097,873
State and county grants	10,629,223	9,422,158	10,333,157	9,147,060	6,881,222	7,084,539	7,555,629	7,779,100	6,968,039
Total operating revenues	191,154,116	185,532,477	178,948,350	171,876,086	155,484,492	174,199,335	148,685,756	155,601,006	134,889,841
Operating expenses:									
Housing Assistance Payments	74,850,432	71,116,935	65,088,360	62,250,457	63,239,005	66,539,618	61,371,348	47,671,652	35,233,401
Administration	34,285,500	33,514,421	31,491,319	29,693,342	27,965,154	30,254,371	32,835,872	29,889,058	29,015,844
Maintenance	14,202,508	14,205,755	13,443,354	11,540,628	11,064,356	10,495,885	10,846,509	12,649,094	11,288,064
Depreciation and amortization	15,658,584	14,499,967	12,308,298	11,092,722	10,567,281	10,709,532	10,065,346	9,589,701	9,086,960
Utilities	6,001,107	5,629,351	5,381,832	5,244,849	5,231,525	4,944,260	4,059,732	3,371,986	3,246,185
Fringe benefits	8,038,944	7,673,443	7,176,063	6,293,777	5,620,301	5,102,332	4,682,620	4,083,488	3,148,372
Interest expense	32,711,853	34,520,213	35,012,776	33,017,662	33,003,609	30,781,800	29,701,596	34,443,381	37,437,659
Other expenses	5,662,593	6,932,322	5,269,845	5,519,503	6,443,315	7,071,134	3,605,644	4,806,847	4,779,546
Bad debt expense	436,581	379,192	634,021	269,722	250,235	181,126	203,948	209,544	221,268
Total operating expenses	191,848,102	188,471,599	175,805,868	164,922,662	163,384,781	166,080,058	157,372,615	146,714,751	133,457,299
Operating income/(loss)	(693,986)	(2,939,122)	3,142,482	6,953,424	(7,900,289)	8,119,277	(8,686,859)	8,886,255	1,432,542
Nonoperating revenues (expenses):									
Investment income	683,595	1,351,318	2,472,198	2,510,513	2,327,025	1,151,508	949,588	1,185,029	1,960,699
State and County grants	253,857	368,694	3,857	51,286	—	100,000	366,666	106,091	156,754
Unrealized losses on investments	—	—	—	—	(1,275)	(12,550)	(23,190)	(19,252)	14,170
Interest on mortgage and construction loans receivable	141,505	105,433	90,832	102,502	112,598	174,377	243,090	375,648	529,212
Interest expense	(73,480)	(142,965)	(247,225)	(214,060)	(186,428)	(103,156)	(188,613)	(320,342)	(478,489)
Other grants	38,146	39,698	31,034	40,689	41,099	40,601	—	34,200	99,443
Total nonoperating income	1,043,623	1,722,178	2,350,696	2,490,930	2,293,019	1,350,780	1,347,541	1,361,374	2,281,789
Income/(Loss) before contributions and transfers	349,637	(1,216,944)	5,493,178	9,444,354	(5,607,270)	9,470,057	(7,339,318)	10,247,629	3,714,331
Capital contributions	3,749,082	1,607,686	1,457,956	3,692,041	3,008,994	1,172,636	3,047,653	2,283,120	1,290,683
Transfer of MHL P VI	—	(747,219)	4,801,834	—	—	486,489	—	—	—
Change in net assets \$	4,098,719	(356,477)	11,752,968	\$ 13,136,395	\$ (2,598,276)	11,129,182	(4,291,665)	12,530,749	5,005,014

Note: Prior years data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
SIGNIFICANT OWN-SOURCE REVENUE - UNAUDITED
LAST NINE YEARS ENDED JUNE 30, 2010**

Fiscal Year		Tenant Revenue Total	% Total Operating Revenues
2010	\$	51,602,384	27.00%
2009		50,338,236	27.13%
2008		47,207,730	26.38%
2007		44,708,879	26.01%
2006		45,050,127	28.97%
2005		48,423,150	27.80%
2004		47,249,298	31.78%
2003		45,927,853	29.52%
2002		45,626,585	33.83%
Average		47,348,249	29%

*Revenue Base
Principal Payers*

*Opportunity Housing Fund and Public Housing
Low and Moderate Income Residents*

Note: Prior years data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
OPERATING REVENUES BY SOURCES - UNAUDITED
LAST NINE YEARS ENDED JUNE 30, 2010

Fiscal Year	Dwelling Rental		Investment Income		Unrealized gains (losses) on investments		Interest on mortgage and construction loans receivable	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
2002	\$ 45,626,585	33.83%	\$ 8,832,261	6.55%	\$ 1,223,382	0.91%	\$ 21,568,065	15.99%
2003	45,927,853	29.52%	7,077,255	4.55%	9,755,942	6.27%	18,173,298	11.68%
2004	47,249,298	31.78%	13,180,090	8.86%	(11,187,026)	-7.52%	12,564,013	8.45%
2005	48,423,150	27.80%	10,620,043	6.10%	7,766,629	4.46%	11,603,179	6.66%
2006	45,050,127	28.97%	15,319,779	9.85%	(9,850,434)	-6.34%	12,192,024	7.84%
2007	44,708,879	26.01%	16,949,098	9.86%	(834,397)	-0.49%	13,710,886	7.98%
2008	47,207,730	26.38%	12,594,626	7.04%	390,768	0.22%	17,297,737	9.67%
2009	50,338,236	27.13%	7,638,163	4.12%	3,110,604	1.68%	19,819,780	10.68%
2010	51,602,384	27.00%	6,925,130	3.62%	3,848,207	2.01%	17,731,617	9.28%

Fiscal Year	Management fees and other income		Housing assistance payment subsidies		State and county grants		Total	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
2002	\$ 5,346,584	3.96%	\$ 45,324,925	33.60%	\$ 6,968,039	5.17%	\$ 134,889,841	100.00%
2003	8,718,342	5.60%	58,169,216	37.38%	7,779,100	5.00%	155,601,006	100.00%
2004	6,882,011	4.63%	72,441,741	48.72%	7,555,629	5.08%	148,685,756	100.00%
2005	11,599,202	6.66%	77,102,593	44.26%	7,084,539	4.07%	174,199,335	100.00%
2006	9,785,159	6.29%	76,106,615	48.95%	6,881,222	4.43%	155,484,492	100.00%
2007	10,485,337	6.10%	77,709,223	45.21%	9,147,060	5.32%	171,876,086	100.00%
2008	9,115,619	5.09%	82,008,713	45.83%	10,333,157	5.77%	178,948,350	100.00%
2009	10,397,564	5.60%	84,805,972	45.71%	9,422,158	5.08%	185,532,477	100.00%
2010	7,911,157	4.14%	92,506,398	48.39%	10,629,223	5.56%	191,154,116	100.00%

Note: Prior years data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
LONG-TERM DEBT - UNAUDITED
LAST NINE YEARS ENDED JUNE 30, 2010

<u>Fiscal Year</u>	<u>Bonds Payable</u>	<u>Mortgage notes and loans payable</u>	<u>Loans payable to Montgomery County</u>	<u>Capitalized lease obligations</u>	<u>Other</u>	<u>Total</u>	<u>% Net Assets To Debt</u>
2002	\$ 612,475,353	\$ 28,563,339	\$ 28,332,367	\$ 19,982,486	\$ 4,561,545	\$ 693,915,090	20.71%
2003	627,338,995	33,487,265	26,222,327	19,981,118	4,622,833	711,652,538	21.95%
2004	580,346,279	43,106,686	33,196,697	19,979,535	4,302,520	680,931,717	22.31%
2005	610,493,486	39,254,052	32,832,896	19,977,946	4,674,722	707,233,102	23.05%
2006	593,664,161	38,518,098	35,730,378	20,340,383	3,726,854	691,979,874	23.19%
2007	647,651,771	40,327,022	34,086,460	20,945,760	4,630,765	747,641,778	23.22%
2008	742,169,119	44,728,335	43,467,729	20,724,750	4,933,088	856,023,021	21.65%
2009	669,267,092	51,436,575	47,194,468	20,494,054	4,910,269	793,302,458	23.32%
2010	767,261,719	40,468,317	56,851,638	20,208,821	4,875,177	889,665,672	21.25%

Note: Prior years data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34.

PROPERTY RELATED DEBT (As of June 30, 2010)

Property Name	Purpose	Amount Outstanding
<u>Intra-Commission mortgages made from bond issues</u>		
Alexander House	Mortgage	21,925,817
Chevy Chase Lake	Mortgage	7,729,496
Diamond Square	Mortgage	1,583,453
Fairfax Court	Mortgage	726,449
Magruder's Discovery	Mortgage	11,780,518
Montgomery Arms	Mortgage	9,382,758
MPDUs (59)	Mortgage	2,649,109
MPDUs (64)	Mortgage	2,231,009
Pomander Court	Mortgage	534,427
Pooks Hill Highrise	Mortgage	14,322,389
Pooks Hill Midrise	Mortgage	3,199,472
Sligo Hills	Mortgage	3,026,531
Strathmore Court	Mortgage	16,917,727
The Glen	Mortgage	6,202,586
The Metropolitan	Mortgage	27,965,188
The Oaks at Four Corners	Mortgage	2,787,181
Timberlawn Crescent	Mortgage	5,370,734
Barclay Development Corporation	Mortgage	9,872,048
Wheaton Metro Development Corporation	Mortgage	32,943,951
Greenhills	Mortgage	4,094,299
Paddington Square	Mortgage	5,549,449
Subtotal		190,794,591
<u>Other Mortgages</u>		
Paint Branch	Mortgage	142,462
Paddington Square	Mortgage	6,864,770
King Farm Village Center	Mortgage	3,215,142
MHLP I	Mortgage	723,962
MHLP III	Mortgage	652,029
MHLP IV	Mortgage	1,011,203
MHLP V	Mortgage	1,060,925
MHLP VI	Mortgage	723,475
Subtotal		14,393,968
<u>Other Loans</u>		
Metropolitan	Rehab	750,000
Montgomery Arms	Rehab	1,368,021
Wheaton Metro Dev Corp.	Rehab	1,250,000
Barclay	Rehab	2,456,565
Paddington Square	Rehab	1,137,103
Subtotal		6,961,689
<u>Notes Payable to State of Maryland</u>		
Alexander House	RHPP	75,000
Diamond Square	RHPP	2,000,000
The Glen	RHPP	1,211,706
State Rental Consolidated	PHRP	8,795,567
State Rental VII	PHRP	4,712,863
Tanglewood	PHRP	85,000
Montgomery Arms	RHPP	131,554
Dale Drive	RHPP	600,000
Subtotal		17,611,690

Property Name	Purpose	Amount Outstanding
<u>Loans from Montgomery County Revolving Funds</u>		
Brook Farm	Interim Financing	\$218,174
Alexander House	Interim Financing	\$673,810
Holiday Park Townhouses	Interim Financing	\$21,463
Pooks Hill Land (Mid-Rise)	Interim Financing	\$532,000
Ambassador	Interim Financing	\$1,932,066
MetroPointe	Interim Financing	\$1,250,000
MPDU 2004	Interim Financing	\$3,145,788
Tanglewood	Interim Financing	\$2,512,500
Paddington Square	Interim Financing	\$3,000,000
Subtotal		\$13,285,801
<u>Notes Payable to Montgomery County Government</u>		
Alexander House	Construction	\$1,000,000
Chelsea Towers	Acquisition	\$1,797,476
Diamond Square	Acquisition	\$2,746,344
Pooks Hill Highrise	Rehab	\$400,000
McHome	Acquisition	\$2,005,645
Pooks Hill Midrise	Rehab	\$396,312
Sligo Hills	Operating Deficit	\$300,000
State Rental Consolidated	Acquisition	\$66,428
State Rental VII	Acquisition	\$1,668,050
Tanglewood	Rehab	\$52,532
The Glen	Home Funds	\$766,435
The Oaks at Four Corners	Acquisition	\$2,213,324
Timberlawn	Acquisition	\$1,000,000
Montgomery Arms	Rehab	\$1,750,000
White Oak Police Station	Acquisition	\$43,999
Chevy Chase	Rehab	\$1,250,000
Paddington Square	Acquisition/Rehab	\$4,921,074
Dale Drive	Predevelopment	\$1,742,309
Aspen Court TP (7423,7425,7427)	Acquisition & Rehab	\$1,680,000
7419 Aspen Court (formerly 717 Sligo)	Acquisition & Rehab	\$1,266,638
7411 Aspen Court	Acquisition & Rehab	\$1,061,287
NSP Properties	Acquisition & Rehab	\$1,629,825
NCI Properties	Acquisition & Rehab	\$1,939,558
CDBG Properties	Acquisition & Rehab	\$541,064
MPDU 2004	Acquisition	\$746,378
King Farm Village Center	Acquisition	\$6,400,000
Jubilee Housing	Acquisition	\$663,473
Wheaton Metro Development Corporation	Acquisition	\$2,984,721
Subtotal		\$43,032,872

TOTAL PROPERTY RELATED DEBT

\$286,080,610

Single Family Fund - Debt Outstanding, Issued and Retired
Fiscal Year Ended June 30, 2010

Series	Authorized (a)	Unissued (b)	Outstanding	Issued		Retired		Refunded		Outstanding End of Year (h)	Interest Expensed This Year (i)	Current Maturities
			Beginning of Year (c)	Prior Years (d)	This Year (e)	Prior Years (f)	This Year (g)	Prior Years	This Year			
Housing Opportunities Commission:												
Single Family Bonds:												
1986 Series A	17,995,000	-	5,000	17,995,000	-	17,990,000	5,000	-	-	-	-	-
1988 Series A	27,035,000	-	5,000	27,035,000	-	27,030,000	5,000	-	-	-	-	-
1988 Series B	15,000,000	-	5,000	15,000,000	-	14,995,000	5,000	-	-	-	-	-
1998 Series A - Accretions	31,463,989	-	31,463,989	31,463,989	1,716,214	-	3,039,425	-	-	30,140,778	1,716,214	-
2001 Series A	17,590,000	-	2,245,000	17,590,000	-	15,345,000	690,000	-	-	1,555,000	82,423	130,000
2002 Series A	13,200,000	-	4,185,000	13,200,000	-	9,015,000	1,030,000	-	-	3,155,000	149,098	620,000
2002 Series B - Accretions	2,633,157	-	2,633,158	2,633,157	157,643	-	-	-	-	2,790,801	157,643	-
2002 Series C	16,890,000	-	16,890,000	16,890,000	-	-	-	-	-	16,890,000	607,637	-
2004 Series A	19,645,000	-	12,945,000	19,645,000	-	6,700,000	1,395,000	-	-	11,550,000	433,708	470,000
2004 Series B	5,355,000	-	2,765,000	5,355,000	-	2,590,000	1,455,000	-	-	1,310,000	102,586	60,000
2005 Series A	18,500,000	-	15,485,000	18,500,000	-	3,015,000	1,775,000	-	-	13,710,000	542,010	605,000
2005 Series B	6,500,000	-	3,910,000	6,500,000	-	2,590,000	850,000	-	-	3,060,000	181,480	620,000
2005 Series C	11,600,000	-	9,830,000	11,600,000	-	1,770,000	1,140,000	-	-	8,690,000	353,438	385,000
2005 Series D	13,400,000	-	10,970,000	13,400,000	-	2,430,000	730,000	-	-	10,240,000	543,575	690,000
2006 Series A	18,705,000	-	16,850,000	18,705,000	-	1,855,000	1,970,000	-	-	14,880,000	570,345	665,000
2006 Series B	11,295,000	-	10,870,000	11,295,000	-	425,000	1,040,000	-	-	9,830,000	507,380	995,000
2007 Series A	15,875,000	-	14,760,000	15,875,000	-	1,115,000	1,755,000	-	-	13,005,000	502,504	595,000
2007 Series B	19,125,000	-	18,985,000	19,125,000	-	140,000	655,000	-	-	18,330,000	907,266	625,000
2007 Series C	1,000,000	-	1,000,000	1,000,000	-	-	-	-	-	1,000,000	36,418	-
2007 Series D	20,000,000	-	19,635,000	20,000,000	-	365,000	1,555,000	-	-	18,080,000	921,195	1,025,000
2007 Series E	13,000,000	-	-	13,000,000	13,000,000	13,000,000	-	-	-	13,000,000	29,772	-
2007 Series F	10,000,000	-	10,000,000	10,000,000	-	-	-	-	-	10,000,000	396,635	-
2008 Series A	13,205,000	-	13,205,000	13,205,000	-	-	1,530,000	-	-	11,675,000	427,621	2,355,000
2008 Series B	3,900,000	-	3,895,000	3,900,000	-	5,000	600,000	-	-	3,295,000	240,975	5,000
2008 Series C	8,450,000	-	8,450,000	8,450,000	-	-	-	-	-	8,450,000	315,238	-
2008 Series D	17,200,000	-	17,200,000	17,200,000	-	-	-	-	-	17,200,000	150,116	-
2009 Series A	20,000,000	-	20,000,000	-	-	-	175,000	-	-	19,825,000	804,973	175,000
NIBP 2009 Series A	10,000,000	-	-	-	10,000,000	-	-	-	-	10,000,000	172,429	-
NIBP 2009 Series B	15,000,000	-	-	-	15,000,000	-	-	-	-	15,000,000	310,200	-
NIBP 2009 Series C	40,000,000	-	-	-	40,000,000	-	-	-	-	40,000,000	17,593	40,000,000
SUB-TOTAL	453,562,146	-	268,187,147	368,562,146	79,873,857	120,375,000	21,399,425	-	-	326,661,579	11,111,665	50,020,000
Less: Unamortized discount			1,973,885						125,364	2,099,249		
Total Single Family Bonds Payable	453,562,146	-	270,161,032	368,562,146	79,873,857	120,375,000	21,399,425	0	125,364	328,760,828	11,111,665	50,020,000

Multi-Family Fund - Debt Outstanding, Issued and Retired
Fiscal Year End June 30, 2010

A. Long-Term Debt

Other Long-Term Debt	Date Issued	Authorized (a)	Unissued (b)	Outstanding Beginning of Year (c)	Issued		Retired		Refunded		Outstanding End of Year (h)	Interest Expensed This Year (i)	Current Maturities
					Prior Years (d)	This Year (e)	Prior Years (f)	This Year (g)	Prior Years	This Year			
Housing Opportunities Commission:													
Multi Family Bonds:													
213 1995 Issue A		27,705,000	-	-	27,705,000	-	-	27,705,000	-	-	-	-	-
213 1995 Issue B		6,200,000	-	-	6,200,000	-	-	6,200,000	-	-	-	-	-
213 1995 Issue C		6,595,000	-	-	6,595,000	-	-	6,595,000	-	-	-	-	-
225 1993 Issue II		6,505,000	-	1,110,000	6,505,000	-	-	5,395,000	540,000	-	570,000	33,630	570,000
226 2008 Issue A		33,050,000	-	33,050,000	33,050,000	-	-	-	33,050,000	-	-	1,021,756	-
228 2009 Issue A		32,295,000	-	-	-	32,295,000	-	-	-	-	32,295,000	1,037,289	-
234 1998 Issue A		12,900,000	-	10,490,000	12,900,000	-	-	2,410,000	325,000	-	10,165,000	503,503	340,000
235 1998 Issue II		17,480,000	-	-	17,480,000	-	-	17,480,000	-	-	-	-	-
237 2002 Series A		22,325,000	-	21,990,000	22,325,000	-	-	335,000	440,000	-	21,550,000	1,191,973	460,000
237 2002 Series B		1,990,000	-	-	1,990,000	-	-	1,990,000	-	-	-	-	-
238 2002 Series C		12,965,000	-	12,965,000	12,965,000	-	-	-	-	-	12,965,000	30,596	-
253 2008 Series A		13,355,000	-	13,355,000	13,355,000	-	-	-	-	-	13,355,000	32,884	-
243 1993 Series A		3,975,000	-	-	3,975,000	-	-	3,975,000	-	-	-	-	-
248 1992 Series C		4,425,000	-	2,685,000	4,425,000	-	-	1,740,000	105,000	-	2,580,000	184,288	115,000
262 1995 Series A		23,910,000	-	3,010,000	23,910,000	-	-	20,900,000	125,000	-	2,885,000	2,885,000	140,000
264 1996 Series A		3,625,000	-	2,835,000	3,625,000	-	-	790,000	95,000	-	2,740,000	170,030	95,000
265 1996 Series B		13,610,000	-	3,170,000	13,610,000	-	-	10,440,000	90,000	-	3,080,000	196,130	90,000
269 1994 Series A		14,210,000	-	-	14,210,000	-	-	14,210,000	-	-	-	-	-
270 1984 Series A - Accretions		585,000	-	91,008	91,008	10,529	-	-	-	-	101,537	10,530	11,741
282 1996 Series B		25,995,000	-	-	25,995,000	-	-	25,995,000	-	-	-	-	-
283 1998 Series A		11,935,000	-	10,045,000	11,935,000	-	-	1,890,000	255,000	-	9,790,000	501,833	265,000
283 1998 Series B		18,905,000	-	15,010,000	18,905,000	-	-	3,895,000	530,000	-	14,480,000	749,723	560,000
284 2000 Series A		19,465,000	-	16,950,000	19,465,000	-	-	2,515,000	395,000	-	16,555,000	1,006,570	415,000
284 2000 Series B		28,600,000	-	25,055,000	28,600,000	-	-	3,545,000	595,000	-	24,460,000	1,526,423	640,000
285 2001 Series A		8,240,000	-	7,805,000	8,240,000	-	-	435,000	85,000	-	7,720,000	424,863	90,000
286 2002 Series A		8,330,000	-	7,530,000	8,330,000	-	-	800,000	175,000	-	7,355,000	343,883	175,000
286 2002 Series B		31,465,000	-	29,785,000	31,465,000	-	-	1,680,000	520,000	-	29,265,000	1,470,130	505,000
287 2003 Series A		20,265,000	-	18,250,000	20,265,000	-	-	2,015,000	425,000	-	17,825,000	760,125	435,000
287 2003 Series B		17,840,000	-	17,430,000	17,840,000	-	-	410,000	200,000	-	17,230,000	791,453	205,000
277 2006 Issue A		36,350,000	-	-	36,350,000	-	-	36,350,000	-	-	-	-	-
278 2007 Series A		19,055,000	-	18,730,000	19,055,000	-	-	325,000	340,000	-	18,390,000	824,746	350,000
279 2007 Series B		26,400,000	-	26,155,000	26,400,000	-	-	245,000	515,000	-	25,640,000	1,546,200	535,000
279 2007 Series C		8,010,000	-	7,875,000	8,010,000	-	-	135,000	280,000	-	7,595,000	498,388	295,000
288 2004 Series A		13,700,000	-	13,450,000	13,700,000	-	-	250,000	255,000	-	13,195,000	581,565	260,000
288 2004 Series B		4,085,000	-	3,955,000	4,085,000	-	-	130,000	45,000	-	3,910,000	184,738	45,000
288 2004 Series C		19,460,000	-	18,520,000	19,460,000	-	-	940,000	400,000	-	18,120,000	645,893	415,000
288 2004 Series D		14,110,000	-	13,440,000	14,110,000	-	-	670,000	290,000	-	13,150,000	479,623	295,000
289 2005 Series A		12,035,000	-	11,040,000	12,035,000	-	-	995,000	11,040,000	-	-	356,603	-
289 2005 Series B		5,805,000	-	5,735,000	5,805,000	-	-	70,000	145,000	-	5,590,000	365,788	150,000
289 2005 Series C		30,235,000	-	29,925,000	30,235,000	-	-	310,000	635,000	-	29,290,000	1,767,000	660,000
280 2009 Series A		46,490,000	-	-	-	46,490,000	-	-	-	-	46,490,000	20,448	46,490,000
281 2009 Series A-1		-	-	-	-	-	-	-	-	-	-	-	-
290 2010 Series A		12,375,000	-	-	-	12,375,000	-	-	-	-	12,375,000	78,800	-
SUB-TOTAL		696,855,000	-	401,436,008	605,201,008	91,170,529	-	203,765,000	51,895,000	-	440,711,537	19,509,479	54,606,741
Less: Unamortized discount		-	-	(2,329,949)	-	-	-	-	-	-	(2,210,646)	-	-
Total Multi Family Bonds Payable		696,855,000	-	399,106,059	605,201,008	91,170,529	-	203,765,000	51,895,000	-	438,500,891	19,509,479	54,606,741

MULTI-FAMILY HOUSING BONDS (As of June 30, 2010)

Bond Series	Current Property Name	Owner	Final Maturity	Amount Issued	Amount Outstanding
Non-Obligation Bond Issues:					
<u>Multi-Family Housing Revenue Bonds</u>					
2010 Issue A	Wynnfield	Private	5/1/2026	\$31,680,000	\$31,680,000
2010 Issue B	Oak Mill II	Private	5/1/2026	9,600,000	9,600,000
2003 Issue A	Randolph Manor	Private	8/1/2045	5,500,000	5,342,459
2004 Issue A	Olney Manor	Private	1/1/2046	7,000,000	6,819,421
2004 Issue B	Blair Park	Private	10/15/2036	2,700,000	2,131,904
2004 Issue C	Cloppers Mill	Private	7/1/2046	7,800,000	7,624,630
2005 Issue I	Oakfield	Private	10/15/2039	38,000,000	38,000,000
2006 Issue A	Covenant Village	Private	12/1/2048	6,418,000	6,364,633
2008 Issue A	Victory Forest	Private	9/1/2045	6,600,000	6,600,000
<u>Multi-Family Housing Revenue Refunding Bonds</u>					
2001 Isssue A	Draper Lane	Private	3/1/2040	35,000,000	35,000,000
2001 Isssue B	Draper Lane	Private	3/1/2040	11,000,000	11,000,000
2001 Isssue C	Draper Lane	Private	3/1/2040	6,000,000	6,000,000
<u>Variable Housing Revenue Bonds</u>					
1985 Issue II	Falkland Apartments	Private	12/1/2030	24,695,000	24,695,000
1997 Issue I	The Grand	Private	6/1/2030	57,000,000	57,000,000
1998 Issue I	Byron Housing	Private	9/1/2023	2,319,000	1,734,000
TOTAL				\$251,312,000	\$249,592,047

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
NUMBER OF UNITS BY PROGRAM-UNAUDITED
LAST NINE YEARS ENDED JUNE 30, 2010**

<u>Fiscal Year</u>	<u>Public Housing Rental</u>	<u>Public Housing Homeownership</u>	<u>Section 8</u>	<u>Opportunity Housing</u>	<u>Transitional Housing</u>	<u>Specialized Programs</u>	<u>Component Units</u>	<u>Total</u>
2002	1,547	16	4,874	3,041	158	315	1,283	11,234
2003	1,545	12	5,751	3,056	158	330	1,283	12,135
2004	1,545	12	5,804	3,088	158	330	1,251	12,188
2005	1,537	11	5,692	3,047	151	355	1,491	12,284
2006	1,539	11	5,436	2,842	151	405	1,653	12,037
2007	1,539	11	5,674	2,853	165	402	1,653	12,297
2008	1,544	11	5,754	3,049	165	430	1,621	12,574
2009	1,543	11	5,793	3,225	165	591	1,659	12,987
2010	1,546	10	5,926	3,249	165	614	1,659	13,169

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
Property Characteristics and Dwelling Unit Composition
June 30, 2010

Public Housing		
Name of development	Address	Number of units
Elderly Communities		
Arcola Towers	1135 University Boulevard, Silver Spring MD 20902	141
Elizabeth House	1400 Fenwick Avenue, Silver Spring, MD 20910	160
Holly Hall Apartments	10110 New Hampshire Avenue, Silver Spring, MD 20903	96
Waverly House	4521 East West Highway, Bethesda MD 20814	<u>158</u>
	<i>Total Elderly Communities</i>	555
Family Communities		
Emory Grove Village	8211 Momingview Drive, Gaithersburg, MD 20877	54
Sandy Spring	1 Branchwood Court, Sandy Spring, MD 20860	55
Seneca Ridge	11400 Scenery Drive, Germantown, MD 20876	71
Tobytown	90 Monroe Street, Rockville, MD 20850	10
Towne Centre Place	3502 Momingwood Drive, Olney, MD 20832	49
Washington Square	8343 Fairhaven Drive, Gaithersburg, MD 20877	<u>50</u>
	<i>Total Family Communities</i>	289
Scattered Units		
Scattered Site Central	various addresses spread throughout Montgomery County	130
Scattered Site East	various addresses spread throughout Montgomery County	110
Scattered Site Gaithersburg	various addresses spread throughout Montgomery County	140
Scattered Site North	various addresses spread throughout Montgomery County	139
Scattered Site West	various addresses spread throughout Montgomery County	150
Ken Gar	various addresses spread throughout Montgomery County	19
Parkway Woods	various addresses spread throughout Montgomery County	<u>24</u>
	<i>Total units - Scattered units</i>	712
	<i>Total units - Public Housing</i>	<u><u>1,556</u></u>

Housing Choice Voucher/Transitional Housing		
Name of development	Address	Number of units
Housing Choice Vouchers	Various	5,926
Transitional Housing Programs	Various	165
Specialized Programs	Various	<u>614</u>
	<i>Total units - Housing Choice Voucher/Transitional Housing</i>	<u><u>6,705</u></u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
Property Characteristics and Dwelling Unit Composition
June 30, 2010

Opportunity Housing		
Name of development	Address	Number of units
Elderly Communities		
The Oaks @ Four Corners	321 University Boulevard, West, Silver Spring, MD 20901	120
	<i>Total Elderly Communities</i>	120
Family Communities		
Tanglewood	8902 Manchester Road, Silver Spring, MD 20901	83
Magruder's Discovery	10508 Westlake Drive, Bethesda, MD 20817	134
Chelsea Towers	7401 Westlake Terrace, Bethesda MD, 20817	21
Dale Drive	527 Dale Drive, Silver Spring, Maryland 20910	10
Sligo Hills	8902 Manchester Road, Silver Spring, MD 20901	50
Pomander Court	1620 University Boulevard West, Silver Spring, MD 20802	24
Paddington Square	8800 Lanier Drive, Silver Spring, MD 20910	166
Fairfax Court	1 Fairfax Court, Chevy Chase, MD 20815	18
Pooks Hill High-Rise	3 Pooks Hill Road, Bethesda, MD 20814	189
Pooks Hill Mid-Rise	3 Pooks Hill Road, Bethesda, MD 20814	50
Greenhills	10572 Tralee Terrace, Damascus, MD 20872	78
Strathmore Court @ White Flint	5440 Marinelli Drive, North Bethesda, MD 20852	151
Westwood Towers	5401 Westbard Avenue, Bethesda, MD 20816	212
The Glen	2399 Jones Lane, Wheaton, MD 20902	90
Diamond Square	80 Bureau Drive, Gaithersburg, MD 20878	124
Alexander House	8560 Second Avenue, Silver Spring, MD 20910	311
The Metropolitan	7600 Old Georgetown Road, Bethesda, MD 20814	216
Timberlawn	5707 Luxumburg Street, Rockville, MD 20852	107
Montgomery Arms	8627 Fenton Street, Silver Spring, MD 20910	129
Chevy Chase Lake	3719 Chevy Chase lake, Chevy Chase, MD 20815	68
The Barclay	4716 Bradley Boulevard, Chevy Chase, MD 20815	76
Metro Pointe	11175 Georgia Avenue, Silver Spring, MD 20902	120
7411 Aspen Court	7411 Aspen Court, Takoma Park, MD 20912	11
7423 Aspen Court	7423 Aspen Court, Takoma Park, MD 20912	16
717 Sligo Creek Parkway	717 Sligo Creek Parkway, Takoma Park, MD 20912	12
	<i>Total Family Communities</i>	2,466
Scattered Units		
McHome	various addresses spread throughout Montgomery County	38
Holiday Park	various addresses spread throughout Montgomery County	20
Montgomery Homes Limited Partnership I	various addresses spread throughout Montgomery County	29
Montgomery Homes Limited Partnership III	various addresses spread throughout Montgomery County	44
Montgomery Homes Limited Partnership IV	various addresses spread throughout Montgomery County	60
Montgomery Homes Limited Partnership V	various addresses spread throughout Montgomery County	27
Montgomery Homes Limited Partnership VI-A	various addresses spread throughout Montgomery County	15
Paint Branch	various addresses spread throughout Montgomery County	14
McKendree	various addresses spread throughout Montgomery County	23
MPDU I	various addresses spread throughout Montgomery County	64
State Rental Combined	various addresses spread throughout Montgomery County	196
MPDU III	various addresses spread throughout Montgomery County	23
MPDU II	various addresses spread throughout Montgomery County	59
MPDU 2007	various addresses spread throughout Montgomery County	13
MPDU 2004	various addresses spread throughout Montgomery County	38
	<i>Total units - Scattered units</i>	663
	<i>Total units - Opportunity Housing</i>	<u>3,249</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
Property Characteristics and Dwelling Unit Composition
June 30, 2010

Component Units		
Name of development	Address	Number of units
Family Communities		
Manchester Manor Apartments, LP	8401 Manchester Road, Silver Spring MD 20901	53
Metro Pointe	11175 Georgia Avenue, Silver Spring, MD 20902	53
Strathmore Court, LP	5440 Marinelli Drive, North Bethesda, MD 20852	51
The Metropolitan of Bethesda, LP	7600 Old Georgetown Road, Bethesda, MD 20814	92
Shady Grove Apartments, LP	16525 Crabbs Branch Way, Derwood, MD 20855	144
The Willows of Gaithersburg Associates, LP	407 West Diamond Avenue, Gaithersburg, MD 20877	195
MV Affordable Housing Associates LP	9310 Merust Lane, Gaithersburg, MD 20874	94
Georgian Court Silver Spring LP	3600 Bel Pre Road, Silver Spring, MD 20906	147
Barclay One Associates LP	4716 Bradley Boulevard, Chevy Chase, MD 20815	81
Spring Garden One Associates LP	8007A Eastern Avenue, Silver Spring, MD 20910	83
Ambassador One Associates LP	2715 University Boulevard West, Silver Spring, MD 20902	162
Forest Oak Towers LP		175
Scattered Units		1,330
Montgomery Homes Limited Partnership II	various addresses spread throughout Montgomery County	54
Montgomery Homes Limited Partnership VII	various addresses spread throughout Montgomery County	35
Montgomery Homes Limited Partnership VIII	various addresses spread throughout Montgomery County	49
Montgomery Homes Limited Partnership IX - Pond Ridge	18100 Pond Ridge Court, Olney, MD 20832	40
Montgomery Homes Limited Partnership IX - MPDU units	various addresses spread throughout Montgomery County	76
Montgomery Homes Limited Partnership X	various addresses spread throughout Montgomery County	75
		329
<i>Total units - Component Units</i>		1,659

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
REGULAR STAFF HEADCOUNT BY DEPARTMENT - UNAUDITED
LAST NINE YEARS ENDED JUNE 30, 2010**

<u>Fiscal year</u>	<u>Executive</u>	<u>Finance</u>	<u>Housing Management</u>	<u>Housing Resources</u>	<u>Mortgage Finance</u>	<u>Real Estate</u>	<u>Rental Assistance</u>	<u>Resident Services</u>	<u>Total</u>
2002	39.20	44.10	120.70	0.00	10.50	8.00	46.25	67.55	336.30
2003	36.70	44.10	121.35	0.00	10.50	9.00	58.75	71.55	351.95
2004	38.70	42.10	120.35	0.00	11.50	10.00	47.75	75.40	345.80
2005	38.70	44.10	126.35	0.00	13.50	10.00	41.00	76.90	350.55
2006	38.60	43.00	124.35	0.00	13.50	10.00	40.00	77.40	346.85
2007	41.00	42.00	125.35	0.00	13.50	12.00	42.00	80.50	356.35
2008	40.00	42.00	126.60	53.60	14.50	10.00	42.00	84.60	413.30
2009 *	49.50	42.00	128.60	49.60	14.50	8.00	0.00	80.60	372.80
2010	40.00	43.00	138.60	45.50	14.50	6.00	0.00	90.20	377.80

Note: Staff headcount is expressed in terms of full-time equivalent work years.

* Rental Assistance Division was desolved in FY 2008 - 2009 with staff reallocated to Executive and Housing Resources.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
Demographics & Economic Statistics
Last Eight Years Ended December 31, 2009
Montgomery County, MD

Year	Population (1)	Median Age (1)	Households (1)	Per Capita Income (current dollars) (2)	Per Capita Income (constant 2005\$) (2)	Civilian Labor Force Number (1)	% of Pop 16+ (1)	Employment Number (1)	% of Pop 16+ (1)	Unemployment Number (3)	DLLR Rate (3)	Total Personal Income
2002	900,706	37.1	334,069	\$51,991	\$50,212	500,729	71.7%	475,441	68.1%	25,288	3.3	\$47,069,098
2003	909,411	38.0	336,613	\$53,262	\$56,289	494,030	70.2%	470,157	66.9%	23,873	3.2	\$48,728,619
2004	912,279	38.0	337,838	\$56,889	\$58,589	499,000	71.0%	475,522	67.7%	23,478	3.1	\$52,392,771
2005	918,046	38.3	344,038	\$60,303	\$60,303	505,157	70.6%	479,077	67.5%	22,308	2.8	\$56,016,278
2006	932,131	38.4	341,438	\$64,665	\$62,937	515,757	70.7%	495,236	67.8%	20,521	2.7	\$60,472,607
2007	930,813	38.9	343,540	\$66,811	\$63,327	521,226	71.3%	500,870	68.6%	20,356	3.0	\$62,901,647
2008	950,680	39.0	341,812	\$67,531	\$61,937	546,489	73.0%	520,287	69.5%	16,400	3.2	\$64,403,687
2009	971,600	38.2	345,301	(4)	(4)	549,530	72.3%	514,836	67.7%	27,360	5.3	Not Available

(1) Population and employment data from the American Community Survey series, U.S. Census Bureau.

(2) Per capita income data prepared by the Maryland Department of Planning, Planning Data Services, from U.S. BEA, May 2008.

(3) Unemployment rate from Civilian Labor Force, Employment & Unemployment by Place of Residence (LAUS) - Montgomery County; Department of Labor, Licensing and Regulation (DLLR)

(4) Per capita income for 2009 not yet released.

Data table compiled by Research & Technology Center, Montgomery County Planning Department, M-NCPPC (12/08 v2).

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
PERMITS ISSUED TO CONSTRUCT NEW RESIDENTIAL UNITS IN MONTGOMERY COUNTY, MD
LAST EIGHT YEARS ENDED DECEMBER 31, 2009**

Year	Dwelling Units	Construction Cost
2002	4,653	\$502,978,600
2003	4,428	\$440,212,306
2004	3,821	\$561,183,552
2005	3,591	\$717,384,014
2006	3,031	\$574,209,600
2007	3,459	\$664,048,150
2008	1,476	\$336,061,807
2009	862	\$244,499,105

Source: U. S. Bureau of the Census

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
MONTGOMERY COUNTY TOP TEN EMPLOYERS
AS OF JUNE 30, 2010**

Rank	Employer	Number of Employees
1	U.S. Department of Health and Human Services	39,979
2	Montgomery County Public Schools	20,953
3	U.S. Department of Defense	14,709
4	U.S. Department of Commerce	8,749
5	Montgomery County Government	8,525
6	Lockheed Martin	7,000
7	Adventist Health Care	6,911
8	Marriott International	3,957
9	Giant Food	3,816
10	Holy Cross Hospital	3,200

Income Source	# of Households
Business	25
Child Support	303
Federal Wage	1
General Assistance	69
Indian	0
Medical Reimburse	0
Military	1
No Income Reported	4
Other Non-Wage Income	212
Pension	115
PHA Wage	0
Social Security	528
SSI	542
TANF	32
Unemployment	64
Wages	870

Average Length of Stay for Current Tenants (in Years)	8
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Public Housing Statistics
All Properties
As of 06/30/2010

Gender	Male	Female	Total
Count of Head of Household	323	1199	1522
% of Head of Households	21.22%	78.78%	
Count of All Family Members	1376	2372	3748
% of All Family Members	36.71%	63.29%	

	Seniors	Under 62	62 +
Count of HOH	892	630	
% of HOH	60.68%	42.86%	
Count All Members	2963	785	
% All Members	79.06%	20.94%	

Disabled	
Count of Head of Household	267
Count of All Family Members	357

Income Ranges	Under \$5,000	\$5,000 - \$9,999	\$10,000 - \$14,999	\$15,000 - \$19,999	\$20,000 - \$24,999	\$25,000 - \$29,999	\$30,000 - \$34,999	\$35,000 - \$39,999	\$40,000 - \$44,999	\$45,000 - \$49,999	\$50,000 - \$75,000	Over \$75,000	Totals
# of Families	213	452	233	149	99	82	67	69	52	37	57	12	1522
Average Income in Range	\$ 1,706	\$ 7,943	\$ 12,302	\$ 17,565	\$ 22,510	\$ 27,706	\$ 32,541	\$ 37,518	\$ 42,589	\$ 47,029	\$ 57,909	\$ 99,137	\$ 17,451
Cumulative % of Families	13.99%	43.69%	59.00%	68.79%	75.30%	80.68%	85.09%	89.62%	93.04%	95.47%	99.21%	100.00%	

Age Ranges	0-5	6-13	14-17	18-20	21-29	30-39	40-49	50-61	62-69	70-79	80-89	90 +	Totals
Count of Head of Household	0	0	0	3	96	234	290	269	135	300	179	16	1522
Count of All Family Members	227	709	349	313	372	293	362	338	181	381	203	20	3748

Race	White	Black	American Indian	Asian	Pacific Islander	Not Reported	Total
Count of Head of Household	459	850	4	207	2	0	1522
% of Head of Household	30.16%	55.85%	0.26%	13.60%	0.13%	0.00%	100%
Count of All Family Members	973	2344	7	394	6	24	3748
% of All Family Members	25.96%	62.54%	0.19%	10.51%	0.16%	0.64%	100%

Ethnicity	Hispanic	Non-Hispanic	Not Reported	Totals
HOH	226	1296	0	1522
% HOH	14.85%	85.15%	0.00%	100%
Fam Mbrs	591	3097	60	3748
% FM	15.77%	82.63%	1.60%	100%

Family Size by Bedroom Size	# of PH Units	Occupied Units	1 Person	2 People	3 People	4 People	5 People	6 People	7 People	8+ People	Average Family Size
Efficiency	46	44	44	0	0	0	0	0	0	0	1.0 Person
1 Bedroom	499	490	386	103	1	0	0	0	0	0	1.2 People
2 Bedrooms	302	292	74	148	55	13	2	0	0	0	2.0 People
3 Bedrooms	583	572	50	90	180	147	90	13	2	0	3.3 People
4 Bedrooms	122	120	2	9	14	22	29	22	17	5	4.9 People
5 Bedrooms	4	4	0	0	0	1	0	2	0	1	6.0 People
Total # of PH Units	1556	1522	556	350	250	183	121	37	19	36	2.5 People

Note: Total number of Occupied Units excludes Vacant, HOC Employee, and HOC Law Enforcement units.

Income Source	# of Households
Business	N/A
Child Support	N/A
Federal Wage	N/A
General Assistance	N/A
Indian	N/A
Medical Reimburse	N/A
Military	N/A
No Income Reported	N/A
Other Non-Wage Income	N/A
Pension	N/A
Social Security	N/A
SSI	N/A
TANF	N/A
Unemployment	N/A
Wages	N/A

**Average Length of Stay for Current Tenants
(in Years)**

Gender	Male	Female	Total
Count of Head of Household	933	4,429	5,362
% of Head of Households	17.40%	82.60%	
Count of All Family Members	4,904	8,515	13,419
% of All Family Members	36.55%	63.45%	

Disabled	
Count of Head of Household	45
Count of All Family Members	53

**Housing Choice Voucher
Statistics
As of 6/30/2010**

Seniors	Under 62	62 +
Count of HOH	4,279	1,083
% of HOH	79.80%	20.20%
Count All Members	12,120	1,299
% All Members	90.32%	9.68%

Income Ranges	Under \$5,000	\$5,000 - \$9,999	\$10,000 - \$14,999	\$15,000 - \$19,999	\$20,000 - \$24,999	\$25,000 - \$29,999	\$30,000 - \$34,999	\$35,000 - \$40,000	Over \$40,000	Totals
# of Families	808	1,492	814	624	441	355	293	230	305	5,362
Average Income in Range	\$ 1,864	\$ 7,995	\$ 12,301	\$ 17,365	\$ 22,272	\$ 27,491	\$ 32,224	\$ 37,261	\$ 48,183	\$ 16,146
Cumulative % of Families	15.07%	42.89%	58.08%	69.71%	77.94%	84.56%	90.02%	94.31%	100.00%	

Age Ranges	0-5	6-12	13-17	18-20	21-29	30-39	40-49	50-61	62-69	70-79	80-99	100+	Totals
Count of Head of Household	0	0	0	12	569	1,203	1,252	1,243	426	357	297	3	5,362
Count of All Family Members	1,343	2,315	1,739	1,364	1,186	1,367	1,407	1,399	495	454	347	3	13,419

Race	White	Black	American Indian	Asian	Pacific Islander	Multiple	Unknown	Ethnicity	Hispanic	Non-Hispanic	Not Reported
Count of Head of Household	1,438	3,583	38	289	5	9	0		604	4,758	0
% of Head of Household	26.73%	66.60%	0.71%	5.37%	0.09%	0.17%	0.00%		11.23%	88.44%	0.00%
Count of All Family Members	2,819	9,795	66	588	16	34	101		1,497	11,737	185
% of All Family Members	20.95%	72.78%	0.49%	4.37%	0.12%	0.25%	0.75%		11.12%	87.21%	1.37%

Family Size by Bedroom Size	# of HCV Occupied Units										Average Family Size
	1 Person	2 People	3 People	4 People	5 People	6 People	7 People	8+ People			
Efficiency	0	108	77	15	10	2	2	1	1	0	1.6 Person
1 Bedroom	0	1,483	1,363	117	3	0	0	0	0	0	1.1 People
2 Bedrooms	0	1,949	365	962	507	98	15	2	0	0	2.2 People
3 Bedrooms	0	1,468	49	188	374	518	269	63	3	4	3.7 People
4 Bedrooms	0	298	9	14	21	51	68	81	38	16	5.1 People
5 Bedrooms	0	49	0	1	0	4	4	9	8	23	6.8 People
6 Bedrooms	0	7	0	0	0	0	0	0	0	7	8.0 People
Total # of HCV Units	0	5362	1863	1297	915	673	358	156	350	350	2.5 People