

April 19, 2022 Board Meeting

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Board of Commissioners Meeting – April 19, 2022 9:00 a.m. to 12:00 p.m.

MEMBERS OF THE BOARD: Frank O'Hara (Chair), Daniel Brennan, Henry Beck, Bonita Usher (Vice Chair), Laura Buxbaum, Nancy Harrison (Secretary), Elizabeth Deitz, Sonia Barrentes, Renee Lewis, and Noël Bonam

9:00	Adopt Agenda (VOTE)	All
	Remote Commissioners	Frank O'Hara
	- Reason remote	
	- Any other persons at their location	
	Approve minutes of March 22, 2022 meeting (VOTE)	All
	Reschedule June meeting to June 14, 2022 (VOTE)	All
	Communications and Conflicts	All
	Chair of the Board Updates	Frank O'Hara
	Director Updates	Dan Brennan
9:30	Legislative Update	Erik Jorgensen
9:45	Commence Rulemaking - Qualified Allocation Plan (VOTE)	Mark Wiesendanger
10:15	Commence Rulemaking - State Low Income Housing Tax Credit Rule (VOTE)	Mark Wiesendanger
10:30	Commence Rulemaking – Home Energy Assistance Program (VOTE)	Troy Fullmer
10:50	Project Labor Agreements	Ashley Janotta
11:00	Review of 2021 Budget and Audit Results	Darren Brown/Jason Emery
11:45	New Development Programs	Adam Krea
	Future Presentations/Topics	All
	<u>Department Reports:</u>	
	Asset Management	
	Communications and Planning	
	Development (see QAP Memo)	
	Energy and Housing Services	
	Finance Monthly Report	
	Financial & Budget Report	
	Finance Delinquency Report & Charts	
	Homeless Initiatives	
	Homeownership	
	Housing Choice Vouchers	
	Human Resources & Facilities	
	Information Technology	
	2022 Board Calendar	
	Adjourn (VOTE)	All

The next meeting of the Board is scheduled for May 17, 2022
virtually and in person at 26 Edison Drive, Augusta, Maine



Minutes of the Board of Commissioners Meeting March 22, 2022

MEETING CONVENED

A meeting of the Board of Commissioners for MaineHousing convened on March 22, 2022 at the offices of MaineHousing, 26 Edison Drive, Augusta, Maine and virtually. Notice of the meeting was published on March 11, 2022 in Central Maine newspapers. Notice of Board of Commissioners meetings is also on MaineHousing's website at www.mainehousing.org.

Chair Frank O'Hara called the meeting to order at 9:00 a.m. Chair O'Hara, Director Dan Brennan, Commissioners Laura Buxbaum, Betty Dietz, Renee Lewis, and State Treasurer Henry Beck attended in person. Commissioner Nancy Harrison attended remotely due to a work engagement. There were no other persons at her location. Commissioner Bonita Usher attended remotely due to Covid concerns. There were no other persons at her location. Commissioner Sonia Barrantes attended remotely due to a scheduling conflict. There were no other persons at her location. There was a quorum present.

PUBLIC ATTENDANCE

Guests and staff present for all or part of the meeting included: Linda Uhl, Chief Counsel; Peter Merrill, Deputy Director; Ashley Janotta, Counsel; Daniel Drost, Director of Energy and Housing Services; Linda Grotton, Director of Audit and Compliance; Erik Jorgensen, Senior Director of Government Relations and Communication; Tom Cary, Treasurer; Donald Guild, Counsel; Troy Fullmer, Manager of HEAP; Scott Thistle, Communications Director; Mark Wiesendanger, Director of Development; Jason Stonier, Operations Manager – Building & Grounds; Lauren Bustard, Sr. Director of Homeless Initiatives; Tracy Snowden, Office Coordinator; Lori McPherson, HEAP Program Officer – Vendor Relations; Emily Morang, HEAP Program Officer – Compliance and Fraud; Greg Payne, Sr. Advisor to the Governor on Housing Policy; Brian Kilgallen, Community Housing of Maine; Judy Frost, Western Maine Community Action; William Crandall, Western Maine Community Action; Kobi Perry, Western Maine Community Action; Kara Hay, Penquis Community Action Agency; Jennifer Giosia, Penquis Community Action Agency; Lynn Lugdon, Penquis Community Action Agency and Gerrylynn Ricker, Paralegal and Note taker.

ADOPT AGENDA

Commissioner Usher made a motion seconded by State Treasurer Beck to adopt the March 22, 2022 agenda. The vote carried unanimously.

APPROVE MINUTES OF FEBRUARY 15, 2022 MEETING

Commissioner Usher made a motion seconded by Commissioner Buxbaum to accept the February 15, 2022 minutes as written. The vote carried unanimously.

COMMUNICATIONS AND CONFLICTS

Commissioner Barrantes reported Greg Payne invited her to participate in a meeting with MaineHousing staff and members of Efficiency Maine Trust related to Passive House and the QAP. Commissioner Barrantes also received a telephone call from Naomi Beal, Executive Director of Passive House Maine who wanted to discuss some legislation. Commissioner Barrantes declined to discuss it because of her position.

CHAIR OF THE BOARD UPDATES

Chair O'Hara reported he went to Washington D.C. with Director Dan Brennan, Deputy Director Peter Merrill, and Erik Jorgensen, Senior Director of Government Relations and Communications. Chair O'Hara met with Director Brennan and discussed the schedule for the coming year. Chair O'Hara also advised the Commissioners that this summer, early fall he wants to have a Board meeting with no other agenda items except goal planning. Director Brennan stated that date had been set for the August 16, 2022 Board meeting.

DIRECTOR UPDATES

Director Brennan took a moment to recognize Chief Counsel Linda Uhl who will be retiring after 25 years with the agency. Linda has had a significant impact on MaineHousing and will be greatly missed.

Director Brennan reported issues, his activities and upcoming matters as follows:

- Had a conversation with U.S. Treasury regarding ERA reallocation.
- Had a meeting with Old Orchard Beach officials. Municipalities are calling all the time to discuss housing matters.
- Talked with Attorney James Moore of Pine Tree Legal regarding Bangor hotels. We have a more in depth presentation regarding this later in the agenda.
- Had a meeting with York County CAP who administers the rental assistance in York County. There are similar hotel situations going on in Wells.
- We are looking to expand the number of organizations that administer the emergency rental assistance program. The Immigrant Resource Center in Lewiston and Prosperity Maine in Portland are two organizations we are currently in conversations with.
- Presented to the Maine Coalition on Aging.
- Attended press conference with Speaker Fecteau regarding the zoning bill there was a lot of attention on accessory dwelling units.
- At the Governor's request, met with Lewiston Mayor Carl Sheline regarding homelessness.
- Had a Board orientation for our new Board members on March 10th.
- Attended our legislative conference in D.C. last week. Met with Representative Golden and Senator Collins virtually and with Senator King and Representative Pingree in person. The topics discussed with our congressional delegation were state and local fiscal recovery funds; the LIHEAP program; the ERA program; homelessness and our new system redesign; and inflation and how that affects income limits and rent levels that are set by HUD.
- If the Governor's change package is approved we will have an additional \$20 million in funds for affordable housing.
- Met with CAP directors executive committee regarding ERA, HEAP and hiring additional organizations to help with administering those programs.
- We made some adjustments to our HEAP program which can be done with a waiver. We have an emergency component in our HEAP program for people that are eligible for the program that run out of fuel, there used to be a limit of \$400 for a tank of fuel, with a waiver we increased that to \$1,400.
- We have a new Commissioner being sworn in, Noël Bonam.
- We have a call today with DHHS to talk about hotels and homelessness. We talk to DHHS once or twice a week.

- The homeless system redesign state team is meeting today.
- Later this week Director Brennan will participate in a taping for the Maine Real Estate Developers Association in preparation for a conference they have coming up.
- Senior Director of Homeless Initiatives Laruen Bustard and Director Brennan will be meeting with Bill Burney regarding diversity, equity and inclusion.

LEGISLATIVE UPDATE

Director of Government Relations, Erik Jorgensen, handed out an internal bill tracking document. The Legislature is entering its final phase. Our work testifying on bills is largely over. There are a few work sessions remaining but almost all of the bills we have been monitoring have now been worked and are out or almost out. The annual bond cap allocation has been completed. The biggest issue for us right now is the Governor's proposal to provide \$20 million to MaineHousing for various housing needs. It is anticipated that we will be asked to negotiate with the appropriations and financial affairs committee on the final amounts of funding for many of the bills that come out of committee and pass the house and senate. Erik then reviewed for the Commissioners his handout.

QUALIFIED ALLOCATION PLAN (QAP)

Director of Development, Mark Wiesendanger explained to the Commissioners that the redline draft that was forwarded to the Commissioners via e-mail was the result of input from MaineHousing staff, the Board, developers, and other interested parties received since the 2021-2022 QAP was published and from previously held QAP discussions. Mark explained that this draft included updated deadlines, and required grammatical errors such as punctuation, typos, and/or corrected defined terms. He then reviewed for the Commissioners the proposed changes that were recited in his memo to the Board dated March 22, 2022. Total development costs were discussed as well as Passive House certification. Director Brennan told the Commissioners that attached to the QAP packet that was sent separately from the Board packet was the State Low Income Housing Tax Credit Rule that requires a minor amendment having to do with defining instances where someone has a state credit and we have to reallocate/recapture it because of non-compliance. Mark will have a final draft of both the QAP and State Low Income Housing Tax Credit Rule for the Commissioners review prior to the next meeting when he will be asking the Commissioners to authorize MaineHousing to commence rulemaking followed by a public hearing at the May meeting, and adoption in June.

HOME ENERGY ASSISTANCE PROGRAM (HEAP)

Manager of HEAP, Troy Fullmer reviewed for the Commissioners the planning process for the HEAP program year 2023. His staff collected and summarized initial input from HEAP stakeholders; they met with members of the Community Action Agencies; and held a working group meeting. Troy went over the summary of the initial planning input from HEAP stakeholders. Troy discussed the summary of changes to the Rule: Household eligibility – categorical eligibility; deductions from income eligibility; handling of TANF supplemental benefits; HEAP weatherization/CHIP eligibility; allowable ECIP expenditures; and the wood pellet stove program. He also reviewed things the CAA's would like that do not impact the rule such as program year period; timing with issuing initial payments; online HEAP application; HEAP vendor portal; and energy crisis assistance improvements. Troy explained as with the QAP, he will have a final draft of the rule prior to the next meeting when he will ask for authorization to commence rulemaking followed by a public hearing at the May meeting, and adoption in June.

USE OF HOTELS DURING PANDEMIC

Director Brennan introduced Kara Hay, Chief Executive Officer of Penquis Community Action Agency and Senior Director of Homeless Initiatives, Lauren Bustard. Director Brennan presented a

slide show, Homelessness and Use of Hotels During the Pandemic. Dan explained the different types of hotels, FEMA hotels and ERA hotels. With the FEMA hotels MaineHousing contracts with the hotel and a service provider with the ERA hotels there is no contract between MaineHousing and the hotel, and there is no funding for staffing. The client presents a letter of preliminary determination of qualification for ERA program assistance and the hotel agrees to rent a room to a client or not. The agreement is totally between the client and the hotel. Ms. Hay reviewed for the Commissioners the CAP agency's role in providing the preliminary determination qualification letters for clients that are seeking assistance. Dan proceeded to summarize the primary groups that are using the hotels: families, asylum seekers and single individuals. The current issues of an increase in first responder calls, primarily due to some of the single individuals as seen in Bangor, South Portland, and Wells were discussed. Pine Tree Legal Assistance (PTLA) has concerns around hotel refusal to accept public assistance which is seen as a human rights violation. PTLA is requesting MaineHousing look into perhaps renaming the "preliminary determination letter" a "confirmed eligibility letter." Or perhaps MaineHousing could issue EBT cards or credit cards on behalf of the client. Depopulation of FEMA hotels as expiration nears; outreach to hotel owners to find new partners; and better mental health screening of single individuals was also discussed.

FUTURE PRESENTATION/TOPICS

Director Brennan explained that in the Board packet each month is a calendar setting forth potential topics. If any Commissioner would like to see something added to the calendar, please let us know.

ADJOURN

Commissioner Buxbaum made a motion seconded by Commissioner Lewis to adjourn the meeting. The meeting was adjourned at 11:30 a.m. by unanimous vote of the Board.

Respectfully submitted,

Nancy Y. Harrison



Development Department Memorandum

To: MaineHousing Board of Commissioners
From: Mark C. Wiesendanger, Director of Development
Date: April 19, 2022
Subject: Request to Commence Rulemaking - Qualified Allocation Plan

2023-2024 Qualified Allocation Plan (QAP)

Development has provided a final draft of the 2023-2024 QAP for your review. We hope to begin rule-making. After reviewing comments from the Board and our development partners, and having internal discussions, we are proposing the following changes:

Throughout:

- Updated deadlines
- Repaired grammatical errors (punctuation, typos, correcting defined terms, etc.)

Section 3B: Added HUD's Section 18 Demolition/Disposition Program or other HUD conversion programs to the Preservation Set-Aside eligibility.

Section 4A: Pre-apps due July 7, 2022 and July 6, 2023. Deleted deadline for pre-app discussions with MaineHousing.

Section 4B: Applications due September 22, 2022 and September 21, 2023.

Section 4D: Expanded factors for deeming Applicants and Investors ineligible to include seeking early termination of an Extended Use Agreement through the Qualified Contract process and undertaking efforts to undermine the exercise of a right of first refusal or purchase option.

Section 5A: Expanded Threshold Requirements to include submission of an investor letter of intent committing to the granting of purchase options and, when an eligible nonprofit organization is involved, a right of first refusal.

Section 5C: Increased the TDC Index caps.

Section 5E: Clarified the management experience and capacity requirements when multiple subsidy sources create overlapping targeting and rental restrictions.

- Section 5I: Added installation of electrical raceways/conduits for electrical vehicle chargers and PV solar panels to the Project Design requirements.
- Section 5J: Standards for broadband infrastructure required for telemedicine will be those established by the Maine Connectivity Authority in addition to ConnectMaine.
- Section 5M: Clarified that the preference for public housing or Section 8 waiting list in Projects with Section 8 project-based rental assistance will apply to any Credit Units without project-based rental assistance.
- Section 6A: Increased the scoring points for Rehabilitation or Reuse of Existing Housing, Structure or Site from 3 to 4.
- Section 6B: Increased the scoring points for Historic Rehabilitation from 3 to 4.
- Section 6C: Increased the scoring points for Populations with Special Needs from 3 to 6, and revised the criteria from requiring a waiting list for special populations to creating a set-aside of those units. Funding from Housing Trust Fund and/or Project-Based Vouchers will be available as necessary.
- Section 6F: Increased the scoring points for Readiness from 6 to 8.
- Section 6H: Removed Below Market Capital as a scoring criterion.
- Section 6K: Reduced the maximum scoring points for Property Tax Relief from 4 to 3, revised the scoring categories and added the dates of the application deadlines for approval of Affordable Housing TIFs.
- Section 6L: Increased the maximum scoring points for Housing Need from 8 to 10, clarified the ability of a municipality to carry over its scoring points for one year if the prior year was higher and revised the breakdown of municipalities in each scoring block.
- Section 6O: Removed High Opportunity Areas as a scoring criterion.
- Section 6P: Increased the maximum scoring points for Developer Capacity from 4 to 5.
- Section 6Q: Increased the maximum scoring points for Owner Performance from 4 to 5.
- Section 6R: Increased the maximum scoring points for Management Experience from 3 to 5.
- Section 7A: Removed the reference to the monthly Applicable Percentage in calculating Credit amounts as both the 9% and 4% credit percentages are now fixed.
- Section 7E: Removed the Binding Agreement/Rate Lock for the Applicable Percentage as both the 9% and 4% credit percentages are now fixed.
- Definitions: Deleted definitions of “Below Market Capital” and “High Opportunity Areas”, added definitions of “Compliance Period”, “Credit Period”, “Qualified Contract” and “Qualified

Nonprofit Organization” and clarified that MaineHousing’s Construction Standards include its accessibility policy and procedures.

Appendix E: Added to set forth the requirements for Purchase Options and Rights of First Refusal.

Below is the schedule of future QAP milestones as currently planned.

Activity	Date
Draft to Board	April
Rule-making	April
Public Hearing	May
Board Adoption	June
Publish	June
Pre-applications Deadline	July
Applications Deadline	September
Scoring	September/October
Conversations with Developers	October
Awards/Results	November

PROPOSED MOTION:

To authorize MaineHousing to commence the rulemaking process to repeal and replace Chapter 16 of MaineHousing’s rules in the form provided to the Commissioners and described in the memorandum from Development Director Mark Wiesendanger to the Commissioners dated April 19, 2022.



20231-20242 Low Income Housing Tax Credit

Qualified Allocation Plan



CHAPTER 16 LOW-INCOME HOUSING TAX CREDIT RULE

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APPENDICES:

APPENDIX A: Definitions

APPENDIX B: Pre-Application Submission Requirements

APPENDIX C: Capital Needs Assessment Requirements

APPENDIX D: Owner's Certificate of Continuing Program Compliance

APPENDIX E: Requirements for Purchase Options and Rights of First Refusal

Chapter 16: LOW-INCOME HOUSING TAX CREDIT RULE

SECTION 1: INTRODUCTION

The federal Low-Income Housing Tax Credit (LIHTC) was created by the Tax Reform Act of 1986 to encourage private capital investment in the development of affordable rental housing. It is governed by [Section 42](#) of the Internal Revenue Code of 1986, as amended, and associated regulations. As the designated housing credit agency for the State of Maine, MaineHousing is required by [Section 42](#) of the Code and [30-A MRSA §§4741\(1\) and \(14\)](#) to adopt a Qualified Allocation Plan (QAP) for allocating and administering LIHTC; this rule is the State's QAP.

This rule repeals and replaces in its entirety the prior Chapter 16, *Low Income Housing Tax Credit Rule*, except that the allocation provisions continue to apply to projects that were awarded LIHTC under a prior rule, or a program subject to a prior rule.

Capitalized terms used in this rule are defined in [Appendix A](#), unless the context otherwise indicates, or if not defined therein, have the same meaning as set forth in [Section 42](#) of the Code.

SECTION 2: HOUSING NEEDS AND PRIORITIES

MaineHousing and the Department of Economic and Community Development annually complete a statewide needs assessment as part of the Consolidated Housing and Community Development Plan. *Maine Consolidated Plan (2020-2024)* establishes the following housing priorities:

- A. expand affordable housing opportunities;
- B. improve and preserve the quality of housing; and
- C. help Maine people attain housing stability.

SECTION 3: SET-ASIDES AND MAXIMUM CREDIT AMOUNT

- A. Nonprofit Set-Aside. MaineHousing will set aside ten percent (10%) of the annual State Ceiling for Projects in which a Qualified Nonprofit Organization owns an interest and materially participates in the development and operation throughout the Compliance Period in accordance with [Section 42\(h\)\(5\)\(B\)](#) of the Code. An Applicant will qualify if it is owned by either a Qualified Nonprofit Organization, or a business corporation which is 100% owned by one or more Qualified Nonprofit Organization(s), and (in accordance with [Section 42\(h\)\(5\)\(C\)](#) of the Code) it is the general partner or manager/managing member and controls the Project's development and day-to-day operation.

- B. Preservation Set-Aside. MaineHousing will set aside up to \$300,000 of the annual State Ceiling for the preservation and rehabilitation of one existing multifamily rental housing project if the scope of rehabilitation meets the minimum requirements set forth in Section 5.D.2. and one of the following:
1. at least 25% of its units, or those in a Related Development, are assisted under a Rural Development program; or
 2. at least 25% of its units will be converted to Section 8 under HUD's Rental Assistance Demonstration (RAD) Program, Section 18 Demolition/Disposition Program or other HUD conversion programs.

Demolition and reconstruction on an existing housing site will be treated as new construction and is not eligible for this set-aside.

- C. Maximum Credit Amount. The maximum amount of Credit that will be allocated for each Project is the least of (i) \$20,000 per Credit Unit, (ii) 25% of the State Ceiling, and (iii) the amount MaineHousing determines is necessary to ensure the Project's financial feasibility and long-term viability.

SECTION 4: ALLOCATION PROCESS

- A. Pre-Application Submission. Each Project must undergo a mandatory Pre-Application review by MaineHousing to assess its feasibility, suitability for housing, and eligibility for Credit. Applicants must submit the information and documents set forth in **Appendix B** with the pre-application fee specified in Section 4.C. to MaineHousing by Thursday, July 29, 20220 for the 20234 roundQAP and by Thursday, July 6~~June 10~~, 20234 for the 20242 roundQAP. ~~MaineHousing will discuss Projects with 2021 QAP Applicants by Tuesday, August 11, 2020 and with 2022 QAP Applicants by Tuesday, July 13, 2021.~~ An Applicant will not be eligible for Credit if
1. it fails to provide a complete Pre-Application submission in accordance with this subsection, or
 2. there is any material change in the Project between the Pre-Application submission and the Application unless required by MaineHousing.
- B. Application. Applications are subject to the following limitations, conditions and requirements:
1. Existing Housing.
 - a) Acquisition and Rehabilitation Projects. Projects that involve the acquisition and rehabilitation of Affordable Housing must include the addition of at least 20 new units, or meet the requirements of the Preservation Set-Aside in Section 3.B.

- b) Demolition of Existing Housing. Demolition of existing housing that has not been condemned or declared blight by a municipality is not eligible unless approved by MaineHousing.
- 2. Deadline. The deadlines for submitting Applications are ~~5:00 PM on~~ Thursday, September ~~22~~²⁴, 202~~20~~²⁴ for the 202~~34~~³⁴ State Ceiling and ~~5:00 PM on~~ Thursday, ~~September 21~~^{August 26}, 202~~34~~⁴² for the 202~~42~~⁴² State Ceiling.
- 3. Format. The Application must be completed and submitted electronically in the form and manner prescribed by MaineHousing. MaineHousing may require the Applicant to submit additional information.

C. Fees. Applicants must pay the following fees when due. All fees are non-refundable.

Type of Fee	Amount	Due Date
Pre-application Fee	\$2,000	By Pre-application deadline in Section 4.A.
Application Fee	\$2,500	Postmarked for delivery by Application deadline in Section 4.B.2
Allocation Fee	7.5% of Credit	Earlier of Carryover Allocation (Section 8.B.) or Final Allocation (Section 8.A.)
Monitoring Fee*	\$1,000 per Credit Unit	Final Allocation (Section 8.A.)

*MaineHousing may charge an additional monitoring fee to cover any increased costs due to income averaging or other extraordinary monitoring requirements during the Compliance Period.

D. Ineligible Applicants. An Application will be deemed ineligible if one or more of the following has occurred:

- 1. The Applicant, any Principal thereof, or Affiliates of either
 - a) has an uncorrected IRS Form 8823 in connection with any LIHTC Project to the extent it is correctable unless previously waived by MaineHousing;
 - b) has been declared in default or has been 60 calendar days or more delinquent on any loan with MaineHousing, unless the default or delinquency has been cured or there is an approved payment or workout plan in good standing prior to the Application deadline;
 - c) has ever been the owner of any project in which MaineHousing has foreclosed a mortgage interest or received a deed-in-lieu of foreclosure of a mortgage interest unless previously waived by MaineHousing;

- d) is presently debarred, suspended, proposed for debarment, or excluded from participation in any federal or state programs;
 - e) has sought to achieve early termination of an Extended Use Agreement through the written request to a housing credit agency to present a Qualified Contract;
 - f) has in the last 10 years either commenced or had commenced against it any proceeding in or for bankruptcy, receivership, reorganization or any other arrangement for relief from creditors commenced against it that affected a MaineHousing-funded project that was not dismissed within 90 calendar days; or
2. The tax credit syndicator, investor, or Affiliates of either
- a) transferred its interest in any LIHTC Project after March 25, 2014 in violation of the Ownership Transfer Rule; ~~or~~
 - b) failed to make any required capital contributions with respect to any LIHTC Project, and has not corrected such actions prior to the Application deadline;~~x~~
 - c) has sought to achieve early termination of an Extended Use Agreement through the written request to a housing credit agency to present a Qualified Contract; or
 - d) has sought to undermine the exercise of a right of first refusal or purchase option with respect to any LIHTC Project by: (i) refusing to honor a right of first refusal or purchase option; or (ii) involvement in a lawsuit challenging the exercise of a right of first refusal or purchase option.

MaineHousing may reject the Application if it determines the deficiencies are not addressed. MaineHousing may also require financial statements from the Applicant, Principal thereof, or Affiliates of either.

- E. Notice to Local Jurisdiction. Upon receipt of an Application, MaineHousing will notify the Chief Executive Officer of the municipality with jurisdiction over the location of the proposed Project. The notice will provide for a 15-day comment period. MaineHousing will consider any comments received.
- F. Selection Process. Applications for the State Ceiling with the highest scores will be awarded Credit until the applicable State Ceiling is fully awarded.
1. The preservation set-aside is limited to one Project. If the set-aside is not sufficient to complete the Project proposed in the highest scoring eligible Application, MaineHousing may allocate additional Credit, allocate the Credit under the set-aside to the next highest-scoring eligible Application that does not need more than the set aside, or not allocate

- any Credit under the preservation set-aside. All Applications that participate in the preservation set-aside and do not win will be placed on a waiting list.
2. The highest scoring Qualified Nonprofit Organization will be the winner of the nonprofit set-aside regardless of its ranking among other Applicants. If the set-aside is not fully awarded to the highest scoring eligible Applicant, MaineHousing may allocate additional Credit to the next highest scoring eligible Applicant for the set-aside, not fully allocate Credit under the set-aside, or require an Applicant that has not indicated that it is participating in the set-aside to participate in the set-aside. MaineHousing may, if necessary, require the Applicant to change its ownership structure. All Applications that participate in the nonprofit set-aside and do not win will be scored with the other Applications.

3. Except as set forth above, MaineHousing will make awards in score order to select threshold-eligible Applications. If the last Application selected for an award of Credit needs more Credit than remains under the applicable State Ceiling, MaineHousing may elect to either (a) not award the remaining Credit to any Application, or (b) award additional Credit under the next annual State Ceiling to the Application. All threshold-eligible Applications that are not selected will be placed on a waiting list. Any Credit that is returned or is otherwise unused will be made available to waiting list Applications using this process.

G. Notice to Proceed. MaineHousing will meet with each Applicant selected for a Credit award. If the Applicant accepts the Credit award conditions, MaineHousing will issue a Notice to Proceed. Applicants must execute and return the Notice within the time period specified.

H. Credit Allocation. Upon receipt of the fully executed Notice to Proceed, MaineHousing will evaluate the Application pursuant to Section 7 to determine the amount of Credit, if any, to be allocated.

I. Termination of Application or Notice to Proceed. MaineHousing will deem an Application withdrawn and any Notice to Proceed cancelled if one or more of the following occur without MaineHousing's written approval after the Application is submitted:

1. The Application or the Notice to Proceed is assigned or the Applicant or any Principal thereof changes;
2. The location of the Project changes from the location identified in the Application;
3. There is any change which would result in a net reduction in the Application's score except as provided in Section 6.H;
4. There is a change in the Project's design or financing from what was in the Application which MaineHousing determines would result in a substantial increase in the amount of Credit or other MaineHousing funding;

5. The Project's TDC Index exceeds the TDC Index Cap, or any other failure to meet the threshold requirements in Section 5;
6. There is any other material or substantive amendment or change to the Application; or
7. Any event in Section 4.D. occurs and is not cured within any applicable cure period

SECTION 5: THRESHOLD REQUIREMENTS

Applications must meet the following threshold requirements to be eligible for Credit:

- A. Affordability. ~~An Applicant must agree that the Project will comply with Section 42 of the Code and this QAP for a minimum period of 45 years to maintain the Project as residential rental housing, keep at least 60% of the total Credit Units in a Project occupied by persons with 50% area median income and keep the Credit Units in the Project rent-restricted in accordance with Section 42 of the Code. The applicant waives the right to request MaineHousing to present a qualified contract under Section 42(h)(6) of the Code.~~
1. The Project will comply with Section 42 of the Code and this QAP for a minimum period of 45 years to maintain the Project as residential rental housing, keep at least 60% of the total Credit Units in a Project occupied by persons with 50% area median income and keep the Credit Units in the Project rent-restricted in accordance with Section 42 of the Code.
 2. The Applicant waives the right to request MaineHousing to present a Qualified Contract under Section 42(h)(6) of the Code.
 3. The Applicant must submit a letter of intent from an investor (and, in the event of any change in investor, the replacement investor) in which the investor agrees to the granting of an option to purchase: (i) the Project; and (ii) the partnership interest of the limited partner(s) or membership interest of the non-managing member(s) of the Project owner (“Purchase Options”), to one or more of the general partner, managing member, developer or sponsor on terms that comply with the provisions set forth in Appendix E. The investor must also agree in the letter of intent that the Purchase Options complying with the provisions in Appendix E will be included in the Project owner’s limited partnership agreement or limited liability company operating agreement.
 4. If the Applicant, general partner, managing member, developer, or sponsor of the Project is a Qualified Nonprofit Organization, the Applicant must submit a letter of intent from an investor (and, in the event of any change in investor, the replacement investor) in which the investor agrees to the granting of a right of first refusal (“ROFR”) to the Qualified Nonprofit Organization on terms that comply with the provisions set forth in Appendix E. The investor must also agree in the letter of intent that the ROFR complying with the provisions in Appendix E will be included in the

Project owner's limited partnership agreement or limited liability company operating agreement.

- B. Section 811. For Family Housing, the Applicant agrees to accept HUD Section 811 Project Rental Assistance (PRA) and comply with the program requirements, if made available by MaineHousing. This does not necessarily constitute a commitment of PRA funding.
- C. Total Development Cost (TDC). Cost reasonableness will be evaluated using an index, which is the weighted average of the TDC per unit and the TDC per bedroom. For mixed-use projects, the TDC for only the residential portion of the project, including common areas, will be used for this calculation. The weighted average will be calculated as follows:

$$([2 \times \text{TDC/unit}] + [\text{TDC/bedroom}]) \text{ divided by } 3.$$

The product of this calculation will be referred to throughout this document as the "TDC Index". An Application will be rejected if the TDC Index exceeds the TDC Index Cap below for a project of its type at any time prior to the later of the construction loan closing or carryover allocation.

Type of Project	TDC Index Cap
Adaptive Reuse	\$337,500 270,000 per unit
New construction	\$318,750 255,000 per unit
Acquisition and rehabilitation of existing housing	\$206,250 165,000 per unit

Demolition and reconstruction of all housing on the same site or another site will be treated as new construction. If a Project involves more than one project type, the TDC Index Cap for the Project is the average of the TDC Index Caps allocable to each type, weighted by the number of units of each type. TDC Index Caps are increased by 3% for Projects that receive Passive House Certification.

- D. Acquisition and Rehabilitation of Existing Housing. Projects that involve the acquisition and rehabilitation of existing multifamily housing are subject to the following:
1. Capital Needs Assessment. The Application must include a capital needs assessment satisfying the requirements set forth in **Appendix C**.
 2. Minimum Rehabilitation Requirements. The Rehabilitation Costs per unit of existing housing must be at least \$50,000.
 3. Relocation/Displacement. The Project must comply with MaineHousing's *Temporary Relocation and Permanent Displacement Policies* and, if the Project is federally-assisted, all applicable federal requirements, including the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. The Applicant must take reasonable steps to minimize the displacement of existing tenants of the Project. The

Application must identify any tenants who will be permanently displaced and the reason for the displacement. The Project's TDC must include all costs associated with permanent and temporary displacement or relocation. MaineHousing will not allocate Credit until it has approved a project's relocation plan.

- E. Development and Management Experience and Capacity. Applicant teams must have sufficient knowledge, experience and capacity to adequately design, develop, complete, maintain, manage, and operate LIHTC Projects and to provide related services, such as accounting, tax and legal advice, and resident service coordination. If the Project will involve multiple subsidy sources in addition to LIHTC which results in overlapping targeting and rental restrictions, the Applicant team must have sufficient knowledge, experience and capacity to handle the increased complexity. If MaineHousing determines the Applicant's team lacks sufficient qualifications, the team may be required to
1. hire a qualified consultant,
 2. hire additional qualified staff, or
 3. replace a team member.
- F. Site Control. The Applicant must have site control of the Project throughout the Application process in the form of an option, a purchase and sale contract, ownership, or long-term lease. The Applicant, its agents, and MaineHousing must have access to the Project site, and if the Project is an existing occupied property, access to records and other information about the existing tenants, including current rent and income information.
- G. Growth Management Limitations. A Project that involves the new construction or acquisition of newly-constructed residential rental property or the conversion of existing buildings to residential rental property must comply with the State's Growth Management Law, [30-A M.R.S.A. §4349-A](#), as amended. Projects must meet one of the following two sets of criteria to be eligible for a Credit allocation:
1. If the municipality in which the Project is located has adopted a comprehensive plan or growth management plan that is consistent with applicable State law, then the Project must be in a designated growth area as identified in such plan; or
 2. Otherwise the Project must be located in an area
 - a) served by a public sewer system with existing capacity for the Project,
 - b) identified as a census-designated place in the latest Federal Decennial Census, or
 - c) in an urban municipality and defined under [23 M.R.S.A. §754](#) as compact.

The law exempts projects that exclusively serve certain populations, such as persons with disabilities, who are homeless, or are wards of the State.

- H. Project Feasibility. The Applicant must have the financial ability to develop and complete the Project and to operate it throughout the Compliance Period.
1. Development Budget. The Applicant must identify
 - a) all sources of funding for development and completion, whether direct or indirect, including the amount, timing, terms, conditions, and status (e.g. “applied for” or “committed”) as of the date of the Application and uses of the funding based on the projected costs of and schedule for developing and completing the Project; and
 - b) all sources and uses of funding for the Project, whether direct or indirect and whether they are included in the development budget for the Project.
 2. Operating Budget. The Applicant must identify all
 - a) sources of income, including rent from the residential units, any income from commercial or non-residential space, and the amount, terms and conditions of rental or operating assistance; and
 - b) costs of operating the Project as projected over the Compliance Period. The Applicant also must identify all forms of property tax relief (such as a PILOT, tax abatement or exemption, or Tax Increment Financing) and other assistance that reduces operating costs.
 3. Related Development. Any Related Development must be completed prior to or concurrently with the completion of the Project, and there must be sufficient funding to operate the Related Development.
 4. Financial Re-Characterization. MaineHousing may re-characterize any information about the sources and uses for a Project and any Related Development, such as information that is inconsistent with the requirements of a funding source or is unreasonable based on comparable LIHTC Projects, industry standards, or market conditions. The Applicant must address all development and operating deficits identified by MaineHousing.
- I. Project Design. The design and construction or rehabilitation of the Project must comply with MaineHousing’s Construction Standards and all applicable local, state and federal codes, regulations, statutes and ordinances. In addition, all Projects must include:
1. Electrical raceways/conduits from the electrical panel to terminal units at the parking area for the future installation of Level 2 electric vehicle charger(s) and have an electrical panel that is adequately sized to provide for the future installation of Level 2 electric vehicle charger(s); and

2. Electrical raceways/conduits from the electrical panel to terminal units at the roof for the future installation of PV solar panels and have an electrical panel that is adequately sized to provide for the future installation of PV solar panels.

J. Project Amenities. The Project must have the following amenities and services:

1. Community Room. The Project must include an on-site community room with sufficient capacity to serve tenants' needs. For a scattered-site Project, only one community room is required and should be centrally located to the greatest extent possible to best serve all tenants.~~s~~
2. Laundry Facilities. The Project must include either a washer/dryer hook-up in each unit or a fully accessible, centrally located laundry facility with sufficient capacity to serve all tenants~~s~~~~and~~
3. Telemedicine Capabilities. The Project must include broadband infrastructure with capacity sufficient to support the provision of Telemonitoring and/or Telehealth services.

Broadband infrastructure includes cables, fiber optics, CAT5e (or greater) interior wiring, or other permanent (integral to the structure) infrastructure, including wireless infrastructure, as long as the installation results in broadband infrastructure in each dwelling unit sufficient for the build-to standard ~~established by of The Maine Connectivity Authority and ConnectMaineME Authority~~.

The healthcare service providers and the tenants may not be charged for the use of the internet or wireless and telephone services provided for telemedicine services.

4. Shared Facilities. An amenity will meet the requirements if the amenityProject:
 - a) is fully accessible and located on an accessible path to the Project,
 - b) is within an existing multifamily housing project adjacent to the subject site,
 - c) has sufficient capacity to serve both the Project's tenants and the existing project,
 - d) will be available to the Project's tenants during the Compliance Period on the same terms as the residents of the existing multifamily project, and
 - e) will not charge the tenants to use the shared amenity other than a reasonable fee that does not exceed the amount charged to any others for the same use.
5. Recreational Activities. An area(s) of recreational activity must be located on the Project site or within a ½ mile. The area(s) and activities must be free of charge to the tenants

and not require membership. Projects with single-family detached style units satisfy this requirement if each unit has a private lawn with sufficient room for playground equipment, gardening or other activities acceptable to MaineHousing.

6. Exceptions. The requirements of this subsection do not apply to existing multifamily housing projects if the Applicant cannot comply with the requirements because of the nature of the site, structural limitations, zoning restrictions or other land use limitations.

K. Resident Service Coordination. The Applicant must make a resident service coordinator available to the tenants on-site a minimum of one (1) hour per week for every five (5) Credit Units over an appropriate number of days each week acceptable to MaineHousing. The coordinator shall meet with tenants in a private and confidential manner to evaluate individual needs and make appropriate referrals. The services provided must be free of charge to the tenants. The Applicant must maintain adequate funding throughout the Compliance Period.

L. Smoke-free Housing. The Applicant must

1. implement a written occupancy policy prohibiting smoking in the units and common areas,
2. include a non-smoking clause in the lease for every household, and
3. make educational materials on tobacco treatment programs (including the phone number for the statewide Maine Tobacco HelpLine) available to all tenants through the resident service coordinator.

M. Waiting List Preference. The Applicant must give an occupancy preference to eligible persons whose names are on a public housing or Section 8 waiting list, except for Projects: (i) financed by Rural Development, or (ii) with Section 8 Project-Based Rental Assistance (preference will apply to any Credit Unit without project-based rental assistance).

SECTION 6: SCORING CRITERIA

The Applicant must complete all information and submit all documentation required to be eligible for points.

Project Characteristics

- A. Rehabilitation or Reuse of Existing Housing, Structure or Site. **34 Points**

The Project site exhibits one or more of the following characteristics:

1. Replacement or rehabilitation of existing rental housing containing 5 or more units without permanently displacing any existing tenants or increasing their housing costs (including rent and all other charges paid by the tenant) by more than 10%;

2. Rehabilitation, remediation, or reuse of an existing building or structure that has a current use other than multifamily rental housing;
3. One or more buildings or structures used for purposes other than single family residential housing or agriculture purposes, have been or will be demolished or removed for purposes of redeveloping the site;
4. Left vacant or nearly vacant in the development of a downtown or other city or town center, such as ~~a~~ vacant lots or parking lots abutting commercial buildings and/or multifamily rental housing; or
5. Specifically designated by a municipality for redevelopment to renew a blighted area or remediate environmental risks to the occupants.

Vacant lots in single-family residential areas are not eligible for points under this subsection. Undeveloped portions of existing sites are not eligible for points unless the existing project on the site previously satisfied one of the above criteria.

| B. Historic Rehabilitation. ~~34~~ points

The Project includes the rehabilitation of a certified historic structure using capital contributions generated from federal and state historic rehabilitation tax credits.

| C. Populations with Special Needs. ~~36~~ points

The Project ~~provides a set-aside/gives an occupancy preference~~ for at least 20%, but not less than 4 of the units, ~~for~~to Persons Experiencing Homelessness or persons who ~~are homeless or displaced,~~ have disabilities, are victims of domestic violence, or have other special housing needs.

The Applicant must ~~commit to maintain a waiting list~~set aside units for the specific population(s) that qualify for the ~~preference or the~~ set-aside, maintain a separate waiting list for these units and ~~must~~ make appropriate, voluntary services available through a qualified third-party provider other than the resident service coordinator required under Section 5.L. Additional funding from the Housing Trust Fund and/or Project-based Vouchers will be made available as necessary. Project-based Vouchers provided by MaineHousing will not qualify Applicant for points under Section 6.I., New Project-Based Rental Assistance.

| D. National Housing Trust Fund. 1 point

The Applicant agrees to accept and use any funding from MaineHousing's National Housing Trust Fund program for the Project. Any funding award will require a certain number of units in the Project to be affordable to and occupied by Extremely Low Income households. Awarding points is not a commitment of funding from the National Housing Trust Fund.

E. Family Housing. **Up to 6 points**

The Project is for families and a minimum percentage of the Credit Units are two and/or three or more bedroom units as follows:

Project for Families with Minimum Percentage of Credit Units by Bedroom Size	Points
At least 50% of the Credit Units are two or more bedroom units and at least 20% of the Credit Units are three or more bedroom units	6 points
At least 70% of the Credit Units are two or more bedroom units	3 points

F. Readiness. **68 points**

MaineHousing must approve both the design to be submitted to the municipality and the State and the final design, including all plans, details and specifications. The Project and any Related Developments must have all

1. municipal land use approvals (except building and other permits customarily issued during construction), and
2. State land use approvals (such as site plan, subdivision, storm water, or wetlands approvals) required to proceed with and complete construction.

As of the Application date, the timeframe to appeal all such approvals must have expired with no appellate action being taken, or all appeals have been resolved.

G. Accessibility. **Up to 12 points**

One (1) point for each unit that

1. exceeds the minimum number of such units required by applicable federal and state accessibility laws, and
2. meets the requirements for a Type A unit under ANSI Standard A117.1-2009, up to the maximum points by project type below.

Type of Project	Maximum Points
Projects <u>providing Housing</u> for Older Adults	12 points
Other Projects	6 points

Financial Characteristics

H. Below Market Capital. **Up to 6 points**

Points are based on Below Market Capital, relative to the Total Project Cost as follows:

Percentage of Below Market Capital to Total Project Cost	Points
\$100,000 (minimum amount) to 3%	1 point
>3% up to 6%	2 points
>6% up to 9%	3 points
>9% up to 12%	4 points
>12% up to 15%	5 points
>15%	6 points

If any Below Market Capital for which an Applicant was awarded points is reduced or terminated and the Project becomes infeasible, the Applicant must find alternative funding with similar terms within 90 calendar days of notification from MaineHousing or MaineHousing will re-score the Application. Rescoring may result in loss of funding or developer penalties in future rounds.

I.I. Acquisition Cost. **Up to 4 points**

Points are based on the percentage by which the acquisition costs are less than the average acquisition costs for a project of its type as follows:

Type of Project	Average Acquisition Cost
Acquisition and rehabilitation of existing housing	\$47,000 per unit
New construction	\$14,000 per unit
Adaptive Reuse	\$12,000 per unit

For purposes of this subsection, acquisition costs include

1. the purchase price for all of the land and any existing building(s) even if donated or leased to the Applicant at below market value,
2. the cost of razing or demolishing any building(s) and structure(s), or any part thereof, on the Project site, and
3. the Capitalized Lease Value of all leases of land or land and building(s) that are part of the Project, with the exception of parking spaces.

The value of any project reserves transferred to the Project as part of the acquisition and included in the purchase price will not be included for purposes of this subsection.

Percentage of Project's Acquisition Cost to Average Acquisition Cost	Points
0% to 1% (nominal)	4 points
>1% to <25%	3 points
25% to 50%	2 points
>50% to 75%	1 point

J.I. New Project-Based Rental Assistance. **Up to 6 points**

Points are based on the number of assisted units with a commitment of new eligible project-based rental assistance relative to the number of Credit Units.

Percentage of Assisted Units to Credit Units	Points
15% to < 25% (but not less than 4 units)	2 points
25% to < 50%	3 points
50% to < 75%	4 points
75% to <100%	5 points
100%	6 points

The assistance must be from RD or HUD, have similar terms to RD or HUD, or provide a minimum amount of \$200 per month for each assisted unit. Section 8 Project-based Vouchers ([24 CFR Part 983](#)) are only eligible if the vouchers were awarded pursuant to a competitive process prior to the Application date. Assistance made available, either directly or indirectly, by MaineHousing is not eligible.

K.J. Property Tax Relief. **Up to 34 points**

Points are based on the percentage of the Project's annual incremental property tax revenue returned to the Applicant or foregone by the taxing authority as follows:

Percentage and Duration of Tax Benefit or Relief	Points
50% to <75% for at least 15 years	1 point
50% to <75% for at least 20 years	2 points
50% to <75% for at least 30 years	23 points
≥ 75% for at least 15 years	2 points
≥ 75% for at least 20 years	3 points
≥ 75% for at least 30 years	34 points

Only Tax Increment Financing, payment in lieu of taxes, abatement, or other property tax relief arrangement approved by the taxing authority and all other applicable governing entities is eligible. A Project that is either a) located in a jurisdiction that does not assess property taxes or b) is exempt from property taxes will be awarded one (1) point.

Funding made possible by an Affordable Housing TIF will not be eligible unless the Applicant submits a complete application for the TIF at least 30 calendar days before the applicable Application deadline (Tuesday, August 23, 2022 for the 2023 State Ceiling and Tuesday, August 22, 2023 for the 2024 State Ceiling).

Project Location

LK. Housing Need. Up to **108** points

Points are based on the need for the type of housing in an area as follows:

1. **Housing Projects providing Housing** for Older Adults located in the following Service Center Communities:

Housing Projects providing Housing for Older Adults			
Service Center Community			Points
Auburn	Kennebunk	Sanford	108 points
Augusta	Kittery	Scarborough	
Bangor	Lewiston	<u>Skowhegan</u>	
Biddeford	<u>Madawaska</u>	South Portland	
Brunswick	Old Orchard Beach	Topsham	
Caribou	Portland	Waterville	
Falmouth	<u>Rumford</u>	Windham	
<u>Freeport</u>	Saco		
<u>Bar Harbor</u>	<u>Gardiner</u>	Presque Isle	86 points
Bath	Hermon	Rockland	
Belfast	Houlton	Rockport	
Brewer	Lincoln	<u>Rumford</u>	
Bridgton	<u>Madawaska</u>	<u>Skowhegan</u>	
<u>Camden</u>	<u>Mexico</u>	<u>Van Buren</u>	
Ellsworth	Millinocket	Westbrook	
<u>Farmington</u>	<u>Norway</u>	Wiscasset	
<u>Freeport</u>	<u>Oxford</u>		
<u>Bar Harbor</u>	<u>Eastport</u>	Mount Desert	64 points
Bethel	<u>Fort Kent</u>	Newport	
<u>Bingham</u>	<u>Gardiner</u>	<u>Norway</u>	
Blue Hill	<u>Guilford</u>	<u>Orono</u>	
Boothbay Harbor	<u>Jackman</u>	<u>Oxford</u>	
<u>Camden</u>	<u>Limestone</u>	Pittsfield	
<u>Cornish</u>	<u>Mars Hill</u>	Rangeley	
Damariscotta	<u>Mexico</u>	<u>Southwest Harbor</u>	
Dexter	<u>Millbridge</u>	<u>Thomaston</u>	
Dover-Foxcroft		<u>Van Buren</u>	

2. Other Housing Projects in the following Service Center Communities:

Other Housing Projects (not specifically for Older Adults)			
Service Center Community			Points
Auburn	<u>Farmington</u>	<u>Saco</u>	<u>108 points</u>
Augusta	<u>Kittery</u>	Sanford	
Bangor	Lewiston	<u>Skowhegan</u>	
Bath	Old Orchard Beach	South Portland	
Biddeford	Orono	Waterville	
Brewer	Portland	Westbrook	
Brunswick	Rumford	<u>Windham</u>	
Bar Harbor	<u>Hermon</u>	<u>Oxford</u>	<u>86 points</u>
<u>Belfast</u>	<u>Houlton</u>	Presque Isle	
<u>Calais</u>	<u>Kittery</u>	Rockland	
Caribou	<u>Limestone</u>	<u>Saco</u>	
Ellsworth	<u>Lincoln</u>	Scarborough	
Falmouth	Madawaska	<u>Skowhegan</u>	
<u>Farmington</u>	<u>Mexico</u>	Topsham	
<u>Fort Kent</u>	<u>Norway</u>	<u>Windham</u>	
Gardiner		<u>Wiscasset</u>	
<u>Ashland</u>	Dover-Foxcroft	<u>Mount Desert</u>	<u>64 points</u>
<u>Bethel</u>	<u>Fort Kent</u>	Newport	
<u>Blue Hill</u>	<u>Greenville</u>	<u>Norway</u>	
<u>Boothbay Harbor</u>	<u>Hermon</u>	Pittsfield	
<u>Bridgton</u>	<u>Houlton</u>	<u>Rangeley</u>	
<u>Calais</u>	Kennebunk	Rockport	
<u>Camden</u>	<u>Lincoln</u>	<u>Southwest Harbor</u>	
<u>Cornish</u>	<u>Mexico</u>	<u>Thomaston</u>	
<u>Damariscotta</u>	Millinocket	Van Buren	
Dexter			

3. Projects located on Native American tribal lands will be awarded 810 points.

For each the 2024 QAP round, municipalities receive their Housing Need score from the immediately preceding 2020 QAP if that score was higher/greater.

M.L. Community Revitalization. **Up to 3 points**

Two (2) points if the Project is located within the boundaries of and contributes to the revitalization goals and efforts identified in a Community Revitalization Plan.

One (1) extra point if the Project also involves the preservation of existing Affordable Housing or is located in a QCT and at least 20% of the units are market rate.

N.M. Smart Growth.

Up to 15 points

Smart Growth Feature	Points
Access to Public Transportation. The Project is located within a Safe Walking Distance ($\frac{1}{2}$ mile or less) of a designated pick-up location for existing Fixed-route Public Transportation.	5 points
Demand Response Transportation. Demand Response Transportation is available to all tenants with no eligibility criteria that would limit or deny service.	5 points
Proximity to Activities Important to Daily Living. The Project is located within not more than a $\frac{1}{2}$ mile of at least 3 Activities Important to Daily Living.	5 points

O. High Opportunity Areas. ~~3 points~~

~~The Project is located in a city or town that meets MaineHousing's standards for high opportunity. High Opportunity Areas are communities with above average access to health care, services, economic activity, and quality education. Municipalities that were High Opportunity Areas in the 2020 QAP are also deemed High Opportunity Areas for the 2021 QAP.~~

High Opportunity Areas			
Arundel	Durham	Lewiston	Sabattus
Auburn	Eddington	Lisbon	Saco
Augusta	Eliot	Litchfield	Sanford
Bangor	Ellsworth	Lyman	Searborough
Bar Harbor	Falmouth	Manchester	Sidney
Bath	Farmingdale	Mapleton	South Portland
Belfast	Farmington	Mechanic Falls	Standish
Benton	Fort Kent	Minot	Thomaston
Biddeford	Freeport	Naples	Topsham
Blue Hill	Fryeburg	New Gloucester	Turner
Boothbay	Glenburn	North Berwick	Union
Bowdoin	Gorham	Norway	Vassalboro
Bowdoinham	Gray	Oakland	Veazie
Brewer	Greene	Old Orchard Beach	Waterville
Bristol	Hallowell	Old Town	Wells
Brunswick	Hampden	Orono	West Bath
Buxton	Hancock	Orrington	West Gardiner
Camden	Harpswell	Phippsburg	Westbrook
Cape Elizabeth	Hermon	Portland	Windham
Caribou	Holden	Presque Isle	Winslow
Carmel	Houlton	Raymond	Woolwich
Chelsea	Kennebunk	Richmond	Yarmouth
Cumberland	Kennebunkport	Rockland	York
Damariscotta	Kittery	Rockport	
Dayton	Lebanon		

Sponsor Characteristics

P.N. Developer Capacity. Up to **54** points

Points are based on the development experience of the Applicant, any Principal thereof, or Affiliates of either as follows:

<u>Successfully c</u> Completed at least one multifamily rental housing project with MaineHousing funding or completed at least one LIHTC Project in another state(s).	54 points
Experience developing and operating multifamily rental housing or experience managing Affordable Housing, <i>and</i> the Applicant has a contract with a qualified LIHTC consultant to develop the Project.	43 points
Experience developing and operating multifamily rental housing.	32 points

Q.O. Owner Performance.

Up to 54 Points

Points are based on the recent performance of the Applicant. MaineHousing may reject the Application if it determines outstanding deficiencies are not addressed, or require financial statements from the Applicant, Principals thereof, or Affiliates.

Has not been 60 calendar days or more delinquent in the payment of any MaineHousing loan since September 22, 2014 (except delinquencies resulting from the delay or loss of Section 8 housing assistance payments), declared in default by MaineHousing, nor had a municipal tax lien placed on any housing funded by MaineHousing.	2 points
For the 2022 QAP only, No LIHTC Projects still in their Compliance Period had a year-end operating deficit, in the last full Fiscal Year, unless the operating deficit was fully funded by the Application deadline.	24 point
Was not (a) issued an IRS Form 8823 for any reason other than a violation of UPCS or local inspection standards (box 11c) that was subsequently reported as “noncompliance corrected” within the correction period, nor (b) had an IRS audit finding resulting in a recapture event, since September 22, 2016.	1 point

R.P. Management Experience.

Up to 53 points

The company that will manage the Project has at least

one (1) staff person with a minimum of three (3) years of experience successfully managing at least one (1) LIHTC Project.	32 points
one (1) staff person with LIHTC training for every 150 units in LIHTC Project(s) the company plans to manage.	24 points

S.Q. Management Performance.

Up to 3 points

Management Companies ~~which who~~ have ~~shown proven~~ exceptional performance in their management of LIHTC Projects still in their Compliance Period are eligible for points as follows.

The average of the most recent physical plant inspection scores as of June 30 before the Application deadline is equal to Above Average or better.	1 point
The average of Project Reports submission scores for the last reporting period as of June 30 before the Application deadline is equal to Above Average or better.	1 point
The average of the most recent Management and Occupancy Review scores as of June 30 before the Application deadline is equal to Above Average or better.	1 point

T.R. Tie Breaker.

If more than one Application has the same score, the Application for the least amount of Credit and 0% deferred debt from MaineHousing per unit will have priority. If the Applications request the same amount of these resources, the Application with the most acceptable plan to convert the Project to affordable homeownership for the residents after the Extended Use Period will have priority. The plan must describe the process for transferring ownership to the residents, the purchase price or process for determining it, any financial assistance available for residents (including any reserves), how the affordability will be maintained, and must provide for homebuyer counseling and professional representation of the residents at the time of the conversion.

| US. Review Process.

MaineHousing will notify each Applicant of its initial score in writing. If MaineHousing assigns a score in a scoring category which is lower than the score the Applicant assigned itself in the scoring category, the Applicant will have five business days from such written notice to demonstrate to MaineHousing that the Application as submitted should receive the higher score. MaineHousing will then make a final determination of scores and the ranking of Applications.

SECTION 7: PROJECT EVALUATION

A. Amount of Credit. The amount of Credit allocated will be determined as follows:

~~1. The Applicable Percentage for the month in which the calculation is made will be used to determine the amount of Credit;~~

2.1. The calculation of the amount of Credit will be based on 130% of Eligible Basis. MaineHousing has designated the entire State as a DDA under [Section 42\(d\)\(5\)\(B\)\(v\)](#) of the Code because of the high cost of developing housing, the low median income, and the high annual operating costs for housing relative to other states;

3.2. To determine the amount of Credit, MaineHousing will use the lesser of (a) the market rent, based on the Application market study as approved by MaineHousing, and (b) the maximum Credit rent. For three or more bedroom units MaineHousing will use the maximum Credit rent for two-bedroom units plus \$50.00;

4.3. The amount of Credit allocated for a Project will not exceed the least of

- a) the amount the Project is eligible to receive under [Section 42](#) of the Code,
- b) the amount MaineHousing determines is necessary for financial feasibility and viability throughout the Credit Period, and
- c) the Maximum Credit Amount;

5.4. The Applicant must submit financial and all other required information. MaineHousing will evaluate the need for Credit based on

- a) all sources of financing, including the terms and conditions,
- b) equity expected to be generated by reason of tax benefits, and
- c) the uses of funds, including the reasonableness of development costs and operating expenditures; and

6.5. In order to determine the amount of Credit, MaineHousing must identify a gap between development sources and uses absent a Credit allocation. MaineHousing may limit recognition of Intermediary Costs, re-characterize Project sources and uses and make reasonable assumptions with respect to projected revenues and expenses. MaineHousing will also take into consideration any federal limitations when combining the Credit with other federal assistance (i.e. “subsidy layering” guidelines).

B. Developer Fee. Developer Fee will be determined as follows:

1. Maximum Developer Fee. The total Developer Fee may not exceed the sum of 15% of the Housing Development Costs, plus 10% of the costs of acquisition of land, existing buildings and equipment, determined without regard to the Developer Fee.
2. Net Developer Fee. The amount of Developer Fee not deferred may not exceed \$750,000 plus any unused construction contingency returned to the Applicant after completion.
3. Additional Developer Fee. An Applicant is eligible for Developer Fee in excess of the Net Developer Fee calculated above only if it is deferred and used to increase the tax credit basis.

C. General Contractor Intermediary Costs. The general contractor's Intermediary Costs must be:

1. separated from other construction and rehabilitation costs,
2. with general conditions and overhead and profit parsed out, and
3. no more than 14% of the Total Construction Cost, within the following ranges:
 - a) General conditions up to 6% of Total Construction Cost, and
 - b) Overhead and profit up to 8% of Total Construction Cost

D. Time of Credit Determination. MaineHousing will determine the amount of Credit at the time of

1. Application, which will be evidenced by the Notice to Proceed;

2. the allocation of Credit, including any carryover allocation;
3. the date each Qualified Building is Placed in Service; and
4. if a Qualified Building is allocated Credit pursuant to Section 9, the date of issuance of the tax-exempt bonds.

Prior to each determination, the Applicant must certify the full amounts of all funding sources and provide any other information required by MaineHousing.

~~E. Binding Agreement; Rate Lock. The Applicable Percentage for each Qualified Building will be based on the Placed in Service month unless the Applicant elects an earlier option.~~

~~E.E.~~ Market Study. The applicant must submit a comprehensive market study prepared by a qualified professional in accordance with the *National Council of Housing Market Analysis Model Standards for Market Studies for Rental Housing*. MaineHousing may require the Applicant to either correct any inadequacies it identifies or submit a new market study. MaineHousing also may elect to commission its own market study.

~~E.F.~~ Construction Cost Increases. MaineHousing may allocate additional Credit to a Project if its construction costs increase after the Application date and the increase is the result of market conditions or other circumstances beyond the Applicant's control. Any additional Credit will not exceed an amount necessary to generate equity equal to 5% of the Total Construction Cost based on construction bids.

SECTION 8: ALLOCATION OF CREDIT

- A. Allocation. MaineHousing will issue one or more IRS Form(s) 8609 after receipt of the following:
 1. A complete request for allocation of Credit in a form prescribed by MaineHousing.
 2. An audit report on the schedule of project costs prepared by an independent, third party certified public accountant including all associated costs (such as commissions, due diligence, legal, accounting, reserves, and other similar items).
 3. Certification of the Project's sources, including all federal, state and local subsidies in any stage of commitment. This certification must include income, operating and development cost projections and methods for satisfying any deficits.
 4. The allocation fee and monitoring fee less the amount of any allocation fee paid in connection with the issuance of a carryover allocation.
- B. Carryover Allocation.

1. The Applicant must submit the following to receive a carryover allocation:
 - a) A complete request for carryover allocation in the form prescribed by MaineHousing no later than the first day of December of the year in which the carryover allocation is made.
 - b) Certification of the Project's sources, including all federal, state and local funding. This certification must include income, operating and development cost projections and methods for satisfying any deficits.
 - c) Development progress report, including completion likelihood.
 2. The applicant must execute a carryover allocation and return it to MaineHousing, together with the allocation fee, no later than December 31 of the year in which the carryover allocation is made.
 3. A carryover allocation will be subject to the following conditions:
 - a) satisfactory evidence that more than 10% of the Project's reasonably expected basis is incurred within 12 months of the carryover allocation, including an audit report prepared by an independent, certified public accountant; and
 - b) any performance conditions MaineHousing may require.
- Failure to comply with these conditions may result in termination of the carryover allocation.
- C. Tax Credit Compliance Experience. Prior to an allocation the Applicant must demonstrate that the entity managing the Project has sufficient Credit compliance experience and training. The entity must complete a Credit compliance training or receive a certification from a MaineHousing-approved trainer.
- D. Extended Use Agreement. Prior to an allocation of Credit, the Owner must enter into an Extended Use Agreement with MaineHousing obligating the Owner to comply with [Section 42](#) of the Code, the threshold requirements in Section 5, and commitments for which the Application was awarded points. The Extended Use Agreement must be recorded in the appropriate registry of deeds prior to all mortgage liens and encumbrances on the Project and before MaineHousing issues any IRS Form 8609 for the Project.
- E. Converting a Carryover Allocation. MaineHousing may convert a carryover allocation to the year in which it is terminated or the following year if there are extenuating circumstances beyond the Applicant's control. The carryover allocation must be rescinded by the mutual consent of MaineHousing and the Applicant. There can be no change in the design or financing that would render the Application withdrawn under Section 4.I. The Project will be subject to the QAP in effect at the time of the original allocation.

- F. Forward Allocation of Credit. MaineHousing may issue a binding commitment to allocate State Ceiling available in the subsequent year upon determining that the amount of Credit in the current year's State Ceiling is insufficient.

SECTION 9: TAX-EXEMPT BOND FINANCED PROJECTS

Projects financed with tax-exempt bond proceeds must satisfy all QAP requirements except

- A. the Maximum Credit Amount limitation in Section 3.C.,
- B. the application limits in Section 4.B.1.,
- C. the application deadlines in Section 4.B.2.,
- D. the selection process described in Sections 4.F.,
- E. the affordability threshold requirement set forth in Section 5.A.,
- F. the requirement of a minimum \$50,000 per unit of Rehabilitation Costs for Projects involving the acquisition and rehabilitation of existing housing in Section 5.D.2.,
- G. the scoring criteria in Section 6, and
- H. the Developer Fee limits in Section 7.B.

SECTION 10: MONITORING

- A. Compliance with Applicable Laws. Owners must comply with all local, state and federal laws and regulations, including without limitation:
 - 1. [Section 42](#) of the Code and associated regulations and guidance;³⁵
 - 2. UPCS and all other local, state and federal health, safety and building codes applicable to the Project;
 - 3. the [Federal Fair Housing Act, Title VIII of the Civil Rights Act of 1968](#), as amended by the Fair Housing Amendments Act of 1988 ([42 U.S.C. §3601 et seq.](#)), Title II of the Americans with Disabilities Act of 1990 ([42 U.S.C. §12101 et seq.](#)) and the Maine Human Rights Act ([5 M.R.S.A., Chapter 337, Subchapter IV](#)) and all other applicable federal, state and local fair housing and accessibility requirements, and the regulations, guidance and standards associated with all of the foregoing; and

4. Title VI of the Violence Against Women Reauthorization Act of 2013, [42 USC Chapter 136, Subchapter III, Part M](#), and all associated regulations and guidance, as may be amended (VAWA).
- B. Recordkeeping and Record Retention. Each Owner must keep on file and available to MaineHousing upon request the following records for each Qualified Building in its LIHTC Project(s) for each year in the Extended Use Period:
 1. The total number of residential rental units including the number of bedrooms and the square footage of each unit;
 2. The number of low-income units;
 3. The rent charged for each unit including any utility allowances;
 4. The number of occupants in each low-income unit;
 5. The number of low-income unit vacancies and information showing when, and to whom, the next available units were rented;
 6. Income certification and third-party documentation verifying the income of each household occupying a Credit Unit at the time of initial occupancy and for each new person added to the household after initial occupancy;
 7. Annual income certifications and third-party documentation verifying the income of each household occupying a Credit Unit in a LIHTC Project are required if not all of the units in the LIHTC Project are Credit Units, or the LIHTC Project is financed or assisted under a state or federal program that requires annual certifications.

For a LIHTC Project with 100% Credit Units that are subject to more than one income limit, annual income certifications are only required for the households occupying the Credit Units subject to the lower income limits. The annual certification may be a self-certification, except that third-party documentation verifying the income of the household is required every 6 years from the date the LIHTC Project is Placed in Service and otherwise upon request by MaineHousing. The self-certification must be

- a) in writing,
- b) include the size of the household and annual household income,
- c) state that the information is complete and accurate,
- d) indicate that third-party source documentation will be provided if requested by the Owner or MaineHousing, and

e) witnessed.

Annual income certifications are not required for a LIHTC Project with 100% Credit Units subject to the same income limit.

8. The Eligible Basis and Qualified Basis of each Qualified Building at the end of the first year of the Credit Period;
9. The character and use of the nonresidential portion of a Qualified Building included in its Eligible Basis;
10. A determination of the student status of the resident household;
11. The tenant occupancy policies and procedures and lease. The lease form and content must be acceptable to MaineHousing and comply with all applicable federal, state and local laws (including VAWA); and
12. All other disclosures to tenants, certifications and other records required by applicable local, state and federal laws.

Owners must maintain these records throughout the Extended Use Period for at least 6 years after the due date (with extensions) for filing the federal income tax return for that year, except that the records for the Credit Period's first year must be retained at least 6 years beyond the due date (with extensions) for filing the federal income tax return for the last year of the Compliance Period.

C. Annual Reports. Each Owner must submit the following to MaineHousing by March 1st of each year throughout the Extended Use Period:

1. Certification for the prior calendar year that the Owner's LIHTC Project(s) comply with IRS Treasury Regulation §1.42-5(c)(1) and *MaineHousing's Low Income Housing Tax Credit Program Owner's Certificate of Continuing Program Compliance* attached hereto as **Appendix D**. A completed and executed IRS Form 8609 for each Qualified Building must be submitted with the first certification; and
2. Certain information and data about the tenants in Credit Units for the prior calendar year, including household income; monthly rental payments; family composition; use of Section 8 rental assistance and other similar assistance; the race, ethnicity, age and disability status of the members of the households; and all other occupancy information required by MaineHousing.

D. Review. For new LIHTC Projects, MaineHousing will complete a review of tenant records within two (2) years following the year the last Qualified Building is Placed in Service. MaineHousing will give owners reasonable prior written notice of a review. To the extent required by the Internal Revenue Service (IRS), MaineHousing will inspect low income

certifications and tenant records in accordance with IRS Treasury Regulation §1.42 5(c)(2)(iii)(A) through (D) and §1.42 5(d) and will give no more than 15 calendar days prior notice.

- E. Inspections. Every one to three years after a Project is Placed in Service, MaineHousing will inspect LIHTC Projects. For new LIHTC Projects, MaineHousing will inspect Credit Units by the end of the second calendar year following the year the last Qualified Building is Placed in Service. MaineHousing will give reasonable prior written notice. To the extent required by the Internal Revenue Service, MaineHousing will inspect the LIHTC Projects in accordance with IRS Treasury Regulation §1.42 5(c)(2)(iii)(A) through (D) and §1.42 5(d) and will give no more than 15 calendar days prior notice.
- F. Notification of Noncompliance. MaineHousing will notify an Owner in writing of any failure to
 - 1. submit any complete certifications or information required by MaineHousing when due,
 - 2. allow MaineHousing to perform any review or inspection required under this Section, or
 - 3. comply with [Section 42](#) of the Code or any others requirements under this QAP.

The Owner will have a reasonable period of time to correct the noncompliance identified in the notice. MaineHousing will file a Form 8823, “Low-Income Housing Credit Agencies Report of Noncompliance” with the Internal Revenue Service within 45 calendar days of the end of the correction period.

SECTION 11: GENERAL

- A. Conflicts. If this rule conflicts with [Section 42](#) of the Code or any other provision of federal or State law, the federal or State law shall control.
- B. Full Discretion. MaineHousing is entitled to the full discretion allowed by law in making all decisions and interpretations under this rule.
- C. Not an Entitlement. This rule establishes a pool of eligible Applicants but does not preclude additional reasonable criteria and does not confer any automatic right or entitlement to Credit on any person or entity eligible hereunder. MaineHousing may reject any and all Applications and may refuse to award any or all of the Credit.
- D. Final Agency Action. The director of MaineHousing, individually or by exercise of the delegation of powers contained in the Act, shall make all decisions and take all action necessary to implement this rule. Such action of the director shall constitute final agency action.

- E. Waiver. Upon a determination of good cause, the director of MaineHousing or the director's designee may, subject to statutory limitations, waive any provision of this rule. The waiver must be in writing and must be supported by documentation of the pertinent facts and grounds.
- F. Freedom of Access Act. MaineHousing is subject to the Freedom of Access Act, [1 M.R.S.A. §401 et seq.](#), which requires the disclosure of all information provided to MaineHousing that is not specifically excluded, such as confidential information under the Act. MaineHousing shall not be liable for the disclosure of any information that it determines must be disclosed under the Freedom of Access Act.
- G. Liability. Compliance with [Section 42](#) of the Code is the responsibility of the Owner. MaineHousing is in no way responsible for an Owner's compliance or liable for an Owner's noncompliance. Any allocation, review or inspection by MaineHousing and any determination made by MaineHousing pursuant to this QAP is for the sole benefit of MaineHousing. No liability or responsibility for Owner compliance with [Section 42](#) of the Code or other applicable requirements and no representation or warranty of a Project's feasibility or viability, eligibility for Credit, or compliance shall be implied or construed from any such actions and determinations by MaineHousing.
- H. Headings/Context. The headings in this rule are for convenience only and do not define or limit the scope of the provisions of this rule. The use of Section, Subsection or Appendix without a reference to another document or source refers to a section, subsection and Appendix of this rule.

STATUTORY AUTHORITY: [30-A MRSA §§4741\(1\) and 4741\(14\)](#), [Section 42](#) of the Internal Revenue Code of 1986, as amended

BASIS STATEMENT: This rule is the qualified allocation plan for allocating and administering federal low income housing tax credits ("LIHTC") in the State of Maine, which MaineHousing, as the State's designated housing credit agency, is required to adopt pursuant to [Section 42](#) of the Internal Revenue Code and the above-referenced sections of the Maine Housing Authorities Act.

This rule replaces the prior rule and includes the following changes:

Throughout:

- Updated deadlines
- Repaired grammatical errors (punctuation, typos, correcting defined terms, etc.)

Section 3B: Added HUD's Section 18 Demolition/Disposition Program and other HUD conversion programs to the Preservation Set-Aside eligibility.

- Section 4A: Pre-apps due July 7, 2022 and July 6, 2023. Deleted deadline for pre-app discussions with MaineHousing.
- Section 4B: Applications due September 22, 2022 and September 21, 2023.
- Section 4D: Expanded factors for deeming Applicants and Investors ineligible to include seeking early termination of an Extended Use Agreement through the Qualified Contract process and undertaking efforts to undermine the exercise of a right of first refusal or purchase option.
- Section 5A: Expanded Threshold Requirements to include submission of an investor letter of intent committing to the granting of purchase options and, when an eligible nonprofit organization is involved, a right of first refusal.
- Section 5C: Increased the TDC Index caps.
- Section 5E: Clarified the management experience and capacity requirements when multiple subsidy sources create overlapping targeting and rental restrictions.
- Section 5I: Added installation of electrical raceways/conduits for electrical vehicle chargers and PV solar panels to the Project Design requirements.
- Section 5J: Standards for broadband infrastructure required for telemedicine will be those established by the Maine Connectivity Authority in addition to ConnectMaine.
- Section 5M: Clarified that the preference for public housing or Section 8 waiting list in Projects with Section 8 project-based rental assistance will apply to any Credit Units without project-based rental assistance.
- Section 6A: Increased the scoring points for Rehabilitation or Reuse of Existing Housing, Structure or Site from 3 to 4.
- Section 6B: Increased the scoring points for Historic Rehabilitation from 3 to 4.
- Section 6C: Increased the scoring points for Populations with Special Needs from 3 to 6, revised the criteria from requiring a waiting list for special populations to creating a set-aside of those units. Funding from Housing Trust Fund and/or Project-Based Vouchers will be available as necessary.
- Section 6F: Increased the scoring points for Readiness from 6 to 8.
- Section 6H: Deleted Below Market Capital as a scoring criteria.

- Section 6K: Reduced the maximum scoring points for Property Tax Relief from 4 to 3, revised the scoring categories and added the dates of the application deadlines for approval of Affordable Housing TIFs.
- Section 6L: Increased the maximum scoring points for Housing Need from 8 to 10, clarified the ability of a municipality to carry over its scoring points for one year if the prior year was higher and revised the breakdown of municipalities in each scoring block.
- Section 6O: Deleted High Opportunity Areas as a scoring criteria.
- Section 6P: Increased the maximum scoring points for Developer Capacity from 4 to 5.
- Section 6Q: Increased the maximum scoring points for Owner Performance from 4 to 5.
- Section 6R: Increased the maximum scoring points for Management Experience from 3 to 5.
- Section 7A: Dropped the reference to the monthly Applicable Percentage in calculating Credit amounts as both the 9% and 4% credit percentages are now fixed.
- Section 7E: Deleting the Binding Agreement/Rate Lock for the Applicable Percentage as both the 9% and 4% credit percentages are now fixed.
- Definitions: Deleted definitions of “Below Market Capital” and “High Opportunity Areas”, added definitions of “Compliance Period”, “Credit Period”, “Persons Experiencing Homelessness”, “Qualified Contract” and “Qualified Nonprofit Organization” and clarified that MaineHousing’s Construction Standards include its accessibility policy and procedures.
- Appendix E: Added to set forth the requirements for Purchase Options and Rights of First Refusal.

PUBLIC COMMENT:

Process:

Notice of Agency Rule-making Proposal (MAPA-3) was submitted to the Secretary of State for publication in the April 27~~May 6~~, 20220 edition of the appropriate newspapers. Additionally, MaineHousing sent the proposed rule to Interested Parties on April 27~~May 6~~, 20220, and published the proposed rule on its website on April 27~~May 6~~, 20220. MaineHousing held a public hearing on May 17~~26~~, 20220. The comment period was held open until May 27~~June 5~~, 20220 at 5:00 PM.

FISCAL IMPACT OF THE RULE: The 20234 State of Maine ceiling of federal low-income housing tax credits is projected to raise approximately \$30,500,000~~\$32,600,000~~ of private investor capital, and the 20242 State of Maine ceiling of federal low-income housing tax credits is projected to raise approximately \$31,000,000~~\$30,600,000~~ of private investor capital. The private investor capital generated by the federal low-income housing tax credits will be used to develop affordable housing for low-income persons. Additionally, it is estimated that 1,400 jobs a year will be created

with this investment. The rule will not impose any costs on municipalities or counties for implementation or compliance.

EFFECTIVE DATE:

APPENDIX A

Definitions

“Above Average” means an average overall score of 4 in the rating category - Physical plant inspections, Project Reports submissions, or Management and Occupancy Reviews. Physical plant inspections, and Management Occupancy Reviews are scored on the following scale: 1 – Unsatisfactory, 2 – Below Average, 3 – Average, 4 – Above Average, and 5 – Superior. Project Reports submissions are scored as 5-Timely Submission and 1-Late Submission for each required submission report – Audited Financial Review (AFR), Budget, and Owner Certification of Continued Compliance.

“Act” means the Maine Housing Authorities Act, [30-A M.R.S.A. §4701 et seq.](#), as may be amended from time to time.

“Activities Important to Daily Living” means activities or destinations that are important to the course of daily living of the population served by the Project, which include a grocery store, a public school only if the Project is housing for families, a daycare only if the Project is housing for families, a senior center only if the Project is Housing for Older AdultsHousing, a pharmacy, a bank or credit union, a post office, a retail store, a general health care practitioner’s office, a public library, a location where people socialize, a hospital and other activities or destinations approved by MaineHousing. Convenience stores and gas stations are not eligible destinations for purposes of this subsection. If there is more than one activity or destination important to the course of daily living within a single establishment, each activity or destination will be counted separately (e.g. a retail store that also includes a pharmacy and a bank branch will be treated as 3 destinations important to the course of daily living).

“Adaptive Reuse” means the conversion of an existing non-housing building or structure to multi-family residential rental housing or the reconstruction of existing housing that has become functionally obsolete, as determined by MaineHousing.

“Affiliates” means any person or entity directly or indirectly controlling, controlled by, or under common control with another person or entity.

“Affordable Housing” means multi-family rental housing that has five or more units and is assisted under a HUD or Rural Development program or is subject to a restrictive covenant requiring units in the housing to be restricted to households with income at or below 60% of area median income, as determined by HUD.

“Affordable Housing TIF” means an affordable housing development district and development program approved by MaineHousing pursuant to MaineHousing’s Affordable Housing Tax Increment Financing Program, [30-A M.R.S.A., Chapter 206, Subchapter 3](#) and the Act, as may be amended.

“Applicant” means the entity applying for Credit, its successors and assigns, which must be the entity that will be the owner of the Project for tax purposes; must be duly organized and validly existing under the laws of the state in which it is formed, and if not formed in this State, must be

duly authorized to conduct business in this State; and must be in good standing under the laws of this State and its state of formation, if not this State.

“Application” means an application to MaineHousing for an allocation of Credit.

~~“Below Market Capital” means the face value of a grant and the net present value of the savings produced by other funding with an effective rate that is less than the market rate. For this calculation, the market rate is the 10-year Treasury note rate 60 calendar days before the Application deadline plus 300 basis points. Such grants and funding must be committed to the Applicant for the Project no later than the Application deadline and do not include construction period financing, donations or below market purchases of land and buildings, investor capital from tax credits, funding made possible by Tax Increment Financing, any Developer Fee that is loaned, deferred or foregone for the benefit of the Project, service funding, operating funds, rental assistance and any resources made available, either directly or indirectly, by MaineHousing.~~

“Capitalized Lease Value” means the net present value of all lease payments under a lease calculated over the term of the lease using the 10-year Treasury note rate 60 calendar days before the Application deadline plus 300 basis points.

“Code” means the Internal Revenue Code, Title 26 of the United States Code, and applicable regulations promulgated pursuant thereto, as may be amended.

“Community Revitalization Plan” means (1) a community that has been designated by HUD or RD as an Empowerment Zone, a Renewal Community or Enterprise Community, or a Neighborhood Revitalization Strategy Area; or (2) a written plan that was formally adopted by the governing body of a municipality no more than twelve (12) years prior to the Application deadline following a concerted planning process and public input, specifically targets a neighborhood or area in the community (not a single building or site or the entire municipality) for redevelopment or revitalization, and includes (a) an assessment of the existing physical structures and infrastructure of the area, (b) detailed policy goals with respect to economic redevelopment, the rehabilitation or development of housing (including multi-family rental housing) and the improvement or expansion of infrastructure, and (c) proposed activities and a timetable for implementing the policy goals. Plans for a single development and plans formulated by or on behalf of the Applicant are not Community Revitalization Plans. A comprehensive plan that meets all of the requirements in (2) may qualify.

“Compliance Period” means the period defined in Section 42(i)(1) of the Code.

“Credit” or “LIHTC” means the low-income housing tax credit established pursuant to Section 42 of the Code and allocated pursuant to this rule.

“Credit Period” means the period defined in Section 42(f)(1) of the Code.

“Credit Units” means units in a Project that are eligible for Credit.

“Demand Response Transportation” means on-call transportation services that operate at least 3 days per week and provide service throughout the day.

“Developer Fee” means the total compensation for the work, costs and risks associated with developing a Project, including without limitation, creating the Project concept, identifying and acquiring the Project site, obtaining construction and permanent financing, obtaining necessary subsidies, negotiating the syndication of investment interests in the Project, obtaining all necessary regulatory approvals, constructing and/or rehabilitating the Project and marketing, and includes all amounts paid to consultants to perform this work, except fees for professional services such as environmental assessments, rental market studies, soil tests, and water tests, and includes all reserves, in the form of cash, expected to be paid to the tax credit developer from the Project.

“DDA” means an area of the State that is designated by HUD as a difficult development area pursuant to [Section 42\(d\)\(5\)\(B\)\(iii\)](#) of the Code or an area of the State that is designated by MaineHousing as a difficult-to-develop area in Section 7.A.3 pursuant to [Section 42\(d\)\(5\)\(B\)\(v\)](#) of the Code.

“Extended Use Agreement” means an agreement that satisfies the requirements of [Section 42\(h\)\(6\)\(B\)](#) of the Code.

“Extended Use Period” means the period of time specified by MaineHousing in the Extended Use Agreement executed in connection with a Project pursuant to [Section 42\(h\)\(6\)\(D\)](#) of the Code, which is the period set forth in Section 5.A. for Projects allocated Credit under the State Ceiling.

“Extremely Low Income” means income that is at or below 30% of the area median income as determined pursuant to the regulations and guidance governing the National Housing Trust Fund.

“Family Housing” means housing for families that qualifies for points under the Family Housing scoring criteria set forth in Section 6.E.

“Fiscal Year” means the fiscal year for a LIHTC Project as defined in the Owner’s organizational documents.

“Fixed-route Public Transportation” means year-round, regularly scheduled public transportation that operates at least 5 days per week and provides regular service throughout the day.

~~“High Opportunity Areas” mean those communities in the State designated by MaineHousing as areas of opportunity for low-income persons based primarily on population and access to employment, education and healthcare. Specific factors considered include population, proximity to major employers, proximity to colleges and universities, proximity to hospitals, availability of public transportation and geographic diversity.~~

“Housing Development Costs” means the total of all direct and indirect costs incurred in financing, creating, purchasing or rehabilitating a LIHTC Project except the costs attributable to the acquisition of the land and any existing buildings as determined by MaineHousing.

“Housing for Older Adults” means a Project that is designated as elderly or senior housing and receives funding and project-based rental assistance under a RD or HUD multi-family elderly housing program (such as [RD’s Section 515 Rural Rental Housing Program](#) and [HUD’s Section 202 Supportive Housing for the Elderly Program](#)) or that meets the definition of “housing for older

persons” under the federal [Fair Housing Act, 42 U.S.C. §3607\(b\)\(2\)](#) and the Maine Human Rights Act, [5 M.R.S.A. §4581 et seq.](#) and all associated regulations, as may be amended.

“HUD” means the United States of America acting through the United States Department of Housing and Urban Development.

“Intermediary Costs” means all Housing Development Costs except the actual construction costs or eligible rehabilitation costs under [Section 42\(e\)](#) of the Code attributable to the development of the units.

“IRS” means the United States Department of Treasury, Bureau of Internal Revenue Service.

“LIHTC Project” means a qualified low-income housing project as defined in and governed by [Section 42\(g\)](#) of the Code.

“MaineHousing” means Maine State Housing Authority.

“MaineHousing’s Construction Standards” means MaineHousing’s [*Quality Standards and Procedures Manual*](#) in effect 60 calendar days prior to the applicable deadline for an Application for Credit which include without limitation certain energy efficiency standards and UPCS [and incorporate MaineHousing’s accessibility policy and procedures](#).

“Maximum Credit Amount” means the maximum amount of Credit a Project is eligible to receive pursuant to Section 3.C.

“National Housing Trust Fund” means the Housing Trust Fund established under Title I of the Housing and Economic Recovery Act of 2008, [12 U.S.C. §4568](#), together with associated regulations and guidance now or hereafter promulgated pursuant thereto.

“Net Developer Fee” means the Developer Fee with respect to a Project that does not exceed the applicable limit set forth in Section 7.B.2., including any portion thereof that is deferred or loaned to pay for costs associated with the Project (and does not include any additional Developer Fee allowed under Section 7.B.3.).

“Notice to Proceed” means the notice that a Project has been selected for further evaluation to determine the Project’s eligibility for Credit and the amount of Credit to be allocated for the Project. The Notice to Proceed will require the submission of all information necessary for MaineHousing to determine the amount of Credit, if any, to be allocated to the Project, obligate the Applicant to fulfill all commitments made in the Application, and require the Applicant to promptly and diligently develop and complete the Project according to the deadlines specified in the notice.

“Owner” means the legal owner of a LIHTC Project or Qualified Building for which an Application has been submitted to MaineHousing or which has received an allocation of Credit from MaineHousing pursuant to this Qualified Allocation Plan or a prior Qualified Allocation Plan for the State.

“Ownership Transfer Rule” means Chapter 27 of MaineHousing’s rules, *Transfers of Ownership Interests*, and the policies and procedures related thereto, all as may be amended.

“Passive House Certification” means certification from Passive House Institute US, Inc. (PHIUS) or Passive House Institute (PHI) prior to MaineHousing’s issuance of IRS Form 8609.

“Persons Experiencing Homelessness” means persons sleeping in a place not meant for human habitation, in an Emergency Shelter, or in other emergency housing; persons exiting an institution where they resided for 90 days or less and who had resided in an Emergency Shelter, other emergency housing, or place not meant for human habitation before entering that institution; and persons fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions in the individual’s or family’s current housing situation, including where the health and safety of children are jeopardized, and who have no other residence and lack the resources or support networks to obtain other permanent housing.

“Placed in Service” means the date on which a Qualified Building is suitable and available for occupancy as determined in accordance with [Section 42](#) of the Code.

“Principal” means any person or entity with a controlling interest in another entity, including without limitation, a person or entity with an ownership interest in an Applicant that controls the development and day-to-day operation of a Project, such as the general partner(s) of a limited partnership or the manager(s) or member(s) invested with the management authority of a limited liability company, and all persons and entities with an ownership interest in or control of said entity.

“Project” means the property described in the Application, which must be a qualified low-income housing project as defined in and governed by [Section 42\(g\)](#) of the Code.

“Project Reports” means the annual certification and tenant data required under Section 10.C., and if required for the LIHTC Project, the audited financial report (AFR) and the annual project budget.

“QCT” means an area of the State designated by HUD as a qualified census tract pursuant to [Section 42\(d\)\(5\)\(B\)\(ii\)](#) of the Code.

“Qualified Allocation Plan” or “Plan” means the plan for allocating and administering the Credit adopted by the housing credit agency pursuant [Section 42\(m\)\(1\)\(B\)](#) of the Code.

“Qualified Building” means a qualified low-income building as defined in and governed by [Section 42\(c\)\(2\)](#) of the Code.

“Qualified Contract” means a contract as defined in Section 42(h)(6)(F) of the Code.

“Qualified Nonprofit Organization” means a qualified nonprofit organization as defined in Section 42(h)(5)(C) of the Code.

“Rehabilitation Costs” means with respect to a Project (1) the site costs, (2) the costs of complying with the construction requirements of other funding sources except those required by the Applicant, any Principal thereof or Affiliates of either, (3) contractor profit, overhead and general conditions, and (4) certain costs identified in the capital needs assessment required under Section 5.D.1. of the QAP, including (a) the cost of correcting all violations of applicable federal, state and local health, safety and building codes and correcting deferred maintenance, (b) the rehabilitation or replacement

of all structures, systems, facilities and components that have reached or exceed their useful life or will reach their useful life within 5 years, (c) the cost of complying with MaineHousing's Construction Standards, (d) the cost of complying with the most current accessibility requirements for new construction projects under applicable federal, state and local accessibility laws, regulations, standards and guidance, and (e) the remediation and disposal of any environmental or other hazards identified in environmental reports. Rehabilitation Costs do not include construction contingency, relocation costs, or other soft costs.

"Related Development" means any development of which the Project is a part or is related and the Project cannot be completed, either structurally or financially, without the completion of the development.

"RD" or "Rural Development" means the United States of America acting through the United States Department of Agriculture, Rural Housing Services.

"Safe Walking Distance" means a pedestrian route appropriate to the area, as determined by MaineHousing, with sidewalks, crosswalks and traffic signals at busy roads or intersections and year-round walkability, which includes being plowed during the winter.

"Section 8" means Section 8 of the United States Housing Act of 1937, [42 U.S.C. §1437f](#), as may be amended.

"Service Center Community" means an entire municipality that provides jobs and retail to surrounding areas and is a center for education, health care, cultural, recreational and social services, designated pursuant to the Municipal Planning Assistance Program of the State's Department of Agriculture, Conservation and Forestry as a Regional Service Center as of January 2013.

"State" means the State of Maine.

"State Ceiling" means the State's housing credit ceiling established pursuant to [Section 42\(h\)\(3\)\(C\)](#) of the Code.

"Tax Increment Financing" means any type of tax increment financing, including without limitation an Affordable Housing TIF, a development district and development program approved by a municipality or a tax increment financing district approved by the State's Department of Economic and Community Development pursuant to [30-A M.R.S.A., Chapter 206](#), as may be amended.

"TDC Index" means the calculation described in Section 5.C.

"TDC Index Cap" means the limit on Total Development Cost set forth in Section 5.C.

"Telehealth" means the use of interactive real-time visual and audio or other electronic media for the purpose of consultation and education concerning and diagnosis, treatment, care management, and self-management of a patient's physical and mental health and includes real-time interaction between the patient and the telehealth provider, synchronous encounters, asynchronous encounters, store and forward transfers and remote patient monitoring. Telehealth includes telephonic services when interactive telehealth services are unavailable or when a telephonic service is medically appropriate for the underlying covered service.

"Telemonitoring," means the use of information technology to remotely monitor a patient's health status via electronic means through the use of clinical data while the patient remains in a residential setting, allowing the provider to track the patient's health data over time. Telemonitoring may or may not take place in real time.

"Total Construction Cost" means the sum of site costs, costs of constructing or rehabilitating structures, systems, facilities, units and components, general requirements, bond premiums, and contractor overhead and profit as determined by MaineHousing.

"Total Development Cost" or "TDC" means Total Project Cost less (1) the fees required by MaineHousing, (2) the Project's operating deficit account to the extent required by MaineHousing and (3) the costs associated with any commercial space developed in connection with the Project.

"Total Project Cost" means the sum of all costs associated with the development, construction and rehabilitation of a Project, as determined by MaineHousing. Total Project Cost includes, without limitation, acquisition costs, the Capitalized Lease Value of all leases of land and building(s), demolition costs, Total Construction Cost, construction contingency, costs associated with community service facilities included in the Eligible Basis of the Project, soft costs (such as permits, design and engineering fees, environmental reports, appraisals, market studies and legal fees), syndication costs, Developer Fee, financing costs and project reserves. Community service facilities are not considered commercial space for purposes of Total Project Cost.

"UPCS" means the Uniform Physical Conditions Standards established by HUD pursuant to [24 CFR §5.703](#), as may be amended.

APPENDIX B

Pre-Application Submission Requirements

Applicants must submit a request for pre-application review and the following information to MaineHousing **at least 60 calendar days before the applicable Application deadline.**

1. A narrative description of the Project and any Related Development, including, the location, type of housing, total number of units by bedroom size, breakdown of required and/or pledged accessible units by type and location, total number of income-restricted units by bedroom size, proposed affordability, any existing affordability restrictions, any existing or proposed use restrictions, common areas and amenities at the Project, any community service facilities, any commercial space and other unique features of the Project.
2. Conceptual, Diagrammatic Site Plan and Conceptual Floor Plans and Conceptual Building Elevations in accordance with the requirements set forth in MaineHousing's [Quality Standards and Procedures Manual](#).
3. The status of applicable federal, State and local land use approvals for the Project and any Related Development, and any site, subdivision and other plans for the Project and any Related Development that have been prepared for submission or have been submitted to applicable municipal, state and federal governmental entities.
4. Details about the parking for the Project, including the number, type and location of all on-site parking and off-site parking and the terms and conditions thereof.
5. An explanation and all supporting documentation for any exceptions from the requirement to provide a community room, laundry facilities, telemedicine facilities or area activities in accordance with Section 5.J of the QAP.
6. All available information about any known or suspected environmental conditions on the Project site and any Related Development or adjacent sites that may impact the Project site or any Related Development, including any environmental reports. To the extent feasible, identify any and all visible (both on and off-site) fuel oil and propane tanks and include them on the site plan.
7. A capital needs assessment for any existing housing that meets the requirements in Section 5.D. and Appendix C.
8. A conceptual construction estimate(s) prepared by a qualified general contractor or third-party estimator for the Project and any Related Development, including trade breakdowns in the form of a schedule of values and a reasonable estimating contingency, if applicable, with sufficient detail to demonstrate expected construction-related costs. All exclusions and qualifications, if any, must be clearly stated in the estimate. The estimate is to be the basis of the hard cost line items contained in the project underwriting without exception.
9. A projected development and operating budget(s) for the Project and any Related Development which must be submitted electronically in the format prescribed by MaineHousing.

APPENDIX C

Capital Needs Assessment Requirements

1. The assessment must include a site visit, an interview with the on-site property manager and maintenance personnel concerning prior and pending repairs and improvements and existing or chronic physical deficiencies, and a physical inspection of the interior and exterior of at least 20% of the units and all other structures, facilities, systems and components that will be part of the Project, including the following:

- a) Site, including without limitation topography, drainage, pavement, curbing, walkways, sidewalks, parking, accessible parking, accessible routes, landscaping, amenities, water, sewer, storm drainage, and all utility lines;
- b) Structural systems and components, both substructure and superstructure, including without limitation foundations, exterior walls, balconies, porches, and stairways, exterior doors and windows, chimneys and roofing;
- c) Interiors, including without limitation unit and common area finishes and substrata (e.g. flooring, underlayment, carpeting, plaster or drywall, wall coverings and paint condition), and unit and common area kitchen finishes, cabinets, countertops and appliances, and unit and common area bathroom finishes, fixtures and accessories, laundry facilities, and common area lobbies and corridors; and
- d) Building systems, including without limitation plumbing supplies and drainage, domestic hot water production, heating, ventilating and air-conditioning production and distributions systems, fuel storage and delivery systems, electrical power distribution and metering systems, lighting controls and fixtures, smoke, fire and any other alarm systems, fire protection systems, security systems, and elevators.

The capital needs assessment must specifically identify all structures, systems, facilities, units and components that were inspected and must include a concise overview of the physical and operational condition of the existing housing and a detailed assessment of the expected useful life and the remaining useful life of each structure, system, facility, unit and component inspected. The assessment must also consider the presence of environmental and other hazards, including without limitation, asbestos, lead paint, mold, water damage and insect infestations.

2. The capital needs assessment must include a recommended scope of work and a cost estimate to complete the scope of work that addresses the following capital needs of the Project, without consideration of financial feasibility:

- a) Correction of all violations of applicable federal, state and local building, health and life safety codes and correction of all deferred maintenance;
- b) Rehabilitation or replacement of all structures, systems, facilities, units and components that have reached or exceeded their useful lives or will reach their useful lives within 5 years;
- c) Rehabilitation of all units and common areas and facilities to bring them into compliance with MaineHousing's Construction Standards to the maximum extent feasible;
- d) Rehabilitation of the minimum number of units and all common areas and facilities that are necessary to comply with the most current requirements for new construction projects under applicable federal, state and local accessibility laws, regulations, standards and guidance (which include without limitation, [Section 504 of the Rehabilitation Act of 1973](#), HUD's housing regulations at [24 C.F.R. Part 8](#) and any accessibility standard designated by HUD; Title II and Title III of the Americans with Disabilities Act of 1990 and the 2010 Standards of Accessible Design; and if the Project involves substantial rehabilitation, the Maine Human Rights Act, the Maine Human Rights Commission's Chapter 8, Housing Regulations, and ANSI Standard A117.1-2009); and

e) Remediation and disposal of any environmental or other hazards identified in the assessment.

3. The capital needs assessment must also identify any structures, systems, facilities, units and components with a remaining useful life of less than 30 years. The Application must include a plan for future rehabilitation or replacement of any identified structure, system, facility, unit and component with a useful life of less than 30 years that is not included in the scope of work for the Project, including possible funding sources, which will be considered in establishing the appropriate funding amounts for the Project's reserve accounts.

APPENDIX D
LOW INCOME HOUSING TAX CREDIT PROGRAM
OWNER'S CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

To: *MaineHousing
26 Edison Drive
Augusta, ME 04330*

Certification Dates:	From: January 1, 20_____	To: December 31, 20_____	
Project Name:	Project No:		
Project Address:		City:	County:
Tax ID # of Ownership Entity:			
Building Identification Number(s):	(1)	(2)	(3)
	(4)	(5)	(6)
	(7)	(8)	(9)
	(10)	(11)	(12)

No buildings have been Placed in Service
 At least one building has been placed in Service but owner elects to begin credit period in the following year.
If either of the above applies, please check the appropriate box, and proceed to page 2 to sign and date this form.

The undersigned _____ on behalf of _____

that: _____ (the "Owner"), hereby certifies

1. The project meets the minimum requirements of: (check one)
 - 20 - 50 test under Section 42(g)(1)(A) of the Code
 - 40 - 60 test under Section 42(g)(1)(B) of the Code
 - 15 - 40 test for "deep rent-skewed" projects under Section 42(g)(4) and 142(d)(4)(B) of the Code
 - Income Averaging
2. There has been **no change in the applicable fraction** (as defined in Section 42(c)(1)(B) of the Code) for any building in the project:
 NO CHANGE CHANGE

If "**Change**", list the applicable fraction to be reported to the IRS for each building in the project for the certification year on page 4:

3. There have been no changes in the building's eligible basis under Section 42(d) of any building in the project.
 NO CHANGE CHANGE

If "**Change**", list the changes on page 4:
4. The owner has received an annual Tenant Income Certification from each low-income resident and documentation to support that certification, or the owner has a re-certification waiver letter from the IRS in good standing, has received an annual Tenant Income Certification from each low-income resident, and

documentation to support the certification at their initial occupancy.

YES

NO

5. Each low-income unit in the project has been rent-restricted under Section 42(g)(2) of the Code:
 YES NO
6. All low-income units in the project are and have been for use by the general public and used on a non-transient basis (except for transitional housing for the homeless provided under Section 42 (i)(3)(B)(iii) of the Code):
 YES NO HOMELESS
7. There has been no finding of discrimination under the Fair Housing Act, 42 U.S.C 3601-3619 with respect to this project. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C 3616a(a)(1), or an adverse judgment from a federal court:
 FINDING NO FINDING

If "**Finding**", please explain the nature of the violation and attach a copy of the decision or judgment.

8. There has been no finding of discrimination under any other applicable local, State or federal equal access or nondiscrimination law with respect to this project. A finding of discrimination includes an adverse final decision by the governmental agency responsible for administering such law, or an adverse judgment from a court with jurisdiction over such law:
 FINDING NO FINDING

If "**Finding**", please explain the nature of the violation and attach a copy of the decision or judgment.

9. Each building in the project is and has been suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low income unit in the project:
 YES NO

If "**No**", explain the nature of violation on page 4 and attach a copy of the violation report as required by 26 CFR 1.42-5 and any documentation of correction.

10. Each building and all FedHome (HOME) assisted units are suitable for occupancy, taking into account State and local health, safety, and other applicable codes, ordinances, and requirements, and the ongoing property standards established by the participating jurisdiction (MaineHousing) to meet the requirements of 24 CFR, Part 92, HOME Investment Partnership Program, Section 92.251.
 YES NO N/A

11. There has been **no change in the eligible basis** (as defined in Section 42(d) of the Code) of any building in the project since last certification submission:

NO CHANGE CHANGE

If "**Change**", state nature of change (e.g., a common area has become commercial space, a fee is now charged for a tenant facility formerly provided without charge, or the project owner has received federal

subsidies with respect to the project which had not been disclosed to the allocating authority in writing) on page 4:

12. All tenant facilities included in the eligible basis under Section 42(d) of the Code of any building in the project, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups, and appliances were provided on a comparable basis without charge to all tenants in the buildings:

YES NO

13. If a low-income unit in the project has been vacant during the year, reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income:

YES NO

14. If the income of tenants of a low-income unit in any building increased above the limit allowed in Section 42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size in that building was or will be rented to residents having a qualifying income:

YES NO

15. Project complies with an extended low-income housing commitment as described in section 42(h)(6) (not applicable to buildings with tax credits from years 1987-1989):

YES NO N/A

16. In the prior 12 month period, the owner has:

- a) terminated the tenancy of a tenant in a low income unit, including without limitation, non-renewal of the lease of an existing tenant in a low income unit, for other than good cause;
- b) increased the gross rent of a tenant with respect to a low income unit not otherwise permitted under Section 42 of the Code and any other applicable program (e.g. HOME, HUD Section 8);
- c) denied tenancy to any applicant or terminated the tenancy of any tenant solely because the applicant or tenant had a Section 8 voucher or certificate; or
- d) denied tenancy to any applicant, terminated the tenancy of any tenant, or failed to assist a tenant in finding alternative appropriate housing in violation of Title VI of the Violence Against Women Reauthorization Act of 2013, 34 USC Subpart 2 – housing rights Chapter 121 and applicable regulations (VAWA), as amended.

YES NO

If “Yes”, please explain the nature of the violation on page 4.

17. The project complies with the requirements of all applicable Federal and State Housing Programs included in the development (e.g., Rural Housing Services, HOME, HUD Section 8, or Tax-Exempt Bonds).

YES NO

If “No”, please explain the nature of the violation on page 4.

18. The owner received its credit allocation from the portion of the state ceiling set-aside for a project involving “qualified non-profit organizations” under Section 42(h)(5) of the code and its non-profit entity materially participated in the operation of the development within the meaning of Section 469(h) of the Code.

YES NO N/A

19. The property has not suffered a casualty loss resulting in the displacement of residents.

YES NO

If “Yes”, please explain the nature of the loss on page 4.

20. There has been no change in the ownership or management of the project:

NO CHANGE **CHANGE**

If "Change", complete page 4 detailing the changes in ownership or management of the project.

Note: Failure to complete this form in its entirety will result in noncompliance with program requirements. In addition, any individual other than an owner or general partner of the project is not permitted to sign this form, unless permitted by the state agency.

The project is otherwise in compliance with the Code, including any Treasury Regulations, the applicable State Allocation Plan, and all other applicable laws, rules and regulations. This Certification and any attachments are made UNDER PENALTY OF PERJURY.

(Ownership Entity)

By: _____

Title: _____

Date: _____

PLEASE PROVIDE ANY CHANGES OR EXPLANATIONS REQUIRED UNDER QUESTIONS 1-19.

Question #	Explanation

1. **CHANGES IN OWNERSHIP OR MANAGEMENT**

(to be completed **ONLY if "CHANGE"** marked for question 20 above)

2. **TRANSFER OF OWNERSHIP**

Date of Change:	
Taxpayer ID Number:	
Legal Owner Name:	
Address:	
Phone:	
General Partnership:	
Status of Partnership (LLC, etc.):	

CHANGE IN MANAGEMENT CONTACT

Date of Change:	
Management Co. Name:	
Management Address:	
Management city, state, zip:	
Management Contact:	
Management Contact Phone:	
Management Contact Fax:	
Management Contact Email:	

CHANGE IN OWNER CONTACT

Date of Change:	
Owner Contact:	
Owner Contact Phone:	
Owner Contact Fax:	
Owner Contact Email:	

APPENDIX E

REQUIREMENTS FOR PURCHASE OPTIONS/RIGHTS OF FIRST REFUSAL

I. The Purchase Options must:

- 1) grant to one or more of the general partner, managing member, developer or sponsor an irrevocable option to purchase the Project at the greater of: (a) its fair market value as encumbered by the Extended Use Agreement; and (b) the sum of: (i) the outstanding debt secured by the Project, (ii) the amount of the limited partner's or non-managing member's federal, state and local tax liability resulting from the sale of the Project, and (iii) all amounts owed to the limited partner or non-managing member under the limited partnership agreement or limited liability company operating agreement (the "Project Option Price");
- 2) grant to one or more of the general partner, managing member, developer or sponsor an irrevocable option to purchase the interest of the limited partner(s) or non-managing member(s) in the Project ownership entity ("Ownership Interest") at the purchase price equal to the amount the limited partner(s) or non-managing member(s) would have received on an after-tax basis if the Project had been sold at the Project Option Price and the proceeds distributed pursuant to the terms of the limited partnership agreement or limited liability company operating agreement;
- 3) be exercisable beginning at the earlier of: (a) the expiration of the Compliance Period; or (b) the exit of or change of controlling interest in the limited partner or non-managing member occurring after the expiration of the Credit Period;
- 4) expire no earlier than 36 months after the expiration of the Compliance Period; and
- 5) give the holder of the option a minimum of 12 months to close on the purchase of the Project or the Ownership Interest after exercise of the option or such longer period required by any lender(s) or other party whose consent to the transfer is required.

II. The right of first refusal (ROFR) must:

- 1) grant to a Qualified Nonprofit Organization an irrevocable and exclusive ROFR to purchase the Project at the lesser of: (a) its fair market value as encumbered by the Extended Use Agreement; and (b) the Minimum Purchase Price as defined in Section 42(i)(7) of the Code but in no event less than the outstanding debt secured by the Project (the "ROFR Price");
- 2) be exercisable beginning at the expiration of the Compliance Period;
- 3) expire no earlier than 36 months after the later of: (i) the public offer of the Project for sale by the general partner or managing member; and (ii) the expiration of the Compliance Period;
- 4) give the holder of the ROFR a minimum of 90 days to exercise its ROFR and a minimum of 12 months to close on the purchase of the Project after exercise of the ROFR or such longer period required by any lender(s) or other party whose consent to the transfer is required; and

5) not require more than a nominal earnest money deposit in order to exercise the ROFR.

III. The Project owner's limited partnership agreement or limited liability company operating agreement must provide that:

- 1) the holder of the ROFR may assign the ROFR to a governmental unit, tenant organization or resident management corporation of the Project, or another Qualified Nonprofit Organization without the consent of the limited partner(s) or non-managing member(s);
- 2) the general partner or managing member may elect to do any of the following:
 - a) subject to the consent of the limited partner(s) or non-managing member(s), which consent shall not be unreasonably withheld, conditioned, or delayed, sell the Project to the holder of the ROFR in connection with the exercise of the ROFR (the limited partner(s) or non-managing member(s) may not withhold consent for a non-material breach of the Project owner's organizational documents);
 - b) at its discretion, without the consent of the limited partner(s) or non-managing member(s), sell the Project to the holder of the ROFR in connection with the exercise of the ROFR following the general partner's or managing member's receipt of a bona fide third party offer to purchase the Project, which offer may be solicited by the general partner/managing member or the holder of the ROFR; or
 - c) at its discretion, without the consent of the limited partner(s) or non-managing member(s), offer the Project for sale publicly at any time following the expiration of the Compliance Period and thereafter accept an offer from the highest bidder to purchase the Project, as long as the sale price is not less than the ROFR Price, and provided such acceptance is subject to the rights of the holder of the ROFR to exercise the ROFR and purchase the Project at the ROFR Price;
- 3) the general partner or managing member is directed and authorized to execute all documents necessary to effect the sale of the Project pursuant to the ROFR or Purchase Options;
- 4) the limited partner(s) or non-managing member(s) affirmatively agree not to challenge: (i) the sale of the Project pursuant to the terms of the ROFR by the general partner or managing member to the holder of the ROFR even if the holder of the ROFR is affiliated with the general partner or managing member; (ii) the general partner's or managing member's acceptance of an offer from the highest bidder in response to the general partner's or managing member's public offer of the Project for sale and/or the exercise of the ROFR by the holder of the ROFR after any such acceptance; and (iii) the exercise of the Purchase Options by the holder(s) thereof;
- 5) in the event Section 42(i)(7) of the Code is amended to permit a Qualified Nonprofit Organization to hold a purchase option after the expiration of the Compliance Period, and only to the extent permitted under such revised Section 42(i)(7) of the Code, the holder of the ROFR shall be entitled to purchase the Project, or at its option, all of the interests in the owner, in either case at the ROFR Price, in lieu of exercising the ROFR;

- 6) neither the ROFR or Purchase Options will be adversely affected or limited by any other rights of the limited partner(s) or non-managing member(s), or any owner of any interest in any limited partner or non-managing member, such as forced sale rights, and there are no conditions to the exercise of the ROFR or Purchase Options except as explicitly identified in the limited partnership agreement or limited liability company operating agreement; and
- 7) any amendment that would modify any term or condition related to the ROFR or Purchase Options requires the prior written consent of MaineHousing.



Legal Department Memorandum

To: MaineHousing Board of Commissioners
From: Mark Wiesendanger, Director of Development
Date: April 13, 2022
Subject: Request to Commence Rulemaking – State Low Income Housing Tax Credit Rule

At the April meeting, we will ask the Commissioners to authorize commencement of rulemaking for the repeal and replacement of the State Low Income Housing Tax Credit Rule.

A copy of the proposed rule, as redlined against the current rule, is attached.

The law establishing the state low income housing tax credit requires MaineHousing to recapture the credit if there is noncompliance during the first 15 years, includes a recapture formula, and provides for a lien to enforce recapture, but is unclear about what constitutes noncompliance or when recapture is calculated or collected. The proposed rule:

- (1) specifies events of material noncompliance that can result in recapture;
- (2) gives owners a reasonable period of time to correct noncompliance and avoid recapture; and
- (3) except for cases of severe or repeated noncompliance, defers the calculation and collection of recapture to the end of the 15-year compliance period and limits recapture to the period of noncompliance to encourage owners to correct the noncompliance as soon as they can to preserve the affordability of the project, particularly the very low-income units, to the greatest extent possible during the compliance period and to minimize the financial impact on the project.

We have submitted a copy of the proposed rule to the Office of the Attorney General for a legal preview. With your approval, we will publish a notice of public hearing on the proposed rule. The public hearing will be held at the May Board of Commissioners meeting. We will keep the public comment period open for a period of 10 days following the public hearing. If there are no significant changes to the proposed rule after the hearing and comment period, we will ask the Board to adopt the proposed rule at the June Board meeting.

PROPOSED MOTION:

To authorize MaineHousing to commence the rulemaking process to repeal Chapter 35 of MaineHousing's rules and replace it with the proposed Chapter 35 provided to the Commissioners in the Board packet.

Summary: The state low income housing tax credit law was enacted to provide funds for the development and preservation of multi-family affordable housing. Under the law, at least 80% of the credit to be allocated in a calendar year must be set aside for the construction or adaptive reuse of buildings for new rental units. ~~The amount of the state low income housing tax credit a project receives for such new rental units is equal to the amount of federal low income housing tax credits the project receives in conjunction with the issuance of tax exempt bonds.~~ Over time, MaineHousing must seek to allocate 30% of the credit ~~allocated to for~~ new rental units to senior housing and 20% of the credit ~~allocated to for~~ new rental units to “rural areas.” In addition, at least 10% of the credit to be allocated in a calendar year, must be set aside for qualified rural development preservation projects that incur at least \$100,000 in improvements. ~~The law requires MaineHousing to adopt a rule to allocate and administer the credit and to define “rural areas.” This rule defines “rural areas” and provides for the allocation and administration of the credit and procedures for recapturing the credit for noncompliance.~~

1. Definitions. The following terms shall have the following meanings:
 - a. “Affordable Housing Project” means a qualified low-income housing project, as defined by Section 42(g) of the Code.
 - b. “Allocation of Credit Certification” means a certification that a project is allowed the State Low Income Housing Tax Credit and includes information required by the State of Maine Department of Administrative and Financial Services, Bureau of Revenue Services.
 - c. “Area Median Gross Income” has the same meaning as in Section 42 of the Code, as adjusted for family size.
 - d. “Code” means the United State Internal Revenue Code of 1986, as amended.
 - e. “Compliance Period” means
 - i. For a Qualified Maine Project, the period beginning on the date the first building of the project is placed in service and ending on the date that is 15 years after the last building in the project is placed in service; and
 - ii. For a Qualified Rural Development Preservation Project, the period beginning on the date the rehabilitation of the first building of the project receives a certificate of occupancy, if required, or the date of Rural Development’s notice of final inspection of the building and ending on the date that is 15 years from the date the last building of the project receives a

certificate of occupancy, if required, or the date of Rural Development's notice of final inspection of the building.

f. “Credit-qualified Affordable Housing Project” means a Qualified Maine Project or a Qualified Rural Development Preservation Project, as applicable to the project.

g. “Credit Units” means all of the Federal Low-Income Housing Tax Credit units in a Qualified Maine Project or all of the units in a Qualified Rural Development Preservation Project that are assisted or financed by Rural Development.

e.h. “Difficult Development Area” has the same meaning as in Section 42(d) of the Code.

f.i. “Director” means the director of MaineHousing.

g.j. “Federal Low-Income Housing Tax Credit” means the federal tax credit as provided in Section 42 of the Code.

h.k. “MaineHousing” means the Maine State Housing Authority.

l. “Owner” is the person or entity that holds legal title to the Credit-qualified Affordable Housing Project.

i.m. “Qualified Allocation Plan” means the applicable Federal Low-Income Housing Tax Credit rule adopted by MaineHousing.

j.n. “Qualified Census Tract” has the same meaning as in Section 42(d) of the Code.

k.o. “Qualified Maine Project” means an Affordable Housing Project that is:

- i. Either the construction of one or more new buildings or the adaptive reuse of one or more previously constructed buildings that have not been previously used for residential purposes;
- ii. Subject to a restrictive covenant requiring an income mix in which at least 60% of the units in the project to which credits are allocated are restricted to households with income at or below 50% of Area Median Gross Income; and
- iii. Eligible for the 30% present value credit as described in Section 42 of the Code as a result of tax-exempt financing described in Section 42(h)(4)(B) of the Code.

l.p. “Qualified Rural Development Preservation Project” means an Affordable Housing Project in which at least 75% of the residential units are assisted or financed under a Rural Development program.

m.q. “Rural Areas” are all parts of the State of Maine that are deemed rural for purposes of Rural Development multi-family housing (<https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=mfhc>).

n.r. “Rural Development” means the United States Department of Agriculture, Office of Rural Development, Rural Housing Service.

o.s. “Rural Development Headquarters” means the national office of Rural Development.

p.t. “Rural Development Section 515 Properties” means rental housing projects financed under Section 515 of the Housing Act of 1949 (42 U.S.C. 1498).

q.u. “Rural Development State Director” means the state director of the Rural Development state office for the State of Maine.

r.v. “Senior Housing” means multifamily affordable rental housing units serving seniors that receive funding and project-based rental assistance under a Rural Development program or a United States Department of Housing and Urban Development multifamily elderly housing program or that meet the definition of “housing for older persons” under the federal Fair Housing Act, 42 United States Code, Section 3607(b)(2) and the Maine Human Rights Act.

s.w. “State Credit” means the tax credits awarded pursuant to the State Low Income Housing Tax Credit Law and this rule.

t.x. “State Low Income Housing Tax Credit Law” means ~~P. L. 2019, ch. 555, An Act to Create Affordable Workforce and Senior Housing and Preserve Affordable Rural Housing~~ 36 M.R.S. §5219-WW and 30-A M.R.S. §4722, sub-§1, ¶GG, as may be amended from time to time.

v. “Supportive Housing” means housing to assist persons with special needs in achieving housing stability, including persons who have experienced chronic homelessness or who are displaced, have a disability, are a victim of domestic violence or who have other special housing needs.

w.z. “UPCS” means ~~Uniform Physical Condition Standards, the physical inspection standards established by the United States Department of Housing and Urban Development for decent, safe and sanitary housing pursuant to 24 C.F.R. §5.703, as may be amended from time to time.~~

2. Set Asides.

- a. Eighty percent of the State Credit available to be allocated in any calendar year, including any State Credit that has been carried forward or returned, is set aside for Qualified Maine Projects that use the Federal Low-Income Housing Tax Credit in conjunction with tax-exempt bonds issued by MaineHousing.

- b. Ten percent of the State Credit first available to be allocated in any calendar year is set aside for Qualified Rural Development Preservation Projects, and if not allocated in that calendar year must be carried forward and be available to be allocated in subsequent calendar years for Qualified Rural Development Preservation Projects. Upon January 1, 2029, any amount previously set aside under this section 2.b. and not previously allocated to a Qualified Rural Development Preservation Project is released from the set aside and need not be allocated to a Qualified Rural Development Preservation Project.
- 3. Priorities.
 - a. In reserving and allocating the State Credit for Qualified Maine Projects, MaineHousing will prioritize:
 - i. use of the State Credit in Qualified Census Tracts and Difficult Development Areas;
 - ii. efficient use of MaineHousing resources including without limitation the Federal Low-Income Housing Tax Credit, the State Credit, and 0% deferred financing resources to maximize the number of new residential units created;
 - iii. project readiness including approvals and financing in place;
 - iv. over time, 30% of the cumulative State Credit for Qualified Maine Projects Credits allocated to Senior Housing and 20% of the cumulative State Credit for Qualified Maine Projects allocated to Rural Areas; and
 - v. projects with an occupancy preference for persons who qualify for Supportive Housing in the greater of 4 units or 20% of the total number of units.
 - b. In reserving and allocating State Credit for Qualified Rural Development Preservation Projects, MaineHousing will prioritize projects that:
 - i. are Rural Development Section 515 Properties being transferred to a new ownerOwner in accordance with Rural Development requirements;
 - ii. incur a minimum of \$100,000 in property improvements in accordance with the State Low Income Housing Tax Credit Law; and
 - iii. are not claiming the Federal Low Income Housing Tax Credit.
- 4. Notice of Reservation of Credit.
 - a. MaineHousing will issue a notice of reservation of State Credit for Qualified Maine Projects as follows:

- i. the notice of reservation will be issued at the same time as the Notice to Proceed described in the Qualification Allocation Plan;
 - ii. the notice of reservation will remain in effect as long as the Notice to Proceed remains in effect; and
 - iii. the notice of reservation may include State Credit to be allocated in future years.
- b. MaineHousing will issue a notice of reservation of State Credit for Qualified Rural Development Preservation Projects after receipt of the following:
 - i. An approval of transfer issued by Rural Development Headquarters;
 - ii. Current appraisal and capital needs assessment in compliance with Rural Development requirements;
 - iii. Repair plan approved by Rural Development; and
 - iv. Any additional documents needed by MaineHousing to determine the amount of credit.

5. Allocation of Credit.

- a. MaineHousing will issue an Allocation of Credit Certification for a Qualified Maine Project after:
 - i. MaineHousing issues a Form 8609 for the Federal Low Income Housing Tax Credit; and
 - ii. A restrictive covenant meeting the requirements of the State Low Income Housing Tax Credit Law and this rule is executed by the ~~owner of the project Owner~~ and MaineHousing and recorded in the appropriate registry of deeds.
- b. MaineHousing will issue an Allocation of Credit Certification for a Qualified Rural Development Preservation Project after:
 - i. receipt of a notice of final inspection from the Rural Development State Director;
 - ii. Calculation by MaineHousing of the amount of State Low Income Housing Tax Credit to be awarded to the Qualified Rural Development Preservation Project; and
 - iii. A restrictive covenant meeting the requirements of the State Low Income Housing Tax Credit Law and this rule is executed by the ~~owner of the~~

projectOwner and MaineHousing and recorded in the appropriate registry of deeds.

6. Recapture.

- a. MaineHousing may recapture State Credit in accordance with this section if any one or more of the following occurs:
 - i. For a Qualified Maine Project, failure to comply with any one or more of the following as determined in accordance with Section 42(g) of the Code;
 1. The applicable income limitation on any of the Credit Units;
 2. The next available unit rule; or
 3. The rent restriction on any of the Credit Units;
 - ii. For a Qualified Rural Development Preservation Project, a notice of violation or default of the Rural Development financing or rental assistance contract for the project that is not cured within any cure period specified by Rural Development in the notice, as may be extended by Rural Development;
 - iii. Failure to maintain the project in a safe, decent, sanitary condition and in good repair in accordance with UPSCS;
 - iv. Disposition of the project through sale, foreclosure, deed-in-lieu of foreclosure, or otherwise unless the project continues to be a Credit-qualified Affordable Housing Project;
 - v. Failure to comply with the minimum election made by Owner pursuant Section 42(g)(1) of the Code or the project otherwise fails to qualify as an Affordable Housing Project, as determined by MaineHousing;
 - vi. Loss of the project, any of the Credit Units, or any required amenities included in the eligible basis of the project that MaineHousing determines are essential to the operation of the project through damage, destruction, eminent domain, condemnation, or other action or event;
 - vii. Dissolution, liquidation, termination of existence, insolvency, or business failure of or assignment for the benefit of creditors by Owner;
 - viii. Any bankruptcy, receivership, reorganization, arrangement, insolvency, dissolution, or liquidation proceeding, or any other proceedings for the relief of debtors, under the U.S. Bankruptcy Code or any similar law, state or federal, whether now or hereafter existing, is instituted by or against Owner; or

- ix. Any other action or event that results in the project no longer being maintained as a Credit-qualified Affordable Housing Project.

The event of noncompliance in the above clause iv. of this subsection if the project will not continue to be a Credit-qualified Affordable Housing Project and the events of noncompliance in the above clauses v. through ix. of this subsection are considered egregious noncompliance for purposes of this section.

- b. MaineHousing will not recapture State Credit for any noncompliance that is corrected by Owner before MaineHousing discovers the noncompliance.
- c. MaineHousing will give Owner written notice of noncompliance and a reasonable period of time established by MaineHousing to correct the noncompliance. The notice will specify each event of noncompliance and the period of time for correcting the noncompliance, which may be different for each event. The period of time for correcting an event of noncompliance may be extended by MaineHousing. Any extension will be written and provide the reason for the extension.
- d. If all of the events of noncompliance specified in the notice are corrected within their respective correction periods, MaineHousing will not recapture State Credit.
- e. If any of the events of noncompliance specified in the notice are not corrected within the respective period for correcting the noncompliance, MaineHousing will recapture State Credit. Except for egregious noncompliance set forth in subsection a. above, MaineHousing will defer recapture of the State Credit until the earliest of:
- i. The end of the Compliance Period;
 - ii. Disposition of the project through sale, foreclosure, deed-in-lieu of foreclosure, or otherwise;
 - iii. Transfer of any interest in Owner that must be approved by MaineHousing pursuant to the MaineHousing *Transfers of Ownership Interests Rule*;
 - iv. MaineHousing determines there is a pattern of uncorrected noncompliance by the Owner; or
 - v. Any egregious noncompliance set forth in subsection a. above.
- f. The amount of the recapture of State Credit will be calculated when it is collected as follows:
- i. The amount of recapture is the difference between (a) the total State Credit allocated to the project and (b) an amount equal to the product of the total State Credit allocated to the project multiplied by a fraction, the numerator of which is the number of months the project remained a Credit-qualified Affordable Housing Project since the project was placed in service and the denominator of which is 180, which difference is then prorated in proportion

to the number of Credit Units that do not remain in compliance.

- ii. The number of months in which the project has remained a Credit-qualified Affordable Housing Project is the Compliance Period less the period of noncompliance.

The period of noncompliance is the period of time from the first day of the month in which the noncompliance first occurred, not when it was discovered, to the last day of the month in which the noncompliance is corrected. If there are multiple events of noncompliance, the period of noncompliance is the first day of the first month in which any event of noncompliance, not corrected within the applicable correction period, began to the last date of the month in which all noncompliance is corrected.

If recapture is collected before the end of the Compliance Period for any egregious noncompliance or other reason that results in the project no longer being maintained as a Credit-qualified Affordable Housing Project, the period of noncompliance will also include the period beginning on the first day of the month in which MaineHousing notifies Owner that recapture is due and ending on the last day of the Compliance Period.

- g. MaineHousing will give Owner written notice of the recapture amount and how the recapture amount was calculated. Owner must pay the recapture amount within the period of time set forth in the notice, which will not be less than 30 days and may be extended in writing by MaineHousing. If Owner does not pay the full amount of the recapture within the required period of time, MaineHousing may lien the project for the recapture amount plus accrued interest at the pre-judgment interest rate, in effect on the date of the lien as calculated in accordance with 14 M.R.S. §1602-B, until the lien is paid in full as set forth in the State Low Income Housing Tax Credit Law.
- h. All notices to Owner will be sent by registered mail or certified mail, return receipt requested, to Owner's last known address and will be deemed received within three (3) business days of being mailed.

6.7. General.

- a. MaineHousing may publish program guides for the allocation of the State Credit in accordance with the State Low Income Housing Tax Credit Law and this rule.
- b. MaineHousing will track annual allocations and provide information required by the State of Maine Department of Administrative and Financial Services, Bureau of Revenue Services to determine eligibility and amount of credit allocated each calendar year.
- c. MaineHousing will charge a reasonable fee for each State Credit project to defray its increased costs due to the State Credit.

7.8. Rule Limitations.

- a. Other Laws. If this rule conflicts with any provision of applicable federal or state law, such federal or state law shall control.
- b. Waivers. Upon determination for good cause, the Director of MaineHousing, or the Director's designee, may, subject to statutory limitations, waive any provision of this rule. Each waiver shall be in writing and shall be supported by documentation of the pertinent facts and grounds for the waiver.
- c. Full Discretion. MaineHousing is entitled to the full discretion allowed by law in making all decisions and interpretations under this rule.
- d. Final Agency Action. The Director of MaineHousing, individually or by exercise of the delegation of powers contained in the Act, shall make all decisions and take all action necessary to implement this rule. Such action of the Director shall constitute final agency action.
- e. Freedom of Access Act. MaineHousing is subject to the Freedom of Access Act, 1 M.R.S.A. §401 *et seq.*, which requires the disclosure of all information provided to MaineHousing that is not specifically excluded, such as confidential information under the Act. MaineHousing shall not be liable for the disclosure of any information that it determines must be disclosed under the Freedom of Access Act.
- f. Liability. Compliance with State Low Income Housing Tax Credit Law is the responsibility of the ownerOwner. MaineHousing is in no way responsible for an owner'sOwner's compliance or liable for an owner'sOwner's noncompliance. Any allocation, review or inspection by MaineHousing and any determination made by MaineHousing pursuant to this rule is for the sole benefit of MaineHousing. No liability or responsibility for ownerOwner compliance with applicable requirements and no representation or warranty of a project's feasibility or viability, eligibility for State Credit, or compliance shall be implied or construed from any such actions and determinations by MaineHousing.
- g. Headings/Context. The headings in this rule are for convenience only and do not define or limit the scope of the provisions of this rule.

BASIS STATEMENT: ~~The state low income housing tax credit law was enacted to provide funds for the development and preservation of multi-family affordable housing. Under the law, the amount of the state low income housing tax credit a project receives for new rental units is equal to the amount of federal low income housing tax credits the project receives in conjunction with the issuance of tax exempt bonds. At least 10% of the credit to be allocated in a calendar year, must be set aside for qualified rural development preservation projects that incur at least \$100,000 in improvements and do not receive federal low income housing tax credits. The law requires MaineHousing to allocate and administer the credit and define "rural areas."~~

PUBLIC COMMENT: ~~Notice of Agency Rule-making Proposal was published on MaineHousing's website and in appropriate newspapers on Wednesday, July 29, 2020, and sent to interested parties on July 15, 2020.~~

~~MaineHousing held a public hearing on Tuesday, August 18, 2020, to receive testimony on the proposed rule. Written comments were accepted until 5:00 p.m. EST on Friday, August 28, 2020. No one testified or provided written comment.~~

~~STATUTORY AUTHORITY: 30-A M.R.S.A. §§4722 and 4741.1 and 36 M.R.S.A. §5219-WW~~

~~FISCAL IMPACT NOTE: \$10,000,000 per year tax credits.~~

~~EFFECTIVE DATE: October 13, 2020~~

BASIS STATEMENT: This replacement rule repeals and replaces in its entirety the current State Low Income Housing Tax Credit Rule. The rule provides for the allocation and administration of the state affordable housing tax credit, a refundable credit for the development and preservation of certain affordable multifamily rental housing in Maine. The law establishing the credit requires MaineHousing to recapture credit for noncompliance and provides for a lien to enforce repayment of recapture. The replacement rule adds procedures for determining what constitutes noncompliance that causes recapture and when recapture is calculated and collected. The new procedures limit recapture to material noncompliance that is not corrected within a reasonable period of time and, except in cases of severe or repeated noncompliance, defer recapture to the end of the 15-year compliance period and limit recapture to the period of noncompliance to maintain the affordability of the projects, particularly the very low-income units, to the greatest extent possible during the compliance period and to minimize the financial impact on the projects.

PUBLIC COMMENT:

Process

STATUTORY AUTHORITY: 30-A M.R.S. §§4722(1)(GG) and 4741(1) and 36 M.R.S. §5219-WW.

FISCAL IMPACT NOTE: \$10,000,000 per year tax credits.

EFFECTIVE DATE: , 2022.



Energy & Housing Services Department Memorandum

To: MaineHousing Board of Commissioners

From: Troy Fullmer, Manager of HEAP *TF*

Date: April 12, 2022

Subject: Proposed Changes to Home Energy Assistance Program Rule (Chapter 24) for PY2023

The following highlights the major changes being proposed for the PY2023 Home Energy Assistance Program (HEAP). The proposed changes are a result of the collaborative efforts of MaineHousing, Maine Community Action Agencies, and the HEAP Working Group. Additional, non-substantive changes are being proposed to provide clarification.

Section 1: Definitions

Item N. MaineHousing is proposing to a definition of “Categorical Income Eligibility”.

Item CCC. MaineHousing is proposing to update the definition term “Indian Tribe” to “Native American Tribal Organization”.

Section 2: Application

Section C.3. MaineHousing is proposing to strike language related to minimum hours that Sugrantees should accept Applications.

Section 3: Eligibility

Section D. MaineHousing is proposing to add language that allows Categorical Income Eligibility for Households applying for HEAP that also receive TANF or SNAP assistance.

Section G. MaineHousing is proposing to allow Categorical Income Eligibility as a method to establish Household income for HEAP eligibility purposes.

Section H. MaineHousing is proposing to expand the period in which medical expenses can be deducted for Households found ineligible due to being over income, from the income period (1-month or 30-day period prior to date of application), to a 12-month period.

Section 6: TANF Supplemental Benefits

Section D. MaineHousing is proposing to distribute TANF Supplemental Benefits to Vendors prior to delivery verses post-delivery.

Section 7: Benefit Returns and Transfer

Section E. MaineHousing is proposing to allow Vendors fifteen (15) business days from the date on a Benefit Return form to return Benefits to MaineHousing verses fifteen (15) calendar days.

Section 8: Energy Crisis Intervention Program (ECIP)

Section G. MaineHousing is proposing to strike language related to MaineHousing or Subgrantees being able to require Households to repay the amount of an ECIP delivery if a Household receives an ECIP and it is subsequently determined that the Household was not eligible.

Section 9: Central Heating Improvement Program (CHIP)

Section A. MaineHousing is proposing to remove the income eligibility requirement for CHIP that household income is less than or equal to 200% Federal Poverty Level. Households that are eligible for HEAP Fuel Assistance will be income eligible for CHIP.

Section 10: HEAP Weatherization

Section D. MaineHousing is proposing to remove the income eligibility requirement for HEAP Weatherization that household income is less than or equal to 200% Federal Poverty Level. Households that are eligible for HEAP Fuel Assistance will be income eligible for HEAP Weatherization.

Section G.9. MaineHousing is proposing to allow up to two (2) major appliance replacements, with one being a water heater, per HEAP Weatherization job.

Section G.10. MaineHousing is proposing to remove the cost cap for Incidental Repairs.

Section G.11. MaineHousing is proposing to remove the cost cap for health and safety measures.

Section 11: Heat Pump Program

Section B. MaineHousing is proposing to remove the income eligibility requirement for the Heat Pump Program that household income is less than or equal to 200% Federal Poverty Level. Households that are eligible for HEAP Fuel Assistance will be income eligible for the Heat Pump Program.

Section 15: Vendors

Section F.1. MaineHousing is proposing to allow Vendors fifteen (15) business days from the date on a Benefit Return form to return Benefits to MaineHousing versus fifteen (15) calendar days.

Section F.2. MaineHousing is proposing to allow Vendors fifteen (15) business days versus fifteen (15) calendar days to submit a Benefit Return form and return all remaining Benefits to MaineHousing when a Vendor becomes aware of certain events listed in Section 2.a-g.

Section F.3. MaineHousing is proposing to allow Vendors fifteen (15) business days versus fifteen (15) calendar days to return all unused Benefits to MaineHousing following the termination of a Vendor Agreement.

MaineHousing is submitting a copy of the proposed Rule to the Office of the Attorney General for a legal preview. The public hearing will be held at the May 2022 Board meeting. Notice of the hearing will be published on MaineHousing's website and in newspapers statewide. The public

comment period will be open for a period of ten (10) calendar days following the public hearing. If there are no significant changes to the proposed rule after the hearing and comment period, MaineHousing will ask the Board to adopt the proposed rule at the June 2022 Board meeting.

PROPOSED MOTION:

To authorize MaineHousing to commence the rulemaking process to repeal Chapter 24 of MaineHousing's rules and replace it with the proposed Chapter 24 provided to the Commissioners in the Board packet and described in the memorandum from Manager of HEAP, Troy Fullmer, to the Commissioners dated April 12, 2022.

INDEPENDENT AGENCIES**MAINE STATE HOUSING AUTHORITY**

Summary: The Rule establishes standards for the Home Energy Assistance Program for the State of Maine as administered by the Maine State Housing Authority. The Home Energy Assistance Program provides Fuel Assistance and Energy Crisis Intervention Programs to ~~low~~-income Eligible Households. The Rule also establishes standards for the HEAP Weatherization, Central Heating Improvement Program, Heat Pump Program, and Supplemental Benefits funded by TANF funds.

1. Definitions.

- A. "Act" means the Maine Housing Authorities Act, [30-A M.R.S.A. § 4701](#) et seq., as it may be amended from time to time.
- B. "Annual Consumption Report" means the annual report Vendors must submit to MaineHousing to report their HEAP customers' Home Energy deliveries from May 1st through April 30th.
- C. "Apartment" means a Dwelling Unit within a multi-unit building.
- D. "Applicant" means a person listed as a Household member on a Primary Applicant's Application.
- E. "Applicant Household" means the Household members listed on the Application whose Countable Assets will be considered when determining eligibility for CHIP services. A Household member will be considered to be part of the Applicant Household if they have a familial relationship with or a joint financial account with an occupying owner of the Dwelling Unit. Full time high school students would not be considered Applicant Household members unless they are Primary Applicants.
- F. "Application" means forms and documents completed, signed, and provided by Primary Applicant to determine eligibility for a Benefit and ECIP.
- G. "Application Create Date" means the date an application is taken with the Primary Applicant by Subgrantee personnel.
- H. "Arrearage Management Program (AMP)" means the program to assist eligible low-income residential customers who are in arrears on their electricity bills as defined by [35-A MRSA §3214, sub-§2-A](#), as may be amended from time to time.
- I. "Benefit" means the dollar amount of Fuel Assistance an Eligible Household receives.
- J. "Benefit Return" means a Benefit, partial or whole, returned to MaineHousing.
- K. "Boarder" means a Roomer who is provided meals and is not related by birth, marriage or adoption to the household.
- L. "BTU" means British Thermal Unit.
- M. "Camper" means a trailer, semitrailer, truck camper, or motor home primarily designed and originally

constructed to provide temporary living quarters for recreational, camping, or travel use regardless of modification(s) or length.

M.N. “Categorical Income Eligibility” means an Applicant has a Household member who receives either TANF or SNAP assistance. The Household is considered income eligible for HEAP, as the Household income has already been vetted by Maine Department of Health and Human Services, and it is permissible under the HEAP Act for Households receiving TANF or SNAP assistance to be considered income eligible for HEAP.

N.O. “CHIP” means the Central Heating Improvement Program component of HEAP.

O.P. “Contractor” means a provider of materials or services to Eligible Households.

P.Q. “Countable Asset” means a resource that is available to meet the immediate and urgent needs of a Household, and includes: cash and funds on prepaid debit cards, money in a checking or savings account (health savings accounts, educational funds, and burial accounts are excluded), stocks or bonds, U.S. Treasury bills, money market funds, and retirement accounts provided there are no penalties or fees for withdrawals.

Q.R. “Close-out” means the reconciliation of receipts and use of all Fuel Assistance and ECIP funds by Vendor. It is Vendor’s responsibility to keep this information by Eligible Household and provide it to MaineHousing upon request.

R.S. “Consumption Based” means the method for determining an Eligible Household’s Home Energy consumption using actual energy deliveries as reported by the Vendor.

S.T. “Credit Notification Report” means the document sent to the Vendor guaranteeing payment post-delivery for Eligible Households. The Credit Notification Report lists each Primary Applicant’s name, address, Home Energy type, account information, and, as applicable, Benefit or TANF Supplemental Benefit.

T.U. “CTE” means to clean, tune, and evaluate a Heating System to ensure safe and efficient operation.

U.V. “Date of Application” means the date an Application is received by the Subgrantee.

V.W. “Date of Discovery” means the date MaineHousing receives information relating to suspected fraud.

W.X. “DHLC” means the design heat load calculation method for estimating Home Energy consumption.

X.Y. “Direct Energy Cost” means an Energy Cost that is directly paid by the Household.

Y.Z. “Dwelling Unit” means an occupied residential housing structure with one or more rooms that is used customarily as a domicile for one or more persons, when permanently connected to the required utilities (including plumbing, electricity and Heating Systems) and contains bathroom and kitchen facilities specific to that unit. A Dwelling Unit has its own private entrance from the outside or off an enclosed hallway leading from the outside that does not pass through or offer an open access to any other unit within the structure. A Dwelling Unit does not include a Camper, boat, railroad car, bus, yurt or other structure designed and constructed to provide temporary living quarters.

Z.AA. “ECIP” means the Energy Crisis Intervention Program component of HEAP.

- BB. "Elderly Person" means a person who is 60 years old or older, or a member of an Indian Tribe who is 55 years old or older.
- CC. "Eligible Household" means a Household that satisfies all eligibility and income requirements of the HEAP Act and requirements of this Rule.
- DD. "Energy Cost" means cost of energy used for heating a Dwelling Unit, Apartment, or Rental Unit.
- EE. "Energy Crisis" shall have the same meaning as set forth in [42 U.S.C.A. §8622\(3\)](#), as same may be amended from time to time. The term "energy crisis" means weather-related and supply shortage emergencies and other household energy-related emergencies.
- FF. "Errors and Program Abuse" means the act of obtaining assistance to which one is not entitled by means of submitting false statements or withholding information pertinent to the determination of eligibility or benefits. Also applies to Vendors who retain Benefits that should be returned or use Benefits for something other than intended purpose.
- GG. "Fuel Assistance" means the component of HEAP that assists Eligible Households with their Home Energy costs.
- HH. "HEAP" means the Home Energy Assistance Program established pursuant to the HEAP Act and the Act.
- II. "HEAP Act" means [42 U.S.C.A. §8621 et seq.](#), and the regulations promulgated there under, including [45 C.F.R. § 96.1](#) through 96.68 and [45 C.F.R. § 96.80 et seq.](#), all as may be amended from time to time.
- JJ. "HEAP Handbook" means the handbook in effect for a Program Year that is used as a resource and guide for the administration of HEAP.
- KK. "HEAP Weatherization" means the weatherization component of HEAP that provides Low-cost/no-cost Weatherization Activities and other cost-effective energy-related home repairs or installations.
- LL. "Heating Season" means the period of time beginning October 1 and ending April 30.
- MM. "Heating Source" means any device used to provide heat to a Dwelling Unit.
- NN. "Heating System" means a permanently installed system that is used to heat the Dwelling Unit. A portable space heater is not considered to be a Heating System.
- OO. "Heat Pump" means a ductless heating system that provides heat by extracting heat from outside air and delivering it indoors as needed.
- PP. "Home Energy" means a source of heating or cooling in residential dwellings as set forth in [42 U.S.C.A. §8622\(6\)](#), as same may be amended from time to time.
- QQ. "Household" means any individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy in the form of rent as set forth in [42 U.S.C.A. §8622\(5\)](#), as same may be amended from time to time.
- RR. "Household Income" means the total income from all sources before taxes and deductions as

further defined in this Rule.

- SS. “Incidental Costs” means costs of services billed to a Household by a Vendor related to the use or delivery of Home Energy including, but not limited to: surcharges, penalty charges, reconnection charges, clean and repair service charges, security deposits, delivery charges, and insurance.
- TT. “Incidental Repairs” means those repairs necessary for the effective performance or preservation of weatherization materials.
- “Indian Tribe” means the Penobscot Indian Nation, the Passamaquoddy Indian Tribe, and the Houlton Band of Maliseet Indians as defined in the Maine Indian Claims Settlement Act, 30 M.R.S.A. §6201 et seq., and the Aroostook Band of Micmacs as defined in the Maine Micmac Settlement Act, 30 M.R.S.A. §7201 et seq.
- UU. “Indirect Determinable Energy Cost” means a cost for Home Energy used by the Household that is not directly paid for by the Household. For example, heat included as part of the rent for a Rental Unit.
- VV. “Invitation to Bid” or “Request for Proposals” means the process to solicit bids or proposals to satisfy the requirements of this Rule.
- WW. “Live-in Care Attendant” means a person, not considered part of the household, who; (i) provides needed health/supportive services to a member of the households as documented by a qualified professional; (ii) would not be living in the unit except to provide the necessary supportive services; and (iii) does not contribute financially to the household.
- XX. “Life Threatening Crisis” means the household is currently without heat or utility service to operate a Heating Source or a Heating System.
- YY. “Low-cost/no-cost Weatherization Activities” means those activities authorized pursuant to [10 C.F.R. §440.20](#), as may be amended from time to time.
- ZZ. “MaineHousing” means the Maine State Housing Authority.
- AAA. “Manufactured/Mobile Home” means a residence that is constructed at a manufacturing facility on a permanent chassis (i.e. the wheel assembly necessary to transport the residence is removable, but the steel undercarriage remains intact as a necessary structural component) and is transportable in one or more sections, which in traveling mode is 12 body feet or more in width and as erected on site is 600 or more square feet.
- BBB. “Modular” means a residence that is constructed at a manufacturing facility, but not constructed on a permanent chassis, and is transportable in one or more sections on an independent chassis such as a truck or train.
- CCC. “Indian Tribe Native American Tribal Organization” means the Penobscot Indian Nation, the Passamaquoddy Indian Tribe, and the Houlton Band of Maliseet Indians as defined in the Maine Indian Claims Settlement Act, 30 M.R.S.A. §6201 et seq., and the Aroostook Band of Micmacs as defined in the Micmac Settlement Act, 30 M.R.S.A. §7201 et seq.
- DDD. “Non-occupying Co-owner” means a person who shares a legal ownership interest in the Dwelling Unit occupied by the Applicant Household. The Non-occupying Co-owner does not reside in the

Dwelling Unit being considered for CHIP services.

- EEE. "Notice of Termination of Subgrantee" means a written statement notifying the Subgrantee of the cause and effective date of its termination.
- FFF. "Open Enrollment" means period of time a vendor can request and/or file an application to participate as a contracted Vendor.
- GGG. "Overpayment" means any HEAP benefits paid to, or on behalf of, any Applicant or Household that exceeds the amount the Applicant or Household was eligible to receive.
- HHH. "Person with a Disability" means a person who (1) has a physical or mental impairment that substantially limits one or more of a person's major life activities; (2) has a physical or mental impairment that significantly impairs physical or mental health, which means having an actual or expected duration of more than 6 months and impairing health to a significant extent as compared to what is ordinarily experienced in the general population; (3) has a physical or mental impairment that requires special education, vocational rehabilitation or related services; (4) has without regard to severity unless otherwise indicated, absent, artificial or replacement limbs, hands, feet or vital organs; alcoholism; amyotrophic lateral sclerosis; autism, bipolar disorder; blindness or abnormal vision loss; cancer; cerebral palsy; chronic obstructive pulmonary disease; Crohn's disease; cystic fibrosis; deafness or abnormal hearing loss; diabetes; substantial disfigurement; drug addiction; emotional illness; epilepsy; heart disease; HIV or AIDS; kidney or renal diseases; lupus; major depressive disorder; mastectomy; mental retardation; multiple sclerosis; muscular dystrophy; paralysis; Parkinson's disease; pervasive development disorders; rheumatoid arthritis; schizophrenia; speech impairment, and acquired brain injury; (5) has a record of any of the physical or mental impairments described in the foregoing clauses (1) through (4); or (6) is regarded as having or is likely to develop any of the physical or mental impairments described in the foregoing clauses (1) through (4). The existence of a physical or mental disability is determined without regard to the ameliorative effects of mitigating measures such as medication, auxiliary aids or prosthetic devices.

A physical or mental disability or impairment does not include pedophilia, exhibitionism, voyeurism, sexual behavior disorders, compulsive gambling, kleptomania, pyromania, tobacco smoking, or any condition covered under [5 M.R.S.A. §4553, sub-§9-C](#). It does not include psychoactive substance use disorders resulting from current illegal use of drugs, although this may not be construed to exclude a person who has successfully completed a supervised drug rehabilitation program and is no longer engaging in the illegal use of drugs or has otherwise been rehabilitated successfully and is no longer engaging in such use; is participating in a supervised rehabilitation program and is no longer engaging in such use; is erroneously regarded as engaging in such use, but is not engaging in such use; or in the context of a reasonable accommodation in employment is seeking treatment or has successfully completed treatment.

- III. "Price Protection Plan" means an agreement between Vendor and a customer to purchase Home Energy at an agreed upon price.
- JJJ. "Primary Applicant" means a person who signs the completed Application.
- KKK. "Priority Applicant" means a Household with a direct energy cost as well as a member in a household who is (i) an elderly person, or (ii) has a disability, or (iii) 72 months (6 years) or younger.
- LLL. "Programs" means Fuel Assistance, ECIP, CHIP, and HEAPWeatherization.

- MMM. "Program Year" means the period of time beginning October 1 and ending September 30.
- NNN. "Rental Unit" means a Dwelling Unit that is rented.
- OOO. "Reporting Vendor" means a Vendor who is contractually obligated to report the Home Energy deliveries the Vendor has made on behalf of an Eligible Household.
- PPP. "Retail Cash Price" means the posted price a Vendor charges for Home Energy per gallon.
- QQQ. "Roomer" means a person who qualifies as a separate Household and pursuant to a rental agreement rents no more than two rooms in a Dwelling Unit occupied as separate living quarters and who may, depending upon the rental agreement, be granted privileges to use, but not reside in, other rooms located in the same Dwelling Unit. A Roomer cannot be related by birth, marriage or adoption to any member of the lessor's Household.
- RRR. "Service Area" means the geographic area, as defined by MaineHousing, within which the Subgrantee operates and administers the Programs.
- SSS. "Social Security Benefits" means social security income benefits pursuant to Title II of the United States Social Security Act of 1935 and supplemental security income benefits pursuant Title XVI of the United States Social Security Act of 1935, as amended, [42 U.S.C. §1381 et seq.](#), and State supplemental income benefits provided pursuant to [22 M.R.S.A. §3201 et seq.](#), all as may be amended from time to time.
- TTT. "State" means the State of Maine.
- UUU. "Subgrantee" means a public or private nonprofit agency, or municipality, selected by MaineHousing to administer the Programs.
- VVV. "Subsidized Housing" means Households whose rent is based on their income or the subsidy pays for any portion of their mortgage. Housing in which a tax credit or federal/state loan is applied to reduce debt burden on the property is not considered Subsidized Housing. A resident of a residential housing facility including without limitation group homes, homeless shelters, and residential care facilities or a Tenant who pays below market rent or no rent due to the landlord receiving a federal or state subsidy for rent is living in Subsidized Housing.
- WWW. "Supplemental Benefits" means the benefits that are funded with supplemental HEAP funds (beyond the original grant award).
- XXX. "Supplemental Nutrition Assistance Program (SNAP)" means the nutrition assistance program administered by the United States Department of Agriculture. The goals of SNAP are to improve participants' food security and their access to a healthy diet.
- YYY. "TANF" means payments under the Temporary Assistance for Needy Families program as defined in [22 M.R.S.A., Chapter 1053-B, § 3762 et seq.](#), as same be amended from time to time.
- ZZZ. "TANF Supplemental Benefits" means the benefits that are funded with TANF funds pursuant to [22 M.R.S.A., Chapter 1053-B, § 3769-E.](#)
- AAAA. "Tenant" means an Applicant who resides in a Rental Unit or Apartment.
- BBBB. "Vendor" means an energy supplier that has entered into a Vendor Agreement

with MaineHousing to provide Home Energy to Eligible Households.

CCCC. "Vendor Agreement" means a signed agreement between MaineHousing and a Vendor that contains terms and conditions by which the Vendor will provide Home Energy to Eligible Households.

DDDD. "Vendor Voucher Report" means the document sent to the Vendor that lists Eligible Households' Benefits, including each Primary Applicant's name, address, phone number, Benefit amount, Home Energy type, account information, and Subgrantee.

EEEE. "Watch List" means the MaineHousing list of Vendors that will not receive payment in advance for Eligible Households' Benefits. In the event MaineHousing determines, in its sole judgment, based on Vendor's actions or omissions or other information obtained by MaineHousing directly or from any third party, that such actions, omissions or other information raise issues concerning Vendor's continued ability to make Home Energy deliveries or otherwise comply with the terms of the Vendor Agreement, or that Vendor's performance is out of compliance with the requirements of the Vendor Agreement, MaineHousing may, in its sole discretion, place Vendor on this list.

FFFF. "Weatherization Assistance Program (WAP)" means the program enabled and funded by the federal Energy Conservation in Existing Buildings Act of 1976, as same may be amended from time to time. Its purpose is to increase the energy efficiency of dwellings owned or occupied by low-income persons, reduce their total residential energy expenditures, and improve their health and safety.

GGGG. "Weatherization Materials" shall have the same meaning as set forth in Part A of the Energy Conservation in Existing Buildings Act of 1976, [42 U.S.C. §§6861, 6862\(9\)](#), as same may be amended from time to time.

2. Application.

A. An Applicant may have only one certified eligible ~~standard~~ Application ~~and/or one ECIP Application~~ per Program Year.

B. An Applicant may resubmit a new Application if the Household's Application has either been denied or withdrawn any time prior to the issuance of a Benefit.

C. The Application will be processed in accordance with the requirements of this Section:

1. The Subgrantee will begin taking Applications as prescribed by MaineHousing each Program Year.

2. A Subgrantee will continue taking Applications until July 15 (or the first business day following July 15 if it falls on a weekend) of the Program Year.

~~3. The Subgrantee shall accept Applications during normal business hours, which shall consist of a minimum of thirty (30) hours during each week through April 30 and a minimum of eight (8) hours during each week May 1 through July 15 of the Program Year.~~

~~4.3. The Subgrantee must use forms provided or approved by MaineHousing to administer the Programs. Additional forms may be used by the Subgrantee provided the forms have been reviewed and approved by MaineHousing. Forms will be submitted for~~

review and approval annually prior to the commencement of taking applications each ~~program~~Program year Year.

5.4. The Subgrantee will make a reasonable and good-faith effort during the first ninety (90) days it takes Applications to interview, process, and serve ~~new and returning~~ Priority Applicants who have a Direct Energy Cost.

6.5. The Subgrantee will make a reasonable and good-faith effort to conduct outreach activities and process applications for any Household that has wood as its primary Home Energy source within the first ninety (90) days of taking Applications for the Program Year.

7.6. At Applicant's request, and as otherwise appropriate, the Subgrantee must make reasonable accommodations for a Person with a Disability.

8.7. Any Applicant may apply via telephone. The telephone Application process includes completing the Application over the telephone with the Subgrantee administering the Programs in the Service Area in which the Household resides; the Subgrantee ~~mails~~sends the completed Application and other appropriate documents to the Primary Applicant for review, signature, and date.

9.8. Limited English Proficiency (LEP) can be a barrier to accessing important benefits or services, understanding and exercising important rights, complying with applicable responsibilities, or understanding other information provided by the HEAP program. In order to address this concern Subgrantees must comply with MaineHousing's Language Assistance Plan.

10.9. Application must be made with the Subgrantee administering the Programs in the Service Area in which the Household resides. In the event an Application is received by a Subgrantee for a Household residing in a Service Area other than the Subgrantee's designated Service Area, the Subgrantee shall notify the Primary Applicant of the error and forward the Application and supporting documentation to the applicable Subgrantee.

11.10. Primary Applicant is responsible for providing all information necessary to establish the eligibility of a Household. The Subgrantee must verify the income and identity of the Applicant(s) as prescribed by HEAP Handbook.

The Subgrantee shall verify Primary Applicant's identity by requesting a government-issued, photo identification card. One of the following is acceptable to establish the identity of the Primary Applicant:

- a. Driver's license;
- b. State issued ID card;
- c. Passport or passport card;
- d. U.S. Military ID; or
- e. SNAP electronic benefit transfer (EBT) card with photo.

12.11. All Applicant(s) two years of age or older must provide proof of their Social

Security Number (SSN). One of the following documents is acceptable provided it contains all nine digits of the Applicant's SSN and the Applicant's full name:

- a. Social Security Card issued by the Social Security Administration;
- b. SSA 1099 tax form;
- c. Non SSA-1099 tax form;
- d. Medicare card with number ending with the suffix "A";
- e. Valid unexpired U.S. Military documents such as DD Form 214 Certificate of Release or Discharge from Active Duty issued by the U.S. Department of Defense;
- f. Bank tax form; or
- g. W-2 (wage and tax statement).

If the Household includes a child under the age of ~~two~~24 months old who has not received a SSN, the Application is processed. However, the Primary Applicant must provide the child's SSN for subsequent Program Year Applications after the child reaches the age of 24 months old.

If a Household member is not a U.S. citizen, Applicant must provide a Social Security card issued by the Social Security Administration or an unexpired foreign passport with a valid unexpired U.S. Visa affixed accompanied by the approved I-94 form documenting the Applicant's most recent admittance into the United States, and documentation of Applicant's status as a qualified alien pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, [8 USC §1641](#), such as a legal permanent resident, a refugee, an asylee, an individual paroled into the U.S. for a period of at least one (1) year, an individual whose deportation has been withheld, or an individual granted conditional entry.

43.12. As part of the application process all Applicants 18 years of age or older must sign a release to grant permission to share their personal information, as follows:

- a. Maine Department of Health and Human Services, the Maine Department of Labor, and the Social Security Administration to share information with the Subgrantee or MaineHousing regarding information relevant to the Application about the Applicant at each of those agencies, including the benefits received from each of those agencies.
- b. Subgrantee and MaineHousing to provide information to and obtain information from the agencies listed above or others as needed to determine and confirm eligibility for MaineHousing programs and other programs administered by the Subgrantee.
- c. Subgrantee and MaineHousing to disclose Applicant information for the determination of eligibility for programs administered by State, federal, and local agencies.

D. The information on an Application may be considered conflicting if it is inconsistent with

verbal information provided by an Applicant, with other information on the Application, with prior Program Year Applications, or with information received from a third party.

1. No information received from a third party, other than a government agency, will be used to determine eligibility, unless it is verified by an independent, reliable source.
2. In the case where an Applicant's eligibility is in question because of conflicting information received from a third party, the Subgrantee or MaineHousing shall allow the Primary Applicant an opportunity to amend the current Application or reaffirm the information on it. Primary Applicant may also withdraw Application at any time (prior to payment of Benefit). A new Application (rather than amended) would be required should an Applicant pursue assistance after withdrawal.
3. If the Primary Applicant elects not to amend the Application, eligibility shall be based on information contained in the Application and documentation provided by the Primary Applicant, documentation provided by a government agency, or information verified by other sources.
4. If verified information results in the Household being ineligible or determines the existence of Errors and Program Abuse or willful misrepresentation, the Application may be subject to denial or termination of Benefits.

E. The Subgrantee ~~will~~must certify or deny an Application within thirty (30) business days from the Date of Application.

1. Written notification of eligibility will be sent to the Primary Applicant within (10) ten calendar days of the decision or when funding is available, whichever is later. The benefit notification shall:
 - a. State the Benefit amount;
 - b. State the date the Benefit or a Credit Notification was sent to the Vendor;
 - c. State the approved Home Energy type;
 - d. State the manner by which the Primary Applicant can request an appeal, if applicable.
2. Written notification of denial must be sent to the Primary Applicant within (3) three business days whether funding is available or not. The denial notification shall:
 - a. State the facts surrounding the decision;
 - b. State the reason(s) for the decision;
 - c. State the manner by which the Applicant can request an appeal.

A denial for missing information will be rescinded if the required information is received by the Subgrantee within (15) fifteen business days from the date of the denial notification.

3. Eligibility.

- A. Except as may be expressly provided for elsewhere in this Rule, eligibility shall be determined on the basis of information submitted by the Primary Applicant as of the Date of Application. MaineHousing and Subgrantees reserve the right to ask for additional or clarifying information from Primary Applicant, Applicant(s), or third parties to determine eligibility.
- B. A Household may be eligible for Supplemental Benefits or TANF Supplemental Benefits if available.

C. MaineHousing uses the federal Poverty Income Guidelines and State Median Income Guidelines as reported annually by the United States Department of Health and Human Services. MaineHousing reserves the right to manage the Programs within those guidelines when determining benefits. MaineHousing will determine eligibility based on the availability of federal funding for the Programs during each Program Year.

~~D. Households in which at least one member receives TANF or SNAP assistance will be considered have Categorical Income Eligibility for HEAP. Households providing documentation of receiving TANF or SNAP assistance on the Date of Application may have their HEAP Benefit determined at a pre-established percentage of the federal poverty level, or using actual verited income if provided by Maine DHHS. If documentation of receiving TANF or SNAP assistance is not provided by the Applicant, the Applicant must provide income documentation as outlined in Section G.~~

~~E. Dwelling Unit Eligibility.~~

1. The Dwelling Unit must have a functioning Heating System. If the dwelling does not have a functioning Heating System, the Subgrantee may certify the Application for CHIP only provided the Application is complete and all applicable documentation has been provided.
2. If the dwelling is not permanently connected to or serviced by standard utilities such as electricity and water, the Subgrantee will obtain additional documentation to substantiate the Household occupies the dwelling as its primary residence on a full-time/year-round basis.
3. Applicants residing in Subsidized Housing with heat included in their rent may be eligible for Fuel Assistance if the Household pays a portion of their rent or utility costs. MaineHousing will issue a Benefit in an amount to maximize benefits under SNAP.
4. An Applicant who is self-employed and uses part of their Dwelling Unit for business may apply for the Programs. Benefits will be determined based on the rooms occupied and used by the Applicants as a residence; that part of the Dwelling Unit designated for business use will not be included.
5. Applicants who reside in hotels and motels may be eligible for Fuel Assistance if the Household provides documentation that the hotel/motel has been their permanent residence for at least sixty (60) days prior to the Date of Application.
6. If a Household's Application has been certified eligible, but all Applicants move to Subsidized Housing with heat included or an ineligible Dwelling Unit prior to the Benefit being paid, Household may not be eligible for the entire Benefit depending on Date of Application and Home Energy use during current Program Year.

7. A Household is not eligible for Programs when the Household resides in a Camper, regardless of any and all modification(s) or length, boat, railroad car, bus, yurt or other structure designed and constructed to provide temporary living quarters.

II. Household Eligibility.

1. A Household is eligible for a Benefit if, on the Date of Application:
 - a. it is a full-time resident of the State and resides, intends to reside, or has resided in a Dwelling full-time for at least four (4) months during a Heating Season and;
 - b. it has a Direct Energy Cost or Indirect Determinable Energy Cost.
2. Pursuant to definition of Household, Eligible Household Members may also include:
 - a. aliens who have obtained the status of an alien lawfully admitted for temporary residence under Section 210 of the Immigration and Nationality Act by approval of an application and are categorized as Special Agricultural Workers (SAW) who perform seasonal agricultural work during a specified period of time;
 - b. an alien who has obtained the status of an alien lawfully admitted for temporary residence under Section 245A of the Immigration and Nationality Act by approval of an application and who is aged, blind and/or disabled as defined in Section 1605 of the Social Security Act ([Public Law 74-271](#)) or Cuban or Haitian aliens as defined in [Public Law 96-422](#), Section 501 (e).
Applicants are considered eligible if they have a Social Security card issued by the Social Security Administration, Green Card or show permanent Residents (I-551 Alien Registration Card, Passport, I-688B Employment authorization card, I-766 Employment Authorization Document, I-94 with R-1 or R-2 status designation). I-94 documents with no status designated only show permission to enter the U.S. but do not establish residency;
 - c. Eligible minor children residing with ineligible non-citizens;
 - d. a member of the Household who is away from the home part of the time is included as a Household member and their income must be included on the Application;
 - e. a live-in care attendant will be considered part of the Household if the live-in care attendant does not meet the definition of a Live-in Care Attendant in Section 1 of this Rule.
3. A full-time college student, up to age 23 years old, or more than 23 years of age if permanently and totally disabled, who is a dependent of the Household and resides in the Dwelling Unit on the Date of Application, may be excluded from the Household if the Primary Applicant chooses, as long as the college student is not the Primary Applicant. If excluded from the Household, his or her income would not be counted. The Applicant must provide proof of student status and enrollment at a university, vocational college, business college, or other accredited institution for twelve (12) credit

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hours or more per semester.

4. If otherwise eligible, Roomers and Boarders are eligible for a Benefit to the extent such Applicants prove that the rental arrangement giving rise to their Roomer or Boarder status was in existence for at least sixty (60) days prior to the Date of Application. At a minimum, such proof shall include verification that a reasonable market rate rent amount was paid by the Roomer or Boarder pursuant to the terms and conditions of the rental agreement for the entire sixty (60) day period. Roomers and Boarders cannot commingle funds or share expenses with lessor's Household.

ELG. Eligibility is based on documented Household Income or Categorical Income Eligibility. Household Income is determined and verified in accordance with the information provided on the Application and verified as part of eligibility determination process.

1. Household Income received during the one (1) month or 30-day period preceding the Application Create Date. Primary Applicants must provide pay stubs, or a statement from all current or former employer(s), documenting Household Income received during the one (1) month or 30-day income period prior to the Application Create Date.
2. Household Income includes, but is not limited to, the following:
 - a. Wages, salaries, and bonuses before any taxes or deductions;
 - b. Self-employment income. Households with self-employment income must use a current year's tax return if filed. If the Household has not filed a current year's tax return then the tax return for the previous year may be used. When supported by a tax return, self-employment income is defined as the total of net income (including net rental income) plus the total net gain from sales of capital goods or equipment plus depreciation. If the Applicant has not filed a tax return for the current or previous year, the Applicant may complete a self-employed income statement/worksheet accounting for the last twelve (12) months of income. Supporting documentation must be provided to substantiate the information on the statement/worksheet. Deductions or expenses related to self-employment income shall not be factored in to the amounts counted as income unless the Applicant provided the complete tax return from the current or prior year;
 - c. Social Security Retirement (SS), Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) Benefits;
 - d. Unemployment and worker's compensation and/or strike benefits from union funds;
 - e. Spousal support or alimony received by an Applicant, or mortgage/rent payments in lieu of or in addition to payments;
 - f. Court ordered or voluntary child support payments received by an Applicant, or mortgage/rent payments in lieu of or in addition to support payments;
 - g. Military allotments (pay);

- h. Veteran's Benefits;
 - i. Other support from an absent family member or someone not living in the Household excluding loans;
 - j. Income of person living in the Household who is a non-qualified alien and 18 years of age or older;
 - k. Government employee pensions, private pensions, and regular annuity payments;
 - l. Income from dividends, rents, royalties, estates, trusts, and interest. Interest income under \$200.00 must be included as income, but does not need to be supported by documentation;
 - m. Net rental income, including funds received from Roomers and Boarders;
 - n. Winnings from any source of gambling or gaming is considered income including, but not limited to private gambling, lottery, horse racing, bingo, etc.
 - o. TANF including Gap, and Pass-Through, or any other regular support from a government or private agency;
 - p. Jury duty fees;
3. Exemptions from Household Income include:
- a. Assets drawn down from financial institutions;
 - b. Foster care payments;
 - c. Adoption assistance;
 - d. In-kind payments to an Applicant in lieu of payment for work, including the imputed value of rent received in lieu of wages or items received in barter for rent;
 - e. Capital gains (for business purposes);
 - f. Income from the sale of a primary residence, personal car, or other personal property;
 - g. Tax refunds;
 - h. One-time insurance payments;
 - i. One-time compensation for injury;
 - j. Non-cash income such as General Assistance voucher payments, the bonus value of food and fuel produced and consumed on farms, and the imputed value of rent from owner-occupied farm housing;
 - k. Bank loans, reverse mortgages, and home equity loans;
 - l. Reimbursement for expenses incurred in connection with employment;

- m. Reimbursement for medical expenses;
- n. Any funds received for education from grants, loans and scholarships, and work study;
- o. Retroactive payments and overpayment adjustments from an entitlement program for a time period outside of the period being considered for HEAP eligibility (i.e. worker's comp, Social Security Benefits, etc.);
- p. Income earned by an Applicant who is a full time high school student;
- q. Income earned by a full-time college student who is not counted as a Household member pursuant to Section E.3 of this Rule;
- r. Combat zone pay to the military;
- s. Credit card loans/advances;
- t. All income used to fulfill a Social Security Administration Program to Achieve Self-Sufficiency (PASS);
- u. Federal payments or benefits excluded by law as set forth below:
 - 1. Payments received under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (84 Stat. 1902, [42 U.S.C. 4636](#)).
 - 2. Payments of land settlement judgments distributed to or held in trust for members of certain Indian Tribes under Public Laws [92-254](#), [93-134](#), [93-531](#), [94-114](#); [94-540](#), [97-458](#), [98-64](#), [98-123](#) and [98-124](#).
 - 3. Funds available or distributed pursuant to [Public Law 96-420](#), the Maine Indian Claims Settlement Act of 1980 ([25 U.S.C. 1721 et. seq.](#)) to members of the Passamaquoddy Tribe, the Penobscot Nation and the Houlton Band of Maliseet Indians.
 - 4. The value of the allotment provided a household under the Supplemental Nutrition Assistance Program ([7 U.S.C.A. 51](#)).
 - 5. The value of assistance to children as excluded under the National School Lunch Act ([42 U.S.C. 1760\(e\)](#)) and under the Child Nutrition Act of 1966 ([42 U.S.C. 1780\(b\)](#)).
 - 6. The value of commodities distributed under the Temporary Emergency Food Assistance Act of 1983 ([Public Law 98-8](#), [7 U.S.C. 612c](#)).
 - 7. Allowances, earnings and payments to individuals participating in programs under the Workforce Innovation and Opportunity Act <https://www2.ed.gov/about/offices/list/oac/ci/AdultEd/wioa-authorization.html><https://www.congress.gov/113/bills/hr803/BILLS-113hr803enr.pdf>

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8. Program benefits received under the Older Americans Act of 1965 ([42 U.S.C. sub-section 3020\(a\)\(b\)](#)) as wages under the Senior Community Service Employment Program (SCSEP).
9. Payments to volunteers under the Domestic Volunteer Service Act of 1973 ([Public Law 93-113, 42 U.S.C. 5044](#)).
10. The value of any assistance paid with respect to a dwelling unit under the United States Housing Act of 1937, the National Housing Act, Section 101 of the Housing and Urban Development Act of 1965, or Title V of the Housing Act of 1949.
11. The tax-exempt portions of payments made pursuant to the provisions of the Alaska Native Claims Settlement Act ([Public Law 92-203, 43 U.S.C. 1620\(a\)](#)).
12. Payments for supportive services or reimbursement of out-of-pocket expenses made to individual volunteers serving as foster grandparents, senior health aides, or senior companions, and to persons serving in the Service Corps of Retired Executives (SCORE) and Active Corps of Executives (ACE) and any other programs under Titles II and III, pursuant to Section 418 of [Public Law 93-113](#).
13. Any wages, allowances or reimbursement for transportation and attendant care costs, unless accepted on a case-by-case basis, when received by an eligible handicapped individual employed in a project under Title VI of the Rehabilitation Act of 1973 as amended by Title II of [Public Law No. 95-602](#).
14. All student financial assistance including the following programs funded under Title IV of the Higher Education Act as amended:
 - a. Pell Grants;
 - b. Supplemental Educational Opportunity Grants;
 - c. Grants to States for State Student Incentives;
 - d. Special Programs for Students from Disadvantaged Backgrounds;
 - e. Special Programs for Students Whose Families are Engaged in Migrant and Seasonal Farm work;
 - f. Robert C. Byrd Honors Scholarship Program;
 - g. Assistance to Institutions of Higher Education;
 - h. Veterans Education Outreach Program;
 - i. Special Child Care Services for Disadvantaged College Students.

j. Payments to veterans for Aid and Attendance benefits.

4. For any Applicant who pays court ordered child support, the Subgrantee will deduct paid and documented child support payments made during the income period from the Applicant's gross income.

~~E.H.~~ For any Household found ineligible due to being over income, the Subgrantee will deduct paid and documented medical expenses not reimbursed for the ~~income~~~~12-month~~ period ~~prior to the Date of Application~~ from the gross income in an amount only enough to make Household eligible. Medical expenses may include medical and dental insurance premiums and transportation to medical appointments. Subgrantees will use Internal Revenue Service Publication 502, as same may be amended from time to time, to identify eligible medical and dental expenses.

~~H.L.~~ Primary Applicants may be required to refund any Overpayment. A Household's Eligibility to receive benefits from Programs is contingent on the resolution of any Overpayment.

1. MaineHousing will recoup all outstanding Overpayments from any current or future Benefits until the Overpayment is paid in full. MaineHousing will recoup 50% of a Household's current Program Year's Benefit and 50% of a Household's future Program Years' Benefits until the Overpayment has been paid in full.
2. The Household will be eligible for ECIP if they have entered into and are in compliance with the terms of a repayment agreement with MaineHousing to resolve the Overpayment or the Overpayment has been paid in full.
3. The Household will not be eligible to receive benefits under the Weatherization Assistance Program, ~~or CHIP, or Heat Pump Program~~ until the Overpayment is paid in full.

4. Benefit Determination.

- A. Benefits are determined to ensure that Eligible Households with the lowest income and the highest Energy Cost in relation to income, taking into account family size, will receive a higher Benefit.
- B. Tenants residing in Subsidized Housing with heat included in their rent, who pay a portion of their rent or utility costs, are only eligible to receive a Benefit in an amount to maximize benefits under SNAP.
- C. MaineHousing, or the Subgrantee as allowed by MaineHousing, will assign a number of points to an Eligible Household that correlates to their Energy Costs. The number of points will be adjusted by an assigned percentage that correlates to the Eligible Household's poverty level. The adjusted number of points will then be multiplied by a dollar value based on the amount of the federal HEAP grant received and the number of Eligible Households served in the previous Program Year, the average Energy Cost for an Eligible Household in the previous Program Year, any anticipated increase or decrease in the federal HEAP grant to be received in the current Program Year, and any anticipated increase or decrease in average Benefits or the number of Eligible Households.

MaineHousing will announce the actual dollar value of Consumption Based and DHLC points no later than the fifteen (15) calendar days following receipt of the federal HEAP grant award.

1. The number of points assigned to an Eligible Household will be determined pursuant to the following:

Calculated or Reported Energy Cost	Points
\$01-\$400	5
\$401-\$800	10
\$801-\$1200	15
\$1201-\$1600	20
\$1601-\$2000	25
\$2001-\$2500	30
\$2501 and over	35

Calculated or Reported Energy Cost falling between brackets will be rounded to the next higher or lower dollar amount, as appropriate. For example:
\$400.01-\$400.49 will be rounded to \$400; \$400.50-\$400.99 will be rounded to \$401.

Poverty Level as Calculated under the Federal Poverty Income Guidelines (FPIG)	Percentage of Points
0%-25%	130%
26%-50%	120%
51%-75%	110%
76%-100%	100%
101%-125%	90%
126%-150%	80%
>than 150% FPIG but not exceeding the maximum of the greater of 150% FPIG or 60% state median income	70%

Calculated poverty level amounts falling between brackets will be rounded to the next higher or lower amount. For example: income at 75.1% will be rounded to 75%; income at 100.6% will be rounded to 101%.

All final point results that are fractional will be rounded up to the nearest whole number.

2. Calculating Energy Costs. Energy Costs are calculated by the Consumption Based or DHLC method.
 - a. Consumption Based. Energy Costs will be based on the Eligible Household's actual Home Energy deliveries, as reported on the Annual Consumption Report, for the primary Heating System as declared on the Eligible Household's Application.
 1. If the primary Heating System is electric, Energy Costs will be calculated by deducting 30% of the Household's annual electricity costs as reported by their Vendor on the Annual Consumption Report from the total annual electricity cost as reported by the Vendor on the Annual Consumption Report. The 30% deduction accounts for the non-heating usage of electricity.
 2. If an Eligible Household resides in Subsidized Housing and has a Direct Energy Cost, any annual utility allowance for heating will be deducted from the Eligible Household's Energy Cost reported by the Vendor on the Annual Consumption Report.

3. If after 30% of annual electricity cost is deducted for non-heating usage of electricity when applicable, and after annual utility allowances for heating are deducted from annual Household Energy Cost reported by the Vendor on the Annual Consumption report, the Household has a calculated energy cost of less than or equal to zero (0), the Household is only eligible to receive a Benefit in an amount to maximize benefits under the Supplemental Nutrition Assistance Program (SNAP)
 4. Energy Cost will be calculated using the Consumption Based method provided the Eligible Household meets the following requirements:
 - a. The Eligible Household has a Direct Energy Cost and;
 - b. An Applicant occupied the residence for the entire previous Annual Consumption Report period and;
 - c. An Applicant had an eligible Application in the prior Program Year and;
 - d. The Eligible Household purchased all of their Home Energy for their primary Heating System from a Reporting Vendor(s) for the previous Annual Consumption Report period and;
 - e. Reporting Vendor(s) submitted an Annual Consumption Report to MaineHousing that provided the Eligible Household's Home Energy delivery information and;
 - f. The Eligible Household's Energy Costs, as reported by Vendor(s) to MaineHousing, is for their residence only and;
 - g. The Eligible Household's primary Heating System does not use wood, wood pellets, corn, coal, or bio-bricks.
 - b. Design Heat Load Calculation. DHLC shall be used to estimate the Energy Costs for Eligible Households that do not meet the requirements of the Consumption Based method. Under the DHLC, the number of rooms occupied by the Eligible Household shall be multiplied by the number of BTUs needed to heat an average sized room in a Dwelling Unit. That product will then be multiplied by the number of square feet of an average sized room in a Dwelling Unit. Next, that second product will be multiplied by the number of heating degree days of the Service Area in which the Eligible Household's Dwelling Unit is located. That third product is then divided by one million BTUs. The quotient is then multiplied by the cost of the Eligible Household's primary Home Energy type per one million BTUs. That fourth product is then divided by the efficiency rate of the primary Home Energy type to arrive at the Eligible Household's amount of energy consumption. The cost per one million BTUs and efficiency rate of the Applicant's Home Energy type will be periodically established by MaineHousing.
- The DHLC is based on the following factors:
1. The total number of rooms in the Dwelling Unit as listed on the Application. Hallways, bathrooms, and closets are not counted in

the total number of rooms;

2. An assumed standard room size for the Dwelling Unit type. Standard room sizes and BTUs required to heat a Dwelling Unit vary by Dwelling Unit type because average room size and surface area exposure to the elements vary by Dwelling Unit type. The standard room sizes and BTUs used for each Dwelling Unit type are as follows:

Dwelling Unit Type	Standard Room Size	BTUs
Stick-built/Modular	144 square feet	14.3
Manufactured Home/mobile home	100 square feet	13
Apartment	120 square feet	8.3

3. The heating degree days for the Service Area. Heating degree days are updated annually using data reported by National Weather Stations in Maine.
4. The estimated BTUs required to heat the Dwelling Unit;
5. Average cost per one million BTU. MaineHousing determines the average costs per one million BTU annually. Oil, kerosene, and propane costs are obtained by averaging the costs reported by the Governor's Energy Office (GEO). Average costs for all other fuel types are based on a representative survey of Vendors' pricing.
6. The efficiency rate for the primary Home Energy type listed on the Application. The Energy Cost per one million BTU and efficiency rate are based on the primary Home Energy type specified on the Eligible Household's Application.

Home Energy Type	Efficiency Rate
Oil	65%
Kerosene	65%
Propane	65%
Natural Gas	65%
Biodiesel	65%
Electric	100%
Firewood	50%
Corn	60%
Wood Pellets	80%
Bio-bricks	80%

7. For Tenants in Subsidized Housing with a Direct Energy Cost, the annual utility allowance for heating, as provided by property manager on the Subsidized Housing form, must be deducted from the estimated Energy Cost in order to determine the Eligible Household's heat burden.

8. If after annual utility allowances for heating are deducted from annual Household Energy Cost reported by the Vendor on the Annual Consumption report, the Household has a calculated energy cost of less than or equal to zero (0), the Household is only eligible to receive a Benefit in an amount to maximize benefits under the Supplemental Nutrition Assistance Program (SNAP)

5. Payment of Benefits.

- A. A Primary Applicant shall select a Vendor that will deliver Home Energy to the Eligible Household. Payment of Benefits will be made directly to the Vendor. Except as set forth below, Vendors may be provided the option to choose to receive HEAP Benefits prior to delivery or post-delivery at MaineHousing's discretion.
 1. For payment prior to delivery, MaineHousing, or a Subgrantee as allowed by MaineHousing, will pay a Benefit to the Vendor or within ten (10) business days of the date the Application is certified eligible or when HEAP grant funds are available, whichever is later.
 2. For payment post-delivery, MaineHousing, or a Subgrantee as allowed by MaineHousing, will provide a Credit Notification Report within ten (10) business days of the date the Application is certified eligible or when HEAP grant funds are available, whichever is later. MaineHousing will make payment for HEAP Benefits after the Vendor makes delivery as authorized by MaineHousing.
 3. In the case of wood Vendors, MaineHousing, or a Subgrantee as allowed by MaineHousing, will make payment for a Benefit after the Vendor makes delivery as authorized by MaineHousing and/or the Subgrantee. The Vendor must return a completed purchase order, including Applicant and Vendor signatures, to MaineHousing, or a Subgrantee as allowed by MaineHousing, within sixty (60) calendar days of the date of purchase order issuance. Receipt of the purchase order must be entered into the MaineHousing database. Contingent on database entry, MaineHousing, or the Subgrantee as allowed by MaineHousing, will make payment within ten (10) business days of the signed purchase order receipt date. If the purchase order is not returned within sixty (60) calendar days of the date of issuance it may be considered void. Extensions may be granted by the MaineHousing on a case-by-case basis.
- B. If there is no Vendor that serves the area in which the Eligible Household resides then MaineHousing, or the Subgrantee as allowed by MaineHousing, may pay Benefits directly to the Primary Applicant.
- C. Payment of Benefits may be made directly to Tenants with an Indirect Determinable Energy Cost.

6. TANF Supplemental Benefits.

- A. Except as may be expressly provided for elsewhere in this Rule, the use and administration of TANF Supplemental Benefits is subject to the standards for HEAP Benefits set forth in this Rule.
- B. Eligibility. A Household may be eligible for a TANF Supplemental Benefit if its Application for HEAP has been certified eligible in the current Program Year and if on the Date of Application:
 1. it included at least one member who was under the age of eighteen (18); and

2. it did not reside in Subsidized Housing with heat included.
- C. Benefit Determination. The TANF Supplemental Benefit per Eligible Household per Program Year shall be determined each Program Year by MaineHousing based on the projected number of Households eligible for TANF Supplemental Benefits and available funding.
- D. Payment of Benefits. ~~Except in the case of utility Vendors, MaineHousing will make payment for a TANF Supplemental Benefit after the Vendor makes delivery as authorized by MaineHousing. The Vendor must submit a delivery ticket or invoice to MaineHousing together with a detailed account history showing delivery activity and payment activity from the previous May 1 through the date of the delivery being invoiced. MaineHousing will make payment within ten (10) business days of MaineHousing's receipt and approval of the required documentation. TANF Supplemental Benefits will be sent directly to Vendors in the same manner as regular HEAP Benefits as outlined in Section 5 above.~~
7. Benefit Returns and Transfer:
- A. Program benefits may not be sold, released or otherwise conveyed, with or without consideration, by the Eligible Household or the Vendor without written authorization from MaineHousing. MaineHousing will only authorize such conveyances when circumstances arise that prevent the Eligible Household from using the Benefit and MaineHousing determines such conveyance is in the best interest of the Eligible Household and is consistent with the intent of the HEAP Act.
 - B. Program benefits may be available for reissue or transfer during the Program Year of issue and up until April 30th of the Program Year immediately following when:
 1. All Applicant(s) move in State but continue with same Vendor.
 2. All Applicant(s) move in State and change Home Energy vendors.
 3. Household changes Vendor.
 4. All Applicant(s) move in State from a Dwelling Unit with Direct Energy Cost to a Dwelling Unit with heat included in their rent (not including Subsidized Housing).
 5. All Applicant(s) move in State to Subsidized Housing with Direct Energy Cost.
 6. Household changes Home Energy type.
 7. Primary Applicant has deceased and there are surviving Applicants remaining in the Household (unless surviving Applicant moves in State to a Household that has received a Benefit in the current Program Year).
 - C. Household may be required to provide in writing the following in order to receive a Benefit reissue or transfer:
 1. Primary Applicant's name.
 2. Previous address.
 3. Current address.

4. Current phone number.
5. Current rental agreement or current property tax bill, whichever is relevant.
6. Current electric/utility company name and account number.
7. Name on the electric/utility company account.
8. Primary Heating System and Home Energy type.
9. Fuel tank location.
10. Current Home Energy Vendor name, address, and account number.
11. Primary Applicant's signature and date submitted.

If for any reason the requested documentation is not provided, the reissuance or transfer of Benefits may be delayed and/or Benefits may be forfeited.

D. Benefits may not be eligible for reissue or transfer when:

1. It is determined that Primary Applicant committed Errors and Program Abuse when completing the Application.
2. It is determined that there was an Overpayment.
3. Primary Applicant's permanent residence changes to a nursing home or long term care facility and there are no surviving Applicants remaining in the Household.
4. All Applicant(s) move to Subsidized Housing with heat included.
5. Primary Applicant moves in State into a Household that has been determined eligible for a Benefit in the current Program Year.
6. The Benefit was issued before the previous or current Program Year.
7. The Benefit was issued the previous Program Year and was not used on or before April 30th of the Program Year immediately following.
8. All Applicant(s) move to an ineligible Dwelling Unit.
9. Primary Applicant has deceased and there are no surviving Applicants remaining in the Household.
10. All Applicants move out of State.

If the Household subsequently moves to an eligible Dwelling Unit, the Benefit may be eligible for reissue provided the Benefit was for the previous or current Program Year.

E. In the event Vendor receives a Benefit return form requesting the return of Benefits paid to Vendor on behalf of Eligible Households, Vendor shall return such Benefits to MaineHousing within fifteen (15) calendar business days of date of Benefit return form. Once the funds are received, MaineHousing will process the reissue or transfer as appropriate within fifteen (15) calendar days.

8. Energy Crisis Intervention Program (ECIP).

A. A Household may be eligible for ECIP if a Household member's health and safety is threatened by an Energy Crisis situation and the Household does not have the financial means to avert the Energy Crisis. The Subgrantee will determine whether the Household is experiencing an Energy Crisis on the Date of Application. An Eligible Household is income eligible for ECIP.

- ~~1. An Eligible Household is income eligible for ECIP. If a Household has not been certified eligible for a Benefit, the Household's income eligibility for ECIP will be based on one of the following timeframes, whichever allows eligibility:~~
- ~~2. _____~~
- ~~3. _____~~
- ~~4. The calendar month immediately preceding the Date of Application for ECIP; or~~
- ~~5. _____~~
- ~~6. The thirty (30) days immediately preceding the Date of Application for ECIP.~~

7.1 To determine if Household is in Energy Crisis:

- a. Reading of 1/4 tank or less on a standard 275 gallon heating oil tank;
- b. Reading of 25% or less on a propane tank;
- c. 7-day or less supply for other delivered Home Energy types.

7.2 To determine an Energy Crisis with respect to utility terminations:

- a. Household has received a disconnection notice; and
- b. Household has exhausted its ability to negotiate and pay the terms of a reasonable payment arrangement.

B. Allowable expenditures must be related to averting an Energy Crisis and may include:

1. Home Energy deliveries provided the Eligible Household has exhausted any remaining Benefits previously issued to a Vendor on behalf of the Eligible Household;
2. Delivery charges associated with fuel deliveries made against an ECIP benefit and/or an upfront delivery made against a Household's regular benefit to avert an energy crisis situation.
3. Surcharges, reconnection charges, or penalties related to a final utility disconnect notice. Utility costs must be directly related to the operation of the Heating System;
4. Heating System repair, including restart fees;
5. Purchase of space heaters;
6. Temporary relocation provided the Eligible Household is experiencing a Life Threatening Crisis that cannot be averted within 18 hours by one of the above measures;
7. Rental payment assistance provided the Eligible Household is a Tenant whose

rent includes heat and is facing eviction due to nonpayment of rent.

C. Unallowable Expenditures:

1. ECIP funds cannot be used if the Household has any other Heating System that is safe, operable and is capable of heating the dwelling adequately during severe cold weather, and has a supply of product for that Heating System.
2. ECIP funds cannot be used to pay for surcharges, reconnection charges, or penalties related to a final utility disconnect when that utility is not required for the operation of the primary Heating System.
3. ECIP funds cannot be used to pay for Home Energy deliveries or Heating System repairs if the Applicant resides in Subsidized Housing with heat included or a Rental Unit with heat included.
4. An Applicant with an Overpayment balance is not eligible for ECIP benefits unless they have entered into and are in compliance with the terms of a repayment agreement with MaineHousing to resolve the Overpayment.

D. The maximum ECIP benefit per Eligible Household per Program Year shall be determined each Program Year by MaineHousing based on Home Energy costs, economic conditions, and available funding.

E. ECIP will be administered pursuant to HEAP:

1. ECIP timeframe is November 1 through the following April 30;
2. Conditioned on the availability of ECIP funds, some form of assistance that will resolve the Energy Crisis, if Household is eligible to receive such benefits, will be provided within 48 hours after Household has been certified eligible for ECIP;
3. Conditioned on the availability of ECIP funds, some form of assistance that will resolve the Energy Crisis, if Household is eligible to receive such benefits and is in a Life Threatening Crisis situation, will be provided within 18 hours after a Household has been certified eligible for ECIP.

F. The Subgrantee will provide the Primary Applicant written notice of ECIP denial within three (3) business days.

G. ~~If a Household receives ECIP and it is subsequently determined that the Household was not eligible, MaineHousing or the Subgrantee may require the Household to repay the amount of ECIP. MaineHousing will recoup all outstanding Overpayments from any current or future Benefits until the Overpayment is paid in full. MaineHousing will recoup 50% of a Household's current Program Year's Benefit and 50% of a Household's future Program Years' Benefits until the Overpayment has been paid in full.~~

H.G. ECIP Payment to Vendors.

1. Except in the case of wood Vendors, MaineHousing, or a Subgrantee as allowed by MaineHousing, will make payment for ECIP after the Vendor makes delivery as authorized by MaineHousing/Subgrantee. The Vendor must return a completed purchase order and a delivery ticket to MaineHousing/Subgrantee. The Vendor must

also submit an invoice if the total amount on the delivery ticket is greater than the ECIP purchase order amount or the delivery ticket does not account for all the charges that were approved on the purchase order. Receipt of the purchase order must be entered into the MaineHousing database. Contingent on database entry, MaineHousing will make payment within ten (10) business days of the receipt of the completed purchase order, a delivery ticket, and invoice (if applicable).

2. In the case of wood Vendors, MaineHousing, or a Subgrantee as allowed by MaineHousing, will make payment for ECIP after the Vendor makes delivery as authorized by MaineHousing/Subgrantee. The Vendor must return a completed purchase order, including Applicant and Vendor signatures, to MaineHousing/Subgrantee. Receipt of the purchase order must be entered into the MaineHousing database. Contingent on database entry, MaineHousing/Subgrantee will make payment within ten (10) business days of the signed purchase order receipt date.
9. Central Heating Improvement Program (CHIP).
 - A. Eligibility. A Household may be eligible for CHIP if the Household:
 1. is eligible for HEAP Fuel Assistance benefits;
 - ~~2. has a household income less than or equal to 200% Federal Poverty Level;~~
 - ~~3.2.~~ has an eligible Application that was certified within the preceding twelve (12) months; and
 - ~~4.3.~~ does not have a more recent Application that has been certified-denied.
 - B. Subgrantees shall provide CHIP services based on the following priority order:
 1. Eligible Households experiencing an Energy Crisis caused by Heating System malfunction or failure.
 2. Non-wood Heating Systems that cannot achieve a minimum steady state efficiency of 70% (as determined by a CTE).
 3. Preventative CTE and minor repairs on a non-emergency basis (owner-occupied dwelling units only). Date of the last CTE by a licensed technician must be more than twelve (12) months prior to the initiation of services date.
 4. The installation of a Heat Pump.Eligible Households shall be served on a first-come, first-served basis with respect to each level of priority except when the Subgrantee is providing weatherization services to a Dwelling Unit. In this case, CHIP activities to Eligible Households that enable the Subgrantee to leverage funds may be served first.
 - C. Subgrantees shall administer and operate CHIP in their Service Areas unless otherwise determined by MaineHousing.
 - D. Heating System Replacement. Household may be eligible for assistance to replace a Heating

System if the Household is eligible for Benefits pursuant to this Rule. The amount of assistance shall take into account the Applicant Household's and Non-occupying Co-owner's Countable Assets.

1. The Applicant Household will be required to contribute toward the cost of replacing the Heating System if the Applicant Household has Countable Assets in excess of \$5,000, or \$50,000 if a member of the Applicant Household is an Elderly Person. The same guidelines apply to Non-occupying Co-owner's Countable Assets.

The overall purpose of these asset limitations is to encourage a Household's contribution to meeting their needs, when possible, and at the same time recognize that household assets represent needed income and insurance against financial calamities, and that it is prudent to retain these assets to some extent.

2. An Applicant Household's contribution shall be determined by subtracting \$5,000 or \$50,000 (whichever is applicable) from its total Countable Assets. That difference will then be multiplied by the Applicant Household's percentage of ownership. A Non-occupying Co-owner's contribution shall be similarly calculated. The maximum CHIP benefit amount shall be determined by subtracting the sum of the Applicant Household's and Non-occupying Co-owner's contributions from the total replacement costs.

E. Rental Units Occupied By An Eligible Household: A life-time maximum benefit of \$400 for an Eligible Household. The maximum allowed in a non-owner occupied multi-family building is the lesser of \$400 times the number of Heating Systems that provide heat to Eligible Households or \$1,600.

F. Life Estates and Life Leases: If an Eligible Household member holds a life estate or life lease interest in and occupies the Dwelling Unit, the Dwelling Unit may be eligible if:

1. the document conferring the Applicant's rights of the life estate or life lease states that the Eligible Household member is responsible for maintaining the Dwelling Unit, or is silent as to who is responsible for maintenance; or
2. the Dwelling Unit is owned by an Eligible Household.

G. Proof of Ownership. The Subgrantee shall verify ownership of all Dwelling Units and Rental Units prior to performing any work. Proof of ownership may include current property tax bill, statement from the local tax assessor, town clerk or similar municipal official, or documentation from electronic registry.

Life estates and life leases require a copy of the document conferring the Applicant's rights.

The Subgrantee must obtain the written permission of the owner of the Rental Unit prior to performing any work on the Heating System unless the Tenant has exercised his or her right under 14 M.R.S.A. Section 6026 to make certain repairs.

H. A Dwelling Unit will not be eligible under CHIP if:

1. Dwelling Unit is a Rental Unit that has received prior CHIP services to the life-time maximum benefit;
2. Dwelling Unit has been designated for acquisition or clearance by a federal, state,

or local program or order;

3. Dwelling Unit has been designated for foreclosure;
4. Dwelling Unit is for sale;
5. Dwelling Unit is vacant;
6. Dwelling Unit is uninhabitable as determined by a local municipality, State Agency, MaineHousing, or a Community Action Agency;
7. Dwelling Unit is in poor structural condition making the installation of CHIP services impractical, impossible, or ineffective;
8. Dwelling Unit is in such poor structural condition that the proposed CHIP services would have a longer life expectancy than the Dwelling Unit;
9. Dwelling Unit has been damaged by fire, flood or an act of God and repair of the damage is covered by insurance;
10. There are obvious discrepancies found between the information supplied on the Application and observed conditions during the CHIP process. The Subgrantee must resolve any discrepancies before work can continue;
11. Subgrantee determines the Applicant failed to properly maintain a Heating System that was previously replaced under CHIP.
12. Eligible Households who apply for CHIP services for more than one Dwelling Unit will be subject to additional review to ensure the requested services are consistent with the intent of the program.

I. CHIP Allowable Uses:

1. Cleaning, tuning, and evaluating oil or gas systems;
2. Cleaning, evaluating, and servicing solid fuel systems;
3. Replacing oil or gas burners;
4. Replacing cracked heat exchangers;
5. Replacing oil, gas, electric or solid fuel Heating Systems;
6. Sealing and insulating Heating System pipes or ducts in unconditioned spaces;
7. Installing electrical or mechanical Heating System ignition systems;
8. Replacing or relocating thermostats and anticipator adjustment;
9. Baffling of the combustion chamber;

10. Optimizing the firing rate;
11. Cleaning of the chimney;
12. Smoke Alarms;
13. Fire extinguishers;
14. Carbon Monoxide detectors;
- 14.15. Gas detectors;
- 14.16. Oil tanks;
- 14.17. Oil tank gauges;
16. Installation of a Heat Pump;
17. Temporary relocation provided the Eligible Household is experiencing a Life Threatening Crisis that cannot be adequately addressed through ECIP measures;
18. Other measures necessary to bring Heating Systems into compliance with applicable State and local codes and Maine Fuel Board requirements; and
19. Other measures necessary to correct any Heating System problems that pose an immediate threat to the health and safety of the Eligible Household.

J. CHIP Unallowable Uses:

1. Reimbursement or payment for purchases made by or costs incurred by an Applicant.
2. Replacement of a Heating System if the Dwelling Unit received a prior Heating System replacement funded by CHIP unless the Heating System is near the end of or beyond its estimated useful life as defined by
https://www.hud.gov/sites/documents/EUL_FOR_CNA_E_TOOL.PDF

K. Fuel Switching. As a general guideline, the practice of fuel switching is not allowed. However, if the Subgrantee determines that the switching of a fuel source is warranted, then a written waiver request must be submitted to MaineHousing for review and consideration (on a case-by-case basis) prior to the installation.

L. Subgrantee must perform a final inspection on all CHIP services for heating system replacement jobs. Inspections will include an evaluation to determine:

1. Compliance with applicable codes;
2. That all work performed was authorized by the Subgrantee; and
3. The combustion efficiency level of the Heating System where technically feasible.

M. Specific Procurement Requirements. Prior to the performance of CHIP services, the Subgrantee

shall follow the procedures below:

1. Procurement less than or equal to \$10,000. Procurement of services, including materials, equipment and services from specialized trades, such as electricians, plumbers, masons and oil burner repair people shall be performed in accordance with the following procedures.
 - a. Solicit by phone, email, vendor website, catalog, or price list, or similar means one price quote for the required materials, equipment and services.
 - b. Determine if the quoted price is reasonable based on one or more factors identified by Subgrantee, such as recent purchases of, or research on, goods or services of the same kind or related knowledge or expertise; otherwise, solicit two price quotes by similar means.
 - c. Copies of all procurement records, including basis for the contractor selection and factors used to determine if the quoted price is reasonable, must be retained in the Subgrantee files.
2. Procurement over \$10,000. Procurement of services, including materials, equipment and services from specialized trades, such as electricians, plumbers, masons and oil burner repair people shall be performed in accordance with the following procedures.
 - a. Perform a price survey for the required materials, equipment and services.
 - b. Make every reasonable attempt to receive price quotations or bids from at least three (3) reputable Contractors and fully document the bid process and all bids received on a survey sheet.
 - c. Purchase the materials, equipment or services from the Contractor whose bid or proposal is the lowest, taking into consideration the Contractor's performance record and other relevant factors. Fully document the selection process.
 - d. Copies of all procurement records, including basis for contractor selection must be retained in the Subgrantee files.
3. The Subgrantee must prepare an Invitation to Bid or a Request for Proposal, which:
 - a. Identifies all requirements which prospective bidders must fulfill, including the due dates for bids; and
 - b. Identifies all factors which the Subgrantees will consider in evaluating and awarding bids.
4. The Invitation to Bid or Request for Proposal must be mailed, faxed or emailed to no less than three (3) prospective contractors who may reasonably be expected to submit a bid.
5. All bids must be received by the Subgrantee contact person via mail, fax or e-mail prior to a specified time for a bid opening at a specified time and location. All bids received must be kept in a secure location prior to all bids being received and tabulated. In addition, all correspondence relating to the procurement action must be retained in the bid files.
6. Sole Source Procurement. Subgrantee may solicit a proposal from only one source for one of the following reasons.

- a. Sole source procurement may be used in the following instances:
 1. Emergency or Urgent Need. An emergency situation or other urgent need exists and only one known source can provide the required goods or services within the time needed. Emergency or urgent situations include, but are not limited to, natural disasters or a Life Threatening Crisis.
 2. Uniqueness. The item or service is available from only one source, based on a reasonable, good faith review of the market for the type of item or service needed.
 3. Inadequate Competitive Proposals. After evaluation of all proposals submitted in a competitive procurement, all proposals are determined to be inadequate.
- b. Subgrantee shall submit a written statement justifying the use and approval of all sole source procurements, in excess of \$10,000 to MaineHousing for its consideration prior to the installation of services.
- c. Subgrantee will retain a copy of the solicitation and the proposal received in response, a record of the approval by MaineHousing in Subgrantee's records.

10. HEAP Weatherization.

- A. The purpose of HEAP Weatherization is to reduce Eligible Households' need for Fuel Assistance, particularly those with the lowest Household Incomes that pay a high proportion of Household Income for Home Energy and those that include Priority Applicants.
- B. Using HEAP Weatherization in conjunction with U.S Department of Energy (DOE) funds: If the requirements in this Rule conflict with those required by [10 CFR Part 440](#), DOE requirements shall have precedence, with the exception to variations listed and approved in the LIHEAP State Model Plan Weatherization Assistance Section. HEAP Weatherization funds may only be used to weatherize Dwelling Units occupied by Eligible Households.
- C. Weatherization measures must be installed in accordance with the Maine Weatherization Standards, as may be amended from time to time.
- D. Eligibility. A Household may be eligible for HEAP Weatherization if the Household:
 1. is eligible for Benefits pursuant to this Rule;
 - ~~2. has a household income less than or equal to 200% Federal Poverty Level;~~
 - ~~3.2. has an Application certified-eligible within the twelve (12) months preceding the date of the Subgrantee's energy audit of the Dwelling Unit; and~~
 - ~~4.3. does not have a more recent Application that has been certified-denied.~~

~~Apart from the eligibility criteria identified in D.1.3, a Household may qualify for HEAP Weatherization if the:~~

~~i. Household's Application was denied solely based on the Household Income~~

exceeding the income limits for Benefits; and

ii. Household Income does not exceed the DOE income threshold.

- E. Proof of Ownership. The Subgrantee shall verify ownership of all Dwelling Units and Rental Units prior to performing any work. Proof of ownership may include current property tax bill, statement from the local tax assessor, town clerk or similar municipal official, or documentation from electronic registry.

Life estates and leases require a copy of the document conferring the Applicant's rights.

The Subgrantee must obtain the written permission of the owner of the Rental Unit prior to performing any work.

- F. A Dwelling Unit will not be eligible under HEAP Weatherization if:

1. Dwelling Unit received weatherization services under HEAP Weatherization or another MaineHousing program within fifteen (15) years of the date of Application;
2. Dwelling Unit has been designated for acquisition or clearance by a federal, state, or local program or order;
3. Dwelling Unit has been designated for foreclosure;
4. Dwelling Unit is for sale;
5. Dwelling Unit is vacant;
6. Dwelling Unit is uninhabitable as determined by a local municipality, State Agency, MaineHousing, or a Community Action Agency ;
7. Dwelling Unit is in poor structural condition making the installation of HEAP Weatherization services impractical, impossible, or ineffective;
8. Dwelling Unit is in such poor structural condition that the proposed HEAP Weatherization services would have a longer life expectancy than the Dwelling Unit;
9. Dwelling Unit has been damaged by fire, flood or an act of God and repair of the damage is covered by insurance;
10. There are obvious discrepancies found between the information supplied on the Application and observed conditions during the HEAP Weatherization process. The Subgrantee must resolve any discrepancies before work can continue.

- G. Allowable Uses:

1. Weatherization needs assessments/audits;
2. Air sealing and insulation;
3. Storm windows;

4. Heating System modifications/repairs;
5. Heating System replacements;
6. Heating System cleaning, tuning, and evaluating;
7. Compact fluorescent light bulbs and LED light bulbs;
8. Energy related roof repairs;
9. Major appliance repairs/replacements, including water heaters, ~~provided total cost of the appliances does not exceed 20% of the labor and material costs associated with the installation of energy conservation measure or one appliance if the 20% will not cover the repair/replacement cost of one appliance up to two appliances, with one being a water heater~~;
10. Incidental Repairs—~~per unit average not to exceed 20%~~;
11. Health and safety measures—~~per unit average not to exceed \$1,200~~;
12. Replacement windows and doors are allowable only under exceptional circumstances and only after all other reasonable repair options have been considered and rejected.

H. Fuel Switching: As a general guideline, the practice of fuel switching when replacing Heating Systems is not allowed. However, if the Subgrantee determines that the switching of a fuel source is warranted, then a written waiver request should be submitted to MaineHousing for review and consideration (on a case-by-case basis) prior to the installation.

I. Work on an eligible Dwelling Unit previously weatherized under a MaineHousing program may be reopened if:

1. the reopening occurs within six (6) months of completion of the original weatherization service; and
2. The reopening is required because the previous service is the proximate cause of an immediate threat to the health and safety of the occupants; or
3. The quality of weatherization material or its installation is deemed deficient by MaineHousing.

J. Subgrantees shall administer and operate HEAP Weatherization in their Service Areas, unless otherwise authorized by MaineHousing.

K. For the purposes of HEAP Weatherization, Subgrantees must conduct a public bid process to secure weatherization contractors at least annually as prescribed by MaineHousing.

11. Heat Pump Program.

A. The purpose of the Heat Pump Program is to help reduce Eligible Households' overall home energy costs.

B. Eligibility. A Household may be eligible for the Heat Pump Program if the Household:

1. is eligible for Benefits pursuant to this Rule;
- ~~2. has a household income less than or equal to 200% Federal Poverty Level;~~
- ~~3.2.~~ has an Application certified-eligible within the twelve (12) months preceding the date of the Subgrantee's energy audit of the Dwelling Unit;
- ~~4.3.~~ does not have a more recent Application that has been certified-denied; and
- ~~5.4.~~ has a working primary heating system.

C. Proof of Ownership. Ownership of all Dwelling Units shall be verified prior to any work being performed. Proof of ownership may include current property tax bill, statement from the local tax assessor, town clerk or similar municipal official, or documentation from electronic registry.

Life estates and leases require a copy of the document conferring the Applicant's rights.

D. A Dwelling Unit will not be eligible under the Heat Pump Program if:

1. Dwelling Unit already is equipped with a heat pump;
2. Dwelling Unit has been designated for acquisition or clearance by a federal, state, or local program or order;
3. Dwelling Unit has been designated for foreclosure;
4. Dwelling Unit is for sale;
5. Dwelling Unit is vacant;
6. Dwelling Unit is uninhabitable as determined by a local municipality, State Agency, MaineHousing, or a Community Action Agency ;
7. Dwelling Unit is in poor structural condition making the installation of a heat pump impractical, impossible, or ineffective;
8. Dwelling Unit is in such poor structural condition that the proposed Heat Pump Program services would have a longer life expectancy than the Dwelling Unit;
9. There are obvious discrepancies found between the information supplied on the Application and observed conditions during the HEAP Weatherization process. The Subgrantee must resolve any discrepancies before work can continue.

E. Allowable Uses:

1. Installation of a Heat Pump; and
2. Installation of electric subpanel for heat pump if needed.

12. Administration of the Program.

- A. MaineHousing will prepare and submit to the Secretary of the United States Department of Health and Human Services an annual State Plan for HEAP in conformity with the provisions of the HEAP Act. MaineHousing will notice a public hearing for the purpose of taking comments on the State Plan and will also prepare a transcript of such comments.
- B. HEAP Handbook. The HEAP Handbook is an operations manual for the administration of the Programs. This Rule shall control in the event of any inconsistency between the HEAP Handbook and this Rule.
- C. General. To the extent practicable, MaineHousing will contract with Subgrantees for the purpose of administering the Programs and may require the Subgrantee to provide benefits in connection therewith, including Supplemental Benefits if such benefits become available during the Program Year, to Eligible Households. MaineHousing may, in its discretion, provide benefits in connection with the Programs and make prepayments, installment payments and advances with or without interest in connection therewith, including without limitation, payment of direct benefits to Eligible Households or Vendors, or may contract with other entities, such as municipalities, to administer the Programs and provide benefits.
- D. Conflict of Interest. No employee, officer, board member, agent, consultant or other representative of Subgrantee, Vendor, or Contractor who exercises or has exercised any function or responsibility with respect to Programs' activities or who is in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from Programs' activities or have an interest in any contract, subcontract or agreement regarding the Programs' activities, or the proceeds there under, which benefits him or her or any person with whom he or she has business or family ties. Subgrantees, Vendors, and Contractors shall notify MaineHousing of any potential conflict of interest.
- E. Confidentiality. Subgrantees, Vendors, Contractors, and their employees and agents shall keep confidential:
 - Applicant or beneficiary information obtained in the administration of the Programs, including without limitation, an individual's name, address and phone number, household income, assets or other financial information, and benefits received ("Confidential Information").Subgrantees, Vendors, Contractors, and their employees and agents shall safeguard and protect from disclosure at all times Confidential Information including, without limitation, taking the following steps:
 1. Put measures in place to prevent the loss, theft, misappropriation or inadvertent disclosure of Confidential Information.
 2. Encrypt all Confidential Information contained on computers, laptops, and other electronic devices and media used in whole or in part, in the operation or administration of the Programs.
 3. Send e-mail or e-mail attachments containing Confidential Information only if encrypted or only through a secure e-mail server.
 4. Make their employees, officers, agents, contractors, sub-contractors and other representatives who operate or administer any of the Programs or otherwise provide

services under the Programs aware that the responsibility to safeguard and protect Confidential Information applies at all times, whether or not they are at a work location during normal business hours.

5. Limit disclosure to persons with a direct need to know.

- F. MaineHousing will conduct program and fiscal monitoring of Subgrantees and Vendors to ensure compliance with Federal, State, and MaineHousing rules and regulations in a manner consistent with applicable State law, as may be amended from time to time, and the HEAP Act.

13. Subgrantees.

- A. Service Areas. MaineHousing will select at least one Subgrantee to administer the Programs in each Service Area.

- B. Selection of Subgrantees. Subgrantees will be selected annually based on the following criteria:

1. Experience with providing Fuel Assistance or similar programs to low-income persons;
2. Current capacity to administer a timely and effective Fuel Assistance program for the intended Service Area;
3. Demonstrated capacity to adequately serve low-income persons residing in their Service Areas;
4. The availability of other qualified entities to service a particular area;
5. The geographic area customarily serviced by the potential Subgrantee;
6. Cost efficiency in administering a Fuel Assistance program;
7. The ability to enhance accessibility to other low-income programs administered by the Subgrantee;
8. Acceptable schedule for taking Applications; and
9. The ability to perform outreach activities and serve homebound recipients.

Subgrantees shall make annual, written applications to MaineHousing that address each of the criteria listed above. Subgrantee applications must be received no later than June 1 of each year.

- C. Allocation to Each Subgrantee. MaineHousing will determine the annual allocation of HEAP funds to each Subgrantee, the amount of which annual allocation shall not include any amount of HEAP funds allocated to MaineHousing to pay Benefits in the event MaineHousing elects to provide Benefits directly. MaineHousing may base any allocation determination on the number of Applications certified eligible in the Service Areas in the previous Program Year.

- D. Subgrantee Administrative and Program Expenses. Subgrantees shall be permitted administrative and program expenses necessary to carry out their responsibilities under this Rule and the Programs. Such expenses will be allowed in a manner consistent with the provisions of the HEAP Act and must be reasonable in amount as determined by

MaineHousing following its review of the Subgrantee work plans and budgets. Allowable administrative and program expenses for each of the Programs are listed below. Other expenses may be allowed if authorized by MaineHousing before the expenses are incurred.

Fuel Assistance and ECIP	Expense Category
Salary and fringe benefit costs for the actual time an individual performs intake, processing, or eligibility determination functions associated with an active Application	Program
Salary and fringe benefit costs for the actual time an individual participates in administering Fuel Assistance or ECIP and is not performing functions associated with an active Application	Program
Salary and fringe benefits and other related and reasonable costs for specific HEAP and ECIP training and professional development of individuals performing intake, application processing, eligibility determination, and administration of HEAP fuel assistance and ECIP	Program
Space costs/rent, telephone, copier/printing, office supplies, postage, transportation/travel, data processing/computer costs, equipment repairs and maintenance, equipment purchase/lease, and consultants/professional services associated with the above referenced activities.	Program
Indirect costs	Administrative
Salary and fringe benefits and other related and reasonable costs for specific HEAP and ECIP training and professional development for individuals whose salary and fringe benefits are budgeted directly to Administrative Costs or for whom salary and fringe are included in the agency's Indirect Rate	Administrative
Salary and fringe costs, space costs, rent, telephone, copying, printing, office supplies, postage, transportation, travel, data processing, computer costs, equipment repairs and maintenance, equipment purchase or lease, consultant fees and professional services associated with the administration of HEAP not included in the agency's Indirect Rate or allowable from program funding	Administrative
HEAP Weatherization, CHIP, and Heat Pump Program	Expense Category
Material/labor costs for Heating system repairs/replacements and measures installed as part of weatherization	Program
Either salary and fringe benefit costs for the actual time staff participates in administering HEAP Weatherization, CHIP, Heat Pump Program or a program management fee established by MaineHousing.	Program

Space costs/rent, telephone, copier/printing, office supplies, postage, transportation/travel, equipment purchase/lease, liability insurance, pollution occurrence insurance, and consultants/professional services.	Program
Indirect costs	Administrative
Assurance 16 Services	Expense Category
Salary and fringe benefit costs for staff providing direct services and the direct administrative costs associated with providing the services, such as the costs for supplies, equipment, travel, postage, utilities, rental and maintenance of office space	Program

- E. Assurance 16 Activities. Subgrantees may submit annual proposals, for MaineHousing's consideration, describing their planned activities and expenses associated with providing services to Applicants pursuant to Assurance 16 of the HEAP Act.
- F. Subgrantee's Responsibilities. The responsibilities of the Subgrantee include, but are not limited to, the following and as further defined in the annual Subgrant Agreement:
1. To conduct client outreach in a manner consistent with the HEAP Act and as prescribed in this Rule.
 2. To accept and verify Applications from Primary Applicants in a manner consistent with provisions of the HEAP Act and as prescribed in this Rule.
 3. To determine Household eligibility in a manner consistent with provisions of the HEAP Act and as prescribed in this Rule.
 4. To pay benefits, if required by MaineHousing, to or on behalf of Eligible Households in a manner consistent with provisions of the HEAP Act and as prescribed in this Rule.
 5. To provide documentation and assistance as needed for MaineHousing to conduct informal reviews and fair hearings.
 6. To pay Supplemental Benefits, if required by MaineHousing, if such benefits become available during the Program Year.
 7. To use MaineHousing database software and equipment.
 8. To address no-heat emergencies.
 9. To cost effectively administer and operate the Programs.
 10. To prioritize Eligible Households for HEAP Weatherization services in accordance with the HEAT Enterprise software.
 11. To coordinate services between Programs.

12. To submit to MaineHousing production schedules for the Programs.
13. To submit to MaineHousing work plans and budgets, monthly status reports and any other such reports or information required in connection with the Programs.
14. To submit to MaineHousing billing information, including zero billings, for open contracts by 20th of each month.
15. To use forms provided or approved by MaineHousing to administer the Programs.
16. To protect personally identifiable information.
17. At Applicant's request, to make reasonable accommodations for a Person with a Disability.
18. To ensure that procurement of materials and services is conducted in a manner to provide open and free competition and to avoid any appearance of impropriety, the Subgrantee shall be bound by general federal procurement principles at [45 CFR §§ 75.327](#) to 75.335 and property management principles at [45 CFR §§ 75.316](#) to 75.323..

G. Recordkeeping, Reporting and Accounting. Subgrantee shall comply with the following requirements:

1. Subgrantee shall maintain comprehensive and accurate documentation, payroll reports, financial statements, and other records in connection with its administration of the Programs, including at a minimum, the amount and disposition of the Programs' funds received by the Subgrantee and the total cost necessary to administer the Programs. Subgrantee shall keep such records separate and identifiable from the records of Subgrantee's other business and activities. MaineHousing and its representatives shall have the right to examine such records at reasonable times upon reasonable notice by MaineHousing. Subgrantee shall furnish copies of any such records requested by MaineHousing. All records must be retained by the Subgrantee for a minimum of three (3) years from the end of relevant contract period. In cases of litigation, other claims, audits, or other disputes the Subgrantee will retain all relevant records for at least one (1) year after the final disposition thereof.
2. Subgrantee shall comply with all reporting requirements of MaineHousing. Subgrantee shall submit to MaineHousing an annual budget prior to each Program Year. Within ninety (90) calendar days after the close of the Subgrantee's fiscal year, Subgrantee shall furnish to MaineHousing an annual financial statement of Subgrantee, prepared by an independent certified public accountant in accordance with audit requirements at 45 CFR Part 75, Subpart F.

H. Funds for administrative expenses for the Program Year and supplemental funding received, if any, may be spent only between October 1 and the following September 30 of the applicable Program Year, unless otherwise authorized by MaineHousing.

I. Noncompliance.

1. MaineHousing shall have the right to terminate the Subgrantee Agreement in its sole discretion if it determines the Subgrantee has failed to perform one or more of its obligations to include malfeasance or misappropriation of funds. A written Notice of Termination of Subgrantee will set forth the specific violation.

2. For non-compliance other than those which MaineHousing determines are subject to immediate termination, a deficiency notice will be sent to the Subgrantee in the event it fails to comply with any provision of this Rule, the Subgrantee Agreement, the Program Handbook, and the provisions of other applicable law. The Notice will set forth the specific violation and allow a reasonable time period for response by the Subgrantee. Upon review and consideration of any responses, MaineHousing will notify the Subgrantee in writing of any action to be taken and may establish a reasonable time period within which remedial action must be taken. Failure of Subgrantee to comply will result in a Notice of Termination of Subgrantee stating the cause and effective date of its termination.
3. MaineHousing shall have the right to suspend in whole or in part the Subgrantee's performance of one or more services provided under the Agreement whenever MaineHousing determines such suspension is in MaineHousing's best interest.
4. MaineHousing may bar a Subgrantee's participation in programs administered by MaineHousing for its malfeasance or misfeasance with respect to the administration or operation of any of the Programs.

14. Indian Tribes/Native American Tribal Organizations.

- A. Direct Allocation to Indian Tribes/Native American Tribal Organizations. Indian Tribes/Native American Tribal Organizations may receive a direct allocation of HEAP funds from the Secretary of the United States Department of Health and Human Services pursuant to the HEAP Act. The amount of the direct allocation is determined by MaineHousing. The amount of the direct allocation is determined by the percentage of Maine's total annual LIHEAP award that MaineHousing indicates will be awarded to Maine's Native American Tribal Organizations. In its determination MaineHousing will consider the number of Eligible Households during the previous Program Year that include an Applicant who is a member of the Indian Tribe/Native American Tribal Organization, when that information is available.
- B. Agreements with Indian Tribes/Native American Tribal Organizations. When an Indian Tribe/Native American Tribal Organization receives a direct allocation of Fuel Assistance and ECIP, MaineHousing will enter into an agreement with the Indian Tribe/Native American Tribal Organization that, at a minimum, provides for the coordination of services and administration of the Fuel Assistance and ECIP by Indian Tribe/the Native American Tribal Organization and Subgrantees to prevent duplication of services.

15. Vendors.

- A. Vendor Eligibility. A vendor interested in becoming a Vendor must demonstrate the capacity and stability of its business to MaineHousing's satisfaction. The vendor must supply a credit report and a business plan. The vendor must be in business for one year prior to becoming a Vendor.

MaineHousing reserves the right to exclude a vendor for the following, not limited to:

1. Any bankruptcies or judgments;
2. Owners and/or officers of vendor were previously owner/officer of terminated Vendor;
3. Failure to comply with Close-Out requirements.

B. Enrollment.

1. Open Enrollment for new vendors: vendors may enter into a Vendor Agreement during the time period as prescribed by MaineHousing. If the vendor does not submit accurate and complete documentation the vendor may not be allowed to participate in the current Program Year.
2. Re-Enrollment for Vendors: Vendors who have a current Program Year contract may enroll as prescribed by MaineHousing. Continued participation is contingent upon performance and compliance with terms of Vendor Agreement.

C. MaineHousing, at its discretion, may terminate any Vendor:

1. That does not comply with the terms and conditions of the Vendor Agreement;
2. That fails to provide documentation and cooperate with any audit/investigation and/or the return of unused Benefits as determined by any audit/investigation. In addition, MaineHousing may undertake any of the following:
 - a. Bar the Vendor from future participation;
 - b. Refer the case to State or federal officials for criminal prosecution or civil action; and
 - c. Pursue other remedies as determined by MaineHousing.

D. Vendors must comply with State law concerning consumer home heating rights, which is described in Office of the Maine Attorney General Consumer Law Guide Chapter 19.

E. Vendor may not consider an Eligible Household's outstanding indebtedness to Vendor in calculating the Retail Cash Price applicable to a delivery of Home Energy to that Eligible Household.

F. Return of Payments.

1. In the event Vendor receives a Benefit Return form requesting the return of Benefits paid to Vendor on behalf of Eligible Households, Vendor shall return such Benefits to MaineHousing, or Subgrantee as allowed by MaineHousing, within fifteen (15) ~~calendar~~
business days of date of Benefit Return form.
2. In the event Vendor becomes aware of any of the events listed below affecting an Eligible Household, Vendor shall within fifteen (15) ~~calendar~~
business days of the date that Vendor becomes aware of any such event, submit to MaineHousing a completed Benefit Return form and return any remaining Benefits paid to Vendor on behalf of the affected Eligible Household, unless the remaining Benefits are less than \$25.

Vendor may aggregate any remaining Benefits with a balance less than \$25 and return the balance to MaineHousing when the Annual Consumption Report is submitted. All related recordkeeping must clearly show all remaining benefit balances.

- a. The death of an individual who was the sole member of an Eligible Household;
- b. The institutionalization of an individual who was the sole member of an Eligible

Household;

- c. Vendor's receipt of a written notice from an Eligible Household that it no longer desires to receive Home Energy deliveries from Vendor;
 - d. An Eligible Household has not received deliveries of Home Energy for twelve (12) consecutive months;
 - e. An Eligible Household has moved out of Vendor's Service Area;
 - f. An Eligible Household has moved out of State;
 - g. Vendor has been paid an excessive Benefit on behalf of the Eligible Household.
- 3. Vendor shall return to MaineHousing all unused Benefits in its possession or custody, whether directly or indirectly, within fifteen (15) calendar business days of the termination of the Vendor Agreement.
 - 4. With respect to each return of Benefits, the Vendor agrees to provide in writing: the name and address of the Vendor; the name and address of the Eligible Household; the Eligible Household's account number; the Benefit amount being returned; and a concise explanation for the return of funds. In addition Vendor must include a detailed account history showing delivery activity and payment activity from twelve (12) months prior to the date the Benefit was received by Vendor to the current date. Vendor must also provide any other information required by MaineHousing related thereto.
 - 5. Vendors may refund credit balances to Eligible Households only to the extent that such credit balances can be documented and demonstrated to be the Eligible Household's funds and not Fuel Assistance funds.

G. As part of the Annual Consumption Report process, Vendors must review Eligible Household accounts and identify any remaining Benefits that were issued in or prior to the preceding Program Year. All such unused Benefits must be returned to MaineHousing no later than June 30.

H. Use of Benefits.

- 1. Program benefits may not be sold, released or otherwise conveyed, with or without consideration, by the Eligible Household or the Vendor without written authorization from MaineHousing. MaineHousing will only authorize such conveyances when circumstances arise that prevent the Eligible Household from using the benefit and MaineHousing determines such conveyance is in the best interest of the Eligible Household and is consistent with the intent of the HEAP Act.
- 2. Benefits cannot be used to pay Incidental Costs.
- 3. Unless otherwise authorized by MaineHousing, the Vendor may only deliver the product stated on the Vendor Voucher Report, the Credit Notification Report , or the purchase order for wood or ECIP.
- 4. Vendor may deliver the entire Benefit if the Household has placed an order (for partial Benefit) or if the Household is on automatic delivery unless:
 - a. The Household advises the Vendor all Applicants are moving;

- b. The Household advises the Vendor that Household's Heating System has mechanical difficulties;
 - c. The Household's Home Energy storage tanks are either being replaced or do not meet code.
- I. In the case of electricity and natural gas Vendors, the Vendor may apply HEAP Benefit funds received for the account of the Eligible Household to past due charges for Home Energy deliveries to the Eligible Household, with the oldest charges being paid first. HEAP Benefits cannot be applied to Incidental Costs.
 - J. Vendor Watch List. In the event MaineHousing determines, in its sole judgment based on Vendor's actions or omissions or other information obtained by MaineHousing directly or from any third party, that such actions, omissions or other information raises issues concerning Vendor's continued ability to make Home Energy deliveries or otherwise comply with the terms of the Vendor Agreement, or that Vendor's performance is out of compliance with the requirements of the Vendor Agreement, MaineHousing may place, in its sole discretion, Vendor on a Watch List.
 - K. Prohibited Discrimination. The Vendor is prohibited from discriminating against any Eligible Household regarding the extension of credit to purchase Home Energy or other services, the price of Home Energy or other services, or the terms or conditions of the delivery of Home Energy or other services solely on the basis of its being an Eligible Household.

16. Errors and Program Abuse.

A. Reports of Errors and Program Abuse:

- 1. Subgrantees must report in writing to MaineHousing suspected Errors and Program Abuse related to Programs.
- 2. Any individual may report to MaineHousing suspected Errors and Program Abuse related to Programs:
 - a. By telephone at 1-800-452-4668 or (207) 626-4600
 - b. In writing to MaineHousing, ATTN: HEAP Errors and Program Abuse,
~~353 Water Street~~^{26 Edison Drive}, Augusta, Maine ~~04333~~⁰⁴³³⁰
 - c. By e-mail to LIHEAPcompliance@mainehousing.org;
 - d. Or via MaineHousing's website at
<http://mainehousing.org/contact/info-request-form>

The report must include the name of the person being reported, their county of residence, and details of the suspected Errors and Program Abuse.

- B. MaineHousing will investigate all reported Errors and Program Abuse. If there is documented information to indicate Errors and Program Abuse, MaineHousing may notify the Applicant and provide them an opportunity to respond. Based on the response, MaineHousing will determine what, if any, appropriate action should be taken.
- C. Once Errors and Program Abuse is confirmed or if an Applicant fails to respond to inquiries

regarding suspected Errors and Program Abuse, an Overpayment will be calculated and communicated to the Applicant. In addition to the Overpayment, the communication will include: 1) the facts surrounding the decision, 2) the reason for the decision, and 3) the manner by which the Applicant can request an appeal. MaineHousing may investigate the previous three (3) Program Years from the Date of Discovery. The Overpayment may include any or all of those three (3) years.

- D. When calculating an Overpayment MaineHousing will use the HEAP Handbook in effect for the applicable years the Overpayment occurred.
- E. An Applicant may request a fair hearing to dispute an Overpayment. The Applicant must submit to MaineHousing a written request for a fair hearing no later than thirty (30) calendar days from the postmark date of the first notification from MaineHousing of suspected Errors and Program Abuse. All requests for fair hearing shall follow the Rule as set forth in Section 15.
- F. MaineHousing will pursue recouping of Overpayments by any and all of the following:
 - 1. Applicant may pay MaineHousing the full amount an Overpayment.
 - 2. Applicant may enter into a payment arrangement. Minimum monthly payment allowed will be set at \$5.00 a month.
 - 3. Despite the existence of a repayment agreement, MaineHousing will recoup any current and future Benefits to offset against an Overpayment balance. MaineHousing will recoup 50% of a Household's current Program Year's Benefit and 50% of a Household's future Program Years' Benefits until the Overpayment has been paid in full.
 - 4. MaineHousing will recoup Benefits on account with the Applicant's Vendor to offset against an Overpayment balance.
- G. When Applicant fails to repay Overpayment, the case may be referred to other parties for additional action.
- H. MaineHousing may close an Overpayment for any of the following reasons:
 - 1. Overpayment has been paid in full.
 - 2. The overpayment is determined to be invalid based on a fair hearing decision or a court decision.
 - 3. All adult persons(s) responsible for Overpayment are deceased.

17. Appeal.

- A. The benefit notification shall:
 - 1. State the Benefit amount;
 - 2. State the date the Benefit was sent to the Vendor;
 - 3. State the approved Home Energy type;

4. State the manner by which the Applicant can request an informal review, if applicable;
5. State the manner by which the Applicant can request an appeal, if applicable.

B. The denial notification shall:

1. State the facts surrounding the decision;
2. State the reason(s) for the decision;
3. State the manner by which the Applicant can request an appeal, if applicable.

C. The Applicant must submit a written appeal request for an informal review no later than:

1. Thirty (30) calendar days from the postmarked date of the denial notification;
2. Thirty (30) calendar days from the postmarked date of the benefit notification;
3. Ninety (90) calendar days from the Date of Application, if the Application has not been approved or denied; or
4. Ninety (90) calendar days from the postmarked date of the request for refund of an Overpayment.

D. Written requests for appeal may be mailed to MaineHousing, 26 Edison Drive, Augusta, Maine 04330; or emailed to LIIHEAPcompliance@mainehousing.org.

E. Informal Review. Informal reviews are intended to provide a minimum hearing requirement and need not be as elaborate as the fair hearing. An Applicant may request, in writing, an informal review for any dispute other than a dispute regarding TANF Supplemental Benefits.

The informal review will be conducted by a person other than the one who made or approved the decision under review or a subordinate of this person. MaineHousing will review the file, conduct necessary research, and give the Applicant an opportunity to present written or oral objections to the decision under review. In rendering a decision MaineHousing will evaluate the accuracy of the calculations, the level of documentation provided by the Applicant, and the accuracy of the decision. MaineHousing will communicate the results of the research/review to the Applicant.

F. Fair Hearing.

Pursuant to the HEAP Act, [42 USC §8624\(b\)\(13\)](#), MaineHousing will provide an Applicant an opportunity for a fair administrative hearing if the Applicant's claim for assistance has been denied or not acted upon with reasonable promptness. MaineHousing will also provide an Applicant an opportunity for a fair administrative hearing if the Applicant disputes the amount of their Benefit or if the Applicant is required to refund an Overpayment.

1. Fair hearings shall be conducted in accordance with the Maine Administrative Procedures Act, Title 5, Chapter 375 by the Director of MaineHousing (or his/her designee) or such other contractor selected by MaineHousing. The parties may receive a transcript of the hearing upon payment of the reasonable cost for the production thereof.
2. Within thirty (30) calendar days of the hearing's conclusion the hearing officer will

prepare a recommended hearing decision. Copies of the recommended decision will be provided to the appellant.

3. A final decision and order will be made by the Director of MaineHousing in writing within sixty (60) calendar days of receipt of the hearing officer's recommendation. In the event the Director of MaineHousing presides over a hearing, she/he shall render his/her decision and order within sixty (60) calendar days of the hearing's conclusion or sixty (60) calendar days of the recommended decision. The Director's decision and order shall include findings of fact sufficient to apprise the parties of its basis. A copy of the decision and order will be provided promptly to each party to the proceeding or his representative of record. Written notice of the party's right to appeal the decision and other relevant information will be provided to the parties at the time of the decision and order. The decision and order will be implemented by the Subgrantee no later than ten (10) calendar days after receipt if it is in the Appellant's favor and otherwise forty-five (45) calendar days unless stayed on appeal.

G. TANF Supplemental Benefits are not subject to appeal.

18. Additional Provisions.

- A. Other Laws. If this Rule conflicts with any provision of applicable federal or State law, including without limitation the Act and the HEAP Act, such federal or State law shall control.
- B. Additional Requirements. This Rule does not preclude such additional or alternative requirements as may be necessary to comply with the Act and the HEAP Act.
- C. Pool of Eligible Households. This Rule establishes a pool of eligible applicants but does not preclude additional reasonable criteria and does not confer any automatic right or entitlement on any person or entity eligible hereunder.
- D. Availability of Funds. Assistance provided pursuant to this Rule is conditioned on the availability of HEAP funds.
- E. Waivers. Upon determination for good cause, the Director of MaineHousing, or the Director's designee, may, subject to statutory limitations, waive any provision of this Rule. Each waiver shall be in writing and shall be supported by documentation of the pertinent facts and grounds for the waiver.
- F. Final Action. The Director of MaineHousing, individually or by exercise of the delegation powers contained in the Act, shall make all decisions and take all action necessary to implement this Rule. Such action of the Director shall constitute final agency action.

BASIS STATEMENT: This replacement rule repeals and replaces in its entirety the current Home Energy Assistance Program Rule. The rule establishes standards for administering fuel assistance, emergency fuel assistance, TANF Supplemental Benefits, weatherization, heat pumps, and heating system repair and replacement funds to low-income eligible households in the State of Maine. This replacement rule: amends the definitions of "Heat Pump"; revises the calculation used to determine electricity costs for the consumption based method of determining a Benefit; updates the Benefit Matrix including rounding method used in determining poverty level brackets; language regarding heating degree days; and adding a new home energy type; removes reference to using an electronic verification system with the Social Security Administration; changes the fuel tank reading necessary for a Household to be eligible for ECIP; adds information regarding the Heat Pump Program; updates language regarding the amount of time a Household must reside in Maine in order to be considered eligible for HEAP; and changes the income verification period from the previous three (3) or twelve

~~(12) month period to the previous one (1) month or thirty (30) day period allows for Categorical Income Eligibility for Households receiving TANF or SNAP assistance; expands the time period in which eligible medical expenses can be deducted for income determination; allows for HEAP Categorical Income Eligibility for Weatherization, CHIP and Heat Pump programming; and permits TANF Supplemental Benefits to be sent to HEAP Vendors pre-delivery in the same manner as regular HEAP Benefits.~~ Other changes correct errors or provide clarification to the previous version of the rule.

PUBLIC COMMENT:

Process:

Notice of Agency Rule making Proposal was published in the Wednesday, April 28, 2021, edition of appropriate newspapers. Additionally, MaineHousing sent the web links to the proposed rule and state plan to interested parties on Wednesday, April 28, 2021, and published the proposed rule on its website on Wednesday, April 28, 2021.

MaineHousing held a public hearing on Tuesday, May 18, 2021, to receive testimony on its proposal to repeal and replace the rule. Written comments were accepted until 5:00 p.m. EST on Friday, May 28, 2021. MaineHousing received testimony from Tracey Bruyette, HEAP Client; Joann Pierce, HEAP client; Lynn Lugdon, Chair with Maine Community Action Partnership's Energy Council; Judy Frost, Community Services Program Manager with Western Maine Community Action; and written testimony and comments from Joby Thoyailil, Senior Policy Advocate with Maine Equal Justice.

Summary of Comments and Responses to Comments:

Testimony from Tracy Bruyette, HEAP Client:

Ms. Bruyette shared that she received a \$21.00 HEAP benefit instead of a regular HEAP benefit; that this was not enough to heat her house; and that she did not understand why all of a sudden, after receiving a regular HEAP benefit for the previous ten years that this change was made. A suggestion was made by MaineHousing Deputy Director, Peter Merrill, to have MaineHousing personnel follow up with Ms. Bruyette to provide additional information regarding the situation she inquired about.

MaineHousing's Response: Per the Chapter 24 HEAP Rule, a Household is eligible for a HEAP benefit if on the date of application, the household meets certain eligibility requirements, including, "Has a direct energy cost or indirect determinable energy costs." In some situations, a household may not have calculated direct energy costs or indirect determinable energy costs. For example, a household may receive a utility allowance to assist with heating costs; that when used in the calculation to determine energy costs, may result in a calculated zero/negative figure. In these instances, a household is not eligible to receive a regular HEAP benefit; rather, they receive a benefit in an amount to maximize benefits under the Supplemental Nutrition Assistance Program, which is an amount of at least \$20.00. In Maine's HEAP, this benefit amount is set at \$21.00.

MaineHousing has already proposed a change in the Chapter 24 HEAP Rule to revise the calculation used to determine a household's heating burden for households that use primary heating systems with electricity as the fuel type. The proposed change will use a percentage of reported electricity costs versus deducting a standard, flat amount. This change will support heating costs calculations being tailored specifically for each household versus a static amount being used. MaineHousing personnel spoke with Ms. Bruyette on May 19, 2021 and shared the above information with her. MaineHousing is not making any changes in the Chapter 24 HEAP Rule based on the testimony from Ms. Bruyette.

Testimony from Joann Pierce, HEAP Client:

Ms. Pierce shared regarding the financial dilemma she experiences as a result of not receiving monthly electrical assistance to help with her monthly electric bills. She said that she qualifies for HEAP and receives \$20.00 of assistance through HEAP per year. She indicates that she is not eligible for ongoing electrical assistance, specifically because she receives subsidized housing assistance. Ms. Pierce references the Electricity Lifeline

Program (ELP) and that subsidized housing recipients are not eligible for ELP. Ms. Pierce also shared her understanding and thoughts related to how formulas used to determine electricity use for subsidized housing units are an estimated amount and her concern regarding how the estimates may not consistently align with actual electricity costs.

MaineHousing's Response: Per the Chapter 24 HEAP Rule, a Household is eligible for a HEAP benefit if on the date of application, the household meets certain eligibility requirements, including, “Has a direct energy cost or indirect determinable energy costs.” In some situations, a household may not have calculated direct energy costs or indirect determinable energy costs. For example, a household may receive a utility allowance to assist with heating costs, that when used in the calculation to determine energy costs, may result in a calculated zero/negative figure. In these instances, a household is not eligible to receive a regular HEAP benefit, rather, they receive a benefit in an amount to maximize benefits under the Supplemental Nutrition Assistance Program, which is an amount of at least \$20.00. In Maine’s HEAP, this benefit amount is set at \$21.00.

MaineHousing has already proposed a change in the Chapter 24 HEAP Rule to revise the calculation used to determine a household’s heating burden for households that use primary heating systems with electricity as the fuel type. The proposed change will use a percentage of reported electricity costs versus deducting a standard, flat amount. This change will support heating costs calculations being tailored specifically for each household versus a static amount being used.

Concerning eligibility for ELP, Central Maine Power (CMP) administers ELP, which is CMP’s Low Income Assistance Program (LIAP). Chapter 314 Statewide Low Income Assistance Program establishes standard design, administration and funding criteria for LIAP. ELP is CMP’s LIAP. Per Chapter 314, “Each transmission and distribution utility’s LIAP shall be available to its customers who are taking residential electric service on a continuing year round basis who meet the following eligibility criteria: 1.) The customer or a member of the customer’s household must be eligible to receive a LIHEAP benefit; 2.) The customer is not receiving a housing subsidy that limits the household’s total housing cost, including utilities, to a fixed percentage of the household’s income, with the exception of customers who qualify for participation in the oxygen pump or ventilator program pursuant to section 4(l)(3). These customers are eligible to participate in both the LIAP, as well as the oxygen pump and ventilator programs; and 3.) The customer qualifies for the utility’s LIAP.” Information available CMP’s website: [ELP_AMP_Customer_FactSheet.pdf](#) ([cmpeo.com](#)) states that LIHEAP eligible households may qualify for ELP if they live in subsidized housing and qualify to participate in the oxygen pump or ventilator program. Each applicable electricity company determines eligibility for LIAP per Chapter 314. MaineHousing is not making any changes in the Chapter 24 HEAP Rule based on the testimony from Ms. Pierce.

Testimony from Lynn Lugdon, Chair, Maine Community Action Partnership Energy Council:

Ms. Lugdon thanked MaineHousing’s Energy and Housing Services Department (EHS) for everything EHS has done this year to work with the Energy Council. She thanked MaineHousing for helping to support the recommendation for a one month/30 day income verification period and mentioned how this change will have a positive impact for HEAP applicants. Ms. Lugdon also expressed support for the proposed change to a 1/4 tank reading from an 1/8 tank reading on a standard 275 gallon fuel oil tank as the level that would indicate a household is in a situation warranting Energy Crisis Intervention Program services. Ms. Lugdon also shared information in response to Ms. Bruyette’s testimony regarding HEAP benefit levels, in which Lynn provided some details regarding the proposed heating burden calculation change.

MaineHousing's Response: MaineHousing is not making any changes in the Chapter 24 HEAP Rule based on the testimony from Ms. Lugdon.

Testimony from Judy Frost, Community Services Program Manager, Western Maine Community Action:

Ms. Frost provided additional information and clarity regarding Ms. Lagdon's remarks regarding the proposed change with the heating burden calculation. Ms. Frost spoke to the concern the Maine Community Action Partnership-Energy Council has had regarding the current calculation deducting a standard \$600 from reported electricity costs for households that heat with electricity; that the Energy Council had suggested deducting 30% of reported electricity costs to account for non-heating electricity use; and that Mainel Housing had worked with the Energy Council to see this proposed change moved forward for consideration in an effort to help households served by the Community Action Agencies.

Mainel Housing's Response: Mainel Housing is not making any changes in the Chapter 24 HEAP Rule based on the testimony from Ms. Frost.

Written Testimony from Joly Thoyallil, Senior Policy Advocate with Maine Equal Justice:

Mr. Thoyallil submitted written testimony and expressed Maine Equal Justice's (MEJ) appreciation and support of many of the proposed changes within the Chapter 24 Rule and State Plan for PY2022. Mr. Thoyall shared that MEJ has advocated and continues to advocate for changes to the HEAP in order to make it more efficient and more accessible so that more eligible people can be served by the program.

Recommendation *Instead of replacing the 3 month, or 12 month income verification period with the 1 month/ 30 day period, allow for all three income periods to be considered.* Mr. Thoyall shared MEJ's worry about unintended negative consequences for applicants who earn seasonal wages or who otherwise have very inconsistent earning patterns throughout the year. In these situations, a worker may appear to be over income when looking at just one month of earnings, when that month may not be representative of their yearly average income.

Mainel Housing's Response: The proposed change to move from 3 month or 12 month income verification periods to a 1 month/30 day income verification period was put forward as requested by Community Action Agencies. This change will simplify the process and be supportive of many households applying for HEAP. Households that have income from self-employment will continue to report out on income made in a 12-month period. Households that are over income eligibility limits can reapply for HEAP if/when they have a change with their income. This is the current practice and will continue even if the proposed change to the 1-month/ 30-day income period is implemented. Mainel Housing is not making any changes to the proposed Rule or State Model Plan related to this recommendation.

Recommendation *Continue efforts to integrate the HEAP application process with DHHS's ACES system.* Mr. Thoyall shared that MEJ strongly believes that the most efficient way to increase program uptake is to integrate the HEAP application and verification process with the Maine Department of Health and Human Services (DHHS) Automatic Client Eligibility System (ACES). Mr. Thoyall shared MEJ's appreciation for Mainel Housing's and DHHS's efforts to move towards this integration, including the initial step taken to notify applicants of DHHS programs through DHHS's My Maine Connection online application interface, of the existence and availability of assistance through HEAP. MEJ supports and looks forward to implementation of next steps towards allowing people the opportunity to apply for HEAP through DHHS's online program application portal.

Mainel Housing's Response: Mainel Housing and DHHS have worked closely together since June 2020 to increase visibility of the HEAP for individuals applying for DHHS programming through DHHS's online application. DHHS is committed to having Mainel Housing involved in planning for the next phase of DHHS's conversion to a new online application system, to explore having additional questions asked and data shared with Mainel Housing to start HEAP applications for individuals who have expressed an interest in applying for HEAP. Mainel Housing will continue to work with DHHS towards systems integration and data sharing that will increase efficiency in the HEAP application process for households that apply online for DHHS programs. Mainel Housing is not making any changes to the Chapter 24 HEAP Rule or HEAP State Model Plan for PY2022 related to this recommendation.

Recommendation: Utilize categorical eligibility for families who receive TANF cash assistance to address the under enrollment of families with young children in Maine's HEAP program. Mr. Thoyall shared that households with children age 5 years and younger represent a considerably smaller share of households receiving heating assistance in Maine than in the nation and other New England states. Mr. Thoyall shared that all families receiving TANF cash assistance include children and many live in or near deep poverty, meaning their incomes are close to 50 percent or less of the federal poverty level. MEJ stated that determining these families income eligible for HEAP through categorical eligibility would greatly reduce the administrative burden of the application process.

MaineHousing's Response: MaineHousing has completed some preliminary research regarding how some other states utilize categorical eligibility for HEAP, and has initiated conversations with Maine DHHS to explore data sharing that would need to occur in order to implement categorical HEAP eligibility for households that receive TANF cash assistance. MaineHousing has focused its attention on working with Maine DHHS to streamline the HEAP application process for households applying online for DHHS services, including the feasibility of data sharing. MaineHousing intends to continue exploring the option of implementing categorical eligibility for HEAP, including continued discussion with Maine DHHS in the coming year. MaineHousing is not making any changes to the Chapter 24 HEAP Rule or HEAP State Model Plan for PY2022 related to this recommendation.

Finance Department Memorandum

To: Board of Commissioners

From: Darren Brown

Date: April 12, 2022

Subject: Review of 2021 Budget and Audit Results

The budget results for 2021 will be reviewed at the April meeting. Jason Emery, Managing Director, from Baker Newman & Noyes will also be at the meeting to review their audit work and to answer any questions. Please find enclosed the following information:

- **2021 Budget Report** - This report presents the budget results for the year. It provides an overview of each budget schedule and summarizes the major variances between budget and actual amounts.
- **December 31, 2021 Audited Financial Statements** -The Independent Auditors' Report, **pages 1 – 2**, that accompanies the financial statements contains an unmodified opinion. This is also referred to as a "clean opinion" and means that the financial statements were properly prepared and are presented in accordance with Generally Accepted Accounting Principles.

The Management's Discussion and Analysis (MD&A) section of the financial statements, **pages 3 – 11**, provides an overview of the structure and presentation of the financial statements. It also summarizes the financial highlights and provides an analysis of the financial activities for the year.

- **The Auditor's Communication with those charged with Governance Report** – The auditors are required to communicate certain matters to the Board. This report summarizes the auditor's responsibilities regarding the audit as well as certain observations arising from the audit.
- **Audit Management Letter** – This reports certain audit observations and recommendations for internal control improvements. The letter includes two recommendations for the Emergency Rental Assistance programs. MaineHousing's responses to the recommendations are included in the letter.
- **December 31, 2020 Federal Compliance Audit Reports** – See the accompanying memorandum that summarizes the information contained in these reports.

I look forward to discussing MaineHousing's budget and audit results at our next meeting.

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Finance Department Memorandum

To: Board of Commissioners

From: Darren R. Brown

Date: April 12, 2022

Subject: Budget Report – December 31, 2021

Attached are the budget results for the year ended December 31, 2021. The following is a summary of each attachment:

CONSOLIDATED OPERATING REVENUES AND EXPENSES BUDGET

MaineHousing has two primary business segments, which consist of mortgage lending activities and the administration of federal and other programs. All operating and program administrative costs are paid by either the net interest income from mortgage lending activities or the fee income received for the administration of federal and other programs. **Attachment A** presents the available operating revenues and all operational and administrative expenses.

Revenues

Total operating revenues were budgeted at \$76.4 million. Total actual revenues amounted to \$73.9 million and were under budget by \$2.5 million or 3%. The underage is due primarily to lower interest income from mortgages and notes.

Interest from mortgages and notes was \$4 million under budget because average loan balances and yields were below budget projections. Average loan balances were lower because single-family loan production was below budget estimates and loan run-offs due to prepayments significantly exceeded projections. Average loan yields were impacted by the low interest rate environment in 2021.

Fee income exceeded the budget by \$1.7 million due primarily to an unprecedented amount of new program funds that were provided by the federal government in response to the pandemic.

Expenses

Total operating and program administrative expenses were budgeted at \$71.6 million. Total actual expenses amounted to \$67.6 million and were under budget by \$4 million or 6%. The underage is due to lower interest and program administrative expenses.

Interest expense was under budget by \$2.8 million or 6% as a result of lower average interest rates. The low interest rate environment provided opportunities to refinance and/or retire \$250 million of higher rate bonds, which lowered the total average rate. Operating and program administrative expenses are itemized and presented on **Attachment B** and explanations for the larger variances are provided on the next pages.

Excess Revenues Over Expenses

Operating revenues exceeded expenses for the year by approximately \$6.3 million, which was \$1.5 million above the budget amount.

OPERATING & OTHER PROGRAM ADMINISTRATIVE EXPENSES BUDGET

Operating Expenses

Operating expenses were budgeted at approximately \$19.5 million for 2021. Total actual expenses amounted to \$19.8 million and were over budget by \$0.3 million or 1%. Operations were impacted by the COVID-19 pandemic and new federal programs provided for a significant increase in program activities, which contributed to an increase in operating costs.

- Salaries and employee benefits (lines 1-5) exceeded the budget by a combined amount \$519,000 as a result of an increase in staff. Budget amounts were based on a staff level of 172 full-time equivalents (FTEs) and actual FTEs exceeded budget estimates by eight. Additional staff were needed to accommodate the substantial increase in program activities that resulted from the federal funds awarded in response to the pandemic. The federal funds provided additional administrative fee income to pay for related operating costs.
- Staff education and trainings, Partner/Client trainings and meetings, and Staff events (lines 11-16) were below budget due to COVID-19 restrictions on gatherings and travel. Expenditures in these areas were under budget by a combined amount of approximately \$136,000.
- Professional services (line 34) were under budget by \$88,000 because the budget included amounts for outsourcing certain legal work that was not needed because of the addition of an in-house attorney.

Other Program Administrative Expenses

Other Program Administrative expenses were budgeted at \$8.9 million and actual expenses amounted to approximately \$7.4 million. Expenses were under budget by \$1.5 million or 17% due primarily to the following:

- Loan foreclosure and REO expenses and provisions for losses on loans and REO's (lines 1- 3) were under budget by a combined amount of \$356,000 because single-family loan defaults and foreclosures were below budget estimates due to COVID-19 and the moratorium on foreclosures.
- Mortgage servicing fees (line 4) were under budget by \$91,000 due to lower outstanding single-family loan balances. The low interest rate environment generated a very high volume of loan runoffs from prepayments.
- Loan origination expenses (line 5) were under budget by \$884,000 because single-family loan production was below budget projections by \$35 million.
- Bond issuance costs (line 6) were under budget by \$234,000. The budget was based on a total of six bond issuances at an average cost of \$150,000. There were only five issuances during the year at an average cost of \$134,000.
- Program advertising (line 8) costs were over budget by \$115,000 as a result of unanticipated marketing and outreach initiatives associated with new federal COVID-19 programs.
- Variable rate bond remarketing/liquidity facilities (line 10) expenses were under budget by \$97,000. Certain Standby Purchase Agreements were restructured during the year at lower rates, which reduced ongoing cost.

- Cash flow/arbitrage/swap consultants/legal (line 11) expenses were over budget by \$66,000 because there were unbudgeted legal expenses for restructuring several Standby Purchase Agreements and remarketing Interest Rate Swap agreements. These restructurings lowered remarketing and liquidity facilities costs associated with variable rate bonds.

CAPITAL BUDGET

The Capital Budget, **Attachment C**, presents items that provide an economic benefit to MaineHousing over a period of time. Items are recorded as assets and depreciated over their estimated useful life. The total authorized capital budget for 2021 was \$385,000 and expenditures amounted to \$327,000 for the year. Capital expenditures were mainly for software upgrades to the Hancock systems used to administer the federal LIHEAP and Weatherization programs and window shades for the office building.

The Hancock system upgrades were over budget because of modifications needed to accommodate requirements associated with the unanticipated COVID-19 supplemental LIHEAP funds that were made available in 2021. The federal supplemental funds provided additional administrative fees to pay for the required modifications.

The acquisition of the multifamily housing system was not acquired as planned and was carried forward to the 2022 Capital Budget.

**MAINE STATE HOUSING AUTHORITY
CONSOLIDATED OPERATING REVENUES AND EXPENSES BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2021**

(IN THOUSANDS OF DOLLARS)

	Total Budget	Total Actual	\$ Variance Over(Under)	% Variance Over(Under)
REVENUES:				
Interest from mortgages and notes	64,025	60,031	(3,994)	(6%)
Income from investments	1,500	1,191	(309)	(21%)
Fee income	10,764	12,420	1,656	15%
Other revenue	140	328	188	134%
Total Revenues	<u>76,429</u>	<u>73,970</u>	<u>(2,459)</u>	<u>(3%)</u>
EXPENSES:				
Operating expenses	19,462	19,752	290	1%
Other program administrative expenses	8,859	7,367	(1,492)	(17%)
Interest expense	43,270	40,476	(2,794)	(6%)
Total Expenses	<u>71,591</u>	<u>67,595</u>	<u>(3,996)</u>	<u>(6%)</u>
Excess Revenues Over Expenses	<u>4,838</u>	<u>6,375</u>	<u>1,537</u>	<u>32%</u>

MAINE STATE HOUSING AUTHORITY
OPERATING AND OTHER PROGRAM ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

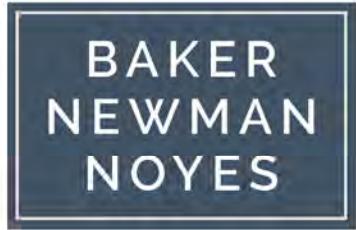
	Total Budget	Total Actual	\$ Variance Over(Under)	% Variance Over(Under)
Operating Expenses				
1. Salaries	10,777,009	11,215,293	438,284	4%
2. Payroll taxes	788,606	854,728	66,122	8%
3. Retirement	1,065,276	1,092,228	26,952	3%
4. Health, dental and other insurance benefits	2,619,299	2,607,163	(12,136)	(0%)
5. Other fringe benefits	10,000	9,608	(392)	(4%)
6. Office supplies	54,095	54,289	194	0%
7. Printing	69,879	68,709	(1,170)	(2%)
8. Membership, dues and fees	61,745	53,433	(8,312)	(13%)
9. Subscriptions	22,660	19,896	(2,764)	(12%)
10. Sponsorships	13,500	7,500	(6,000)	(44%)
11. Staff Education/Training/Conferences	114,176	97,654	(16,522)	(14%)
12. Travel/Meals - Staff Educ/Train/Conferences	74,801	4,800	(70,001)	(94%)
13. Partner/Client Trainings/Meetings	56,672	45,959	(10,713)	(19%)
14. Travel/Meals - Partner/Client Train/Meetings	46,325	15,838	(30,487)	(66%)
15. Staff events	10,225	12,284	2,059	20%
16. Meals - staff events	16,175	5,504	(10,671)	(66%)
17. Leased vehicles	141,429	128,224	(13,205)	(9%)
18. Computer supplies	19,300	33,396	14,096	73%
19. Software licenses SAAS	177,415	188,659	11,244	6%
20. Computer maintenance contracts	622,493	628,855	6,362	1%
21. Property expenses - new office building	410,779	416,582	5,803	1%
22. Interest expense - new office building	491,495	491,522	27	0%
23. Depreciation	940,000	932,522	(7,478)	(1%)
24. Rent-Other	34,130	35,576	1,446	4%
25. Telephone	125,384	123,032	(2,352)	(2%)
26. Employment advertisements	3,400	3,674	274	8%
27. Postage and shipping	97,050	109,199	12,149	13%
28. Insurance	90,935	80,440	(10,495)	(12%)
29. Recording fees	1,300	730	(570)	(44%)
30. Payroll services	36,075	40,717	4,642	13%
31. Audit services	153,800	145,800	(8,000)	(5%)
32. Professional services	316,088	228,452	(87,636)	(28%)
Total Operating Expenses	19,461,516	19,752,266	290,750	1%
Other Program Administrative Expenses				
1. Loan foreclosure expenses	200,000	47,874	(152,126)	(76%)
2. REO expenses	50,000	3,794	(46,206)	(92%)
3. Provision for losses on loans and REOs	175,000	17,713	(157,287)	(90%)
4. Mortgage servicing fees	1,820,000	1,728,664	(91,336)	(5%)
5. Loan origination expenses	3,000,000	2,116,099	(883,901)	(29%)
6. Bond issuance expenses	900,000	665,876	(234,124)	(26%)
7. Trustee/Bank fees	158,000	161,408	3,408	2%
8. Program advertising/printing	195,665	310,480	114,815	59%
9. Bond and mortgagee insurance	15,200	15,872	672	4%
10. Variable rate bond remarket/liquidity facilities	1,175,000	1,078,009	(96,991)	(8%)
11. Cash flow/arbitrage/swap consultants/legal	600,000	666,224	66,224	11%
12. Homebuyer education	110,000	113,600	3,600	3%
13. Program administrator fees	447,000	442,060	(4,940)	(1%)
14. Section 8 security deposits/landlord incentives	13,000	0	(13,000)	(100%)
Total Other Program Administration Expenses	8,858,865	7,367,673	(1,491,192)	(17%)
Total Operating and Administrative Expenses	28,320,381	27,119,939	(1,200,442)	(4%)

ATTACHMENT C

**MAINE STATE HOUSING AUTHORITY
CAPITAL BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2021**

Description	Total Budget	Total Actual	\$ Variance Over(Under)	% Variance Over(Under)
Computer Hardware:				
Network backup hardware - Data Domain	50,000	0	(50,000)	
Laptops	18,000	16,232	(1,768)	
Total computer hardware	<u>68,000</u>	<u>16,232</u>	<u>(51,768)</u>	<u>(76%)</u>
Computer Software:				
Enterprise multi-family housing system	170,000	0	(170,000)	
Coordinated Entry Portal - client list software homeless programs	10,000	0	(10,000)	
Mobile device management system	5,000	0	(5,000)	
Website redesign	27,000	28,680	1,680	
Hancock system upgrades (LIHEAP & Wx Programs)	50,000	220,850	170,850	
Salesforce software upgrades (Lead Program)	10,000	0	(10,000)	
Single Family loan servicing system modifications	10,000	2,508	(7,492)	
Community Outreach Dashboard	25,000	0	(25,000)	
Emphasys (AOD) Single Family lender (LOL) & tracking (LT) systems modifications	<u>10,200</u>	<u>4,875</u>	<u>(5,325)</u>	<u>(19%)</u>
Total computer software	<u>317,200</u>	<u>256,913</u>	<u>(60,287)</u>	
Office Building:				
Window Shades	0	53,379	53,379	
	<u>0</u>	<u>53,379</u>	<u>53,379</u>	<u>N/A</u>
Total	<u>385,200</u>	<u>326,524</u>	<u>(58,676)</u>	<u>(15%)</u>

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Maine State Housing Authority

Basic Financial Statements,
Management's Discussion and Analysis
and Required Supplementary Information

For the Year Ended December 31, 2021

MAINE STATE HOUSING AUTHORITY

FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
Maine State Housing Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Maine State Housing Authority (MaineHousing), a component unit of the State of Maine, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise MaineHousing's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of MaineHousing, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

To The Board of Commissioners
Maine State Housing Authority

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of MaineHousing's Proportionate Share of the Net Pension (Asset) Liability and Schedule of MaineHousing's Pension Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2022 on our consideration of MaineHousing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MaineHousing's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MaineHousing's internal control over financial reporting and compliance.

Baker Newman & Noyes LLC

Portland, Maine
March 28, 2022

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021

Management's discussion and analysis provides an overview of the Maine State Housing Authority's (MaineHousing) financial activities for the year ended December 31, 2021. It should be read in conjunction with the audited financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- MaineHousing's net position increased by \$26.1 million to \$406.3 million as a result of program operations and financing activities. The net position of the proprietary funds, which present MaineHousing's business-type activities, increased \$5.7 million while the net position of governmental activities increased \$20.4 million.
- Low market mortgage rates contributed to a record high volume of single-family loan prepayments, which increased by \$47.3 million or 42.8% and totaled \$157.8 million in 2021. Prepayment activity coupled with a lower volume of new loan purchases contributed to a \$73.6 million decrease in the single-family loan portfolio and a \$2.4 million reduction in interest revenues.
- Multi-family loan originations increased by \$15.1 million or 37% and totaled \$55.7 million in 2021. Income from financing fees increased by \$1.2 million as a result of the higher volume.
- Bond retirements totaled \$250.1 million. The retirement and refunding of bonds lowered average interest rates on outstanding bonds and contributed to a \$3.7 million or 8.1% reduction in interest expense, which offset a \$3.5 million decrease in interest income from mortgage loans and investments.
- Total revenues from governmental activities increased by \$148.9 million or 65.9% to \$374.8 million as a result of a significant amount of federal program funds provided in response to the COVID-19 pandemic. MaineHousing administered a number of different pandemic relief programs for the State of Maine and received a total of \$171.1 million in 2021. Fee income for the administration of programs increased by \$1.6 million as a result of the additional COVID-19 programs that were administered in 2021.

OVERVIEW OF MAINEHOUSING

MaineHousing was created in 1969 by an Act of the Maine State Legislature and is a public corporation and government instrumentality of the State of Maine. MaineHousing was established to assist in the financing, development, and rehabilitation of housing in Maine for persons and families of low and moderate income. In this capacity, MaineHousing is authorized to issue bonds for the purchase or origination of notes and mortgages on single-family and multi-family residential properties.

MaineHousing also acts as an agent for the State of Maine in administering various federal housing and energy related programs. These programs are funded through grants and program agreements with the federal government's departments of Housing and Urban Development, Energy, and Health and Human Services, as well as capital and operating subsidies from MaineHousing's own funds.

MaineHousing is a component unit of the State of Maine and receives certain appropriations from the Maine State Legislature, all of which are used in connection with specified housing related programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

MaineHousing's financial statements consist of three parts – this management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include agency-wide financial statements, fund financial statements, and notes to the financial statements.

- Agency-wide financial statements provide information about MaineHousing's overall financial position and operations. These statements, which are presented using the accrual basis of accounting, consist of the Statement of Net Position and the Statement of Activities.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021

- Fund financial statements of MaineHousing include its major proprietary funds, which operate similarly to private-sector businesses, and governmental funds, which consist of activities that are funded from federal grants and state appropriations.
- The basic financial statements include notes to financial statements that provide additional information and explain some of the information in the agency-wide and fund financial statements.
- The required supplementary information presents historical pension information.

The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of these statements.

Agency-wide Statements

Agency-wide statements report information about MaineHousing as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position presents MaineHousing's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The Statement of Activities presents current year revenues and expenses.

The two agency-wide statements report MaineHousing's net position and results of operations. Net position is one measure of MaineHousing's financial health and position. Agency-wide financial statements are divided into two categories:

- *Business-type activities* – MaineHousing's business-type activities consist of providing mortgage financing on single-family and multi-family residential properties. These activities are funded primarily through the issuance of bonds.
- *Governmental activities* – MaineHousing administers various state and federal housing and energy related programs. These activities are financed by grant and program agreements with the federal government and appropriations from the Maine State Legislature.

Fund Financial Statements

The fund financial statements provide more detailed information about MaineHousing's most significant funds and not MaineHousing as a whole. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. MaineHousing has two kinds of funds:

- *Proprietary funds* – MaineHousing's business-type activities are in its proprietary funds and they are accounted for in a manner similar to businesses operating in the private sector. Funding is primarily through the issuance of bonds, the proceeds of which are mainly used to make various types of loans to finance low and moderate-income housing. The net positions of these funds represent accumulated earnings since their inception and interest rate subsidy amounts contributed from governmental funds. Amounts in the funds are generally restricted for program purposes.
- *Governmental funds* – MaineHousing has five major and several other governmental funds. MaineHousing is the administrator of these funds, the revenues of which are appropriated to MaineHousing for making housing and energy related grants and loans. These fund statements focus on how cash and other financial assets flowing into the funds have been used. A substantial portion of the fund balances for these funds consist of investments reserved for grants or making mortgage loans.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021

AN OVERVIEW OF MAINEHOUSING'S FINANCIAL POSITION AND OPERATIONS

MaineHousing's financial position and operations are summarized on the following pages for the years ended December 31, 2021 and 2020 based on the information included in the financial statements.

	Statement of Net Position (in millions of dollars)						Total Percentage Change	
	Business-type Activities		Governmental Activities		Total			
	2021	2020	2021	2020	2021	2020		
Cash and investments	\$466.9	\$459.7	\$90.9	\$45.4	\$557.8	\$505.1	10.4%	
Mortgage and other notes receivable	1,371.9	1,423.5	38.6	36.2	1,410.5	1,459.7	(3.4%)	
Other assets	14.7	27.9	56.6	18.7	71.3	46.6	53.0%	
Total Assets	1,853.5	1,911.1	186.1	100.3	2,039.6	2,011.4	1.4%	
Total Deferred Outflows of Resources	13.5	21.9	0.4	0.2	13.9	22.1	(37.1%)	
Bonds and notes payable	1,513.6	1,578.0	58.0	22.7	1,571.6	1,600.7	(1.8%)	
Other Liabilities	19.7	28.8	52.7	22.8	72.4	51.6	40.3%	
Total Liabilities	1,533.3	1,606.8	110.7	45.5	1,644.0	1,652.3	(0.5%)	
Total Deferred Inflows of Resources	2.0	0.2	1.2	0.8	3.2	1.0	220.0%	
Investment in capital assets	2.7	2.8	0.0	0.0	2.7	2.8	(3.6%)	
Restricted	293.6	289.1	74.6	54.2	368.2	343.3	7.3%	
Unrestricted	35.4	34.1	0.0	0.0	35.4	34.1	3.8%	
Total Net Position	\$331.7	\$326.0	\$74.6	\$54.2	\$406.3	\$380.2	6.9%	

Total assets at December 31, 2021 were \$2.04 billion, an increase of \$28.2 million or 1.4% from December 31, 2020. The change in assets consisted primarily of a \$52.7 million increase in cash and investments and a \$49.2 million net decrease to mortgage notes receivables. Other assets increased by \$24.7 million or 53% due mainly to higher receivable balances due from federal programs.

Total deferred outflows of resources, which consist of the accumulated decrease in the fair value of interest rate swap agreements and deferred amounts associated with debt refundings and pension expenses, decreased \$8.2 million or 37.1% as a result of an aggregate increase in the fair value of interest rate swaps.

Total liabilities at December 31, 2021 were \$1.64 billion, a decrease of \$8.3 million or 0.5% from December 31, 2020. The decrease in liabilities is due mainly to lower outstanding bonds and notes payable, which decreased by \$29.1 million to \$1.57 billion at December 31, 2021. Other liabilities increased \$20.8 million or 40.3% due mainly to a \$27.8 million increase in unearned grant income, while a pension liability of \$2.8 million was eliminated and the interest rate swap liability decreased by \$8.3 million as a result of increases in the fair value of related swap instruments.

Total deferred inflows of resources, which consist of deferred amounts associated with federal program income and pension credits, increased \$2.2 million. The utilization of prior year deferred advanced payments from the federal government for the Section 8 Housing Choice Voucher program reduced deferred income by \$0.7 million, while deferred pension credits increased by \$2.9 million.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021

Cash and Investments

Total cash and investments increased by \$52.7 million or 10.4% due primarily to higher unexpended bond proceeds at December 31, 2021. MaineHousing's investment portfolio is comprised of securities of the U.S. Government, certain Federal agencies, or repurchase agreements and money market funds that are secured by such securities. Investments are carried at fair value and unrealized gains and losses due to fluctuations in market values are recognized in revenues. In 2021, the fair value of investments decreased and MaineHousing recognized \$1 million of unrealized losses compared with \$0.2 million of unrealized losses in 2020.

Mortgage and Other Notes Receivable

Total net mortgages and other notes receivable decreased \$49.2 million or 3.4% in 2021. Total mortgage purchases and originations amounted to \$169.6 million, which is a decrease of \$7.2 million or 4.1% compared with 2020. Single-family loan purchases amounted to \$113.9 million, which is a decrease of \$22.2 million or 16.3% from 2020. Multi-family loan originations totaled \$55.7 million; an increase of \$15.1 million or 37% from 2020.

Scheduled loan repayments in 2021 amounted to \$57.6 million, which is an increase of \$13.7 million or 31.2% from the previous year's level of \$43.9 million. Scheduled repayments from multi-family loans with short-terms were higher in 2021. Loan prepayments increased substantially in 2021 by \$48.2 million or 43.1% to a total of \$160.2 million. The increase was due to low market interest rates, which generated more refinancing of single-family loans outside MaineHousing.

Loan foreclosures totaled \$1 million in 2021 and \$2.8 million in 2020. The reduction in foreclosures is attributed to the federal moratorium that prohibited lenders from foreclosing on mortgage loans that were Federal Housing Administration (FHA) insured, Veterans Affairs (VA), U.S. Department of Housing & Urban Development (HUD) or Rural Housing guaranteed throughout much of 2021. The allowance for loan losses at December 31, 2021 amounted to \$8.8 million, which is unchanged from December 31, 2020.

Bonds and Notes Payable

Bonds and notes payable decreased \$29.1 million or 1.8% to \$1.57 billion at December 31, 2021. MaineHousing issues bonds or notes as capital is needed for program purposes and as opportunities for economic refunding occur. For additional details, see the Debt Activity section of the Management's Discussion and Analysis.

Net Position

MaineHousing's net position increased by \$26.1 million or 6.9% to \$406.3 million as a result of program operations and financing activities. For additional information on the net position changes, see the Results of Operations section of the Management's Discussion and Analysis.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021

MaineHousing's business activities are in the proprietary funds and are dissimilar to the activities in the governmental funds. The combined results of operations for both MaineHousing's proprietary and governmental funds are presented on the following table for the years ended December 31, 2021 and 2020:

Agency-wide Changes in Net Position
(in millions of dollars)

	2021	2020	Increase/(Decrease)	
			Amount	Percentage
Revenues:				
Interest from mortgages and notes	\$60.1	\$62.5	(\$2.4)	(3.8%)
Income from investments	1.2	2.3	(1.1)	(47.8%)
Net increase (decrease) in fair value of investments	(1.0)	(0.2)	(0.8)	400.0%
Fee income	12.4	9.7	2.7	27.8%
Grants and subsidies	364.7	217.0	147.7	68.1%
Other	1.2	1.6	(0.4)	(25.0%)
Total revenues	438.6	292.9	145.7	49.7%
Expenses:				
Operating and other program expenses	26.5	26.9	(0.4)	(1.5%)
Provision for losses on loans and foreclosed real estate	0.0	0.1	(0.1)	(100.0%)
Interest expense	42.1	45.7	(3.6)	(7.9%)
Grants and subsidies	343.9	209.1	134.8	64.5%
Total expenses	412.5	281.8	130.7	46.4%
Increase in net position	26.1	11.1	15.0	135.1%
Net position at beginning of year	380.2	369.1	11.1	3.0%
Net position at end of year	\$406.3	\$380.2	\$26.1	6.9%

Changes in business-type and governmental activities are explained in the following Results of Operations sections.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021

RESULTS OF OPERATIONS

Proprietary Funds Results

The net position of MaineHousing's proprietary funds increased by \$5.7 million and totaled \$331.7 million at December 31, 2021. The following table summarizes the Statement of Revenues, Expenses and Changes in Net Position of MaineHousing's proprietary funds for the years ended December 31, 2021 and December 31, 2020:

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position (in millions of dollars)				
	<u>2021</u>	<u>2020</u>	<u>Increase/(Decrease)</u>	
	<u>Amount</u>	<u>Percentage</u>		
Operating revenues:				
Interest from mortgages and notes	\$60.0	\$62.4	(\$2.4)	(3.8%)
Income from investments	1.2	2.2	(1.0)	(45.5%)
Net increase (decrease) in fair value of investments	(1.0)	(0.2)	(0.8)	400.0%
Fee income	2.5	1.4	1.1	78.6%
Other revenue	1.1	1.2	(0.1)	(8.3%)
Total revenues	<u>63.8</u>	<u>67.0</u>	<u>(3.2)</u>	<u>(4.8%)</u>
Operating expenses:				
Operating and other program expenses	18.2	19.5	(1.3)	(6.7%)
Interest expense	41.3	44.8	(3.5)	(7.8%)
Total expenses	<u>59.5</u>	<u>64.3</u>	<u>(4.8)</u>	<u>(7.5%)</u>
Net Operating income	4.3	2.7	1.6	59.3%
Transfers in	1.4	0.6	0.8	133.3%
Change in net position	5.7	3.3	2.4	72.7%
Net position at beginning of year	<u>326.0</u>	<u>322.7</u>	<u>3.3</u>	<u>1.0%</u>
Net position at end of year	<u>\$331.7</u>	<u>\$326.0</u>	<u>\$5.7</u>	<u>1.7%</u>

Operating revenues of MaineHousing's business-type activities are generated principally from earnings on mortgages and investments. Total revenues from business-type activities decreased \$3.2 million or 4.8% in 2021 and amounted to \$63.8 million. Of this total, \$61.2 million or 95.9% was from interest earned on mortgages and non-mortgage investments. Operating expenses of MaineHousing's business-type activities consist primarily of interest expense on debt incurred to fund its various lending programs. The expenses for business-type activities totaled \$59.5 million, of which \$41.3 million or 69.4% was interest expense.

The 2021 operating results and net position of MaineHousing's proprietary funds were significantly affected by the following:

- Interest from mortgages and notes decreased \$2.4 million or 3.8% due to lower average outstanding mortgage receivable balances and lower average yields. Average outstanding single-family loan balances decreased by \$40 million or 4.2% due to lower loan purchases and higher prepayments.
- Income from investments decreased by \$1.0 million or 45.4% as a result of declining interest rates and lower yields in 2021.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021

- Financing fees from an increase in multi-family lending activities generated a \$1.1 million increase in fee income. Multi-family loan originations were \$15.1 million or 37% higher in 2021.
- Interest rate changes during the year generated an unrealized loss on investments of \$1 million. This represents a \$0.8 million decrease in the fair value of investments compared with the unrealized loss of \$0.2 million recognized in 2020.
- Program administrative expenses for single-family loan originations and cost associated with the issuance of bonds decreased by \$0.5 million and \$0.4 million, respectively, due to a decrease in single-family loan purchases and new bond issuances.
- Interest expense decreased by \$3.5 million or 7.8% as a result of bond refunding activities, which lowered outstanding bond payables and average interest rates.

Governmental Fund Results

The net position of MaineHousing's governmental funds increased by \$20.4 million and totaled \$74.6 million at December 31, 2021. The following table summarizes the Statement of Revenues, Expenditures, and Changes in Fund Balances of MaineHousing's governmental funds for the years ended December 31, 2021 and December 31, 2020:

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
(in millions of dollars)

	2021	2020	Increase/(Decrease)	
			Amount	Percentage
Revenues:				
Income from mortgages and notes	\$0.1	\$0.1	\$0.0	0.0%
Income from investments	0.0	0.1	(0.1)	(100.0%)
Fee income	9.9	8.3	1.6	19.3%
Grant income	222.1	83.9	138.2	164.7%
Income from the State	32.9	25.6	7.3	28.5%
Federal rent subsidy income	109.7	107.5	2.2	2.0%
Other revenue	0.1	0.4	(0.3)	(75.0%)
Total revenues	374.8	225.9	148.9	65.9%
Expenditures:				
Program administrative expenditures	8.3	7.5	0.8	10.7%
Interest expenditures	0.8	0.9	(0.1)	(11.1%)
Grant expenditures	234.8	101.8	133.0	130.6%
Federal rent subsidy expenditures	109.1	107.3	1.8	1.7%
Total expenditures	353.0	217.5	135.5	62.3%
Revenues in excess of expenditures				
Transfers out	(1.4)	(0.6)	(0.8)	133.3%
Change in fund balances	20.4	7.8	12.6	161.5%
Fund balances at beginning of year	54.2	46.4	7.8	16.8%
Fund balances at end of year	\$74.6	\$54.2	\$20.4	37.6%

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021

MaineHousing's total revenues from governmental activities are generated primarily from federal grants and rent subsidy income. MaineHousing also receives program revenues from the State of Maine. Revenues from governmental activities total \$374.8 million in 2021, which is an increase of \$148.9 million or 65.9%.

MaineHousing's governmental activities expenditures consist primarily of federal grants and rent subsidies payments. Total expenditures increased \$135.5 million or 62.3% to \$353.0 million for 2021. MaineHousing earns fees for administering federal programs, which amounted to \$9.9 million in 2021. Typically fees earned provide MaineHousing with a revenue source adequate to recover direct and indirect costs of delivering related services.

The 2021 operating results and net position of MaineHousing's governmental funds were significantly affected by the following:

- Grant income increased by \$138.2 million or 164.7% due to an unprecedented amount of federal program funds provided in response to the COVID-19 pandemic. A total of \$169.6 million was received in 2021 for COVID-19 relief programs, which is an increase of \$143.0 million or 538% over 2020. Total grant expenditures also increased significantly in 2021 as a result of higher available federal grant receipts.
- Federal rent subsidy income, which consists of funding for various HUD Section 8 programs, increased by \$2.2 million or 2.0%. Income for the Section 8 Housing Choice Voucher program increased by \$1 million or 3% as a result of a higher voucher utilization rate in 2021. Additional emergency housing vouchers in the amount of \$0.3 million were provided in 2021 in response to the pandemic and the Section 8 Performance Based Contract Administration program had a net revenue increase of \$0.7 million due to increases associated with HUD's Annual Adjustment Factors.
- Income from the State, which consists mainly of real estate transfer tax deposits to the HOME Fund, increased \$7.3 million or 28.5% as a result of higher real estate sales and deposits from the State.
- Administrative fee income increased by \$1.6 million or 19.3% as a result of the additional federal program funds for COVID-19.
- Federal rent subsidy expenditures increased \$1.8 million or 1.7% due to higher available income for the Section 8 Housing Choice Voucher and Performance Based Contract Administration programs.

DEBT ACTIVITY

MaineHousing had \$1.57 billion in bonds and notes outstanding at December 31, 2021, which is a decrease of \$29.1 million or 1.8% from 2020.

MaineHousing is authorized to issue housing revenue bonds to purchase or originate mortgages or notes on single-family and multi-family residential properties. Total bonds outstanding at December 31, 2021 amounted to \$1.55 billion; a decrease of \$26.8 million or 1.7% from 2020. Bond issuances in 2021 totaled \$223.3 million, while principal payments on bonds totaled \$250.1 million. MaineHousing redeemed prior to maturity \$249.8 million of its outstanding bonds in 2021 from reserve funds, mortgage prepayments, surplus revenues, and the proceeds of bond refundings. Scheduled principal payments on bonds totaled \$0.3 million in 2021.

MaineHousing issues variable rate bonds and enters into interest rate swap agreements to provide synthetically fixed interest rates on a portion of the variable rate bonds. At December 31, 2021, the total amount of variable rate debt outstanding was \$282.9 million and represented 18.2% of the \$1.55 billion total bond portfolio. Thirteen interest rate swap agreements have been executed with four counterparties in connection with \$207.9 million of the variable rate bonds to effectively convert them to synthetic fixed rate bonds.

Bonds in MaineHousing's General Mortgage Purchase Bond Resolution were rated Aa1 and AA+ by Moody's Investor Service and Standard & Poor's, respectively, in 2021.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2021

MaineHousing may enter into loan agreements for program and capital funding purposes. At December 31, 2021, MaineHousing had \$14.9 million of outstanding notes payable in its General Administrative Fund. Notes payable decreased by \$4.8 million from 2020 as a result of principal payments. All proceeds from the loan associated with the outstanding balance at December 31, 2021 provided capital funding for the development of an office facility for MaineHousing.

For additional information about MaineHousing's mortgage bonds and notes payables, see Notes 5, 6, 8, 13, and 15 to the financial statements.

ADDITIONAL INFORMATION

MaineHousing's main sources of revenues consist of interest from mortgage loans, investment interest income, and federal and state funded grants and subsidies.

Market interest rates have an effect on both the mortgage program and investment income revenues. If interest rates increase, mortgage and investment income should increase as new loans are originated and new investments are purchased at the higher rates. If interest rates decrease and are low, as occurred in 2021, mortgage and investment income will decrease as new loans are originated and new investments are purchased at the lower rates. Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages. In 2021, MaineHousing experienced a historically high volume of runoffs in its single-family loan portfolio due to the very low interest rate environment. MaineHousing may use loan prepayments to redeem higher rate bonds to lower interest expense, which also occurred at a high level in 2021.

Federal and state funded grants and subsidies are subject to appropriations by those governments. In 2021, the COVID-19 pandemic continued to disrupt economic activity at all levels and to cause volatility in the financial markets in the United States and around the world. An unprecedented amount of federal funds were provided in response to the pandemic through the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, the *Consolidation Appropriations Act*, and the *American Rescue Plan Act*.

MaineHousing administered a number of relief programs for the State of Maine and worked with its partners to assist Maine citizens who were impacted by COVID-19 and the related economic crisis by offering financial assistance to help stabilize their housing situation. Assistance provided included rental, utility, and home energy payments and increased homeless prevention initiatives. MaineHousing also worked with its homeownership mortgagors by providing forbearances and suspending foreclosures.

The pandemic relief funds have significantly increased MaineHousing program activities, which are expected to remain at high levels in the coming year. The ultimate duration and impact of the pandemic remains unknown at this time.

REQUESTS FOR INFORMATION

The purpose of this financial report is to provide information needed to understand MaineHousing's financial position and results of operations for the year ended December 31, 2021. Inquiries for additional information may be directed to the Director of Finance at Maine State Housing Authority, 26 Edison Drive, Augusta, Maine 04330-6046, at (207) 626-4600 or at www.mainehousing.org.

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2021
(IN THOUSANDS OF DOLLARS)

	Business-type Activities	Governmental Activities	Total
ASSETS:			
Current Assets:			
Cash, principally time deposits (note 3)	\$59,381	\$6,037	\$65,418
Investments (notes 3, 8, and 10)	357,940	84,852	442,792
Accounts receivable - government	0	43,376	43,376
Mortgage notes receivable, net (note 4)	35,646	26	35,672
Other notes receivable, net (note 4)	42	0	42
Other assets (note 11)	9,787	253	10,040
Internal balances	<u>(12,883)</u>	<u>12,883</u>	0
Total Current Assets	<u>449,913</u>	<u>147,427</u>	<u>597,340</u>
Noncurrent Assets:			
Investments (notes 3, 8, and 10)	49,576	0	49,576
Mortgage notes receivable, net (note 4)	1,336,228	38,553	1,374,781
Other notes receivable, net (note 4)	23	0	23
Capital assets	17,632	0	17,632
Other real estate owned	70	0	70
Pension asset (note 7)	135	82	217
Total Noncurrent Assets	<u>1,403,664</u>	<u>38,635</u>	<u>1,442,299</u>
Total Assets	<u>1,853,577</u>	<u>186,062</u>	<u>2,039,639</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Accumulated decrease in fair value of hedging derivatives (note 6)	10,113	0	10,113
Deferred pension expense (note 7)	696	427	1,123
Deferred amount on debt refundings	2,665	0	2,665
Total Deferred Outflows of Resources	<u>13,474</u>	<u>427</u>	<u>13,901</u>
LIABILITIES:			
Current Liabilities:			
Accrued interest payable	4,760	58	4,818
Accounts payable - federal government	0	354	354
Accounts payable and accrued liabilities	4,841	6,777	11,618
Unearned income	0	45,458	45,458
Bonds and notes payable (notes 5, 8, 13, and 15)	19,955	3,445	23,400
Total Current Liabilities	<u>29,556</u>	<u>56,092</u>	<u>85,648</u>
Noncurrent Liabilities:			
Derivative instrument - interest rate swaps (note 6)	10,113	0	10,113
Bonds and notes payable (notes 5, 8, 13, and 15)	<u>1,493,665</u>	<u>54,580</u>	<u>1,548,245</u>
Total Noncurrent Liabilities	<u>1,503,778</u>	<u>54,580</u>	<u>1,558,358</u>
Total Liabilities	<u>1,533,334</u>	<u>110,672</u>	<u>1,644,006</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred loan origination points	16	0	16
Deferred pension credit (note 7)	<u>1,959</u>	<u>1,200</u>	<u>3,159</u>
Total Deferred Inflows of Resources	<u>1,975</u>	<u>1,200</u>	<u>3,175</u>
NET POSITION:			
Net investment in capital assets	2,756	0	2,756
Restricted for bond resolutions	293,631	0	293,631
Restricted for grants and programs	0	74,617	74,617
Unrestricted	35,355	0	35,355
Total Net Position	<u>\$331,742</u>	<u>\$74,617</u>	<u>\$406,359</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(IN THOUSANDS OF DOLLARS)

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Investment Income	Grants and Contributions	Business-type Activities	Governmental Activities	Total
Business-type activities:							
Mortgage Purchase Fund	\$57,670	\$62,112	\$145	\$0	\$4,587	\$0	\$4,587
Bondholder Reserve Fund	58	0	2	0	(56)	0	(56)
General Administrative Fund	1,776	1,504	0	0	(272)	0	(272)
Total business-type activities	59,504	63,616	147	0	4,259	0	4,259
Governmental activities:							
HOME Fund	14,707	110	6	31,090	0	16,499	16,499
Section 8 Housing Programs	113,979	5,631	1	110,442	0	2,095	2,095
Low Income Home Energy Assistance Program	50,220	1,167	0	49,274	0	221	221
Emergency Rental Assistance Programs	113,980	767	0	113,218	0	5	5
Maine Energy, Housing and Economic Recovery Program	927	141	4	4,319	0	3,537	3,537
Other Federal and State Programs	59,069	2,345	3	56,238	0	(483)	(483)
Total governmental activities	352,882	10,161	14	364,581	0	21,874	21,874
Total Agency-wide	\$412,386	\$73,777	\$161	\$364,581	4,259	21,874	26,133
General Revenues:							
Unrestricted investment income				12	0	12	
Transfers				1,450	(1,450)	0	
Total general revenues and transfers				1,462	(1,450)	12	
Change in Net Position				5,721	20,424	26,145	
Net Position at beginning of year				326,021	54,193	380,214	
Net Position at end of year				\$331,742	\$74,617	\$406,359	

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
ASSETS:				
Current Assets:				
Cash, principally time deposits (note 3)	\$ 23,246	\$ 1	\$ 36,134	\$ 59,381
Investments (notes 3, 8, and 10)	341,561	7,998	8,381	357,940
Mortgage notes receivable, net (note 4)	35,447	0	199	35,646
Other notes receivable, net (note 4)	0	0	42	42
Other assets (note 11)	9,694	0	93	9,787
Interfund (note 12)	0	0	5,582	5,582
Total Current Assets	<u>409,948</u>	<u>7,999</u>	<u>50,431</u>	<u>468,378</u>
Noncurrent Assets:				
Investments (notes 3, 8, and 10)	49,576	0	0	49,576
Mortgage notes receivable, net (note 4)	1,331,759	0	4,469	1,336,228
Other notes receivable, net (note 4)	0	0	23	23
Capital assets	22	0	17,610	17,632
Other real estate owned	8	0	62	70
Pension asset (note 7)	112	1	22	135
Total Noncurrent Assets	<u>1,381,477</u>	<u>1</u>	<u>22,186</u>	<u>1,403,664</u>
Total Assets	<u>1,791,425</u>	<u>8,000</u>	<u>72,617</u>	<u>1,872,042</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Accumulated decrease in fair value of hedging derivatives (note 6)	10,113	0	0	10,113
Deferred pension expense (note 7)	580	3	113	696
Deferred amount on debt refundings	2,665	0	0	2,665
Total Deferred Outflows of Resources	<u>13,358</u>	<u>3</u>	<u>113</u>	<u>13,474</u>
LIABILITIES:				
Current Liabilities:				
Accrued interest payable	4,760	0	0	4,760
Accounts payable and accrued liabilities	137	1	4,703	4,841
Interfund (note 12)	3,703	17	14,745	18,465
Bonds and notes payable (notes 5, 8, 13, and 15)	19,340	0	615	19,955
Total Current Liabilities	<u>27,940</u>	<u>18</u>	<u>20,063</u>	<u>48,021</u>
Noncurrent Liabilities:				
Derivative instrument - interest rate swaps (note 6)	10,113	0	0	10,113
Bonds and notes payable (notes 5, 8, 13, and 15)	1,479,404	0	14,261	1,493,665
Total Noncurrent Liabilities	<u>1,489,517</u>	<u>0</u>	<u>14,261</u>	<u>1,503,778</u>
Total Liabilities	<u>1,517,457</u>	<u>18</u>	<u>34,324</u>	<u>1,551,799</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred loan origination points	16	0	0	16
Deferred pension credit (note 7)	1,632	10	317	1,959
Total Deferred Inflows of Resources	<u>1,648</u>	<u>10</u>	<u>317</u>	<u>1,975</u>
NET POSITION:				
Net investment in capital assets	22	0	2,734	2,756
Restricted for bond resolutions	285,656	7,975	0	293,631
Unrestricted	0	0	35,355	35,355
Total Net Position	<u>\$285,678</u>	<u>\$7,975</u>	<u>\$38,089</u>	<u>\$331,742</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
OPERATING REVENUES:				
Interest from mortgages and notes	\$59,672	\$0	\$318	\$59,990
Income from investments	1,174	2	11	1,187
Net (decrease) increase in the fair value of investments	(1,029)	0	1	(1,028)
Fee income	1,507	0	1,003	2,510
Other revenue	135	0	183	318
Gain on bond redemption (note 13)	798	0	0	798
 Total Revenues	 62,257	 2	 1,516	 63,775
OPERATING EXPENSES:				
Operating expenses	9,858	58	1,742	11,658
Other program administrative expenses	4,825	0	7	4,832
Mortgage servicing fees	1,713	0	16	1,729
Provision for losses on loans (note 4)	0	0	11	11
Interest expense	41,274	0	0	41,274
 Total Expenses	 57,670	 58	 1,776	 59,504
Operating Income (Loss)	4,587	(56)	(260)	4,271
Transfers between funds, net (note 12)	0	0	1,450	1,450
Change in Net Position	4,587	(56)	1,190	5,721
Net Position at beginning of year	281,091	8,031	36,899	326,021
Net Position at end of year	<u>\$285,678</u>	<u>\$7,975</u>	<u>\$38,089</u>	<u>\$331,742</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Interest receipts from borrowers	\$60,051	\$0	\$300	\$60,351
Principal receipts on mortgages and notes - scheduled	56,444	0	1,138	57,582
Principal receipts on mortgages and notes - prepayments	160,172	0	70	160,242
Payments for operating expenses	(8,329)	(10)	(496)	(8,835)
Payments for personnel expenses	(8,157)	(48)	(1,246)	(9,451)
Investment in mortgages and other notes	(167,160)	0	(15)	(167,175)
Other	1,478	(4)	4,498	5,972
Net cash provided by (used for) operating activities	<u>94,499</u>	<u>(62)</u>	<u>4,249</u>	<u>98,686</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and development of capital assets	0	0	(325)	(325)
Principal paid on capital debt	0	0	(595)	(595)
Interest paid on capital debt	0	0	(493)	(493)
Net cash used for capital and related financing activities	<u>0</u>	<u>0</u>	<u>(1,413)</u>	<u>(1,413)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Proceeds from sale of bonds	168,771	0	0	168,771
Principal payments on bonds and notes	(227,440)	0	(4,200)	(231,640)
Interest payments on bonds	(41,769)	0	0	(41,769)
Payments from other funds	415	3	12,778	13,196
Net cash (used for) provided by non-capital financing activities	<u>(100,023)</u>	<u>3</u>	<u>8,578</u>	<u>(91,442)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from disposition of foreclosed real estate	1,346	0	13	1,359
Purchase of investments	(1,379,405)	0	0	(1,379,405)
Sales and maturity of investments	1,381,652	56	12,523	1,394,231
Interest received on investments	1,112	2	11	1,125
Net cash provided by investing activities	<u>4,705</u>	<u>58</u>	<u>12,547</u>	<u>17,310</u>
Net (decrease) increase in cash	(819)	(1)	23,961	23,141
Cash at beginning of year	<u>24,065</u>	<u>2</u>	<u>12,173</u>	<u>36,240</u>
Cash at end of year	<u>\$23,246</u>	<u>\$1</u>	<u>\$36,134</u>	<u>\$59,381</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$4,587	(\$56)	(\$260)	\$4,271
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	329	0	932	1,261
Interest on bonds	40,945	0	0	40,945
Provision for losses on loans	0	0	11	11
Gain on bond redemption	(798)	0	0	(798)
Pension credit	(90)	(1)	(18)	(109)
Interest income on investments	(1,174)	(2)	(11)	(1,187)
Net decrease (increase) in fair value of investments	1,029	0	(1)	1,028
Changes in operating assets and liabilities:				
Other assets	246	0	(5)	241
Pension contributions	(388)	0	(74)	(462)
Mortgage note interest receivable	379	0	(18)	361
Accounts payable and accrued liabilities	(22)	(3)	2,500	2,475
Investment in mortgage and other notes	(167,160)	0	(15)	(167,175)
Mortgage & other note principal repayments	216,616	0	1,208	217,824
Net cash provided by (used for) operating activities	<u>\$94,499</u>	<u>(\$62)</u>	<u>\$4,249</u>	<u>\$98,686</u>

SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION:

Transfer from mortgage notes receivable to other assets and other real estate owned	\$1,031	\$0	\$62	\$1,093
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See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021
(IN THOUSANDS OF DOLLARS)

	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Emergency Rental Assistance Programs	Maine Energy, Housing & Economic Recovery Fund	Other Federal and State Programs	Total
ASSETS:							
Current Assets:							
Cash, principally time deposits (note 3)	\$1	\$4,050	\$1,210	\$0	\$0	\$776	\$6,037
Investments (notes 3, 8, and 10)	33,760	0	0	0	43,118	7,974	84,852
Accounts receivable - government	6,811	297	1,217	16,708	0	18,343	43,376
Mortgage notes receivable, net (note 4)	26	0	0	0	0	0	26
Other assets	42	138	0	0	36	37	253
Interfund (note 12)	10,217	52	0	14,745	0	1,911	26,925
Total Current Assets	<u>50,857</u>	<u>4,537</u>	<u>2,427</u>	<u>31,453</u>	<u>43,154</u>	<u>29,041</u>	<u>161,469</u>
Noncurrent Assets:							
Mortgage notes receivable, net (note 4)	28,934	0	0	0	9,619	0	38,553
Total Noncurrent Assets	<u>28,934</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,619</u>	<u>0</u>	<u>38,553</u>
Total Assets	<u>\$79,791</u>	<u>\$4,537</u>	<u>\$2,427</u>	<u>\$31,453</u>	<u>\$52,773</u>	<u>\$29,041</u>	<u>\$200,022</u>
LIABILITIES:							
Current Liabilities:							
Accrued interest payable	\$0	\$0	\$0	\$0	\$58	\$0	\$58
Accounts payable - federal government	0	354	0	0	0	0	354
Accounts payable and accrued liabilities	1,967	66	825	435	0	3,484	6,777
Unearned income	0	0	1,166	31,018	0	13,274	45,458
Interfund (note 12)	1,707	293	328	0	66	10,737	13,131
Bonds payable (note 5, 8, and 13)	0	0	0	0	3,445	0	3,445
Total Current Liabilities	<u>3,674</u>	<u>713</u>	<u>2,319</u>	<u>31,453</u>	<u>3,569</u>	<u>27,495</u>	<u>69,223</u>
Noncurrent Liabilities:							
Bonds payable (note 5, 8, and 13)	0	0	0	0	54,580	0	54,580
Total Non Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>54,580</u>	<u>0</u>	<u>54,580</u>
Total Liabilities	<u>3,674</u>	<u>713</u>	<u>2,319</u>	<u>31,453</u>	<u>58,149</u>	<u>27,495</u>	<u>123,803</u>
FUND BALANCES:							
Restricted by program requirements	76,117	3,824	108	0	0	1,546	81,595
Nonspendable	0	0	0	0	9,619	0	9,619
Unassigned	0	0	0	0	(14,995)	0	(14,995)
Total Fund Balances	<u>76,117</u>	<u>3,824</u>	<u>108</u>	<u>0</u>	<u>(5,376)</u>	<u>1,546</u>	<u>76,219</u>
Total Liabilities and Fund Balances	<u>\$79,791</u>	<u>\$4,537</u>	<u>\$2,427</u>	<u>\$31,453</u>	<u>\$52,773</u>	<u>\$29,041</u>	<u>\$200,022</u>

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

Total fund balances in governmental funds		\$76,219
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Pension expense deferrals reported as deferred outflows of resources in governmental activities are not financial resources and therefore are not reported in the governmental funds.		427
Pension assets reported in governmental activities are not available to pay current period expenditures and therefore are not reported in the governmental funds.		82
Pension credit deferrals reported as deferred inflows of resources in governmental activities are not available to pay for current period expenditures and therefore are not reported in the governmental funds.		(1,200)
Interfund balances related to the allocation of pension assets and deferrals of resources reported in governmental activities are not due and payable in the current period and therefore not reported in the governmental funds.		(911)
Net Position of governmental activities		<u>\$74,617</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(IN THOUSANDS OF DOLLARS)

	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Emergency Rental Assistance Programs	Maine Energy, Housing & Economic Recovery Fund	Other Federal and State Programs	Total
REVENUES:							
Interest from mortgages and notes	\$63	\$0	\$0	\$0	\$41	\$0	\$104
Income from investments	6	1	0	0	4	3	14
Fee income	0	5,631	1,167	767	0	2,345	9,910
Other revenue	47	0	0	0	10	0	57
Grant income	2,554	737	49,274	113,218	0	56,238	222,021
Income from State	28,536	0	0	0	4,319	0	32,855
Federal rent subsidy income	0	109,705	0	0	0	0	109,705
Gain on bond redemption (note 13)	0	0	0	0	90	0	90
Total Revenues	31,206	116,074	50,441	113,985	4,464	58,586	374,756
EXPENDITURES:							
Operating expenditures	0	3,949	922	549	0	2,075	7,495
Other program administrative expenditures	0	173	32	218	110	256	789
Provision for losses on loans (note 4)	0	0	0	0	0	6	6
Grant expenditures	14,707	764	49,274	113,218	69	56,751	234,783
Federal rent subsidy	0	109,127	0	0	0	0	109,127
Interest	0	0	0	0	748	0	748
Total Expenditures	14,707	114,013	50,228	113,985	927	59,088	352,948
Revenues in Excess of (Less Than) Expenditures	16,499	2,061	213	0	3,537	(502)	21,808
Transfers between funds, net (note 12)	100	(1,325)	(213)	0	0	(12)	(1,450)
Change in Fund Balances	16,599	736	0	0	3,537	(514)	20,358
Fund Balances at beginning of year	59,518	3,088	108	0	(8,913)	2,060	55,861
Fund Balances at end of year	<u>\$76,117</u>	<u>\$3,824</u>	<u>\$108</u>	<u>\$0</u>	<u>(\$5,376)</u>	<u>\$1,546</u>	<u>\$76,219</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Change in Fund Balances - total governmental funds	\$20,358
Amounts reported for governmental activities in the Statement of Activities are different because:	
Expenses reported in the Statement of Activities include a pension credit, which does not effect the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.	66
Change in Net Position of governmental activities	
	<u>\$20,424</u>

See accompanying notes to the financial statements

Maine State Housing Authority
Notes to Financial Statements – December 31, 2021
(IN THOUSANDS OF DOLLARS)

(1.) ORGANIZATION AND NATURE OF OPERATIONS

The Maine State Housing Authority (MaineHousing) is a public corporation and an instrumentality of the State of Maine established under the provisions of the *Maine Housing Authorities Act*, Title 30-A, Chapter 201, of the Maine Revised Statutes, as amended. MaineHousing is authorized to issue bonds for the purchase or origination of notes and mortgages on single-family and multi-family residential properties for the purpose of providing housing for persons and families of low income in the State of Maine. MaineHousing also administers various housing and energy related state and federal programs and collects and disburses federal rent subsidies for low-income housing.

For financial reporting purposes, MaineHousing is considered a component unit of the State of Maine and the financial condition and results of operations of MaineHousing are included in the State's financial statements.

(2.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

MaineHousing's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) statements and are comprised of three components: 1) agency-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The financial statements include all of the organization's activities and functions for which MaineHousing is financially accountable. Determination of financial accountability includes among other factors, appointment of a voting majority of the component's governing body and (1) ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, MaineHousing. Based on the preceding criteria, the accompanying financial statements do not include the financial activities of any entity other than MaineHousing.

The agency-wide financial statements are comprised of a Statement of Net Position and Statement of Activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements reflect all of the assets, liabilities, revenues, expenses, deferred inflows, deferred outflows, gains and losses of business-type and governmental activities. Interfund balances entirely within the proprietary funds and governmental funds are eliminated from the Statement of Net Position; remaining amounts are shown as Internal Balances.

The business-type activities, which include single-family and multi-family loan programs, are classified as proprietary funds. Proprietary funds are reported using the accrual basis of accounting and revenues are recorded when earned and expenses when incurred. The governmental activities reflect the administration of the various programs for the State of Maine and the federal government. Governmental funds are reported using the modified accrual basis and revenues are recorded when they become available and measurable and expenses when incurred. Revenues from grants and programs are generally considered "available" if eligibility and time restrictions have been satisfied and if received within three months of the balance sheet date. Grants received in advance of the period in which they can be used are reported as deferred inflows of resources.

Separate fund financial statements are provided for proprietary and governmental funds. The fund financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental entities, which provides that accounting systems be organized by funds to account for specific activities consistent with legal and operating requirements. Major individual governmental funds and all proprietary funds and fund groups are reported as separate columns in the fund financial statements. Certain insignificant indirect costs are allocated to the funds.

Maine State Housing Authority
Notes to Financial Statements – December 31, 2021
(IN THOUSANDS OF DOLLARS)

Fund Structure

PROPRIETARY FUNDS

Financial activities operated similarly to private business enterprises and financed through fees and charges assessed primarily to users of loans and other lender services are presented as proprietary funds. MaineHousing's proprietary funds are as follows, all of which are considered major funds:

Mortgage Purchase Fund

This fund consists of accounts established by the General Mortgage Purchase Bond Resolution. Pursuant to the Mortgage Purchase Program, MaineHousing is authorized to purchase or originate first lien mortgages on single-family and multi-family residential properties. Proceeds from the sale of mortgage revenue bonds, the debt service requirements of the bond indebtedness, and mortgage loans made from bond proceeds are recorded in this fund.

Bondholder Reserve Fund

This fund consists of accounts established by the General Authority Bondholder Reserve Fund Resolution and is pledged to replenish any deficiency in the debt service reserve fund of the General Mortgage Purchase Bond Resolution.

General Administrative Fund

This fund consists of account balances that are not directly pledged to or restricted by a particular bond resolution or program and generates fee and interest income. Revenues not specifically pledged for the repayment of bonds or notes are recorded in this fund.

GOVERNMENTAL FUNDS

Activities financed by grant and program agreements with the federal government and appropriations and allocations from the State of Maine Legislature are presented as governmental funds. None of the governmental funds are legally required to adopt a formal budget. MaineHousing's governmental funds are as follows, all of which are considered major funds except for the Other Federal and State Programs Fund:

Home Fund

The Maine State Legislature authorized the creation of the Housing Opportunities for Maine (HOME) Program to promote and create affordable housing. The program is funded by a portion of the Real Estate Transfer Tax levied by the State of Maine and by appropriations. These funds may be used in conjunction with MaineHousing's other housing resources. Activities associated with the Shelter Operating Subsidy Program, which is funded by the State of Maine and provides funding for emergency shelters that serve Maine's homeless citizens, are also recorded in this fund.

Section 8 Housing Programs

This fund group consists of activity related to MaineHousing's administration of various Department of Housing and Urban Development (HUD) Section 8 programs. These are federal programs that provide rental subsidies to landlords to preserve low-income rental units and also provide funding to tenants to assist with rent payments. The program funding levels are established by the federal government annually. MaineHousing receives annual fees from HUD for the administration of these programs. These programs consist of the following:

Moderate Rehabilitation

New Construction and Substantial Rehabilitation

Section 811 Project Rental Assistance

Housing Choice Voucher

Performance Based Contract Administration

Family Self-Sufficiency Program

Mainstream Vouchers

Section 8 Emergency Housing Voucher - *American Rescue Plan Act*

Section 8 COVID-19 Supplemental – *Coronavirus Aid, Relief, and Economic Security Act*

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Low Income Home Energy Assistance Program

MaineHousing is the designated administrator of the Low Income Home Energy Assistance Program for the State of Maine. This program is federally funded through the Department of Health and Human Services. Under this program, funds are provided to low income homeowners and renters to assist with the payment of heating costs. The funding level is established annually by the federal government and MaineHousing receives annual fees for the administration of the program. In 2021, a supplemental award in the amount of \$55,172 was provided to the State of Maine as part of the *American Rescue Plan Act of 2021*.

Emergency Rental Assistance Programs

MaineHousing is the administrator of the federal Emergency Rental Assistance Programs for the State of Maine. Funds for the Emergency Rental Assistance Programs 1 and 2 (ERA1 and ERA2) were appropriated through the *Consolidated Appropriations Act of 2021* and the *American Rescue Plan Act of 2021*. The State of Maine was awarded up to \$352 million for these programs and funding for the ERA1 expires on September 30, 2022 and September 30, 2025 for ERA2. Funds are provided through the U.S. Department of the Treasury and are used for emergency rental assistance, rental arrears, and utility costs for households at risk of homelessness or housing instability due to the COVID-19 pandemic. A portion of these funds may also be used for MaineHousing's administrative costs.

Maine Energy, Housing and Economic Recovery Fund

The purpose of the Maine Energy, Housing and Economic Recovery Fund (MEHER) is to create capital funding sources to provide affordable housing and to improve energy efficiency of residential housing in the State of Maine. The fund consists of accounts established by the MEHER General Indenture. The revenue anticipation bonds issued under the MEHER General Indenture are liabilities of the fund and the debt service for these bonds is paid by a source of revenue from the State of Maine.

The deficit in this fund is due to timing differences between the expending of funds from bond proceeds on program activities and the receipt of revenues from the State of Maine, which is based on debt service schedules. The deficit will be eliminated over time as bond proceeds available for programs are depleted and annual revenues received from the State of Maine exceed expenditures.

Other Federal and State Programs

MaineHousing administers various other federal and state housing and energy related programs and grants. This fund group records the activity and reflects the consolidation of these programs and grants. Program administration is governed by the appropriate federal regulations or state laws. The annual program and grant funding levels are set by the appropriate federal or state government. MaineHousing receives annual fees for the program administration for most of the federal programs and grants. Federal and state programs consist of the following, which are considered non-major funds:

U.S. Department of Housing and Urban Development

Emergency Solutions Grants Program
Emergency Solutions Grants Program – *Coronavirus Aid, Relief, and Economic Security Act*
HOME Investment Partnerships Program
HOME Investment Partnerships Program – *American Rescue Plan Act*
National Housing Trust Fund
Lead-Based Paint Hazard Control Program
Homeless Management Information System
Housing Counseling Assistance Program
Continuum of Care - Planning Grant
Continuum of Care - Rental Assistance Program
Continuum of Care - Coordinated Entry Grant
Continuum of Care - Youth Homeless Demonstration Program
Community Development Block Grant - *Coronavirus Aid, Relief, and Economic Security Act* (via State of Maine)

U.S. Department of Energy

Weatherization Assistance Program
Weatherization Assistance Program - Training Centers and Programs

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U.S. Department of Health and Human Services

Low Income Household Water Assistance Program – Consolidated Appropriations Act and *American Rescue Plan Act*
Weatherization / Central Heating Improvement Program
Temporary Assistance for Needy Families (via State of Maine)
Maine Association of Recovery Residences (via State of Maine)

U.S. Department of Treasury

Coronavirus Relief Fund – *Coronavirus Aid, Relief, and Economic Security Act* (via State of Maine)

U.S. Department of Homeland Security

Federal Emergency Management Agency Disaster Assistance Grants – COVID-19

State of Maine

Home Modification Program
Arsenic Remediation Program
Natural Disaster Housing Assistance Fund
Consumer Residential Opportunities Program
Indian Housing Mortgage Insurance Program
Lead Abatement Program
Senior Housing General Obligation Bonds

Private

Low Income Assistance Plan

Net Position

In the agency-wide and proprietary fund financial statements, net position is displayed in three components as follows:

Net investment in capital assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings for the acquisition, construction, or improvement of those assets.

Restricted – This consists of activities that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. For business-type activities, the net position is restricted by bond resolutions for the acquisition of loans, payment of debt service and payment of operating costs. For governmental activities, the net position is restricted by state statutes or federal regulations and program agreements for specific program purposes.

Unrestricted – This consists of activities that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Balances

In the governmental funds financial statements, fund balances are reported as either restricted for housing and energy related programs, nonspendable in current form due to the long term nature of certain assets, or unassigned for any residual deficit fund balances. Generally, if unrestricted fund balances are available they are used after assigned or restricted amounts.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and held by banks in demand deposits and savings accounts.

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Investments

Money market funds, repurchase agreements and certificates of deposit that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Investments not reported at amortized cost are reported at fair value. Unrealized gains and losses due to fluctuations in market values and gains and losses realized upon sale are reported as net increases or decreases in the fair value of investments. Interest received that is required by federal programs to be spent on program activities is deferred and recorded as a payable to the federal government.

Mortgage Notes Receivable

Mortgage notes receivable are carried at their uncollected principal balance less allowances for loan losses. The recording of interest income on problem loans ceases when collectability within a reasonable period of time becomes doubtful. Program income received for revolving loan programs are recorded as unearned income. MaineHousing reclassifies its liability for amounts due under revolving loan programs relating to forgivable loans and loans with no payments due until sale of the collateral or maturity of the loan (usually 30 years from origination) to reduce the associated loan balances. MaineHousing believes this presentation better reflects the underlying economics of the loan.

Allowances For Losses On Loans

MaineHousing has established allowances for losses on mortgages and other notes receivable. The allowances are established through provisions for losses on loans charged to expenses. Losses are charged against the allowances when MaineHousing believes that collection of the loan principal is unlikely.

The allowances are amounts that MaineHousing believes will be adequate to absorb losses based on evaluations of collectability and prior loss experience. The evaluation takes into consideration such factors as the nature and volume of the portfolio, extent of available mortgage insurance, collateral, delinquencies and current economic conditions that may affect the borrowers' ability to pay.

Capital Assets

Capital assets consisting of building, land, and equipment are stated at cost less accumulated depreciation and are reported in the agency-wide and proprietary funds financial statements. MaineHousing capitalizes assets with an initial cost of one thousand dollars or more. Depreciation is computed using the straight line method over the estimated useful lives of the assets, which range from three to forty years. Land and assets that are being developed are not depreciated.

Other Real Estate Owned

Other real estate owned consists of single-family and multi-family residential properties acquired through foreclosure, or acceptance of a deed in lieu of foreclosure and are carried at the lower of cost or fair value less estimated costs to sell. Losses arising from the acquisition of other real estate owned are charged to the allowance for loan losses. Operating expenses, subsequent provisions to reduce the carrying value, and any gain or loss on disposition of the property are reflected in the Statement of Revenues, Expenses and Changes in Net Position in the year incurred or realized.

Bond Discount, Premium, Issuance Costs and Deferred Amounts on Refunding

Bond discounts and premiums are reflected as a component of bonds payable and are deferred and amortized over the lives of the bonds using a method that approximates the effective interest method. Gains and losses on debt refundings are amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter and reflected as a deferred outflow of resources. Bond issuance costs are expensed in the year issued.

Loan Origination Fees and Costs

MaineHousing pays origination costs at the time it purchases single-family mortgage loans. These and other program costs, including closing cost assistance to borrowers, paid in connection with acquiring certain single-family loans, are expensed in the year of origination.

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MaineHousing may receive points in connection with the origination of certain mortgage loans, which are essentially yield adjustments on the loans. Points received for single-family loans are reflected as a deferred inflow of resources and amortized as a component of interest income using the effective interest method over the life of the mortgages. When a loan is paid off prior to maturity, all unamortized deferred points are recognized immediately as interest income. MaineHousing may charge a fee at the time that a commitment is made to originate a mortgage on a multi-family loan. These fees are recognized as income in the year the commitment is made.

Revenues, Expenses and Expenditures

Program revenues in the agency-wide Statement of Activities are reported in three categories including (1) charges for services, (2) investment income and (3) grants and contributions. Charges for services include all revenues from mortgage loans and program administration fees. Investment income consists of earnings from non-mortgage investment assets. Grants and contributions include revenues from other governments and organizations that are restricted for use in a particular program. All revenues are recorded as income when earned and the associated expenses are recorded as incurred.

The proprietary funds' primary sources of operating revenues are income from mortgage loans and other permitted investments. Operating expenses in the proprietary funds consist of expenses incurred for originating and servicing loans, bond interest and program administration.

Revenues in the governmental funds are derived from grant and program agreements with the federal government, appropriations from the Maine State Legislature, and other organizations. MaineHousing also receives fee income for program administration. Expenditures in the governmental funds are all current operating expenditures and consist primarily of program disbursements and administration charges.

Derivatives and Hedging Instruments

MaineHousing enters into interest rate swap agreements in order to manage risks associated with interest on its variable rate bond portfolio. MaineHousing recognizes the fair value of swap agreements as either an asset or liability on its Statement of Net Position with the offsetting gains or losses as either deferred inflows or outflows of resources, if deemed an effective hedge. If swap agreements are not effective hedges, interest expense is increased or decreased by the change in the fair value. MaineHousing measures the effectiveness of its interest rate swap agreements in total whereby all the swaps are used to hedge interest expense on a portion of the total variable rate bonds equal to the notional amount of the swaps. Hedge effectiveness is determined by using the regression analysis and synthetic instrument methods. MaineHousing's swap agreements constitute an effective hedge for the hedged portion of the variable rate bond portfolio at December 31, 2021.

Fair Value Methodology

Generally accepted accounting principles establishes standards for determining fair value measurements for accounting and financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements and also establishes a three-tier hierarchy that prioritizes the inputs used to measure fair value as follows:

- **Level 1 inputs** are observable, quoted prices in active markets for identical assets or liabilities;
- **Level 2 inputs** are directly or indirectly observable, but not on level 1; and
- **Level 3 inputs** are all inputs that are unobservable.

MaineHousing's assets and liabilities carried at fair value are investments and interest rate swaps.

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Defined Benefit Pension Plan

MaineHousing is a participating local district (PLD) member of the Maine Public Employees Retirement System (MainePERS) PLD Consolidated Retirement Plan and employees may participate in a defined benefit plan offered by MainePERS. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of MainePERS' PLD Consolidated Plan have been determined on the same basis as they are reported by MainePERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments at MainePERS are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statements and the reported amounts of revenues, expenses and expenditures during the reporting year. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for losses on loans and fair value of interest rate swaps. Actual results could differ from estimates.

New Accounting Standards

The following GASB Statements that have been issued are under evaluation by MaineHousing:

- GASB Statement No. 87, *Leases*; GASB Statement No. 91, *Conduit Debt Obligations*; GASB Statement No. 92, *Omnibus 2020*; and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB Statement No. 32* are effective for the year ending December 31, 2022.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates* has requirements that are effective for the year ending December 31, 2022.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* are effective for the year ending December 31, 2023.

MaineHousing has not adopted these standards and is evaluating the impact they may have on its financial statements.

(3.) CASH AND INVESTMENTS

At December 31, 2021, the carrying amount of MaineHousing's bank deposits was \$65,418 and the bank balance was \$65,883. The difference between the carrying amount and the bank balance is a result of transactions in transit. Of the bank balance, \$384 was covered by federal depository insurance and \$65,499 was collateralized by pledged government securities that are held in the bank's name at the Federal Reserve Bank.

The General Mortgage Purchase Bond Resolution permits MaineHousing to invest in direct obligations of, or obligations guaranteed by, the United States of America, certain government-sponsored enterprises and the State of Maine "permitted investments." The resolution also permits MaineHousing to invest in certificates of deposit, repurchase agreements and other similar banking arrangements that are collateralized by permitted investments.

MaineHousing has a formal Investment Policy that outlines its investment practices and policies. The primary purpose of the policy is to ensure safety of principal while managing liquidity to pay MaineHousing's financial obligations. MaineHousing's deposit policy is to have its deposits covered by insurance, collateralized or deposited in well capitalized institutions.

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MaineHousing's investment balances and stated maturities as of December 31, 2021 are presented in the following table. Actual maturities may differ due to investments being called by the issuer.

Investment Type	Carrying Amount	Investment Maturities in Years				Moody's Credit Rating		
		Less than 1	1-5	6-10	More than 10			
PROPRIETARY FUNDS								
MORTGAGE PURCHASE FUND								
Repurchase Agreements	\$124,547	\$124,547	\$0	\$0	\$0	NR		
Money Market Funds	19	19	0	0	0	NR		
Federal Farm Credit Bank (FFCB)	24,478	0	0	8,976	15,502	P-1/Aaa		
Federal Home Loan Bank (FHLB)	102,094	76,996	0	9,540	15,558	P-1/Aaa		
U.S. Treasury Securities	139,999	139,999	0	0	0	NR		
Total - Mortgage Purchase Fund	<u>391,137</u>	<u>341,561</u>	<u>0</u>	<u>18,516</u>	<u>31,060</u>			
BONDHOLDERS RESERVE FUND								
Repurchase Agreements	7,998	7,998	0	0	0	NR		
GENERAL ADMINISTRATIVE FUND								
Repurchase Agreements	5,205	5,205	0	0	0	NR		
Money Market Funds	773	773	0	0	0	NR		
Certificates of Deposit	2,403	2,403	0	0	0	NR		
Total - General Administrative Fund	<u>8,381</u>	<u>8,381</u>	<u>0</u>	<u>0</u>	<u>0</u>			
Total - Proprietary Funds	<u><u>\$407,516</u></u>	<u><u>\$357,940</u></u>	<u><u>\$0</u></u>	<u><u>\$18,516</u></u>	<u><u>\$31,060</u></u>			
GOVERNMENTAL FUNDS								
HOME FUND								
Repurchase Agreements	\$33,760	\$33,760	\$0	\$0	\$0	NR		
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND								
Repurchase Agreements	43,118	43,118	0	0	0	NR		
OTHER FEDERAL AND STATE PROGRAMS								
Repurchase Agreements	7,974	7,974	0	0	0	NR		
Total - Governmental Funds	<u>\$84,852</u>	<u>\$84,852</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			

MaineHousing generally invests in repurchase agreements, money market funds, and U.S. Treasury Securities for short-term investments, which are not credit rated and are continuously and fully secured by permitted investments. It is MaineHousing's policy to require that collateral be held by MaineHousing's trustee in MaineHousing's name, wherever practicable.

A market approach is used to determine fair value using Level 2 inputs for investments carried at fair value. Prices and other relevant information are generated by market transactions involving identical or comparable investments.

At December 31, 2021, \$440,389 was invested in short-term repurchase agreements, money market funds, U.S. Treasury Securities, and other government sponsored enterprises with maturity dates of less than one year and interest rates up to 0.04%. Investments other than repurchase agreements, money market funds, and U.S. Treasury Securities are registered in MaineHousing's name. Investments issued by Federal Farm Credit Bank (FFCB) and Federal Home Loan Bank (FHLB) make up 6% and 26% of total investments, respectively, in the Mortgage Purchase Fund.

At December 31, 2021, \$2,403 is invested in a non-negotiable certificate of deposit to fund a debt service reserve in connection with a loan agreement. The certificate has an interest rate of 0.01% and will mature in January 2022. The certificate is not credit rated and is being held by its bank trustee in MaineHousing's name.

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(4.) MORTGAGE AND OTHER NOTES RECEIVABLE

For financial statement presentation, the allowance for losses on loans has been netted against the noncurrent portion of mortgage notes receivable and other notes receivable. However, where there is no noncurrent portion for other notes receivable, the allowance is netted against the current amount. A summary of mortgage notes receivable at December 31, 2021 is as follows:

	Number of Notes	Principal Balance	Percent of Portfolio
PROPRIETARY FUNDS			
MORTGAGE PURCHASE FUND - SINGLE-FAMILY:			
VA guaranteed	429	\$43,851	5.0%
FHA insured	1,514	140,097	15.8%
USDA/RD guaranteed	5,046	534,949	60.4%
Privately insured	286	28,958	3.3%
Non-insured	<u>2,417</u>	<u>137,866</u>	<u>15.5%</u>
Total Mortgage Purchase Fund - single-family	<u>9,692</u>	<u>885,721</u>	<u>100.0%</u>
MORTGAGE PURCHASE FUND - MULTI-FAMILY:			
Section 8	181	176,894	36.2%
Conventional	315	294,337	60.2%
Supportive Housing	<u>156</u>	<u>17,436</u>	<u>3.6%</u>
Total Mortgage Purchase Fund - multi-family	<u>652</u>	<u>488,667</u>	<u>100.0%</u>
Less: Allowance for losses on loans		<u>(7,182)</u>	
Total Mortgage Purchase Fund	<u>10,344</u>	<u>1,367,206</u>	
GENERAL ADMINISTRATIVE FUND - SINGLE-FAMILY:			
Non-insured	56	1,532	96.8%
Privately insured	<u>2</u>	<u>50</u>	<u>3.2%</u>
Total General Administrative Fund-Single Family	<u>58</u>	<u>1,582</u>	<u>100.0%</u>
GENERAL ADMINISTRATIVE FUND - MULTI-FAMILY:			
Section 8	1	553	15.0%
Conventional	<u>5</u>	<u>3,128</u>	<u>85.0%</u>
Total General Administrative Fund - multi-family	<u>6</u>	<u>3,681</u>	<u>100.0%</u>
GENERAL ADMINISTRATIVE FUND - HOME IMPROVEMENT LOANS:			
Non-insured	<u>16</u>	<u>29</u>	<u>100.0%</u>
Less: Allowance for losses on loans		<u>(624)</u>	
Total General Administrative Fund	<u>80</u>	<u>4,668</u>	
Total Proprietary Funds	<u>10,424</u>	<u>\$1,371,874</u>	
GOVERNMENTAL FUNDS			
HOME FUND - SINGLE-FAMILY:			
Non-insured	303	\$3,182	100.0%
HOME FUND - MULTI-FAMILY:			
Non-insured	<u>119</u>	<u>26,725</u>	<u>100.0%</u>
Total HOME Fund	<u>422</u>	<u>29,907</u>	<u></u>
Less: Allowance for losses on loans		<u>(947)</u>	
Total HOME Fund	<u>422</u>	<u>28,960</u>	
MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND - MULTI-FAMILY			
Non-insured	<u>16</u>	<u>9,619</u>	<u>100.0%</u>
Total Governmental Funds	<u>438</u>	<u>\$38,579</u>	

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A summary of other notes receivable at December 31, 2021 is as follows:

	Number of Notes	Principal Balance	Percent of Portfolio
PROPRIETARY FUNDS			
GENERAL ADMINISTRATIVE FUND			
Non-insured	3	\$65	<u>100.0%</u>
Total Proprietary Funds	<u>3</u>	<u>\$65</u>	
GOVERNMENTAL FUNDS			
OTHER FEDERAL AND STATE PROGRAMS:			
Non-insured	1	\$1	<u>100.0%</u>
Less: Allowance for losses on loans		(1)	
Total Governmental Funds	<u>1</u>	<u>\$0</u>	

A summary of the activity in the allowance for losses on loans is as follows:

	PROPRIETARY FUNDS		GOVERNMENTAL FUNDS	
	Mortgage Purchase Fund	General Administrative Fund	HOME Fund	Other Federal and State Programs
Balance – December 31, 2020	\$7,201	\$600	\$1,000	\$5
Provision	0	11	0	6
Loans charged off	(41)	0	(53)	(10)
Recoveries	22	13	0	0
Balance – December 31, 2021	<u>\$7,182</u>	<u>\$624</u>	<u>\$947</u>	<u>\$1</u>

(5.) BONDS AND NOTES PAYABLE

MaineHousing issues bonds that pay interest that is subject to Alternative Minimum Tax (AMT), bonds that pay interest that is not subject to this tax (Non-AMT) and federally taxable bonds. Interest paid on AMT bonds is treated as a preference item in calculating the tax imposed on individuals and corporations under the Internal Revenue Service Code. MaineHousing's AMT, Non-AMT and federally taxable bonds are denoted for each series or sub-series in the following table.

The interest rates presented in the following table for variable rate bonds represent the rate at December 31, 2021. The Single-Family (S/F) and Multi-Family (M/F) Mortgage Bonds Payable outstanding at December 31, 2021 are as follows:

	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds					
PROPRIETARY FUNDS										
MORTGAGE PURCHASE FUND										
2005 SERIES G BONDS (M/F):										
2005 Series G (AMT)										
Term Bonds	<u>\$22,300</u>	<u>\$19,865</u>	Variable - 0.14%	2022-2037	255	-	4,385			
2013 SERIES B BONDS (S/F):										
2013 Series B (Non-AMT)										
Serial Bonds	7,540	3,610	2.70% - 2.75%	2023-2024	1,775	-	1,835			
Term Bonds	3,890	2,000	3.00%	2026-2027	985	-	1,015			
Term Bonds	38,690	37,100	3.45%	2028-2032	5,625	-	8,280			
Term Bonds	28,880	27,600	3.60%	2033-2036	2,230	-	9,205			
Term Bonds	<u>27,000</u>	<u>340</u>	4.00%	2036-2037	150	-	190			
	<u>106,000</u>	<u>70,650</u>								

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2014 SERIES C BONDS (S/F):							
2014 Series C-1 (AMT)							
Serial Bonds	14,860	4,475	3.00% - 3.10%	2023-2024	1,370	-	3,105
Term Bonds	2,000	0	3.63%				
Term Bonds	7,620	0	4.00%				
Term Bonds	17,465	3,150	3.50%	2034-2041	170	-	775
2014 Series C-2 (Non-AMT)							
Term Bonds	29,000	10,945	3.75%	2033-2034	4,275	-	6,670
	<u>70,945</u>	<u>18,570</u>					
2015 SERIES A BONDS (M/F):							
2015 Series A-1 (AMT)							
Serial Bonds	13,485	5,390	2.88% - 3.05%	2023-2025	1,745	-	1,855
2015 Series A-2 (Non-AMT)							
Term Bonds	6,555	1,125	3.25%	2028-2029	525	-	600
2015 Series A-3 (Non-AMT)							
Serial Bonds	8,050	0	1.20%				
Term Bonds	11,220	11,220	3.50%	2030-2034	2,085	-	2,410
Term Bonds	13,505	13,505	3.63%	2035-2039	2,505	-	2,905
Term Bonds	16,225	16,225	3.75%	2040-2044	2,995	-	3,500
	<u>69,040</u>	<u>47,465</u>					
2015 SERIES B BONDS (S/F):							
2015 Series B (Non-AMT)							
Serial Bonds	9,750	3,435	2.30% - 2.60%	2023-2025	1,115	-	1,175
Term Bonds	10,750	6,650	3.20%	2028-2030	2,150	-	2,285
Term Bonds	1,610	1,610	3.45%	2031-2034	380	-	425
Term Bonds	9,890	1,595	3.50%	2035-2040	225	-	290
	<u>32,000</u>	<u>13,290</u>					
2015 SERIES C BONDS (M/F):							
2015 Series C (Federally Taxable)							
Serial Bonds	9,480	0	2.74% - 3.04%				
Term Bonds	18,000	4,100	3.59%	2030		4,100	
Term Bonds	12,520	7,800	3.95%	2038-2040	2,500	-	2,700
	<u>40,000</u>	<u>11,900</u>					
2015 SERIES D BONDS (S/F):							
2015 Series D (Non-AMT)							
Serial Bonds	7,105	2,800	2.80% - 3.13%	2023-2025	900	-	970
Term Bonds	3,340	0	3.75%				
Term Bonds	4,890	0	4.00%				
Term Bonds	7,585	0	4.25%				
Term Bonds	7,080	1,515	4.00%	2041-2045	235	-	385
	<u>30,000</u>	<u>4,315</u>					
2015 SERIES E BONDS (S/F):							
2015 Series E-1 (AMT)							
Serial Bonds	30,115	2,580	3.10%	2023		2,580	
Term Bonds	26,690	0	4.00%				
Term Bonds	26,325	5,895	3.50%	2031-2034	715	-	2,045
2015 Series E-3 (AMT)							
Term Bonds	30,000	30,000	Variable - 0.14%	2035-2038	5,455	-	8,975
	<u>113,130</u>	<u>38,475</u>					
2015 SERIES F BONDS (M/F):							
2015 Series F-2 (Non-AMT)							
Serial Bonds	2,450	2,000	2.35% - 2.85%	2023-2026		500	
2015 Series F-3 (Non-AMT)							
Serial Bonds	15,005	0	1.10%				
Term Bonds	6,340	5,155	3.40%	2028-2030	1,650	-	1,785
Term Bonds	9,565	0	3.85%				
Term Bonds	11,840	7,815	3.95%	2038-2040	2,490	-	2,720
	<u>45,200</u>	<u>14,970</u>					
2015 SERIES G BONDS (S/F):							
2015 Series G (Non-AMT)							
Serial Bonds	8,185	6,905	2.35% - 3.00%	2023-2027	675	-	2,095
Term Bonds	1,730	1,730	3.35%	2028-2030	535	-	615
Term Bonds	2,125	1,420	3.65%	2033-2035	420	-	525
Term Bonds	12,060	7,420	3.85%	2038-2040	2,410	-	2,535
Term Bonds	5,900	1,580	3.50%	2041-2045	250	-	345
	<u>30,000</u>	<u>19,055</u>					

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2016 SERIES A BONDS (S/F)							
2016 Series A (Non-AMT)							
Serial Bonds	6,065	3,990	1.70% - 2.45%	2022-2026	745	-	855
Term Bonds	6,520	6,520	2.90%	2027-2030	1,545	-	1,720
Term Bonds	4,630	4,630	3.30%	2031-2035	865	-	990
Term Bonds	10,900	10,900	3.55%	2036-2040	1,960	-	2,355
Term Bonds	6,885	1,950	4.00%	2041-2045	375	-	410
	<u>35,000</u>	<u>27,990</u>					
2016 SERIES B BONDS (S/F)							
2016 Series B-1 (Non-AMT)							
Serial Bonds	19,260	13,105	1.70% - 2.55%	2022-2027	1,970	-	2,410
Term Bonds	3,885	1,205	2.70%	2028		1,205	
Term Bonds	18,855	4,275	3.50%	2040-2046	260	-	705
2016 Series B-2 (AMT)							
Term Bonds	28,000	28,000	Variable - 0.14%	2029-2037	2,720	-	3,420
	<u>70,000</u>	<u>46,585</u>					
2016 SERIES C BONDS (S/F)							
2016 Series C (Non-AMT)							
Serial Bonds	13,620	11,815	1.55% - 2.50%	2022-2028	950	-	3,475
Term Bonds	5,670	5,670	2.75%	2029-2031	1,185	-	2,285
Term Bonds	8,975	8,975	3.00%	2032-2036	1,305	-	2,510
Term Bonds	3,355	3,355	3.15%	2037-2041	625	-	720
Term Bonds	8,380	2,920	3.50%	2042-2046	555	-	620
	<u>40,000</u>	<u>32,735</u>					
2016 SERIES D BONDS (M/F)							
2016 Series D (Federally Taxable)							
Serial Bonds	32,000	32,000	2.24% - 2.99%	2023-2029	825	-	8,185
Term Bonds	8,000	8,000	3.29%	2030-2031		4,000	
	<u>40,000</u>	<u>40,000</u>					
2016 SERIES E BONDS (S/F)							
2016 Series E (Non-AMT)							
Serial Bonds	6,250	3,715	2.45% - 3.15%	2023-2027	690	-	800
Term Bonds	3,050	800	3.63%	2031		800	
Term Bonds	10,385	0	3.90%				
Term Bonds	8,315	3,265	4.00%	2037-2046	285	-	370
	<u>28,000</u>	<u>7,780</u>					
2017 SERIES A BONDS (S/F)							
2017 Series A (Non-AMT)							
Serial Bonds	5,920	4,180	2.30% - 3.15%	2023-2028	635	-	765
Term Bonds	3,360	1,685	3.65%	2029-2032	790	-	895
Term Bonds	6,315	0	4.00%				
Term Bonds	7,625	0	4.05%				
Term Bonds	6,780	2,910	4.00%	2043-2047	480	-	880
	<u>30,000</u>	<u>8,775</u>					
2017 SERIES B BONDS (S/F)							
2017 Series B (Non-AMT)							
Serial Bonds	8,680	7,375	1.65% - 3.00%	2022-2030	690	-	1,010
Term Bonds	4,215	4,215	3.25%	2031-2032	2,090	-	2,125
Term Bonds	6,170	6,170	3.65%	2033-2037	1,150	-	1,325
Term Bonds	8,745	8,745	3.75%	2038-2044	1,115	-	1,355
Term Bonds	7,190	3,380	4.00%	2045-2047	1,110	-	1,150
	<u>35,000</u>	<u>29,885</u>					
2017 SERIES D BONDS (M/F)							
2017 Series D-1 (Non-AMT)							
Serial Bonds	13,175	8,000	1.70% - 2.95%	2022-2029		1,000	
Term Bonds	14,320	14,320	3.50%	2033-2037	2,250	-	3,980
Term Bonds	5,870	5,870	3.65%	2038-2042	1,090	-	1,265
Term Bonds	7,810	7,810	3.75%	2043-2047	1,445	-	1,680
2017 Series D-2 (AMT)							
Term Bonds	50,000	50,000	Variable - 0.13%	2042-2046		10,000	
	<u>91,175</u>	<u>86,000</u>					

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2017 SERIES E BONDS (S/F)							
2017 Series E (Federally Taxable)							
Term Bonds	60,000	60,000	Variable - 0.08%	2042-2052	5,000	-	10,000
	<u>60,000</u>	<u>60,000</u>					
2017 SERIES F BONDS (S/F)							
2017 Series F (Non-AMT)							
Serial Bonds	13,180	11,430	1.75% - 3.00%	2023-2030	970	-	1,675
Term Bonds	2,055	2,055	3.15%	2031-2032	1,005	-	1,050
Term Bonds	5,920	5,920	3.50%	2033-2037	1,090	-	1,280
Term Bonds	7,000	7,000	3.65%	2038-2042	1,320	-	1,490
Term Bonds	<u>11,845</u>	<u>5,985</u>	3.50%	2043-2047	935	-	2,025
	<u>40,000</u>	<u>32,390</u>					
2017 SERIES G BONDS (S/F - M/F)							
2017 Series G-1 (Federally Taxable)							
Term Bonds	55,000	55,000	Variable - 0.09%	2045-2050	8,290	-	10,090
2017 Series G-2 (Federally Taxable)							
Term Bonds	<u>3,520</u>	<u>3,520</u>	0.00%	2022		3,520	
	<u>58,520</u>	<u>58,520</u>					
2017 SERIES H BONDS (S/F)							
2017 Series H (Non-AMT)							
Serial Bonds	18,380	18,380	2.10% - 3.05%	2023-2030	1,105	-	4,510
Term Bonds	5,420	5,420	3.25%	2031-2033	1,750	-	1,865
Term Bonds	10,625	10,625	3.55%	2034-2037	2,515	-	2,795
Term Bonds	1,485	1,485	3.70%	2038-2042	275	-	320
Term Bonds	<u>2,590</u>	<u>2,590</u>	3.75%	2043-2047	480	-	555
	<u>38,500</u>	<u>38,500</u>					
2018 SERIES A BONDS (S/F)							
2018 Series A (Non-AMT)							
Serial Bonds	13,510	9,335	2.40% - 3.25%	2023-2030	1,135	-	1,200
Term Bonds	3,680	3,680	3.50%	2031-2033	1,215	-	1,245
Term Bonds	8,630	8,630	3.75%	2034-2038	1,685	-	1,765
Term Bonds	<u>9,180</u>	<u>9,180</u>	3.90%	2039-2043	1,790	-	1,885
	<u>35,000</u>	<u>30,825</u>					
2018 SERIES B BONDS (S/F)							
2018 Series B (Non-AMT)							
Serial Bonds	10,565	7,205	2.40% - 3.10%	2023-2028	1,170	-	1,230
Term Bonds	6,005	6,005	3.50%	2029-2033	1,175	-	1,230
Term Bonds	11,270	11,270	3.75%	2034-2038	2,195	-	2,320
Term Bonds	<u>12,160</u>	<u>12,160</u>	3.85%	2039-2043	2,355	-	2,515
	<u>40,000</u>	<u>36,640</u>					
2018 SERIES C BONDS (S/F)							
2018 Series C (Non-AMT)							
Serial Bonds	14,200	10,310	2.25% - 3.25%	2023-2030	485	-	1,955
Term Bonds	4,080	4,080	3.55%	2031-2033	1,345	-	1,375
Term Bonds	7,195	1,485	3.85%	2038		1,485	
Term Bonds	9,595	9,595	3.95%	2039-2043	1,750	-	2,415
Term Bonds	<u>9,930</u>	<u>6,620</u>	4.00%	2044-2048	230	-	3,015
	<u>45,000</u>	<u>32,090</u>					
2018 SERIES D BONDS (S/F - M/F)							
2018 Series D-1 (Federally Taxable)							
Term Bonds	40,000	40,000	Variable - 0.45%	2043-2053	2,965	-	4,395
2018 Series D-2 (Federally Taxable)							
Term Bonds	<u>3,150</u>	<u>3,150</u>	0.00%	2023		3,150	
	<u>43,150</u>	<u>43,150</u>					
2018 SERIES F BONDS (S/F)							
2018 Series F (Non-AMT)							
Serial Bonds	7,710	4,365	2.65% - 3.55%	2023-2029	405	-	1,235
Term Bonds	3,745	0	3.85%				
Term Bonds	6,450	0	4.13%				
Term Bonds	6,225	0	4.20%				
Term Bonds	<u>10,300</u>	<u>7,080</u>	4.25%	2044-2048	280	-	3,195
	<u>34,430</u>	<u>11,445</u>					

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2019 SERIES A BONDS (S/F)							
2019 Series A (Non-AMT)							
Serial Bonds	12,670	10,915	2.20% - 3.05%	2023-2030	695	-	3,330
Term Bonds	4,305	4,305	3.45%	2031-2034	1,005	-	1,150
Term Bonds	2,605	2,605	3.80%	2035-2039	475	-	570
Term Bonds	10,880	0					
Term Bonds	<u>9,005</u>	<u>6,535</u>	4.00%	2046-2049	960	-	2,475
	<u><u>39,465</u></u>	<u><u>24,360</u></u>					
2019 SERIES B BONDS (S/F)							
2019 Series B (Non-AMT)							
Serial Bonds	18,075	16,130	1.80% - 2.80%	2022-2032	695	-	2,245
Term Bonds	1,470	1,470	2.95%	2033-2034	720	-	750
Term Bonds	10,615	10,615	3.15%	2035-2039	1,745	-	2,730
Term Bonds	<u>9,840</u>	<u>9,840</u>	3.35%	2040-2044	1,795	-	2,130
	<u><u>40,000</u></u>	<u><u>38,055</u></u>					
2019 SERIES C BONDS (S/F)							
2019 Series C (Non-AMT)							
Serial Bonds	8,415	7,140	1.45% - 2.45%	2022-2031	100	-	1,055
Term Bonds	6,350	6,350	2.75%	2032-2034	2,040	-	2,195
Term Bonds	5,250	5,250	3.00%	2035-2039	100	-	2,275
Term Bonds	10,270	10,270	3.20%	2040-2045	1,315	-	1,920
Term Bonds	<u>8,825</u>	<u>7,205</u>	4.00%	2047-2050	1,300	-	2,040
	<u><u>39,110</u></u>	<u><u>36,215</u></u>					
2019 SERIES D BONDS (M/F)							
2019 Series D (Federally Taxable)							
Term Bonds	<u>4,220</u>	<u>4,220</u>	0.00%	2024		4,220	
	<u><u>4,220</u></u>	<u><u>4,220</u></u>					
2019 SERIES E BONDS (S/F)							
2019 Series E (Non-AMT)							
Serial Bonds	15,540	14,550	1.50% - 2.35%	2022-2031	660	-	3,430
Term Bonds	5,895	5,895	2.70%	2032-2034	1,935	-	1,995
Term Bonds	6,610	6,610	3.10%	2040-2044	1,230	-	1,415
Term Bonds	<u>6,400</u>	<u>5,435</u>	3.75%	2047-2049	490	-	2,525
	<u><u>34,445</u></u>	<u><u>32,490</u></u>					
2020 SERIES A BONDS (S/F)							
2020 Series A (Non-AMT)							
Serial Bonds	9,800	8,885	1.25% - 2.40%	2022-2032	680	-	955
Term Bonds	1,995	1,995	2.60%	2033-2034	980	-	1,015
Term Bonds	7,195	7,195	2.85%	2035-2039	1,050	-	1,750
Term Bonds	8,645	8,645	3.00%	2040-2044	1,620	-	1,840
Term Bonds	<u>6,715</u>	<u>5,880</u>	3.75%	2047-2049	835	-	3,625
	<u><u>34,350</u></u>	<u><u>32,600</u></u>					
2020 SERIES B BONDS (M/F)							
2020 Series B (Non-AMT)							
Serial Bonds	12,000	12,000	1.00% - 1.10%	2022-2024		4,000	
Term Bonds	7,000	7,000	2.10%	2033-2035	2,140	-	2,530
Term Bonds	14,275	14,275	2.35%	2036-2040	2,690	-	3,015
Term Bonds	7,755	7,755	2.50%	2041-2045	1,470	-	1,640
Term Bonds	<u>8,970</u>	<u>8,970</u>	2.60%	2046-2050	1,695	-	1,900
	<u><u>50,000</u></u>	<u><u>50,000</u></u>					
2020 SERIES C BONDS (S/F)							
2020 Series C (Non-AMT)							
Serial Bonds	12,765	12,765	1.35% - 2.50%	2022-2032	950	-	1,675
Term Bonds	5,315	5,315	2.70%	2033-2035	1,715	-	1,830
Term Bonds	9,640	9,640	3.00%	2036-2040	1,770	-	2,055
Term Bonds	<u>11,235</u>	<u>10,090</u>	4.00%	2044-2050	340	-	2,025
	<u><u>38,955</u></u>	<u><u>37,810</u></u>					
2020 SERIES D BONDS (S/F)							
2020 Series D (Non-AMT)							
Serial Bonds	10,280	10,280	0.90% - 2.20%	2024-2032	990	-	1,310
Term Bonds	4,390	4,390	2.30%	2033-2035	1,090	-	2,170
Term Bonds	7,580	7,580	2.55%	2036-2040	1,270	-	2,215
Term Bonds	<u>12,750</u>	<u>12,750</u>	2.80%	2041-2045	1,465	-	4,120
	<u><u>35,000</u></u>	<u><u>35,000</u></u>					

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2020 SERIES E BONDS (M/F)							
2020 Series E (Federally Taxable)							
Serial Bonds	40,000	40,000	2.02% - 2.74%	2026-2033	4,600	-	5,455
	<u>40,000</u>	<u>40,000</u>					
2020 SERIES F BONDS (S/F)							
2020 Series F (Non-AMT)							
Serial Bonds	10,465	10,465	0.30% - 1.75%	2022-2032	395	-	1,135
Term Bonds	3,415	3,415	2.00%	2033-2035	1,100	-	1,175
Term Bonds	6,535	6,535	2.15%	2036-2040	1,215	-	1,395
Term Bonds	7,710	7,710	2.25%	2041-2045	1,440	-	1,655
Term Bonds	11,875	11,875	2.40%	2046-2050	1,705	-	4,705
	<u>40,000</u>	<u>40,000</u>					
2020 SERIES G BONDS (S/F)							
2020 Series G (Non-AMT)							
Serial Bonds	25,180	25,180	0.50% - 2.20%	2024-2035	1,035	-	5,315
Term Bonds	10,465	10,465	2.38%	2036-2040	1,960	-	2,215
	<u>35,645</u>	<u>35,645</u>					
2020 SERIES H BONDS (S/F - M/F)							
2020 Series H (Federally Taxable)							
Serial Bonds	27,345	27,345	1.70% - 2.57%	2026-2032	3,800	-	4,055
Term Bonds	12,655	12,655	2.67%	2033-2035	4,130	-	4,310
	<u>40,000</u>	<u>40,000</u>					
2021 SERIES A BONDS (M/F)							
2021 Series A (Non-AMT)							
Serial Bonds	21,000	21,000	0.30% - 0.60%	2023-2026	4,000	-	8,000
Term Bonds	6,000	6,000	1.85%	2034-2036	1,955	-	2,040
Term Bonds	7,000	7,000	2.05%	2037-2041	1,345	-	1,455
Term Bonds	8,000	8,000	2.15%	2042-2046	1,540	-	1,660
Term Bonds	8,000	8,000	2.20%	2047-2051	1,530	-	1,665
	<u>50,000</u>	<u>50,000</u>					
2021 SERIES B BONDS (S/F)							
2021 Series B (Non-AMT)							
Serial Bonds	10,150	10,150	0.15% - 1.85%	2022-2032	775	-	1,050
Term Bonds	5,925	5,925	2.05%	2033-2036	1,425	-	1,550
Term Bonds	8,550	8,550	2.20%	2037-2041	1,600	-	1,800
Term Bonds	7,050	7,050	2.40%	2042-2046	1,325	-	1,500
Term Bonds	8,325	8,325	2.45%	2047-2051	1,550	-	1,800
	<u>40,000</u>	<u>40,000</u>					
2021 SERIES C BONDS (S/F)							
2021 Series C (Non-AMT)							
Serial Bonds	10,755	10,755	0.15% - 1.80%	2022-2033	500	-	1,080
Term Bonds	5,730	5,730	1.90%	2034-2036	1,850	-	1,965
Term Bonds	10,865	10,865	2.15%	2037-2041	2,035	-	2,310
Term Bonds	12,650	12,650	2.30%	2042-2046	2,375	-	2,700
	<u>40,000</u>	<u>40,000</u>					
2021 SERIES D BONDS (S/F)							
2021 Series D (Non-AMT)							
Serial Bonds	11,675	11,675	0.40% - 2.10%	2023-2033	910	-	1,225
Term Bonds	3,915	3,915	2.20%	2034-2036	1,270	-	1,340
Term Bonds	7,325	7,325	2.40%	2037-2041	1,380	-	1,550
Term Bonds	7,960	7,960	2.65%	2042-2046	1,505	-	1,670
Term Bonds	8,455	8,455	3.00%	2049-2051	1,655	-	4,765
	<u>39,330</u>	<u>39,330</u>					
		1,497,590					
Plus: Net Unamortized Bond Premium		<u>1,154</u>					
Total Mortgage Purchase Fund	1,962,910	1,498,744					
Total Proprietary Funds	<u>\$1,962,910</u>	<u>\$1,498,744</u>					

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds					
GOVERNMENTAL FUNDS										
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND										
2021 Series 1 (Non-AMT)										
Serial Bonds	\$15,020	\$15,020	5.00%	2034-2037	3,265	-	4,110			
2021 Series 2 (Taxable)										
Serial Bonds	38,930	38,930	0.28% - 2.42%	2022-2034	295	-	3,480			
53,950										
Plus: Net Unamortized Bond Premium		4,075								
Total Maine Energy, Housing & Recovery Fund Group	53,950	58,025								
Total Governmental Funds	<u>\$53,950</u>	<u>\$58,025</u>								

The following table summarizes bond debt activity for the year ended December 31, 2021:

Fund	Outstanding at December 31, 2020	Issues	Retirement	Outstanding at December 31, 2021
Mortgage Purchase Fund	\$1,555,700	\$169,330	(\$227,440)	\$1,497,590
Maine Energy, Housing & Economic Recovery Fund	22,630	53,950	(22,630)	53,950
Total	<u>\$1,578,330</u>	<u>\$223,280</u>	<u>(\$250,070)</u>	<u>\$1,551,540</u>

Interest on bonds is payable semi-annually for the Mortgage Purchase Fund and the Maine Energy, Housing & Economic Recovery Fund. Scheduled principal payments on bonds are due November 15 for the Mortgage Purchase Fund and June 15 for the Maine Energy, Housing & Economic Recovery Fund.

The interest calculations shown in the table below are based on the variable rate in effect at December 31, 2021 and may not be indicative of actual interest expense that will be incurred. As rates vary, variable rate bond interest payments and net swap payments will vary. The following table provides a summary of MaineHousing's bond debt service requirements and net interest rate swap payments through 2026 and in five-year increments thereafter to maturity:

Year(s)	Mortgage Purchase Fund					Maine Energy, Housing & Economic Recovery Fund	
	Fixed and Variable Unswapped		Variable Swapped		Swaps	Fixed	
	Principal	Interest	Principal	Interest	Net Interest	Principal	Interest
2022	\$19,085	\$33,816	\$255	\$236	\$3,721	\$3,445	\$1,300
2023	49,475	33,689	285	243	3,443	3,020	1,289
2024	58,065	32,832	295	243	3,166	3,035	1,272
2025	51,920	31,820	305	242	3,157	3,055	1,247
2026	46,415	30,808	325	242	3,094	3,085	1,214
2027-2031	267,560	136,199	10,590	1,191	11,501	16,110	5,329
2032-2036	267,380	96,899	44,275	1,058	4,303	18,090	3,145
2037-2041	213,865	59,769	21,535	710	146	4,110	103
2042-2046	180,118	28,606	77,327	518	0	0	0
2047-2051	121,393	7,824	48,507	129	0	0	0
2052-2056	14,449	64	4,166	4	0	0	0
Total	<u>\$1,289,725</u>	<u>\$492,326</u>	<u>\$207,865</u>	<u>\$4,816</u>	<u>\$32,531</u>	<u>\$53,950</u>	<u>\$14,899</u>

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MaineHousing's bonds are a special obligation of MaineHousing and do not constitute a debt or liability of the State of Maine. The bonds are secured in accordance with bond resolutions. Security for bonds in the Mortgage Purchase Fund includes the mortgage loans made or purchased under the resolution and all monies and investments in the fund and accounts pledged under the resolution. Bonds in the Mortgage Purchase Fund may be redeemed in excess of the annual maturities in accordance with the terms of the resolution. Bonds in the Maine Energy, Housing & Economic Recovery Fund are secured by a portion of the Real Estate Transfer Tax revenues collected by the State of Maine and the bonds may be redeemed in excess of the annual maturities.

Notes Payable

At December 31, 2021, MaineHousing has a \$14,876 note payable to TD Bank, N.A at a fixed rate of 3.20%, maturing November 1, 2033. The note, which is recorded in the General fund, has principal and interest payments due monthly based on a 20-year amortization.

The proceeds from this note were used for the acquisition and rehabilitation of an office building for MaineHousing. The note is secured by a mortgage agreement on the property and a \$2,403 non-negotiable certificate of deposit held with the lender.

The following table provides a summary of note payment requirements through 2026 and in five-year increments thereafter to maturity:

Year(s)	Principal	Interest	Total
2022	\$615	\$474	\$1,089
2023	636	453	1,089
2024	655	434	1,089
2025	678	411	1,089
2026	700	389	1,089
2027-2031	3,861	1,582	5,443
2032-2033	7,731	448	8,179
Total	\$14,876	\$4,191	\$19,067

Moral Obligation Debt

The reserve funds of the Mortgage Purchase Fund are secured by a non-binding obligation (moral obligation) from the State of Maine to replenish by appropriation any deficiency in such reserve funds. MaineHousing is authorized to have an aggregate amount not to exceed \$2,150,000 of outstanding bonds secured by this obligation. Of that amount, \$1,497,590 was outstanding at December 31, 2021.

Other Debt

MaineHousing uses its tax-exempt debt issuing authority to provide financial assistance to private sector developers for the acquisition and rehabilitation, or the construction of multi-family housing projects serving low-to-moderate income households. The debt, which is referred to as conduit debt, is collateralized by revenues generated by the properties financed and is repayable solely from payments received on the underlying mortgage loans and any specific third-party credit enhancement associated with the individual financings. MaineHousing has a total of \$27,587 outstanding at December 31, 2021. The debt does not constitute a liability or a pledge of faith and credit of MaineHousing and is not reported in the accompanying financial statements.

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(6.) INTEREST RATE SWAP AGREEMENTS

MaineHousing has thirteen interest rate swap agreements (swaps) with four counterparties as of December 31, 2021. The objective of the agreements is to attain a synthetic fixed interest rate on a portion of its variable rate bonds at a cost expected to be less than rates associated with fixed-rate debt. The swap agreement terms state MaineHousing is to make semi-annual fixed interest rate payments at a specified rate on a notional principal amount and in exchange receive semi-annual payments based upon either the thirty-day or ninety-day London InterBank Offered Rate (LIBOR) or the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA).

The swaps have an aggregate negative fair value of \$10,113 at December 31, 2021. During 2021, the fair value of the swaps increased by \$8,296. The fair value was estimated using a zero-coupon method and Level 3 inputs. This method calculates the future net settlement payments required by the swaps, assuming that the current forward rates implied by the current yield curve correctly anticipate future spot interest rates. These payments are then discounted using 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. These amounts are adjusted for estimated unwinding costs.

The swaps have been determined to constitute an effective hedge of a portion of the variable rate bond portfolio equal to the notional amount of the swaps at December 31, 2021 by using the regression analysis and synthetic instrument methods. The aggregate fair value is classified as a derivative instrument liability and a deferred outflow of resources, which represents the accumulated decrease in fair value. Variable rate bonds outstanding at December 31, 2021 total \$282,865.

The following table contains the terms, fair values, and credit ratings of the swaps as of December 31, 2021. Specific swaps are assigned to certain debt issuances for arbitrage purposes. The credit ratings were issued by Moody's Investor Services and Standard & Poor's, respectively.

Related Debt Issuance	Current Notional Amount	Effective Date of Swap	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
2005 Series G	\$19,865	2/1/2006	3.59%	65% of 30 day LIBOR plus .20%	(\$5,785)	11/15/2037	Aa2/A+
2015 Series E-3	5,000	11/15/2016	1.15%	70% of 30 day LIBOR	(78)	11/15/2025	Aa2/AA-
2015 Series E-3	5,000	11/15/2019	1.40%	70% of 30 day LIBOR	(185)	11/15/2029	Aa3/A+
2015 Series E-3	20,000	5/15/2021	1.46%	67% of 30 day LIBOR	(1,099)	11/15/2032	A1/A
2016 Series B-2	8,000	5/15/2017	1.61%	70% of 30 day LIBOR	(202)	11/15/2031 ¹	Aa2/AA-
2016 Series B-2	20,000	11/15/2017	1.66%	70% of 30 day LIBOR	(555)	11/15/2031 ¹	Aa2/AA-
2017 Series D-2	10,000	11/15/2019	1.87%	75% of 30 day LIBOR plus 0.46%	(263)	11/15/2026	Aa3/A+
2017 Series D-2	12,500	11/15/2018	2.57%	70% of 30 day LIBOR plus 0.45%	(1,027)	11/15/2028	Aa3/A+
2017 Series D-2	12,500	11/15/2018	2.59%	70% of 30 day LIBOR plus 0.45%	(1,567)	11/15/2033	Aa3/A+
2017 Series D-2	15,000	1/29/2008	3.71%	100% of SIFMA plus .06%	(742)	5/15/2023	Aa2/A+
2017 Series E	25,000	11/15/2021	1.69%	100% of 30 day LIBOR	(720)	11/15/2032	Aa3/A+
2017 Series G-1	25,000	11/15/2019	1.90%	100% of 30 day LIBOR	(920)	11/15/2026	A1/A
2017 Series G-1	30,000	11/15/2020	0.88%	100% of 90 day LIBOR	3,030	11/15/2035	A1/A
Totals	<u><u>\$207,865</u></u>				<u><u>(\$10,113)</u></u>		

1. MaineHousing has the option of termination, with no Termination Payment on November 15, 2026 and on each May 15 and November 15 thereafter.

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Credit Risk – The swaps contain varying collateral agreements with the counterparties in order to mitigate the potential for credit risk. The requirements of the collateral agreements were met as of December 31, 2021. MaineHousing is not exposed to credit risk for the swaps that have negative fair values. At December 31, 2021, there is one swap that has a positive fair value of \$3,030. This amount represents MaineHousing's credit exposure to the related counterparty and the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. Fair value is only a factor upon termination.

Basis Risk – The floating rate payments provided by the counterparties are based upon either the SIFMA index or the LIBOR index. MaineHousing's floating rate bonds will have rates adjusted weekly. The LIBOR rate will be adjusted on a monthly basis, except for 2017 Series G-1, which is adjusted on a quarterly basis. MaineHousing's bonds are expected to track with the SIFMA Index, which differs from the LIBOR index. If the floating rate tax exempt bonds, which should correspond to the SIFMA index, trade at a value significantly different than their historical relationship to LIBOR, the net cost to MaineHousing could increase or decrease. As of December 31, 2021, the thirty day LIBOR rate and the ninety day LIBOR rate were 0.10% and 0.21%, respectively and the SIFMA rate was 0.10%.

Termination Risk – In addition to the optional terminations embedded in some of MaineHousing's swap agreements, agreements may be terminated in whole or in part prior to the respective maturities of the bonds under certain circumstances (including certain events of default with respect to MaineHousing or the swap providers). Following certain terminations of the swap agreements, either MaineHousing or the swap providers, as applicable, may owe a termination payment equal to the fair value of the swap to the other, depending upon market conditions and the events that caused such swap agreements to terminate. Under certain circumstances, this termination payment could be substantial. Such termination payment by MaineHousing would be payable on a basis subordinate to the payments on the bonds.

Rollover Risk – MaineHousing is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt.

(7.) RETIREMENT BENEFITS

MaineHousing has defined contribution and defined benefit pension plans that cover substantially all employees. Employees have the option to participate in either plan.

Defined Contribution Plan

The defined contribution plan consists of a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and a separate plan created under the provisions of the Internal Revenue Code Section 401(a).

Benefit terms, including contribution requirements, for the defined contribution plan are established by management. For each participant in the plan, MaineHousing contributes 2.9% of annual salary to the 401(a) plan. Additionally, if a participant makes voluntary contributions to the 457 plan, MaineHousing matches the contributions up to 7.6% of annual salary. The employer match contribution is made to the 401(a) plan.

For the year ended December 31, 2021, employee contributions totaled \$782 and MaineHousing contributed and recognized expense of \$588. Employees are immediately vested in their own contributions, MaineHousing contributions, and the earnings on those contributions.

Defined Benefit Plan

Plan Description: MaineHousing is a participating local district (PLD) member of the Maine Public Employees Retirement System's (MainePERS) PLD Consolidated Retirement Plan and employees may elect to participate in this multiple-employer cost sharing defined benefit plan. An advisory group established by Maine statute reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them.

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Benefits Provided: Retirement benefits are based on participants' average final compensation and service credit earned as of retirement. Vesting occurs upon the earning of five years of service credit. The normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years (20 years for participants in the plan prior to July 1, 2014) of service credit is reduced by a statutorily prescribed factor for each year of age that a participant is below her/his normal retirement age at retirement.

Post-retirement cost-of-living adjustments (COLA) become available to participants after 24 months of retirement. The post-retirement COLA is capped at 2.5% annually. The plan also provides disability and death benefits, which are established by contract under applicable statutory provisions.

Upon termination, accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and rights. The annual rate of interest credited to participants' accounts is set by MainePERS Board of Trustees and is currently 0.93%.

Contributions: Retirement benefits are funded by contributions from participants and employers and by earnings from MainePERS investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Participant and employer normal cost contributions are each a percentage of applicable participant compensation. Participant contribution rates are defined by law or by the MainePERS Board of Trustees. Employers' contributions are determined by actuarial valuations. As of December 31, 2021, the established MainePERS employer contribution rate is 10.3% and employee contribution rates are 7.80% for participants with a normal retirement age of 60 and 7.05% for participants with a normal retirement age of 65. MaineHousing pays on behalf of its employees 0.20% of the MainePERS employee contribution rate. If a participant retires and is subsequently re-employed in a position covered by the plan, the employer contribution rate is 5%. Total employer contributions were \$504 for the year ended December 31, 2021.

Actuarial Methods and Assumptions

The collective total pension liability (asset) was determined by an actuarial valuation as of June 30, 2021, using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method – The Entry Age Normal cost method is used to determine costs. Under this cost method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each member. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his/her expected future salary. The normal cost for each member is the product of his/her pay and his/her normal cost rate. The normal cost for the group is the sum of the normal costs for all members. Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method – The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization – The net pension liability (asset) is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

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Actuarial Assumptions: The actuarial valuation as of June 30, 2021 and June 30, 2020 used the following actuarial assumptions:

Investment Rate of Return – 6.50% for 2021 and 6.75% for 2020 per annum, compounded annually.

Inflation Rate – 2.75%.

Annual Salary Increases, Including Inflation – 2.75% to 11.48% for 2021 and 2.75% plus merit component based on each employee's year of service for 2020.

Cost of Living Benefit Increases – 1.91%

Mortality Rates – 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table for males and females, projected generationally using RPEC_2020 model. For 2020, the RP 2014 Total Dataset Healthy Annuitant Mortality Table for males and females was used.

The actuarial and demographic assumptions used in the June 30, 2021 valuations were based on the results of an actuarial experience study covering the period June 30, 2016 through June 30, 2020. The actuarial and demographic assumptions used in the June 30, 2020 actuarial valuations were based on the results of an actuarial experience study for the period of June 30, 2012 to June 30, 2015. The economic assumptions are based on this experience study along with advice of the MainePERS investment consultants for June 30, 2021 and June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equities	30.0%	6.0%
US Government	7.5%	2.3%
Private Equity	15.0%	7.6%
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	7.5%	7.2%
Risk Diversifiers	7.5%	5.9%

Discount Rate: The discount rate used to measure the collective total pension asset was 6.50%. The projection of cash flows used to determine the discount rate assumed that participant contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

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Net Pension Asset: At December 31, 2021, MaineHousing has an asset of \$217 for its proportionate share of the total collective net pension asset. The net pension asset was measured as of June 30, 2021 and the total collective pension asset used to calculate the proportionate share of the net pension asset was determined by an actuarial valuation as of that date. MaineHousing's proportion of the net pension asset was based on MaineHousing's employer contributions received by MainePERS during the measurement period July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all participating entities. MaineHousing's proportion was 0.674986% at December 31, 2021. The proportion was 0.709590% at December 31, 2020.

Sensitivity of MaineHousing's proportionate share of the net pension asset to changes in the discount rate: The following represents MaineHousing's proportionate share of the net pension asset calculated using the discount rate of 6.50%, as well as what MaineHousing's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

1% Decrease <u>@ 5.50%</u> \$3,087	Current Discount Rate <u>@ 6.50%</u> (\$217)	1% Increase <u>@ 7.50%</u> (\$2,950)
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Changes in net pension liability (asset) are recognized in pension expense for the year ended December 31, 2021 with the following exceptions:

Differences Between Expected and Actual Experience – The difference between expected and actual experience with regard to economic or demographic factors was recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2021 and 2020 valuation, this was three years.

Differences Between Projected and Actual Investment Earnings – Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions – Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The actuarial assumptions for the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions – Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The first year is recognized as pension expense and the remaining years are shown either as deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:
For the year ended December 31, 2021, MaineHousing recognized a pension credit of \$175 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$141	\$15
Employer contributions subsequent to the measurement date	254	0
Net difference between projected and actual earnings on pension plan investments	0	2,957
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	187
Changes of assumptions	728	0
Total	\$1,123	\$3,159

Amounts reported as deferred outflows of resources related to pensions for MaineHousing's contributions subsequent to the measurement date will be recognized as an addition to the Net Pension Asset for the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense through December 31, 2025 as follows:

Year ended December 31:	Pension Expense
	Amount
2022	(\$475)
2023	(\$320)
2024	(\$673)
2025	(\$822)

Payables to the Pension Plan: At December 31, 2021, MaineHousing's total payable to MainePERS for unremitted contributions is \$38.

Pension plan fiduciary net position: Detailed information about the plan's fiduciary net position is available in the separately issued MainePERS' Comprehensive Annual Financial Report at www.mainepers.org

(8.) AVAILABLE BONDS PROCEEDS

MORTGAGE PURCHASE FUND

The following bond proceed amounts are invested in the various bond proceed sub-accounts of the Bond Proceeds Fund of the Mortgage Purchase Fund and are available for the purchase of mortgages:

2018 Series D-2 (M/F)	\$271
2019 Series D (M/F)	502
2020 Series B (M/F)	13,943
2020 Series H (S/F, M/F)	3,073
2021 Series A (M/F)	36,324
2021 Series B (S/F)	5,001
2021 Series C (S/F)	28,446
2021 Series D (S/F)	45,503
	<u>\$133,063</u>

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MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND

The following bond proceed amounts are invested in accordance with the Maine Energy, Housing and Recovery General Indenture and are available for program activities:

2010 Series 2	\$135
2021 Series 1	\$31
2021 Series 2	<u>38,677</u>
	<u><u>\$38,843</u></u>

(9.) COMMITMENTS

MORTGAGE COMMITMENTS

Mortgage commitments are agreements to loan money provided there is no violation of any term or condition established in the agreement. Generally, once exercised, loans made under the terms of such commitments are secured by a lien on the related property and other collateral as MaineHousing deems necessary. At December 31, 2021, MaineHousing had outstanding commitments to originate multi-family mortgage loans of approximately \$241,257. MaineHousing, under its single-family program, enters into purchase agreements with lenders to purchase mortgage loans. At December 31, 2021, single-family loans being processed by lenders for MaineHousing totaled approximately \$33,475.

(10.) RESERVE FUNDS

MORTGAGE PURCHASE FUND – HOUSING RESERVE FUND

On or before December 1 of each year, MaineHousing is required to value the Housing Reserve Fund and verify to the Governor of the State of Maine that the sum of money in the fund equals or exceeds the Housing Reserve Fund Minimum Requirement. The Housing Reserve Fund Minimum Requirement equals the amount of principal and interest maturing and coming due in the next succeeding calendar year on bonds outstanding. The Housing Reserve Fund Minimum Requirement as of December 31, 2021 was \$82,014. When issuing bonds, MaineHousing must also meet the Housing Reserve Fund Maximum Requirement. The Housing Reserve Fund Maximum Requirement equals the maximum debt service required in any subsequent calendar year. The Housing Reserve Fund Maximum Requirement as of December 31, 2021 was \$124,951.

In calculating the Housing Reserve Minimum and the Housing Reserve Maximum requirements, MaineHousing assumes a 12% rate for variable rate bonds, which is the maximum interest rate under the terms of the bonds. Swap payments and receipts are not included in the calculation. At December 31, 2021, valuation of the investments in the Housing Reserve Fund, computed at the lower of par or cost in accordance with the General Mortgage Purchase Program Bond Resolution, was \$143,286.

MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND – CAPITAL RESERVE FUND

With the issuance of the 2021 Series 1 and 2 bonds, MaineHousing is no longer required to maintain a Capital Reserve Fund.

Between July 1 and July 15 of each year, MaineHousing must certify to the Treasurer of the State the amount necessary and sufficient to meet MaineHousing's debt service obligation. As of December 31, 2021, the maximum debt service amount was \$4,318.

(11.) EXCESS ARBITRAGE TO BE REBATED

Tax-exempt bonds issued by MaineHousing are subject to Internal Revenue Service regulations that limit the amount of income that can be earned with non-mortgage investments to an amount not greater than the amount that would have been earned had the funds been invested at the yield on the bonds. Excess earnings must be rebated every five years. At December 31, 2021, there are no arbitrage liabilities to be rebated.

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Prior rebate payments made by MaineHousing that are eligible for refund from the United States Treasury, based on estimated arbitrage rebate calculations, are recorded as a receivable in other assets. MaineHousing has receivables in the amount of \$184 in the Mortgage Purchase Fund at December 31, 2021.

(12.) FUND TRANSFERS AND INTERFUND BALANCES

MaineHousing records transfers between funds for various purposes including program subsidies, fees and capital asset transfers. Transfers for the year ended December 31, 2021 consisted of the following:

	General Administrative Fund	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Other Federal and State Programs
Capital Assets	\$225	\$0	\$0	(\$213)	(\$12)
Program Subsidies	(100)	100	0	0	0
Program Administrative Fees	1,325	0	(1,325)	0	0
	<u>\$1,450</u>	<u>\$100</u>	<u>(\$1,325)</u>	<u>(\$213)</u>	<u>(\$12)</u>

MaineHousing reports interfund balances among its funds. These balances generally consist of amounts for various revenues or expenses due to a fund, but received or paid to another and funds for loan closings. These amounts are generally paid or received within the subsequent year.

Interfund accounts receivable (payable) balances at December 31, 2021 consisted of the following:

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Emergency Rental Assistance Programs	Maine Energy, Housing & Economic Recovery Program	Other Federal and State Programs
Receivable due from:									
Mortgage Purchase Fund	\$0	\$0	\$2,703	\$0	\$0	\$0	\$0	\$0	\$1,000
General Administrative Fund	0	0	0	0	0	0	14,745	0	0
Other Federal And State Programs	0	0	2,796	10,217	52	0	0	0	0
Collectively, all other funds	0	0	83	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>5,582</u>	<u>10,217</u>	<u>52</u>	<u>0</u>	<u>14,745</u>	<u>0</u>	<u>1,000</u>
Payables	<u>(3,703)</u>	<u>(17)</u>	<u>(14,745)</u>	<u>(1,707)</u>	<u>(293)</u>	<u>(328)</u>	<u>0</u>	<u>(66)</u>	<u>(10,737)</u>
	<u>(\$3,703)</u>	<u>(\$17)</u>	<u>(\$9,163)</u>	<u>\$8,510</u>	<u>(\$241)</u>	<u>(\$328)</u>	<u>\$14,745</u>	<u>(\$66)</u>	<u>(\$9,737)</u>

The receivable amounts of the General Administrative Fund consist primarily of operating expenses owed from the Mortgage Purchase Fund and program expenses owed from Other Federal and State Programs. The General Administrative Fund payable amounts consist of program funds received and due to the Emergency Rental Assistance Programs. The receivable amount of the HOME fund consists primarily of advancements for program expenditures owed from the Other Federal and State Programs.

Maine State Housing Authority
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(IN THOUSANDS OF DOLLARS)

(13.) REDEMPTION OF BONDS

For the year ended December 31, 2021, MaineHousing redeemed prior to maturity \$227,210 of its Mortgage Purchase Fund bonds from recoveries of principal, reserve funds, surplus revenues, and the proceeds of refunded bonds. Gains of \$798 were attributed to the recognition of related bond premium. The following is a summary of bonds redeemed:

	Interest Rate	Original Maturity	Amount	Redemption Price
2011 Series D Serial Bonds	3.15%	11/15/2021	\$1,195	100%
2012 Series A-1 Term Bonds	4.50%	11/15/2028	850	100%
2012 Series A-1 Term Bonds	4.50%	11/15/2028	670	100%
2012 Series A-3 Term Bonds	3.85%	11/15/2029	1,240	100%
2012 Series A-3 Term Bonds	3.85%	11/15/2029	5,735	100%
2013 Series B Term Bonds	3.45%	11/15/2032	1,590	100%
2013 Series B Term Bonds	3.60%	11/15/2036	1,280	100%
2013 Series B Term Bonds	4.00%	11/15/2043	1,245	100%
2013 Series B Term Bonds	4.00%	11/15/2043	1,195	100%
2013 Series C Serial Bonds	3.09%	11/15/2023	9,000	100%
2013 Series C Term Bonds	3.84%	11/15/2027	5,765	100%
2013 Series C Term Bonds	4.32%	11/15/2030	5,700	100%
2014 Series A-1 Term Bonds	3.25%	11/15/2043	520	100%
2014 Series A-1 Term Bonds	3.25%	11/15/2043	460	100%
2014 Series A-1 Term Bonds	3.25%	11/15/2043	1,220	100%
2014 Series C-1 Term Bonds	4.00%	11/15/2034	1,810	100%
2014 Series C-1 Term Bonds	4.00%	11/15/2034	3,605	100%
2014 Series C-1 Term Bonds	3.50%	11/15/2044	845	100%
2014 Series C-1 Term Bonds	3.50%	11/15/2044	815	100%
2014 Series C-2 Term Bonds	3.75%	11/15/2034	6,505	100%
2014 Series C-2 Term Bonds	3.75%	11/15/2034	11,550	100%
2015 Series A-2 Term Bonds	3.25%	11/15/2029	250	100%
2015 Series A-2 Term Bonds	3.25%	11/15/2029	4,830	100%
2015 Series B Serial Bonds	1.85%	11/15/2021	1,075	100%
2015 Series B Term Bonds	3.20%	11/15/2030	4,100	100%
2015 Series B Term Bonds	3.50%	11/15/2040	620	100%
2015 Series B Term Bonds	3.50%	11/15/2040	590	100%
2015 Series C Serial Bonds	2.74%	11/15/2023	1,325	100%
2015 Series C Serial Bonds	2.89%	11/15/2024	1,365	100%
2015 Series C Serial Bonds	3.04%	11/15/2025	1,410	100%
2015 Series C Term Bonds	3.59%	11/15/2030	13,900	100%
2015 Series C Term Bonds	3.95%	11/15/2040	4,720	100%
2015 Series D Serial Bonds	3.30%	11/15/2026	1,000	100%
2015 Series D Term Bonds	3.75%	11/15/2030	1,130	100%
2015 Series D Term Bonds	4.00%	11/15/2035	4,890	100%
2015 Series D Term Bonds	4.00%	11/15/2045	445	100%
2015 Series D Term Bonds	4.00%	11/15/2045	425	100%
2015 Series E-1 Serial Bonds	3.30%	11/15/2024	2,590	100%
2015 Series E-1 Serial Bonds	3.45%	11/15/2025	2,595	100%
2015 Series E-1 Serial Bonds	3.60%	11/15/2026	2,310	100%
2015 Series E-1 Serial Bonds	3.60%	11/15/2026	1,845	100%
2015 Series E-1 Term Bonds	3.50%	11/15/2035	1,405	100%
2015 Series E-1 Term Bonds	3.50%	11/15/2035	1,350	100%
2015 Series E-2 Term Bonds	3.80%	11/15/2033	2,105	100%
2015 Series E-2 Term Bonds	4.05%	11/15/2040	2,510	100%

Maine State Housing Authority
Notes to Financial Statements – December 31, 2021
(IN THOUSANDS OF DOLLARS)

	Interest Rate	Original Maturity	Amount	Redemption Price
2015 Series E-2 Term Bonds	4.05%	11/15/2040	5,850	100%
2015 Series F-3 Term Bonds	3.40%	11/15/2030	1,115	100%
2015 Series F-3 Term Bonds	3.85%	11/15/2035	2,195	100%
2015 Series F-3 Term Bonds	3.85%	11/15/2035	7,370	100%
2015 Series F-3 Term Bonds	3.95%	11/15/2040	4,025	100%
2015 Series G Term Bonds	3.65%	11/15/2035	705	100%
2015 Series G Term Bonds	3.85%	11/15/2040	4,640	100%
2015 Series G Term Bonds	3.50%	11/15/2045	400	100%
2015 Series G Term Bonds	3.50%	11/15/2045	385	100%
2016 Series A Serial Bonds	1.40%	11/15/2021	715	100%
2016 Series A Term Bonds	4.00%	11/15/2045	510	100%
2016 Series A Term Bonds	4.00%	11/15/2045	495	100%
2016 Series B-1 Serial Bonds	1.55%	11/15/2021	1,890	100%
2016 Series B-1 Term Bonds	2.70%	11/15/2029	2,680	100%
2016 Series B-1 Term Bonds	3.50%	11/15/2046	1,385	100%
2016 Series B-1 Term Bonds	3.50%	11/15/2046	1,325	100%
2016 Series C Serial Bonds	1.30%	11/15/2021	915	100%
2016 Series C Term Bonds	3.50%	11/15/2046	620	100%
2016 Series C Term Bonds	3.50%	11/15/2046	600	100%
2016 Series E Serial Bonds	1.95%	11/15/2021	645	100%
2016 Series E Term Bonds	3.90%	11/15/2036	4,375	100%
2016 Series E Term Bonds	3.90%	11/15/2036	6,010	100%
2016 Series E Term Bonds	4.00%	11/15/2046	610	100%
2016 Series E Term Bonds	4.00%	11/15/2046	585	100%
2017 Series A Serial Bonds	1.80%	11/15/2021	580	100%
2017 Series A Term Bonds	3.65%	11/15/2032	1,675	100%
2017 Series A Term Bonds	4.00%	11/15/2037	1,360	100%
2017 Series A Term Bonds	4.00%	11/15/2037	4,955	100%
2017 Series A Term Bonds	4.05%	11/15/2042	7,625	100%
2017 Series A Term Bonds	4.00%	11/15/2047	515	100%
2017 Series A Term Bonds	4.00%	11/15/2047	500	100%
2017 Series B Serial Bonds	1.50%	11/15/2021	655	100%
2017 Series B Term Bonds	4.00%	11/15/2047	565	100%
2017 Series B Term Bonds	4.00%	11/15/2047	545	100%
2017 Series D-1 Serial Bonds	1.55%	11/15/2021	620	100%
2017 Series F Term Bonds	3.50%	11/15/2047	910	100%
2017 Series F Term Bonds	3.50%	11/15/2047	870	100%
2018 Series C Term Bonds	3.85%	11/15/2038	1,395	100%
2018 Series C Term Bonds	3.85%	11/15/2038	4,315	100%
2018 Series C Term Bonds	4.00%	11/15/2048	815	100%
2018 Series C Term Bonds	4.00%	11/15/2048	830	100%
2018 Series F Serial Bonds	3.25%	11/15/2027	730	100%
2018 Series F Serial Bonds	3.70%	11/15/2030	835	100%
2018 Series F Term Bonds	3.85%	11/15/2033	3,745	100%
2018 Series F Term Bonds	4.25%	11/15/2048	810	100%
2018 Series F Term Bonds	4.25%	11/15/2048	845	100%
2019 Series A Serial Bonds	1.85%	11/15/2021	740	100%
2019 Series A Term Bonds	4.00%	11/15/2044	10,880	100%
2019 Series A Term Bonds	4.00%	11/15/2049	645	100%
2019 Series A Term Bonds	4.00%	11/15/2049	745	100%
2019 Series B Serial Bonds	1.70%	11/15/2021	1,175	100%
2019 Series C Serial Bonds	1.35%	11/15/2021	715	100%

Maine State Housing Authority
Notes to Financial Statements – December 31, 2021
(IN THOUSANDS OF DOLLARS)

	Interest Rate	Original Maturity	Amount	Redemption Price
2019 Series C Term Bonds	4.00%	11/15/2050	480	100%
2019 Series C Term Bonds	4.00%	11/15/2050	630	100%
2019 Series E Serial Bonds	1.40%	11/15/2021	640	100%
2019 Series E Term Bonds	3.75%	11/15/2049	300	100%
2019 Series E Term Bonds	3.75%	11/15/2049	415	100%
2020 Series A Serial Bonds	1.15%	11/15/2021	915	100%
2020 Series A Term Bonds	3.75%	11/15/2049	270	100%
2020 Series A Term Bonds	3.75%	11/15/2049	385	100%
2020 Series C Term Bonds	4.00%	11/15/2050	380	100%
2020 Series C Term Bonds	4.00%	11/15/2050	575	100%
			\$227,210	

For the year ended December 31, 2021, MaineHousing redeemed prior to maturity \$22,630 of its Maine Energy, Housing, & Economic Recovery bonds from bond proceeds and debt service funds. Gains of \$90 were attributed to the recognition of related bond premium. The following is a summary of bonds redeemed:

	Interest Rate	Original Maturity	Amount	Redemption Price
2010 Series 1 Serial Bonds	4.00%	6/15/2021	\$780	100%
2010 Series 1 Serial Bonds	3.00%	6/15/2021	2,670	100%
2010 Series 1 Serial Bonds	3.25%	6/15/2022	3,565	100%
2010 Series 1 Serial Bonds	3.25%	6/15/2023	3,680	100%
2010 Series 1 Serial Bonds	5.00%	6/15/2024	3,800	100%
2010 Series 1 Serial Bonds	5.00%	6/15/2025	355	100%
2010 Series 1 Serial Bonds	3.75%	6/15/2025	3,635	100%
2010 Series 1 Serial Bonds	5.00%	6/15/2026	1,555	100%
2010 Series 1 Serial Bonds	3.75%	6/15/2026	2,590	100%
			\$22,630	

(14.) CONTINGENCIES

MaineHousing is subject to various legal proceedings and claims that arise in the normal course of its business. MaineHousing also receives funding from federal government agencies. These funds are to be used for designated purposes only and are subject to financial and compliance audits and the resolution of identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time. In the opinion of management, the ultimate resolution of these actions will not materially affect the accompanying financial statements.

Maine State Housing Authority
Notes to Financial Statements – December 31, 2021
(IN THOUSANDS OF DOLLARS)

(15.) SUBSEQUENT EVENTS

Subsequent to December 31, 2021, MaineHousing issued and redeemed bonds. The following is a summary of subsequent event transactions.

On February 9, 2022, MaineHousing issued, at par, \$100,000 of bonds in the General Mortgage Purchase Bond Resolution as follows:

	Interest Rate	Maturity	Amount	Issued Price
2022 Series A Serial Bonds	0.40%-0.85%	2023-2026	\$19,000	100%
2022 Series A Term Bonds	2.40%	2041	10,180	100%
2022 Series A Term Bonds	2.60%	2046	19,570	100%
2022 Series A Term Bonds	2.65%	2051	1,250	100%
2022 Series B Serial Bonds	1.50%-2.58%	2025-2032	40,000	100%
2022 Series B Term Bonds	2.98%	2036	10,000	100%
			\$100,000	

On February 24, 2022, MaineHousing redeemed, at par, \$67,585 of bonds in the General Mortgage Purchase Bond Resolution as follows:

	Interest Rate	Maturity	Amount	Redemption Price
2014 Series C-2 Term Bonds	3.75%	11/15/2034	\$10,945	100%
2015 Series A-3 Term Bonds	3.50%	11/15/2034	2,085	100%
2015 Series A-3 Term Bonds	3.63%	11/15/2039	2,505	100%
2015 Series C Term Bonds	3.59%	11/15/2030	4,100	100%
2015 Series F-3 Term Bonds	3.95%	11/15/2040	7,815	100%
2015 Series G Term Bonds	3.65%	11/15/2035	1,420	100%
2016 Series E Term Bonds	3.63%	11/15/2031	800	100%
2017 Series A Term Bonds	3.65%	11/15/2032	1,685	100%
2017 Series B Term Bonds	3.65%	11/15/2037	3,565	100%
2017 Series H Term Bonds	3.55%	11/15/2037	5,130	100%
2018 Series A Term Bonds	3.50%	11/15/2033	1,215	100%
2018 Series A Term Bonds	3.75%	11/15/2038	3,390	100%
2018 Series B Term Bonds	3.50%	11/15/2033	3,560	100%
2018 Series B Term Bonds	3.75%	11/15/2038	4,420	100%
2018 Series C Term Bonds	3.55%	11/15/2033	4,080	100%
2018 Series C Term Bonds	3.95%	11/15/2043	9,595	100%
2018 Series F Serial Bonds	3.55%	11/15/2029	800	100%
2019 Series A Term Bonds	3.80%	11/15/2039	475	100%
			\$67,585	

MAINE STATE HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF SELECTED PENSION INFORMATION - UNAUDITED
PRESENTED FOR YEARS INFORMATION IS AVAILABLE
FOR THE YEAR ENDED DECEMBER 31, 2021
 (IN THOUSANDS OF DOLLARS)

Schedule of MaineHousing's Proportionate Share of Net Pension (Asset) Liability
Last Ten Fiscal Years
As of Measurement Date of June 30:

	2021	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension (Asset) Liability	0.674986%	0.709590%	0.746717%	0.834117%	0.906494%	0.922203%	1.181151%	1.420739%
Employer's Proportionate Share of the Net Pension (Asset) Liability	(\$217)	\$2,819	\$2,282	\$2,823	\$3,712	\$4,899	\$3,768	\$2,186
Employer's Covered-Employee Payroll	\$4,972	\$4,567	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598	\$4,691
Employer's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered-Employee Payroll	(4.4%)	61.7%	50.2%	60.6%	75.9%	101.9%	81.9%	46.6%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	100.9%	88.3%	90.6%	91.1%	86.4%	81.6%	88.3%	94.1%

Schedule of MaineHousing's Pension Contributions
Last Ten Fiscal Years
As of Measurement Date of June 30:

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$504	\$480	\$477	\$490	\$513	\$505	\$483	\$492
Contributions in Relation to Contractually Required Contribution	\$504	\$480	\$477	\$490	\$513	\$505	\$483	\$492
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Employer's Covered Employee Payroll	\$4,972	\$4,567	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598	\$4,691
Contributions as a Percentage of Covered Employee Payroll	10.1%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%

The above schedules are intended to show information for 10 years. Retroactive information is not required to be presented. Information will be presented each year until 10 years of such information is available.

Notes to Required Supplementary Information

Changes of Benefit Terms:

There were no changes of benefit terms for the measurement period ended June 30, 2021.

Changes of Assumptions:

The following assumption changes were reflected in the measurement period ended June 30, 2021:

- * The investment rate of return was decreased from 6.75% to 6.50%.
- * Mortality rates changed from the RP2014 Total Dataset Healthy Annuitant Mortality Table to the 2010 Public Plan General Benefit-Weighted Healthy Retiree Mortality Table projected generationally using the RPEC_2020 model.
- * Annual salary increases, including inflation, changed from 2.75% plus merit component based on each employee's year of service to 2.75% to 11.48%.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Maine State Housing Authority

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Maine State Housing Authority (MaineHousing), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise MaineHousing's basic financial statements, as listed in the table of contents, and have issued our report thereon dated March 28, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MaineHousing's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MaineHousing's internal control. Accordingly, we do not express an opinion on the effectiveness of MaineHousing's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MaineHousing's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

MaineHousing's Response to Findings

MaineHousing's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. MaineHousing's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MaineHousing's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Newman & Noyes LLC

Portland, Maine
March 28, 2022

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The Board of Commissioners
Maine State Housing Authority

We are pleased to present this report related to our audit of the financial statements of the Maine State Housing Authority (MaineHousing) as of and for the year ended December 31, 2021. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for MaineHousing's financial reporting process.

This report is intended solely for the information and use of the Board of Commissioners and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to MaineHousing.

Baker Newman & Noyes LLC

Portland, Maine
March 28, 2022

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States have been described to you in our arrangement letter dated November 12, 2021. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication dated November 12, 2021, regarding the planned scope and timing of our audit and identified significant risks.
Accounting Policies and Practices	Preferability of Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by MaineHousing. MaineHousing did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period. Significant Accounting Policies We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. Significant Unusual Transactions We did not identify any significant unusual transactions. Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.
Audit Adjustments and Uncorrected Misstatements	Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by MaineHousing are shown in the attached list of Recorded Audit Adjustments.

Required Communications (Continued)

Area	Comments
Audit Adjustments and Uncorrected Misstatements (Continued)	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Observations About the Audit Process	<p>Disagreements with Management We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.</p> <p>Consultations with Other Accountants We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p> <p>Significant Issues Discussed with Management No significant issues arising from the audit were discussed or were the subject of correspondence with management.</p> <p>Significant Difficulties Encountered in Performing the Audit We did not encounter any significant difficulties in dealing with management during the audit.</p> <p>Difficult or Contentious Matters That Required Consultation We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.</p>
Internal Control Matters	We have separately communicated significant deficiencies in internal control over financial reporting during our audit of the financial statements. This communication is included in the attached management letter.
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of MaineHousing, including the representation letter provided to us by management, are attached.

Summary of Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in MaineHousing's December 31, 2021 financial statements.

Significant Accounting Estimates

Allowances for Losses on Loans

Accounting Policy

Management provides for an allowance for loan losses at a level that management believes will be adequate to absorb probable loan losses based on evaluations of the collectibility of the loans and prior loss experience.

Management's Estimation Process

The evaluation takes into consideration such factors as changes in the nature and volume of the portfolio, extent of available mortgage insurance, collateral, delinquencies, and current economic conditions that may affect the borrowers' ability to pay.

Basis for our Conclusion on the Reasonableness of the Estimate

We have reviewed management's assumptions and concluded their estimates were reasonable in relation to the financial statements taken as a whole.

Fair Value of Interest Rate Swaps

Accounting Policy

MaineHousing enters into various interest rate swap agreements in order to manage risks associated with interest on its variable rate bond portfolio. The fair value of swap agreements are recognized as either an asset or liability on its Statement of Net Position with the offsetting gains or losses as either deferred inflows or outflows of resources, if deemed an effective hedge.

Management's Estimation Process

Management estimates the fair value of the interest rate swaps by engaging a valuation specialist and by reviewing the methods and assumptions used in the valuation.

Basis for our Conclusion on the Reasonableness of the Estimate

We have reviewed the calculation prepared by management's specialist, including assumptions used, and concluded that the estimate was reasonable in relation to the financial statements taken as a whole.

Funded State of MaineHousing's Defined Pension Plan

Accounting Policy

Management provides funding for the pension plan at a level that will sufficiently cover future beneficiary obligations. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Maine Public Employees Retirement System (MainePERS) Participating Local District Consolidated Plan have been determined on the same basis as they are reported by MainePERS.

Summary of Significant Accounting Estimates (Continued)

Significant Accounting Estimates

Management's Estimation Process Management annually reviews the assumptions regarding the determination of the funded status of the pension plan and the benefit cost. Management obtains data from the audited Financial Statements of MainePERS, of which recorded amounts have been determined by a qualified actuary.

Basis for our Conclusion on the Reasonableness of the Estimate We have reviewed the MainePERS audited financial statements, including assumptions used, and concluded that the estimate was reasonable in relation to the financial statements taken as a whole.

MAINE STATE HOUSING AUTHORITY

RECORDED AUDIT ADJUSTMENTS

December 31, 2021

Management corrected the following misstatements that are identified as a result of our audit procedures:

<u>Description</u>	<u>Effect – Increase (Decrease)</u>				
	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Revenue</u>	<u>Expense</u>
To correct ERA 1 and 2 grant expenditures to reflect CAP agency billings	\$ –	\$ –	\$ –	\$ (897,713)	\$ (897,713)
To correct ERA 1 and 2 Housing Stability expenditures to reflect unearned income	—	—	—	(2,140,480)	(2,140,480)
Total effect	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>(3,038,193)</u>	\$ <u>(3,038,193)</u>

November 12, 2021

The Audit Committee
Maine State Housing Authority
c/o Ms. Linda Grotton, Internal Auditor
26 Edison Drive
Augusta, Maine 04330

Dear Members of the Audit Committee:

The Objective and Scope of the Audit of the Financial Statements

You have requested that Baker Newman & Noyes LLC (BNN, we, us, or our) audit the Maine State Housing Authority's (MaineHousing) governmental activities, business-type activities, each major fund, and aggregate remaining fund information as of and for the year ending December 31, 2021, which collectively comprise the basic financial statements. MaineHousing is a component unit of the State of Maine. You have also requested we report on whether the supplemental schedule (Financial Data Schedule for Certain HUD Programs) is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The supplemental schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter (Arrangement Letter).

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* (GAS) issued by the Comptroller General of the United States will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

You have also requested that BNN perform the audit of MaineHousing as of December 31, 2021 to satisfy the audit requirements imposed by the *Single Audit Act* and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

The Responsibilities of the Auditor

We will conduct our audit in accordance with GAAS, GAS, the Uniform Guidance, and the U.S. Office of Management and Budget's (OMB) Compliance Supplement. Those standards, regulations, supplements or guides require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS, GAS, the Uniform Guidance, and the U.S. Office of Management and Budget's (OMB) Compliance Supplement, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of MaineHousing's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MaineHousing's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and GAS. Because the determination of waste or abuse is subjective, GAS does not require auditors to perform specific procedures to detect waste or abuse in financial statement audits.

We will communicate to the Audit Committee (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

We are responsible for the compliance audit of major programs under the Uniform Guidance, including the determination of major programs, the consideration of internal control over compliance, and reporting responsibilities.

Our reports on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and regulations identified above. Our reports on compliance matters will address material errors, fraud, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts, and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards and regulations identified above.

We will maintain our independence in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) and GAS.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework Management is Responsible for:

1. Identifying and ensuring that MaineHousing complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws or regulations, other than those that are clearly inconsequential;
2. The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting MaineHousing involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and
3. Informing us of its knowledge of any allegations of fraud or suspected fraud affecting MaineHousing received in communications from employees, former employees, analysts, regulators, short sellers, vendors, customers or others.

Management is responsible for the preparation of the required supplementary information, which accounting principles generally accepted in the United States of America (U.S. GAAP) require to be presented to supplement the basic financial statements. Management is also responsible for the preparation of the supplementary information presented in relation to the financial statements as a whole in accordance with U.S. GAAP and HUD. Management agrees to include the auditors' report on the supplementary information in any document that contains the supplementary information and indicates that the auditors have reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditors' report thereon.

The Audit Committee is responsible for informing us of its views about the risks of fraud, waste or abuse within MaineHousing, and its knowledge of any fraud, waste or abuse or suspected fraud, waste or abuse affecting MaineHousing.

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with U.S. GAAP;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
5. For report distribution; and
6. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, including information relevant to disclosures;
 - b. Draft financial statements, including information relevant to their preparation and fair presentation, when needed, to allow for the completion of the audit in accordance with the proposed timeline;
 - c. Additional information that we may request from management for the purpose of the audit; and
 - d. Unrestricted access to persons within MaineHousing from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including, among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this Arrangement Letter; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Because the audit will be performed in accordance with the *Single Audit Act* and the Uniform Guidance, management is responsible for (a) identifying all federal awards received and expended; (b) preparing and the fair presentation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with Uniform Guidance requirements; (c) internal control over compliance; (d) compliance with federal statutes, regulations, and the terms and conditions of federal awards; (e) making us aware of significant vendor relationships where the vendor is responsible for program compliance; (f) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings and a corrective action plan; (g) timely and accurate completion of the data collection form and (h) submitting the reporting package and data collection form.

Reporting

We will issue a written report upon completion of our audit of MaineHousing's financial statements. Our report will be addressed to the Board of Commissioners of MaineHousing. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, or add an emphasis-of-matter paragraph or other-matter paragraph to our auditors' report.

If circumstances arise relating to the condition of MaineHousing's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including, but not limited to, declining to express an opinion or issue a report, or withdrawing from the engagement.

In addition to our report on MaineHousing's financial statements, we will also issue the following reports:

1. A report on the fairness of the presentation of MaineHousing's schedule of expenditures of federal awards for the year ending December 31, 2021;
2. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS;
3. Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance; and
4. An accompanying schedule of findings and questioned costs.

Records and Assistance

During the course of our engagement, we may accumulate records containing data that should be reflected in MaineHousing's books and records. MaineHousing will determine that all such data, if necessary, will be so reflected. Accordingly, MaineHousing will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by MaineHousing personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Darren Brown, Director of Finance. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Nonaudit Services

In connection with our audit, you have requested us to perform certain non-audit services necessary for the preparation of the financial statements, including assistance with the final editing and reproduction of the financial statements (including RSI and supplementary information) and schedule of expenditures of federal awards, and the preparation of the data collection form.

GAS independence standards require that the auditors maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to MaineHousing, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. MaineHousing has agreed that Darren Brown, Director of Finance possesses suitable skill, knowledge or experience and that the individual understands the services to be performed sufficiently to oversee them. Accordingly, the management of MaineHousing agrees to the following:

1. MaineHousing has designated Darren Brown, Director of Finance as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. Darren Brown, Director of Finance will assume all management responsibilities for subject matter and scope any such services;
3. MaineHousing will evaluate the adequacy and results of the services performed; and
4. MaineHousing accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with MaineHousing's management and those charged with governance of the objectives of the non-audit services, the services to be performed, MaineHousing's acceptance of its responsibilities, the auditors' responsibilities and any limitations of the non-audit services. We believe this Arrangement Letter documents that understanding.

Other Relevant Information

In accordance with *Government Auditing Standards*, a copy of our most recent peer review report is enclosed for your information.

Fees and Costs

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus directly billed expenses. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from MaineHousing personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

We estimate our fee for the services described in this letter will be not exceed \$98,000 for the financial statement audit and \$44,000 for the Uniform Guidance audit, including direct costs, unless the scope of the engagement is changed, the assistance which MaineHousing has agreed to furnish is not provided, or unexpected conditions are encountered, in which case we will discuss the situation with you before proceeding. New federal funding programs as a result of COVID-19 that may require auditing under the Uniform Guidance will be billed at \$6,000 per program in addition to the estimated Uniform Guidance audit fee. All other provisions of this letter will survive any fee adjustment.

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Maine State Housing Authority
c/o Ms. Linda Grotton, Internal Auditor
November 12, 2021

Use of Subcontractors and Third-Party Products

From time to time and depending upon the circumstances, we may, in our sole discretion, use qualified third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose Personal Information or Confidential Information (as both terms are defined below) to them. You hereby consent to us sharing your information, including Confidential Information and Personal Information, with these third-party service providers on the same basis as we would be permitted to share information with one of our employees, provided that such recipients are bound by written obligations of confidentiality that are as protective of your Confidential Information as the confidentiality terms set forth herein. You acknowledge and agree that our use of a third-party service provider may involve the processing, input, disclosure, movement, transfer, and storage of your information and data outside of our technology infrastructure.

We also may provide services to you using certain third-party hardware, software, software services, managed services (including, but not limited to, web hosting, data security, data back-up, email security, or similar services subject to direct end-user or subscription agreements), applications, and equipment (collectively, Third-Party Products). You acknowledge that your or our use of a Third-Party Product may involve the processing, input, disclosure, movement, transfer, and storage of information provided by you to us, including Personal Information and Confidential Information, within the Third-Party Product's infrastructure and not ours, and that the terms of use and service set forth in the end-user license, subscription, or other agreement with the licensor of such Third-Party Product, including, but not limited to, applicable laws, will govern all obligations of such licensor relating to data privacy, storage, recovery, security, and processing within such Third-Party Product's infrastructure, as well as the service levels associated with such Third-Party Product. You hereby consent to the disclosure of your information, including your Confidential Information and Personal Information, to the licensors of such Third-Party Products for the purpose described herein.

You acknowledge that your or our use of Third-Party Products may be subject to limitations, delays, interruptions, errors, and other problems which are beyond our control, including, without limitation, internet outage or lack of availability related to updates, upgrades, patches, fixes, maintenance, or other issues. We will not be liable for any delays, delivery failures, or other losses or damages resulting from such issues, nor will we be held responsible or liable for any loss, or unauthorized use or disclosure, of any information or data provided by you, including, without limitation, Personal Information provided by you, resulting from your or our use of a Third-Party Product.

Use and Ownership: Access to Audit Documentation

The Audit Documentation for this engagement is the property of BNN. For the purposes of this Arrangement Letter, the term "Audit Documentation" shall mean the confidential and proprietary records of BNN's audit procedures performed, relevant audit evidence obtained, other audit-related workpapers, and conclusions reached. Audit Documentation shall not include custom-developed documents, data, reports, analyses, recommendations, and deliverables authored or prepared by BNN for MaineHousing under this Arrangement Letter, or any documents belonging to MaineHousing or furnished to BNN by MaineHousing.

Review of Audit Documentation by a successor auditor or as part of due diligence is subject to applicable BNN policies, and will be agreed to, accounted for and billed separately. Any such access to our Audit Documentation is subject to a successor auditor signing an Access & Release Letter substantially in BNN's form. BNN reserves the right to decline a successor auditor's request to review our workpapers.

In the event we are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for MaineHousing, MaineHousing will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

You acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the Audit Documentation upon their request and that we shall maintain the Audit Documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to the requested Audit Documentation will be provided under the supervision of BNN audit personnel and at a location designated by BNN.

Indemnification, Limitation of Liability, and Claim Resolution

Because BNN will rely on MaineHousing, its management, Audit Committee and Board of Commissioners to discharge the foregoing responsibilities, MaineHousing agrees to indemnify, hold harmless and release BNN and its principals, officers, directors, employees, affiliates, subsidiaries, contractors, subcontractors, agents, representatives, successors, or assigns from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of MaineHousing's management.

MAINEHOUSING AND BNN AGREE THAT NO CLAIM ARISING OUT OF, FROM, OR RELATING TO THE SERVICES RENDERED PURSUANT TO THIS ARRANGEMENT LETTER SHALL BE FILED MORE THAN TWO YEARS AFTER THE DATE OF THE AUDIT REPORT ISSUED BY BNN OR THE DATE OF THIS ARRANGEMENT LETTER IF NO REPORT HAS BEEN ISSUED. IN NO EVENT SHALL BNN, MAINEHOUSING, OR ANY OF THEIR RESPECTIVE PARTNERS, PRINCIPALS, OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES, SUBSIDIARIES, CONTRACTORS, SUBCONTRACTORS, AGENTS, REPRESENTATIVES, SUCCESSORS, OR ASSIGNS (COLLECTIVELY, THE "COVERED PARTIES" AND EACH INDIVIDUALLY, A "COVERED PARTY"), BE LIABLE FOR THE INTERRUPTION OR LOSS OF BUSINESS, ANY LOST PROFITS, SAVINGS, REVENUE, GOODWILL, SOFTWARE, HARDWARE, OR DATA, OR THE LOSS OF USE THEREOF (REGARDLESS OF WHETHER SUCH LOSSES ARE DEEMED DIRECT DAMAGES), OR INCIDENTAL, INDIRECT, PUNITIVE, CONSEQUENTIAL, SPECIAL, EXEMPLARY, OR SIMILAR SUCH DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, THE TOTAL AGGREGATE LIABILITY OF THE COVERED PARTIES ARISING OUT OF, FROM, OR RELATING TO THIS ARRANGEMENT LETTER, OR THE REPORT ISSUED OR SERVICES PROVIDED HEREUNDER, REGARDLESS OF THE CIRCUMSTANCES OR NATURE OR TYPE OF CLAIM, INCLUDING, WITHOUT LIMITATION, CLAIMS ARISING FROM A COVERED PARTY'S NEGLIGENCE OR BREACH OF CONTRACT OR WARRANTY, OR RELATING TO OR ARISING FROM A GOVERNMENT, REGULATORY OR ENFORCEMENT ACTION, INVESTIGATION, PROCEEDING, OR FINE, WILL NOT EXCEED THE TOTAL AMOUNT OF THE FEES PAID BY MAINEHOUSING TO BNN UNDER THIS ARRANGEMENT LETTER. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS LIMITATION OF LIABILITY PROVISION SHALL, OR SHALL BE INTERPRETED OR CONSTRUED TO, RELIEVE MAINEHOUSING OF ITS PAYMENT OBLIGATIONS TO BNN UNDER THIS ARRANGEMENT LETTER.

You agree that any dispute (other than our efforts to collect an outstanding invoice) that may arise regarding the meaning, performance or enforcement of this engagement, or any prior engagement that we have performed for you, will, prior to resorting to litigation, be submitted to mediation, and that the parties will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

If mediation fails to resolve the dispute or claim, the parties hereby agree to submit any action, claim or counterclaim, whether based in contract, tort, statutory rights or otherwise, to the Courts of the State of Maine.

Confidentiality

BNN and MaineHousing may, from time to time, disclose Confidential Information (as defined below) to one another. Accordingly, BNN and MaineHousing agree as the recipient of such Confidential Information (the Receiving Party) to keep strictly confidential all Confidential Information provided to it by the disclosing party (the Disclosing Party) and use, modify, store, and copy such Confidential Information only as necessary to perform its obligations and exercise its rights under this Arrangement Letter and for no other purpose or use. Except as otherwise set forth herein, the Receiving Party may only disclose the Confidential Information of the Disclosing Party to its personnel, agents, and representatives who are subject to obligations of confidentiality at least as restrictive as those set forth herein and only for the purpose of exercising its rights and fulfilling its obligations hereunder. To avoid any doubt, BNN is permitted to disclose MaineHousing's Confidential Information to BNN's personnel, agents, and representatives for the purpose of maintaining compliance with applicable laws and professional, regulatory, and/or ethical standards.

As used herein, "Confidential Information" means information in any form, oral, graphic, written, electronic, machine-readable or hard copy, consisting of: (i) any nonpublic information provided by the Disclosing Party, including, but not limited to, all of its inventions, designs, data, source and object code, programs, program interfaces, know-how, trade secrets, techniques, ideas, discoveries, marketing and business plans, pricing, profit margins and/or similar information; (ii) any information that the Disclosing Party identifies as confidential; or (iii) any information that, by its very nature, a person in the same or similar circumstances would understand should be treated as confidential, including, but not limited to, this Arrangement Letter.

As used herein, the term "Confidential Information" will not include information that: (i) is publicly available at the time of disclosure by the Disclosing Party; (ii) becomes publicly available by publication or otherwise after disclosure by the Disclosing Party, other than by breach of the confidentiality obligations set forth herein by the Receiving Party; (iii) was lawfully in the Receiving Party's possession, without restriction as to confidentiality or use, at the time of disclosure by the Disclosing Party; (iv) is provided to the Receiving Party without restriction as to confidentiality or use by a third party without violation of any obligation to the Disclosing Party; or (v) is independently developed by employees or agents of the Receiving Party who did not access or use the Confidential Information.

The Receiving Party will treat the Disclosing Party's Confidential Information with the same degree of care as the Receiving Party treats its own confidential and proprietary information, but in no event will such standard of care be less than a reasonable standard of care. The Receiving Party will promptly notify the Disclosing Party if it becomes aware that any of the Confidential Information of the Disclosing Party has been used or disclosed in violation of this Arrangement Letter.

Notwithstanding the foregoing, in the event that the Receiving Party becomes legally compelled to disclose any of the Confidential Information of the Disclosing Party, or as may be required by applicable regulations or professional standards, the Receiving Party will use commercially reasonable efforts to provide the Disclosing Party with notice prior to disclosure, to the extent permitted by law.

Preexisting Nondisclosure Agreements

In the event that the parties have executed a separate nondisclosure agreement and such agreement does not automatically terminate or expire upon execution of this Arrangement Letter, such agreement shall be terminated as of the effective date of this Arrangement Letter.

Data Protection Compliance

We take reasonable steps to comply with all applicable privacy, cybersecurity, and data protection laws that may apply to Personal Information and Confidential Information we process on behalf of our clients. Upon written request, we will provide summaries of our IT security and disaster recovery policies and make our senior IT personnel reasonably available for discussion upon request. Any information we disclose to you concerning our IT control environment shall constitute Confidential Information of BNN and shall be subject to the confidentiality obligations set forth in this Arrangement Letter.

Prior to disclosing to us or our subcontractors or granting us or our subcontractors with access to your data, you will identify in writing any personal, technical, or other data provided or made accessible to us or our subcontractors pursuant to this Arrangement Letter that may be subject to heightened protections under applicable privacy, cybersecurity, export control, and/or data protection laws, including, but not limited to, protected health information pursuant to the *Health Information Portability and Accountability Act of 1996* (HIPAA), classified or controlled unclassified information subject to the National Industrial Security Program, the National Industrial Security Program Operating Manual, or the Defense Federal Acquisition Regulation Supplement (DFARS), data subject to Export Administration Regulations (EAR), or International Traffic in Arms Regulations (ITAR) controlled data. Unless otherwise expressly agreed upon and specified in writing by BNN and MaineHousing, you shall not provide us or any of our subcontractors with access to such data and you shall be responsible for the handling of all such data in connection with the performance of the services requested hereunder, including, but not limited to, the scrubbing, de-identification, de-aggregation, protection, encryption, transfer, movement, input, storage, migration, deletion, copying, processing, and modification of such data.

BNN and MaineHousing acknowledge and agree that they may correspond or convey information and documentation, including Confidential Information and Personal Information, via various forms of electronic transmission, including, but not limited to, Third-Party Products, such as email, FTP and cloud-based sharing and hosting applications (e.g., portals, data analytics tools, and helpdesk and support ticketing applications), and that neither party has control over the performance, operation, reliability, availability, or security of these electronic transmission methods. Therefore, neither party will be liable for any loss, damage, expense, harm, disclosure or inconvenience resulting from the loss, delay, interception, corruption, unauthorized disclosure, or alteration of any electronic transmission where the party has used commercially reasonable efforts to protect such information. We offer our clients various platforms for the exchange of information. You hereby agree that you shall be bound by and comply with any and all user terms and conditions made available (whether by link, click-through, or otherwise) with respect to such platforms.

Personal Information

As used herein, the term "Personal Information" means any personal information that directly or indirectly identifies a natural person as may be defined by applicable privacy, data protection or cybersecurity laws, and includes, but is not limited to, nonpublic, personally identifiable information such as Social Security numbers, Social Insurance numbers, driver's license numbers or state- or province-issued identification card numbers, credit or debit card numbers with or without any required security code, number or passwords, health information, and other personal information as defined by applicable laws, whether of MaineHousing or MaineHousing's customers or other third parties.

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Maine State Housing Authority
c/o Ms. Linda Grotton, Internal Auditor
November 12, 2021

Each party agrees that it will not transmit to the other, in any manner, (i) Personal Information that is not needed to render the services hereunder, and (ii) Personal Information that has not been encrypted. In the event you transmit to us Personal Information in an unencrypted format or via unencrypted means, you agree that we have no obligation to notify you of the foregoing.

You represent and warrant that you have provided all notices and obtained all consents required under applicable data protection laws prior to your collection, use and disclosure to us or our subcontractors of such Personal Information and shall take reasonable steps to ensure that such Personal Information does not include irrelevant or unnecessary information about individuals.

We will use all such MaineHousing-provided Personal Information, if at all, only for the purposes described in this Arrangement Letter. The parties agree that as part of the performance of the services as described in this Arrangement Letter, and as part of the direct business relationship between the parties, we may, at our election, use the Personal Information to improve the services and for other similar internal and business purposes. We agree to maintain appropriate security measures to protect such Personal Information in accordance with applicable laws.

If we become aware of an unauthorized acquisition or use of MaineHousing-provided Personal Information, we will promptly inform you of such unauthorized acquisition or use as required by applicable laws and, upon your written request, reasonably cooperate with you at your sole cost in support of any breach notification requirements as imposed upon you by applicable laws.

Retention of Records

We will return to you all original records you provide to us in connection with this engagement. Further, in addition to providing you with those deliverables set forth in this Arrangement Letter, we will provide to you a copy of any records we prepare or accumulate in connection with such deliverables which are not otherwise reflected in your books and records without which your books and records would be incomplete. You have the sole responsibility for retaining and maintaining in your possession or custody all of your financial and nonfinancial records related to this engagement. We will not host, and will not accept responsibility to host, any of your records. We, however, may maintain a copy of any records of yours necessary for us to comply with applicable law and/or professional standards. Any such records retained by us will be subject to the confidentiality obligations set forth herein and destroyed in accordance with our record retention policies.

Termination

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Arrangement Letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

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November 12, 2021

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Arrangement Letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Arrangement Letter.

When an engagement has been suspended at the request of management [or those charged with governance] and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Arrangement Letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Arrangement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Arrangement Letter will no longer apply. In order for us to recommence work, the execution of a new Arrangement Letter will be required.

We may terminate this Arrangement Letter upon written notice if we determine that our continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or our client acceptance or retention standards.

The parties agree that those provisions of this Arrangement Letter which, by their context, are intended to survive, including, but not limited to, payment, limitations on liability, claim resolution, use and ownership, and confidentiality obligations, shall survive the termination of this Arrangement Letter.

MaineHousing shall, upon the receipt of written notice, indemnify and hold BNN and its affiliates, and their principals and personnel, harmless against all costs, fees, expenses, damages, and liabilities (including legal defense costs) associated with any third-party claim arising from or relating to any knowing misrepresentation to BNN by MaineHousing or the intentional withholding or concealment of information from BNN by MaineHousing. In addition, MaineHousing shall, upon receipt of written notice, indemnify and hold BNN and its affiliates, and their principals and personnel, harmless against all punitive damages associated with any third-party claim arising from or relating to: (i) any services, work product, or deliverables from BNN that MaineHousing or its management uses or discloses to others; or (ii) this engagement generally. The terms of this paragraph shall apply regardless of the nature of any claim asserted (including those arising from contract law, statutes, regulations, or any form of negligence of MaineHousing, whether arising out of tort, strict liability, or otherwise) and whether or not BNN was advised of the possibility of the damage or loss asserted. Such terms shall also continue to apply after any termination of this agreement by either party and during any dispute between the parties. To the extent finally determined that the conduct giving rise to such punitive damages arose out of BNN's gross negligence or willful misconduct, this paragraph shall not apply.

Miscellaneous

We may mention your name and provide a general description of the engagement in our client lists and marketing materials. We also may utilize Confidential Information you have provided to us in connection with this engagement for purposes of creating benchmarking data to be used by our professionals and other clients. This benchmarking data is aggregated with data from a minimum of five other entities so that users of the data are unable to associate the data with any single entity in the database.

Page 12
The Audit Committee
Maine State Housing Authority
c/o Ms. Linda Grotton, Internal Auditor
November 12, 2021

MaineHousing agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, MaineHousing agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering. Our association with an official statement is a matter for which separate arrangements may be necessary. MaineHousing agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed.

We agree that our association with any proposed offering is not necessary, providing MaineHousing agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. MaineHousing agrees that the following disclosure will be prominently displayed in any such official statement or memorandum:

Baker Newman & Noyes LLC, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Baker Newman & Noyes LLC also has not performed any procedures relating to this official statement.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a principal or professional employee leaves BNN and is subsequently employed by or associated with a client in a key position. Accordingly, you agree to compensate us for any additional costs incurred as a result of your employment of one of our principals or employees.

Governing Law

This Arrangement Letter, including, without limitation, its validity, interpretation, construction, and enforceability, and any dispute, litigation, suit, action, claim, or other legal proceeding arising out of, from, or relating in any way to this Arrangement Letter, any provisions herein, a report issued or the services provided hereunder, will be governed and construed in accordance with the laws of the State of Maine, without regard to its conflict of law principles, and applicable U.S. federal law.

Entire Agreement

This Arrangement Letter constitutes the complete and exclusive statement of agreement between BNN and MaineHousing, and supersedes all prior agreements, understandings, and proposals, whether oral or written, relating to the subject matter of this Arrangement Letter.

If any term or provision of this Arrangement Letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

This Arrangement Letter may be amended or modified only by a written instrument executed by both parties.

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The Audit Committee
Maine State Housing Authority
c/o Ms. Linda Grotton, Internal Auditor
November 12, 2021

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this Agreement Letter or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (a) to be "written" or "in writing," (b) to have been signed and (c) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (a) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (b) an electronic copy of a traditional signature affixed to a document, (c) a signature incorporated into a document utilizing touchscreen capabilities or (d) a digital signature. This Arrangement Letter may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts" of such documents, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Please sign and return a copy of this Arrangement Letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

Acknowledgement and Acceptance

Each party acknowledges that it has read and agrees to all of the terms and conditions contained herein. Each party and its signatory below represents that said signatory is a duly authorized representative of such party and has the requisite power and authority to bind such party to the undertakings and obligations contained herein.

Agreed to and acknowledged by:

BAKER NEWMAN & NOYES LLC



Jason T. Emery
Managing Director

Confirmed on behalf of Maine State Housing Authority:



Bonita Usher, Chair of the Audit Committee

12/4/21

Date

Dan Brennan, Executive Director

Date

Thomas Cary, Treasurer

Date

Page 13
The Audit Committee
Maine State Housing Authority
c/o Ms. Linda Grotton, Internal Auditor
November 12, 2021

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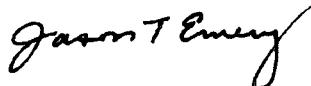
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Agreed to and acknowledged by:

BAKER NEWMAN & NOYES LLC



Jason T. Emery
Managing Director

Confirmed on behalf of Maine State Housing Authority:

Bonita Usher, Chair of the Audit Committee



Dan Brennan, Executive Director

Thomas Cary, Treasurer

Date _____

12/1/2021

Date _____

12/1/2021

Date _____

Report on the Firm's System of Quality Control

To the Principals of
Baker Newman & Noyes, Limited Liability Company
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Baker Newman & Noyes, Limited Liability Company (the "firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits performed under FDICIA, audits of employee benefit plans, and examinations of service organizations [SOC 1 and SOC 2 engagement].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Baker Newman & Noyes, Limited Liability Company, applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies) or fail*. Baker Newman & Noyes, Limited Liability Company has received a peer review rating of *pass*.

Brown, Edwards & Company, S.C.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
January 12, 2021



March 28, 2022

Baker Newman & Noyes LLC
280 Fore Street
Portland, Maine 04112-0507

This representation letter is provided in connection with your audit of the basic financial statements (which consist of financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and the related notes to the financial statements) of Maine State Housing Authority (MaineHousing), a component unit of the State of Maine, as of and for the year ended December 31, 2021 for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated November 12, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by MaineHousing include:
 - a. Those with the State of Maine; and
 - b. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, as applicable.

6. The financial statements properly classify all funds and activities in accordance with the Governmental Accounting Standards Board's (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. We are responsible for determining that significant events or transactions that have occurred since the statement of net position date and through the date of this letter have been recognized or disclosed in the financial statements. No events or transactions other than those disclosed in the financial statements have occurred subsequent to the statement of net position date and through the date of this letter that would require recognition or disclosure in the financial statements. We further represent that as of the date of this letter, the financial statements were complete in a form and format that complied with U.S. GAAP, and all approvals necessary for issuance of the financial statements had been obtained.
8. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5 and/or GASB Statement No. 10.
9. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
10. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.
11. We have no knowledge of any uncorrected misstatements in the financial statements.
12. There are no organizations that are a part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 of the GASB's *Codification of Governmental Accounting and Financial Reporting Standards* that are:
 - a. Component units;
 - b. Other organizations for which the nature and significance of their relationship with MaineHousing are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete; or
 - c. Jointly governed organizations in which we participated.
13. We are a component unit of the State of Maine as this term is defined in Section 2100 of the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*.
14. We have identified for you all of our funds, governmental functions, and identifiable business-type activities.
15. We have properly classified all funds and activities.
16. We have properly determined and reported the major governmental and enterprise funds based on the required quantitative criteria. We believe that all judgmentally determined major funds are particularly important to the financial statement users.
17. We are responsible for compliance with laws and regulations applicable to MaineHousing.

18. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts including legal and contractual provisions for reporting specific activities in separate funds.
19. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
20. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Guarantees, whether written or oral, under which MaineHousing is contingently liable;
 - b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances;
 - c. Line of credit or similar arrangements;
 - d. Agreements to repurchase assets previously sold;
 - e. Security agreements in effect under the Uniform Commercial Code;
 - f. Any other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way;
 - g. The fair value of investments;
 - h. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books;
 - i. Any liabilities which are subordinated in any way to any other actual or possible liabilities;
 - j. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements;
 - k. Debt issue provisions;
 - l. All leases and material amounts of rental obligations under long-term leases;
 - m. All significant estimates and material concentrations known to management which are required to be disclosed in accordance with the AICPA's Statement of Position 94-6, *Disclosure of Certain Significant Risks and Uncertainties*. Significant estimates are estimates at the statement of net position date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year;
 - n. Authorized but unissued bonds and/or notes;
 - o. Risk financing activities;
 - p. Derivative financial instruments;
 - q. Special and extraordinary items;
 - r. Deposits and investment categories of risk;
 - s. Arbitrage rebate liabilities;
 - t. Impairment of capital assets; and
 - u. Net positions and fund balance classifications.
21. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a. To reduce receivables to their estimated net collectable amounts;
 - b. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values;

- c. For risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through December 31, 2021 and/or for expected retroactive insurance premium adjustments applicable to periods through December 31, 2021;
- d. For pension obligations, post-retirement benefits other than pensions and deferred compensation agreements attributable to employee services rendered through December 31, 2021;
- e. For any material loss to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments;
- f. For any material loss to be sustained as a result of purchase commitments; and
- g. For environmental clean-up obligations.

Information Provided

- 22. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within MaineHousing from whom you determined it necessary to obtain audit evidence;
 - d. All minutes of the meetings of the governing board and committees of board members or summaries of actions of recent meetings for which minutes have not yet been prepared; and
 - e. All communications from grantors, lenders, other funding sources or regulatory agencies concerning noncompliance with:
 - i. Statutory, regulatory or contractual provisions or requirements; and
 - ii. Financial reporting practices that could have a material effect on the financial statements.
- 23. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
- 24. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
- 25. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
- 26. We have no knowledge of fraud or suspected fraud affecting the entity involving:
 - a. Management;
 - b. Employees who have significant roles in the internal control; or
 - c. Others where the fraud could have a material effect on the basic financial statements.
- 27. We have no knowledge of any allegations of fraud or suspected fraud affecting MaineHousing received in communications from employees, former employees, analysts, regulators, or others.

28. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
29. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
30. We have disclosed to you the identity of MaineHousing's related parties and all the related-party relationships and transactions of which we are aware.
31. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize, and report financial data.
32. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
33. During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
34. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination; or
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5 and/or GASB Statement No. 10.
35. We have satisfactory title to all owned assets.
36. Net positions and fund balances are properly classified and, when applicable, approved.
37. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
38. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
39. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.
40. We agree with the findings of specialists in evaluating the fair value of interest rate swaps and the amount of arbitrage due or receivable and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Lastly, we believe that the information obtained from the audited financial statements of and other participant information provided by the Maine Public Employees Retirement System's PLD Consolidated Retirement Plan is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the Plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Plan or its auditor.

41. We are responsible for and have reviewed and approved the proposed adjustments to the trial balances identified during the audit and will post all adjustments accordingly. We have reviewed, approved, and are responsible for overseeing the preparation and completion of the basic financial statements and related notes.
42. We are satisfied that the financial statements contain all material disclosures required by generally accepted accounting principles.

Supplementary Information

43. With respect to Management's Discussion and Analysis and supplementary pension information presented as required by GASB to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information;
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP;
 - c. The methods of measurement or presentation have not changed from those used in the prior period; and
 - d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information.

Compliance Considerations

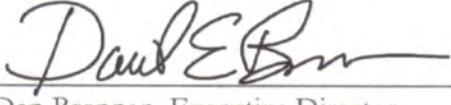
In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

1. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework;
2. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee;
3. Has identified and disclosed to the auditor all instances of identified and suspected fraud and noncompliance with provisions of laws, regulation, and grant agreements that have a material effect on the financial statements;

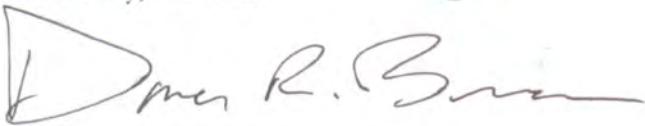
4. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
5. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud;
6. Has taken timely and appropriate steps to remedy identified or suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that the auditor reports;
7. Has a process to track the status of audit findings and recommendations;
8. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented;
9. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit;
10. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report, if applicable; and
11. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating Darren Brown, Director of Finance, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Very truly yours,

Maine State Housing Authority


Dan Brennan, Executive Director


Thomas Cary, Treasurer


Darren Brown, Director of Finance

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Management and the Board of Commissioners
Maine State Housing Authority

In planning and performing our audit of the basic financial statements of Maine State Housing Authority (MaineHousing) as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we considered MaineHousing's internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MaineHousing's internal control. Accordingly, we do not express an opinion on the effectiveness of MaineHousing's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We did not identify any deficiencies in internal control which we consider to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in MaineHousing's internal control to be significant deficiencies:

Reconciliation of Unspent Advances Within the Emergency Rental Assistance (ERA) Program

MaineHousing's contracts with sub-recipients for ERA program advances, including Housing Stability funds, state that advances from MaineHousing are designated for future program expenditures and generally provide for a contract period 12 months from the date of contract inception. Contracts state that advances will be reduced by billed costs invoiced to MaineHousing. During 2021, MaineHousing recorded advances to sub-recipients for the Housing Stability program and ERA administrative advances as grant revenues and grant expenditures when amounts were disbursed. Consistent with MaineHousing's other programs, advances to sub-recipients should only be recognized as grant revenues and expenditures when invoiced by the sub-recipients. Management reviewed amounts advanced and unspent to sub-recipients under these contracts and posted an adjustment of \$2,140,480 to decrease grant revenues and expenditures. We recommend that going forward, MaineHousing continue to apply this accounting treatment and reconcile all advanced and invoiced amounts under this program on a monthly basis.

Management Response

We agree with the recommendation. Initial advanced payments made to sub-recipients for the Housing Stability portion of the ERA program were inadvertently expensed at the time of disbursement. Corrective action was taken to remedy and properly record program revenues and expenditures upon the discovery of the improper treatment. We will continue to reconcile advanced and invoiced amounts each month to ensure the proper accounting treatment of future program revenues and expenditures.

Reconciliation of ERA Expenditures with Community Action Agencies

During the course of our audit, we performed confirmation procedures with the sub-recipients of ERA program funds for expenditures under the program. The sub-recipients of funds include various Community Action Agencies (CAA) across Maine. Confirmation responses from certain CAAs indicated that there were differences in program expenditures between MaineHousing's records and the CAA records. It was identified that MaineHousing derived program expenditures figures through their own data accumulation procedures. CAA's reported expenditures based on amounts actually billed to MaineHousing as program funds were spent. This was determined to be a more accurate representation of sub-recipient transactions. Therefore, MaineHousing posted an adjustment of \$897,713 to decrease grant revenues and expenditures in order to agree to amounts billed by each CAA. We recommend that MaineHousing continue to reconcile expenditures under the program with CAAs on a monthly basis to ensure accurate reporting going forward.

Management Response

We agree with the recommendation. Program expenditures were initially recorded using the readily available information processed and reported by the CAAs through the program's *EmpowOR* software. Upon discovering that the information being provided in the software was inconsistent with the amounts reported on the CAAs monthly billings, action was taken to correct and total program revenues and expenditures recorded for the year were accurate. We will continue with the established process of reconciling expenditures and using the monthly billings as the basis to record program activities.

* * * * *

Page 3
Management and the Board of Commissioners
Maine State Housing Authority

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Baker Newman & Noyes LLC

Portland, Maine
March 28, 2022

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Finance Department Memorandum

To: **Board of Commissioners**

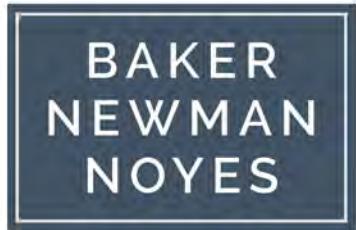
From: **Darren R. Brown**

Date: **April 12, 2022**

Subject: **2020 Federal Compliance Audit Reports**

Attached are the federal compliance audit reports for the year ended December 31, 2020. Jason Emery from Baker Newman & Noyes will review their audit work and the results presented in the attached reports at this month's meeting. The following is a brief overview of the different sections presented in the attached reports:

- *Basic Financial Statements* (pages 1 - 48) - The audit report for the 2020 financial statements was issued on March 26, 2021 and the financial results contained in this section were presented and discussed at the April 2021 meeting.
- *Schedule of Expenditures of Federal Awards* (page 49 - 50) - This schedule presents the total amount of program disbursements in 2020 for each federal program administered by MaineHousing.
- *Notes to Schedule of Expenditures of Federal Awards* (page 51) - This page presents required footnote disclosures regarding the *Schedule of Expenditures of Federal Awards*.
- *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters* (pages 52 - 53) – This report was issued as part of the 2020 financial statements audit. There were no audit matters reported.
- *Independent Auditors' Report on Compliance* (pages 54 - 56) – This is the auditors' opinion for the compliance audit. The report contains an unmodified (a.k.a. "clean") opinion.
- *Schedule of Findings and Questioned Costs* (page 57 - 58) – This schedule presents the one audit finding. The finding involved no questioned costs and was not considered a material weakness.
- *Summary of Schedule of Prior Audit Finding* (page 59) – This page presents audit findings from the prior year and the corrective action taken. There were no audit findings last year.
- *Management's Views and Corrective Action Plan* (page 60) – This page presents our response and the action plan to address the audit finding presented on page 58.



Maine State Housing Authority

Financial Statements

and

Reports Required for Audits in Accordance with

Government Auditing Standards and

Title 2 U.S. Code of Federal Regulations (CFR) Part 200,

Uniform Administrative Requirements, Cost Principles,

and Audit Requirements for Federal Awards

Year Ended December 31, 2020

MAINE STATE HOUSING AUTHORITY

FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Maine State Housing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Maine State Housing Authority (MaineHousing), a component unit of the State of Maine, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise MaineHousing's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Commissioners
Maine State Housing Authority

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of MaineHousing as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter – Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of MaineHousing's Proportionate Share of the Net Pension Liability and Schedule of MaineHousing's Pension Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021 on our consideration of MaineHousing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MaineHousing's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MaineHousing's internal control over financial reporting and compliance.

Baker Newman & Noyes LLC

Portland, Maine
March 26, 2021

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2020

Management's discussion and analysis provides an overview of the Maine State Housing Authority's (MaineHousing) financial activities for the year ended December 31, 2020. It should be read in conjunction with the audited financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- MaineHousing's net position increased by \$11.1 million to \$380.2 million as a result of program operations and financing activities. The net position of the proprietary funds, which present MaineHousing's business-type activities, increased \$3.3 million while the net position of governmental activities increased \$7.8 million.
- Net operating income of \$11.1 million for 2020 is \$15 million or 57.5% lower compared to net operating income of \$26.1 million in 2019. The very low interest rate environment throughout 2020 resulted in a \$6.7 million or 74.7% reduction in earnings from non-mortgage investments. Additionally, the fair value of investments had a net effect reduction of \$4.8 million due to changes in interest rates in 2020. An unrealized loss of \$0.2 million was recorded in 2020 compared to a \$4.6 million unrealized gain in 2019.
- Low market mortgage rates contributed to a higher volume of mortgage loan prepayments, which increased by \$29 million or 35.2% and totaled \$112 million in 2020. The increase in prepayments caused the mortgage loan portfolio to grow at a lower rate, which increased by \$17.5 million or 1.2% in 2020. The mortgage loan portfolio increased by \$53.8 million or 3.9% in 2019.
- Total revenues from governmental activities increased by \$39.6 million or 21.3% to \$225.9 million due to new federal program funding from the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) and higher income from the U.S. Department of Housing & Urban Development for Section 8 rental assistance programs and the U.S. Department of Health and Human Services for the Low Income Home Energy Assistance Program.

OVERVIEW OF MAINEHOUSING

MaineHousing was created in 1969 by an Act of the Maine State Legislature and is a public corporation and government instrumentality of the State of Maine. MaineHousing was established to assist in the financing, development, and rehabilitation of housing in Maine for persons and families of low and moderate income. In this capacity, MaineHousing is authorized to issue bonds for the purchase or origination of notes and mortgages on single-family and multi-family residential properties.

MaineHousing also acts as an agent for the State of Maine in administering various federal housing and energy related programs. These programs are funded through grants and program agreements with the federal government's departments of Housing and Urban Development, Energy, and Health and Human Services, as well as capital and operating subsidies from MaineHousing's own funds.

MaineHousing is a component unit of the State of Maine and receives certain appropriations from the Maine State Legislature, all of which are used in connection with specified housing related programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

MaineHousing's financial statements consist of three parts – this management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include agency-wide financial statements, fund financial statements, and notes to the financial statements.

- Agency-wide financial statements provide information about MaineHousing's overall financial position and operations. These statements, which are presented using the accrual basis of accounting, consist of the Statement of Net Position and the Statement of Activities.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2020

- Fund financial statements of MaineHousing include its major proprietary funds, which operate similarly to private-sector businesses, and governmental funds, which consist of activities that are funded from federal grants and state appropriations.
- The basic financial statements include notes to financial statements that provide additional information and explain some of the information in the agency-wide and fund financial statements.
- The required supplementary information presents historical pension information.

The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of these statements.

Agency-wide Statements

Agency-wide statements report information about MaineHousing as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position presents MaineHousing's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The Statement of Activities presents current year revenues and expenses.

The two agency-wide statements report MaineHousing's net position and results of operations. Net position is one measure of MaineHousing's financial health and position. Agency-wide financial statements are divided into two categories:

- *Business-type activities* – MaineHousing's business-type activities consist of providing mortgage financing on single-family and multi-family residential properties. These activities are funded primarily through the issuance of bonds.
- *Governmental activities* – MaineHousing administers various state and federal housing and energy related programs. These activities are financed by grant and program agreements with the federal government and appropriations from the Maine State Legislature.

Fund Financial Statements

The fund financial statements provide more detailed information about MaineHousing's most significant funds and not MaineHousing as a whole. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. MaineHousing has two kinds of funds:

- *Proprietary funds* – MaineHousing's business-type activities are in its proprietary funds and they are accounted for in a manner similar to businesses operating in the private sector. Funding is primarily through the issuance of bonds, the proceeds of which are mainly used to make various types of loans to finance low and moderate-income housing. The net positions of these funds represent accumulated earnings since their inception and interest rate subsidy amounts contributed from governmental funds. Amounts in the funds are generally restricted for program purposes.
- *Governmental funds* – MaineHousing has four major and several other governmental funds. MaineHousing is the administrator of these funds, the revenues of which are appropriated to MaineHousing for making housing and energy related grants and loans. These fund statements focus on how cash and other financial assets flowing into the funds have been used. A substantial portion of the fund balances for these funds consist of investments reserved for grants or making mortgage loans.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2020

AN OVERVIEW OF MAINEHOUSING'S FINANCIAL POSITION AND OPERATIONS

MaineHousing's financial position and operations are summarized on the following pages for the years ended December 31, 2020 and 2019 based on the information included in the financial statements.

	Statement of Net Position (in millions of dollars)						Total Percentage Change	
	Business-type Activities		Governmental Activities		Total			
	2020	2019	2020	2019	2020	2019		
Cash and investments	\$459.7	\$344.7	\$45.4	\$37.5	\$505.1	\$382.2	32.2%	
Mortgage and other notes receivable	1,423.5	1,409.5	36.2	32.7	1,459.7	1,442.2	1.2%	
Other assets	27.9	20.6	18.7	15.4	46.6	36.0	29.4%	
Total Assets	1,911.1	1,774.8	100.3	85.6	2,011.4	1,860.4	8.1%	
Total Deferred Outflows of Resources	21.9	14.9	0.2	0.2	22.1	15.1	46.4%	
Bonds and notes payable	1,578.0	1,443.9	22.7	26.1	1,600.7	1,470.0	8.9%	
Other Liabilities	28.8	22.5	22.8	13.0	51.6	35.5	45.4%	
Total Liabilities	1,606.8	1,466.4	45.5	39.1	1,652.3	1,505.5	9.8%	
Total Deferred Inflows of Resources	0.2	0.6	0.8	0.3	1.0	0.9	11.1%	
Investment in capital assets	2.8	2.2	0.0	0.0	2.8	2.2	27.3%	
Restricted	289.1	286.4	54.2	46.4	343.3	332.8	3.2%	
Unrestricted	34.1	34.1	0.0	0.0	34.1	34.1	0.0%	
Total Net Position	\$326.0	\$322.7	\$54.2	\$46.4	\$380.2	\$369.1	3.0%	

Total assets at December 31, 2020 were \$2 billion, an increase of \$151 million or 8.1% from December 31, 2019. The change in assets consisted primarily of a \$122.9 million increase in cash and investments and a \$17.5 million net increase to mortgage notes receivables. Other assets increased by \$10.6 million or 29.4% due to an increase in capital assets associated with the acquisition, development and furnishing of property for a new office building and higher program receivable balances due from federal and state governments.

Total deferred outflows of resources, which consist of the accumulated decrease in the fair value of interest rate swap agreements and deferred amounts associated with debt refundings and pension expenses, increased \$7 million primarily as a result of an aggregate decrease in the fair value of interest rate swaps.

Total liabilities at December 31, 2020 were \$1.65 billion, an increase of \$146.8 million or 9.8% from December 31, 2019. The increase in liabilities is due mainly to higher outstanding bonds and notes payable, which increased by \$130.7 million to \$1.6 billion at December 31, 2020. Other liabilities increased \$16.1 million due to the decreases in the fair value of interest rate swap instruments, which increased the related liability by \$7.6 million, and higher unearned grant income at December 31, 2020.

Total deferred inflows of resources, which represent deferred amounts associated with federal program income and pension credits increased \$0.1 million due to the receipt of advanced payments for the Section 8 Housing Choice Voucher program in 2020.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2020

Cash and Investments

Total cash and investments increased by \$122.9 million or 32.2% primarily due to higher unexpended bond proceeds at December 31, 2020. MaineHousing's investment portfolio is comprised of securities of the U.S. Government, certain Federal agencies, or repurchase agreements and money market funds that are secured by such securities. Investments are carried at fair value and unrealized gains and losses due to fluctuations in market values are recognized in revenues. In 2020, the fair value of investments decreased and MaineHousing recognized \$0.2 million of unrealized losses compared with \$4.6 million of unrealized gains in 2019.

Mortgage and Other Notes Receivable

Total net mortgages and other notes receivable increased \$17.5 million or 1.2% in 2020. Total mortgage purchases and originations amounted to \$177.6 million, which is a decrease of \$16.3 million or 8.4% compared with 2019. Single-family loan purchases amounted to \$136.1 million, which is a decrease of \$16.7 million or 10.9% from 2019. Multi-family loan originations totaled \$41.5 million; an increase of \$0.4 million or 0.9% from 2019.

Scheduled loan repayments in 2020 amounted to \$48.2 million, which is a decrease of \$5.5 million or 10.2% from the previous year's level of \$53.7 million. Scheduled repayments from multi-family loans with short-terms were lower in 2020. Loan prepayments increased substantially in 2020 by \$29 million or 35.2% to a total of \$112 million. The increase was due to declining interest rates during the year, which generated more refinancing of single-family loans outside MaineHousing.

Loan foreclosures totaled \$2.8 million in 2020 and \$6.2 million in 2019. The reduction in foreclosures is attributed to the CARES Act, which prohibited lenders from foreclosing on mortgage loans that were Federal Housing Administration (FHA) insured, Veterans Affairs (VA), U.S. Department of Housing & Urban Development (HUD) or Rural Housing guaranteed throughout much of 2020. The allowance for loan losses at December 31, 2020 amounted to \$8.8 million, which is an increase of \$0.2 million compared with 2019.

Bonds and Notes Payable

Bonds and notes payable increased \$130.7 million or 8.9% to \$1.6 billion at December 31, 2020. MaineHousing issues bonds or notes as capital is needed for program purposes and as opportunities for economic refunding occur. For additional details, see the Debt Activity section of the Management's Discussion and Analysis.

Net Position

MaineHousing's net position increased by \$11.1 million or 3.0% to \$380.2 million at December 31, 2020. The net position of the proprietary funds increased \$3.3 million to \$326 million, while the net position for governmental funds increased by \$7.8 million to \$54.2 million.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2020

MaineHousing's business activities are in the proprietary funds and are dissimilar to the activities in the governmental funds. The combined results of operations for both MaineHousing's proprietary and governmental funds are presented on the following table for the years ended December 31, 2020 and 2019:

Agency-wide Changes in Net Position <i>(in millions of dollars)</i>				
	<u>2020</u>	<u>2019</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percentage</u>
Revenues:				
Interest from mortgages and notes	\$62.5	\$62.0	\$0.5	0.8%
Income from investments	2.3	9.0	(6.7)	(74.4%)
Net increase (decrease) in fair value of investments	(0.2)	4.6	(4.8)	(104.3%)
Grants and subsidies	217.0	177.7	39.3	22.1%
Other	11.3	10.1	1.2	11.9%
Total revenues	292.9	263.4	29.5	11.2%
Expenses:				
Operating and other program expenses	26.9	26.1	0.8	3.1%
Provision for losses on loans and foreclosed real estate	0.1	0.1	0.0	0.0%
Interest expense	45.7	46.0	(0.3)	(0.7%)
Grants and subsidies	209.1	165.1	44.0	26.7%
Total expenses	281.8	237.3	44.5	18.8%
Increase in net position	11.1	26.1	(15.0)	(57.5%)
Net position at beginning of year	369.1	343.0	26.1	7.6%
Net position at end of year	\$380.2	\$369.1	\$11.1	3.0%

Changes in business-type and governmental activities are explained in the following Results of Operations sections.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2020

RESULTS OF OPERATIONS

Proprietary Funds Results

The net position of MaineHousing's proprietary funds is \$326 million at December 31, 2020. The following table summarizes the Statement of Revenues, Expenses and Changes in Net Position of MaineHousing's proprietary funds for the years ended December 31, 2020 and December 31, 2019:

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position (in millions of dollars)				Increase/(Decrease)
	2020	2019	Amount	Percentage
Operating revenues:				
Interest from mortgages and notes	\$62.4	\$61.9	\$0.5	0.8%
Income from investments	2.2	8.4	(6.2)	(73.8%)
Net increase (decrease) in fair value of investments	(0.2)	4.6	(4.8)	(104.3%)
Fee income	1.4	1.7	(0.3)	(17.6%)
Other revenue	1.2	0.5	0.7	140.0%
Total revenues	<u>67.0</u>	<u>77.1</u>	<u>(10.1)</u>	<u>(13.1%)</u>
Operating expenses:				
Operating and other program expenses	19.5	18.9	0.6	3.2%
Provision for losses on loans	0.0	0.1	(0.1)	(100.0%)
Interest expense	44.8	45.0	(0.2)	(0.4%)
Total expenses	<u>64.3</u>	<u>64.0</u>	<u>0.3</u>	<u>0.5%</u>
Net Operating income	<u>2.7</u>	<u>13.1</u>	<u>(10.4)</u>	<u>(79.4%)</u>
Transfers in	0.6	2.2	(1.6)	(72.7%)
Change in net position	3.3	15.3	(12.0)	(78.4%)
Net position at beginning of year	<u>322.7</u>	<u>307.4</u>	<u>15.3</u>	<u>5.0%</u>
Net position at end of year	<u>\$326.0</u>	<u>\$322.7</u>	<u>\$3.3</u>	<u>1.0%</u>

Operating revenues of MaineHousing's business-type activities are generated principally from earnings on mortgages and investments. Total revenues from business-type activities decreased \$10.1 million or 13.1% in 2020 and amounted to \$67 million. Of this total, \$64.6 million or 96.4% was from interest earned on mortgages, notes, and non-mortgage investments. Operating expenses of MaineHousing's business-type activities consist primarily of interest expense on debt incurred to fund its various lending programs. The expenses for business-type activities totaled \$64.3 million, of which \$44.8 million or 69.7% was interest expense.

The 2020 operating results and net position of MaineHousing's proprietary funds were significantly affected by the following:

- Income from investments decreased by \$6.2 million or 73.8%. Average investment yields were substantially lower in 2020 due to declining interest rates throughout the year.
- Interest rate changes during the year generated an unrealized loss of \$0.2 million. This represents a decrease of \$4.8 million compared with the unrealized gain of \$4.6 million that was recognized in 2019.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2020

- Other revenue increased by \$0.7 million due to the following: MaineHousing received \$0.25 million from a settlement in connection with the *LIBOR-Based Financial Instruments Antitrust Litigation*. This was a class action lawsuit on behalf of purchasers of financial instruments, which included interest rate swap agreements. MaineHousing also received \$0.5 million from the Federal Loan Bank of Boston as part of their *Helping to House New England* program.

Governmental Fund Results

The net position of MaineHousing's governmental funds was \$54.2 million at December 31, 2020. The following table summarizes the Statement of Revenues, Expenditures, and Changes in Fund Balances of MaineHousing's governmental funds for the years ended December 31, 2020 and December 31, 2019:

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (in millions of dollars)				
	<u>2020</u>	<u>2019</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percentage</u>
Revenues:				
Income from mortgages and notes	\$0.1	\$0.1	\$0.0	0.0%
Income from investments	0.1	0.6	(0.5)	(83.3%)
Fee income	8.3	7.9	0.4	5.1%
Grant income	83.9	51.8	32.1	62.0%
Income from the State	25.6	24.9	0.7	2.8%
Federal rent subsidy income	107.5	101.0	6.5	6.4%
Other revenue	0.4	0.0	0.4	n/a
Total revenues	<u>225.9</u>	<u>186.3</u>	<u>39.6</u>	<u>21.3%</u>
Expenditures:				
Program administrative expenditures	7.5	7.2	0.3	4.2%
Interest expenditures	0.9	1.0	(0.1)	(10.0%)
Grant expenditures	101.8	63.6	38.2	60.1%
Federal rent subsidy expenditures	<u>107.3</u>	<u>101.5</u>	<u>5.8</u>	<u>5.7%</u>
Total expenditures	<u>217.5</u>	<u>173.3</u>	<u>44.2</u>	<u>25.5%</u>
Revenues in excess of expenditures				
Transfers out	(0.6)	(2.2)	1.6	72.7%
Change in fund balances	7.8	10.8	(3.0)	(27.8%)
Fund balances at beginning of year	<u>46.4</u>	<u>35.6</u>	<u>10.8</u>	<u>30.3%</u>
Fund balances at end of year	<u>\$54.2</u>	<u>\$46.4</u>	<u>\$7.8</u>	<u>16.8%</u>

MaineHousing's total revenues from governmental activities are generated primarily from federal grants and rent subsidy income. MaineHousing also receives program revenues from the State of Maine. Revenues from governmental activities total \$225.9 million in 2020, which is an increase of \$39.6 million or 21.3%.

MaineHousing's governmental activities expenditures consist primarily of federal grants and rent subsidies payments. Total expenditures increased \$44.2 million or 25.5% to \$217.5 million for 2020. MaineHousing earns fees for administering federal programs, which amounted to \$8.3 million in 2020. Typically fees earned provide MaineHousing with a revenue source adequate to recover direct and indirect costs of delivering related services.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2020

The 2020 financial results and net position of MaineHousing's governmental funds were significantly affected by the following:

- Grant income increased by \$32.1 million or 62% due primarily to an increase in federal grants received as part of the CARES Act. The CARES Act provided program funds to assist the homeless population and to provide rent payment assistance to tenants. Total grant expenditures also increased in 2020 as a result of higher available federal grant receipts.
- Federal rent subsidy income, which consists of funding from six HUD Section 8 programs, increased by \$6.5 million or 6.4%. Income for the Section 8 Housing Choice Voucher program increased by \$3.5 million or 13% as a result of a higher voucher utilization rate in 2020. The Section 8 Performance Based Contract Administration program had a net revenue increase of \$2.9 million due to increases associated with HUD's Annual Adjustment Factors.
- Federal rent subsidy expenditures increased \$5.8 million or 5.7% due to higher available income for the Section 8 Housing Choice Voucher and Performance Based Contract Administration programs.

DEBT ACTIVITY

MaineHousing had \$1.6 billion in bonds and notes outstanding at December 31, 2020, which is an increase of \$130.7 million or 8.9% from 2019.

MaineHousing is authorized to issue housing revenue bonds to purchase or originate mortgages or notes on single-family and multi-family residential properties. Total bonds outstanding at December 31, 2020 amounted to \$1.58 billion; an increase of \$132.7 million or 9.2% from 2019. Bond issuances in 2020 totaled \$313.9 million, while principal payments on bonds totaled \$181.2 million. MaineHousing redeemed prior to maturity \$174.6 million of its outstanding bonds in 2020 from reserve funds, mortgage prepayments, and surplus revenues. Scheduled principal payments on bonds totaled \$6.6 million in 2020.

MaineHousing issues variable rate bonds and enters into interest rate swaps agreements to provide synthetically fixed interest rates on a portion of the variable rate bonds. At December 31, 2020, the total amount of variable rate debt outstanding was \$283.1 million and represented 17.9% of the \$1.58 billion total bond portfolio. Twelve interest rate swap agreements have been executed with four counterparties in connection with \$183.1 million of the variable rate bonds to effectively convert them to synthetic fixed rate bonds.

Bonds in MaineHousing's General Mortgage Purchase Bond Resolution were rated Aa1 and AA+ by Moody's Investor Service and Standard & Poor's, respectively, in 2020.

MaineHousing may enter into loan agreements for program and capital funding purposes. At December 31, 2020, MaineHousing had \$19.7 million of outstanding notes payable in its General Administrative Fund. Notes payable decreased by \$0.5 million from 2019 as a result of principal payments. Of the total outstanding balance at December 31, 2020, \$4.2 million provided funding for affordable housing initiatives through a Federal Home Loan Bank program and \$15.5 million provided capital funding for the development of an office facility for MaineHousing.

For additional information about MaineHousing's mortgage bonds and notes payables, see Notes 5, 6, 8, 13, and 15 to the financial statements.

ADDITIONAL INFORMATION

MaineHousing's main sources of revenues consist of interest from mortgage loans, investment interest income, and federal and state funded grants and subsidies.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2020

Market interest rates have an effect on both the mortgage program and investment income revenues. If interest rates increase, mortgage and investment income should increase as new loans are originated and new investments are purchased at the higher rates. If interest rates decrease, as occurred in 2020, mortgage and investment income will decrease as new loans are originated and new investments are purchased at the lower rates. Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages. MaineHousing may use these prepayments to redeem higher rate bonds to lower interest expense.

Revenues for federal and state funded programs are subject to the budget appropriations of those governments.

In 2020, the outbreak of the COVID-19 pandemic caused significant disruptions in the U.S. and world economies. The CARES Act was enacted by the United States Congress in response to the pandemic. The CARES Act imposed a moratorium on foreclosures and related evictions on federally backed residential mortgages. It also provided single-family loan borrowers with an opportunity to receive a payment forbearance. The duration and impact of the pandemic is unknown at this time. To date, MaineHousing has experienced neither a significant interruption in service provided to its customer nor material decline in activity as a result of the pandemic.

As of December 31, 2020, MaineHousing has two hundred and fifty-nine single-family mortgage loans in forbearance in an aggregate principal amount of approximately 2.7% of the total principal amount of the single-family loan portfolio. Foreclosure actions have been suspended for forty single-family loans in an aggregate principal amount of approximately 0.4% of the single-family loan portfolio at December 31, 2020. In addition, as of December 31, 2020, two hundred and thirteen single-family loans in an aggregate principal amount of approximately \$21 million that were previously granted forbearance are no longer in forbearance or delinquent status.

REQUESTS FOR INFORMATION

The purpose of this financial report is to provide information needed to understand MaineHousing's financial position and results of operations for the year ended December 31, 2020. Inquiries for additional information may be directed to the Director of Finance at Maine State Housing Authority, 26 Edison Drive, Augusta, Maine 04330-6046, at (207) 626-4600 or at www.mainehousing.org.

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2020
(IN THOUSANDS OF DOLLARS)

	Business-type Activities	Governmental Activities	Total
ASSETS:			
Current Assets:			
Cash, principally time deposits (note 3)	\$36,240	\$6,507	\$42,747
Investments (notes 3, 8, and 10)	399,243	38,915	438,158
Accounts receivable - federal government	0	8,472	8,472
Mortgage notes receivable, net (note 4)	37,645	3	37,648
Other notes receivable, net (note 4)	34	0	34
Other assets (note 11)	10,584	9,076	19,660
Internal balances	(1,137)	1,137	0
Total Current Assets	<u>482,609</u>	<u>64,110</u>	<u>546,719</u>
Noncurrent Assets:			
Investments (notes 3, 8, and 10)	24,176	0	24,176
Mortgage notes receivable, net (note 4)	1,385,864	36,184	1,422,048
Other notes receivable, net (note 4)	170	10	180
Capital assets	18,239	0	18,239
Other real estate owned	9	0	9
Total Noncurrent Assets	<u>1,428,458</u>	<u>36,194</u>	<u>1,464,652</u>
Total Assets	<u>1,911,067</u>	<u>100,304</u>	<u>2,011,371</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Accumulated decrease in fair value of hedging derivatives (note 6)	18,409	0	18,409
Deferred pension expense (note 7)	375	202	577
Deferred amount on debt refundings	3,120	0	3,120
Total Deferred Outflows of Resources	<u>21,904</u>	<u>202</u>	<u>22,106</u>
LIABILITIES:			
Current Liabilities:			
Accrued interest payable	5,584	39	5,623
Accounts payable - federal government	0	355	355
Accounts payable and accrued liabilities	2,935	3,718	6,653
Unearned income	0	17,662	17,662
Bonds and notes payable (notes 5, 8, 13, and 15)	17,500	3,450	20,950
Total Current Liabilities	<u>26,019</u>	<u>25,224</u>	<u>51,243</u>
Noncurrent Liabilities:			
Pension liability (note 7)	1,833	986	2,819
Derivative instrument - interest rate swaps (note 6)	18,409	0	18,409
Bonds and notes payable (notes 5, 8, 13, and 15)	1,560,508	19,281	1,579,789
Total Noncurrent Liabilities	<u>1,580,750</u>	<u>20,267</u>	<u>1,601,017</u>
Total Liabilities	<u>1,606,769</u>	<u>45,491</u>	<u>1,652,260</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred federal program income	0	737	737
Deferred loan origination points	23	0	23
Deferred pension credit (note 7)	158	85	243
Total Deferred Inflows of Resources	<u>181</u>	<u>822</u>	<u>1,003</u>
NET POSITION:			
Net investment in capital assets	2,768	0	2,768
Restricted for bond resolutions	289,100	0	289,100
Restricted for grants and programs	0	54,193	54,193
Unrestricted	34,153	0	34,153
Total Net Position	<u>\$326,021</u>	<u>\$54,193</u>	<u>\$380,214</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(IN THOUSANDS OF DOLLARS)

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Investment Income	Grants and Contributions	Business-type Activities	Governmental Activities	Total
Business-type activities:							
Mortgage Purchase Fund	\$62,323	\$63,332	\$1,793	\$0	\$2,802	\$0	\$2,802
Bondholder Reserve Fund	60	0	28	0	(32)	0	(32)
General Administrative Fund	1,910	1,780	0	0	(130)	0	(130)
Total business-type activities	64,293	65,112	1,821	0	2,640	0	2,640
Governmental activities:							
HOME Fund	20,274	513	90	24,002	0	4,331	4,331
Section 8 Housing Programs	111,353	4,954	2	107,533	0	1,136	1,136
Low Income Home Energy Assistance Program	35,418	869	1	34,544	0	(4)	(4)
Maine Energy, Housing and Economic Recovery Program	1,374	40	17	4,316	0	2,999	2,999
Other Federal and State Programs	49,163	2,424	11	46,646	0	(82)	(82)
Total governmental activities	217,582	8,800	121	217,041	0	8,380	8,380
Total Agency-wide	\$281,875	\$73,912	\$1,942	\$217,041	2,640	8,380	11,020
General Revenues:							
Unrestricted investment income				132	0	0	132
Transfers				578	(578)	0	0
Total general revenues and transfers				710	(578)	132	132
Change in Net Position				3,350	7,802	11,152	
Net Position at beginning of year				322,671	46,391	369,062	
Net Position at end of year				\$326,021	\$54,193	\$380,214	

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
ASSETS:				
Current Assets:				
Cash, principally time deposits (note 3)	\$ 24,065	\$ 2	\$ 12,173	\$ 36,240
Investments (notes 3, 8, and 10)	370,286	8,054	20,903	399,243
Mortgage notes receivable, net (note 4)	37,434	0	211	37,645
Other notes receivable, net (note 4)	0	0	34	34
Other assets (note 11)	10,514	0	70	10,584
Interfund (note 12)	86	0	4,193	4,279
Total Current Assets	<u>442,385</u>	<u>8,056</u>	<u>37,584</u>	<u>488,025</u>
Noncurrent Assets:				
Investments (notes 3, 8, and 10)	24,176	0	0	24,176
Mortgage notes receivable, net (note 4)	1,380,267	0	5,597	1,385,864
Other notes receivable, net (note 4)	0	0	170	170
Capital assets	22	0	18,217	18,239
Other real estate owned	9	0	0	9
Total Noncurrent Assets	<u>1,404,474</u>	<u>0</u>	<u>23,984</u>	<u>1,428,458</u>
Total Assets	<u>1,846,859</u>	<u>8,056</u>	<u>61,568</u>	<u>1,916,483</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Accumulated decrease in fair value of hedging derivatives (note 6)	18,409	0	0	18,409
Deferred pension expense (note 7)	319	2	54	375
Deferred amount on debt refundings	3,120	0	0	3,120
Total Deferred Outflows of Resources	<u>21,848</u>	<u>2</u>	<u>54</u>	<u>21,904</u>
LIABILITIES:				
Current Liabilities:				
Accrued interest payable	5,584	0	0	5,584
Accounts payable and accrued liabilities	197	3	2,735	2,935
Interfund (note 12)	3,374	14	2,028	5,416
Bonds and notes payable (notes 5, 8, 13, and 15)	12,705	0	4,795	17,500
Total Current Liabilities	<u>21,860</u>	<u>17</u>	<u>9,558</u>	<u>31,435</u>
Noncurrent Liabilities:				
Pension liability (note 7)	1,558	9	266	1,833
Derivative instrument - interest rate swaps (note 6)	18,409	0	0	18,409
Bonds and notes payable (notes 5, 8, 13, and 15)	<u>1,545,632</u>	<u>0</u>	<u>14,876</u>	<u>1,560,508</u>
Total Noncurrent Liabilities	<u>1,565,599</u>	<u>9</u>	<u>15,142</u>	<u>1,580,750</u>
Total Liabilities	<u>1,587,459</u>	<u>26</u>	<u>24,700</u>	<u>1,612,185</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred loan origination points	23	0	0	23
Deferred pension credit (note 7)	134	1	23	158
Total Deferred Inflows of Resources	<u>157</u>	<u>1</u>	<u>23</u>	<u>181</u>
NET POSITION:				
Net investment in capital assets	22	0	2,746	2,768
Restricted for bond resolutions	281,069	8,031	0	289,100
Unrestricted	0	0	34,153	34,153
Total Net Position	<u>\$281,091</u>	<u>\$8,031</u>	<u>\$36,899</u>	<u>\$326,021</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
OPERATING REVENUES:				
Interest from mortgages and notes	\$62,092	\$0	\$315	\$62,407
Income from investments	2,010	28	146	2,184
Net decrease in the fair value of investments	(217)	0	(14)	(231)
Fee income	572	0	819	1,391
Other revenue	265	0	646	911
Gain on bond redemption (note 13)	403	0	0	403
 Total Revenues	 65,125	 28	 1,912	 67,065
OPERATING EXPENSES:				
Operating expenses	10,212	60	1,880	12,152
Other program administrative expenses	5,581	0	0	5,581
Mortgage servicing fees	1,686	0	19	1,705
Provision for losses on loans (note 4)	0	0	11	11
Interest expense	44,844	0	0	44,844
 Total Expenses	 62,323	 60	 1,910	 64,293
Operating Income (Loss)	2,802	(32)	2	2,772
Transfers between funds, net (note 12)	0	0	578	578
Change in Net Position	2,802	(32)	580	3,350
Net Position at beginning of year	278,289	8,063	36,319	322,671
Net Position at end of year	<u>\$281,091</u>	<u>\$8,031</u>	<u>\$36,899</u>	<u>\$326,021</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Interest receipts from borrowers	\$61,972	\$0	\$318	\$62,290
Principal receipts on mortgages and notes - scheduled	47,982	0	246	48,228
Principal receipts on mortgages and notes - prepayments	111,579	0	457	112,036
Payments for operating expenses	(9,196)	(11)	(106)	(9,313)
Payments for personnel expenses	(8,283)	(49)	(1,305)	(9,637)
Investment in mortgages and other notes	(177,568)	0	(31)	(177,599)
Other	(2,818)	0	555	(2,263)
Net cash provided by (used for) operating activities	<u>23,668</u>	<u>(60)</u>	<u>134</u>	<u>23,742</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and development of capital assets	0	0	(5,443)	(5,443)
Proceeds from the disposal of capital assets	0	0	10	10
Principal paid on capital debt	0	0	(529)	(529)
Interest paid on capital debt	0	0	(469)	(469)
Net cash used for capital and related financing activities	<u>0</u>	<u>0</u>	<u>(6,431)</u>	<u>(6,431)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Proceeds from sale of bonds	313,183	0	0	313,183
Principal payments on bonds	(177,895)	0	0	(177,895)
Interest payments on bonds	(44,474)	0	0	(44,474)
Payments (to) from other funds	754	1	(1,161)	(406)
Net cash provided by (used for) non-capital financing activities	<u>91,568</u>	<u>1</u>	<u>(1,161)</u>	<u>90,408</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from disposition of foreclosed real estate	5,046	0	18	5,064
Purchase of investments	(1,400,925)	0	0	(1,400,925)
Sales and maturity of investments	1,283,841	26	6,657	1,290,524
Interest received on investments	1,638	34	167	1,839
Net cash provided by (used for) investing activities	<u>(110,400)</u>	<u>60</u>	<u>6,842</u>	<u>(103,498)</u>
Net increase (decrease) in cash	4,836	1	(616)	4,221
Cash at beginning of year	19,229	1	12,789	32,019
Cash at end of year	<u>\$24,065</u>	<u>\$2</u>	<u>\$12,173</u>	<u>\$36,240</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$2,802	(\$32)	\$2	\$2,772
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	366	0	612	978
Gain on disposal of capital assets	0	0	(10)	(10)
Interest on bonds	44,478	0	0	44,478
Provision for losses on loans	0	0	11	11
Gain on bond redemption	(403)	0	0	(403)
Pension expense	223	1	38	262
Interest income on investments	(2,010)	(28)	(146)	(2,184)
Net decrease in fair value of investments	217	0	14	231
Changes in operating assets and liabilities:				
Other assets	(3,378)	0	(26)	(3,404)
Pension contributions	(390)	0	(69)	(459)
Mortgage note interest receivable	(120)	0	3	(117)
Accounts payable and accrued liabilities	(110)	(1)	(967)	(1,078)
Investment in mortgage and other notes	(177,568)	0	(31)	(177,599)
Mortgage & other note principal repayments	159,561	0	703	160,264
Net cash provided by (used for) operating activities	<u>\$23,668</u>	<u>(\$60)</u>	<u>\$134</u>	<u>\$23,742</u>

SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION:

Transfer from mortgage notes receivable to other assets and other real estate owned	\$2,826	\$0	\$0	\$2,826
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See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020
(IN THOUSANDS OF DOLLARS)

	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Maine Energy, Housing & Economic Recovery Fund	Other Federal and State Programs	Total
ASSETS:						
Current Assets:						
Cash, principally time deposits (note 3)	\$13	\$4,492	\$713	\$0	\$1,289	\$6,507
Investments (notes 3, 8, and 10)	23,163	0	0	4,245	11,507	38,915
Accounts receivable - federal government	0	274	693	0	7,505	8,472
Mortgage notes receivable, net (note 4)	3	0	0	0	0	3
Assets held for sale	0	0	0	0	0	0
Other assets	5,230	140	0	35	3,671	9,076
Interfund (note 12)	6,473	34	0	0	1,610	8,117
Total Current Assets	<u>34,882</u>	<u>4,940</u>	<u>1,406</u>	<u>4,280</u>	<u>25,582</u>	<u>71,090</u>
Noncurrent Assets:						
Mortgage notes receivable, net (note 4)	26,605	0	0	9,579	0	36,184
Other notes receivable, net (note 4)	0	0	0	0	10	10
Total Noncurrent Assets	<u>26,605</u>	<u>0</u>	<u>0</u>	<u>9,579</u>	<u>10</u>	<u>36,194</u>
Total Assets	<u><u>\$61,487</u></u>	<u><u>\$4,940</u></u>	<u><u>\$1,406</u></u>	<u><u>\$13,859</u></u>	<u><u>\$25,592</u></u>	<u><u>\$107,284</u></u>
LIABILITIES:						
Current Liabilities:						
Accrued interest payable	\$0	\$0	\$0	\$39	\$0	\$39
Accounts payable - federal government	0	355	0	0	0	355
Accounts payable and accrued liabilities	1,935	76	402	0	1,305	3,718
Unearned income	0	0	691	0	16,971	17,662
Interfund (note 12)	34	684	205	2	5,256	6,181
Bonds payable (note 5 and 8)	0	0	0	3,450	0	3,450
Total Current Liabilities	<u>1,969</u>	<u>1,115</u>	<u>1,298</u>	<u>3,491</u>	<u>23,532</u>	<u>31,405</u>
Noncurrent Liabilities:						
Bonds payable (note 5 and 8)	0	0	0	19,281	0	19,281
Total Non Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,281</u>	<u>0</u>	<u>19,281</u>
Total Liabilities	<u>1,969</u>	<u>1,115</u>	<u>1,298</u>	<u>22,772</u>	<u>23,532</u>	<u>50,686</u>
DEFERRED INFLOWS OF RESOURCES:						
Deferred federal program income	0	737	0	0	0	737
FUND BALANCES:						
Restricted by program requirements	59,518	3,088	108	0	2,060	64,774
Nonspendable	0	0	0	9,579	0	9,579
Unassigned	0	0	0	(18,492)	0	(18,492)
Total Fund Balances	<u>59,518</u>	<u>3,088</u>	<u>108</u>	<u>(8,913)</u>	<u>2,060</u>	<u>55,861</u>
Total Liabilities and Fund Balances	<u><u>\$61,487</u></u>	<u><u>\$4,940</u></u>	<u><u>\$1,406</u></u>	<u><u>\$13,859</u></u>	<u><u>\$25,592</u></u>	<u><u>\$107,284</u></u>

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

Total fund balances in governmental funds	\$55,861
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Pension expense deferrals reported as deferred outflows of resources in governmental activities are not financial resources and therefore are not reported in the governmental funds.	202
Pension liabilities reported in governmental activities are not due and payable in the current period and therefore not reported in the governmental funds.	(986)
Pension credit deferrals reported as deferred inflows of resources in governmental activities are not available to pay for current period expenditures and therefore are not reported in the governmental funds.	(85)
Interfund balances related to the allocation of pension liabilities and deferrals of resources reported in governmental activities are not due and payable in the current period and therefore not reported in the governmental funds.	(799)
Net Position of governmental activities	<u><u>\$54,193</u></u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(IN THOUSANDS OF DOLLARS)

	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Maine Energy, Housing & Economic Recovery Fund	Other Federal and State Programs	Total
REVENUES:						
Interest from mortgages and notes	\$73	\$0	\$0	\$40	\$0	\$113
Income from investments	90	2	1	17	11	121
Fee income	0	4,954	869	0	2,424	8,247
Other revenue	440	0	0	0	0	440
Grant income	2,681	0	34,544	0	46,646	83,871
Income from State	21,321	0	0	4,316	0	25,637
Federal rent subsidy income	0	107,533	0	0	0	107,533
Total Revenues	24,605	112,489	35,414	4,373	49,081	225,962
EXPENDITURES:						
Operating expenditures	0	3,746	851	0	2,166	6,763
Other program administrative expenditures	0	195	2	2	257	456
Provision for losses on loans (note 4)	170	0	0	0	0	170
Grant expenditures	20,104	0	34,544	491	46,700	101,839
Federal rent subsidy	0	107,331	0	0	0	107,331
Interest	0	0	0	881	0	881
Total Expenditures	20,274	111,272	35,397	1,374	49,123	217,440
Revenues in Excess of (Less Than) Expenditures	4,331	1,217	17	2,999	(42)	8,522
Transfers between funds, net (note 12)	457	(1,061)	(16)	0	42	(578)
Change in Fund Balances	4,788	156	1	2,999	0	7,944
Fund Balances at beginning of year	54,730	2,932	107	(11,912)	2,060	47,917
Fund Balances at end of year	\$59,518	\$3,088	\$108	(\$8,913)	\$2,060	\$55,861

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Change in Fund Balances - total governmental funds	\$7,944
Amounts reported for governmental activities in the Statement of Activities are different because:	
Expenses reported in the Statement of Activities include a pension expense, which does not effect the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.	<u>(142)</u>
Change in Net Position of governmental activities	<u>\$7,802</u>

See accompanying notes to the financial statements

Maine State Housing Authority
Notes to Financial Statements – December 31, 2020
(IN THOUSANDS OF DOLLARS)

(1.) ORGANIZATION AND NATURE OF OPERATIONS

The Maine State Housing Authority (MaineHousing) is a public corporation and an instrumentality of the State of Maine established under the provisions of the *Maine Housing Authorities Act*, Title 30-A, Chapter 201, of the Maine Revised Statutes, as amended. MaineHousing is authorized to issue bonds for the purchase or origination of notes and mortgages on single-family and multi-family residential properties for the purpose of providing housing for persons and families of low income in the State of Maine. MaineHousing also administers various housing and energy related state and federal programs and collects and disburses federal rent subsidies for low-income housing.

For financial reporting purposes, MaineHousing is considered a component unit of the State of Maine and the financial condition and results of operations of MaineHousing are included in the State's financial statements.

(2.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

MaineHousing's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) statements and are comprised of three components: 1) agency-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The financial statements include all of the organization's activities and functions for which MaineHousing is financially accountable. Determination of financial accountability includes among other factors, appointment of a voting majority of the component's governing body and (1) ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, MaineHousing. Based on the preceding criteria, the accompanying financial statements do not include the financial activities of any entity other than MaineHousing.

The Agency-wide financial statements are comprised of a Statement of Net Position and Statement of Activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements reflect all of the assets, liabilities, revenues, expenses, deferred inflows, deferred outflows, gains and losses of business-type and governmental activities. Interfund balances entirely within the proprietary funds and governmental funds are eliminated from the Statement of Net Position; remaining amounts are shown as Internal Balances.

The business-type activities, which include single-family and multi-family loan programs, are classified as proprietary funds. Proprietary funds are reported using the accrual basis of accounting and revenues are recorded when earned and expenses when incurred. The governmental activities reflect the administration of the various programs for the State of Maine and the federal government. Governmental funds are reported using the modified accrual basis and revenues are recorded when they become available and measurable and expenses when incurred. Revenues from grants and programs are generally considered "available" if eligibility and time restrictions have been satisfied and if received within three months of the balance sheet date. Grants received in advance of the period in which they can be used are reported as deferred inflows of resources.

Separate fund financial statements are provided for proprietary and governmental funds. The fund financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental entities, which provides that accounting systems be organized by funds to account for specific activities consistent with legal and operating requirements. Major individual governmental funds and all proprietary funds and fund groups are reported as separate columns in the fund financial statements. Certain insignificant indirect costs are allocated to the funds.

Maine State Housing Authority
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Fund Structure

PROPRIETARY FUNDS

Financial activities operated similarly to private business enterprises and financed through fees and charges assessed primarily to users of loans and other lender services are presented as proprietary funds. MaineHousing's proprietary funds are as follows, all of which are considered major funds:

Mortgage Purchase Fund

This fund consists of accounts established by the General Mortgage Purchase Bond Resolution. Pursuant to the Mortgage Purchase Program, MaineHousing is authorized to purchase or originate first lien mortgages on single-family and multi-family residential properties. Proceeds from the sale of mortgage revenue bonds, the debt service requirements of the bond indebtedness, and mortgage loans made from bond proceeds are recorded in this fund.

Bondholder Reserve Fund

This fund consists of accounts established by the General Authority Bondholder Reserve Fund Resolution and is pledged to replenish any deficiency in the debt service reserve fund of the General Mortgage Purchase Bond Resolution.

General Administrative Fund

This fund consists of account balances that are not directly pledged to or restricted by a particular bond resolution or program and generates fee and interest income. Revenues not specifically pledged for the repayment of bonds or notes are recorded in this fund.

GOVERNMENTAL FUNDS

Activities financed by grant and program agreements with the federal government and appropriations and allocations from the State of Maine Legislature are presented as governmental funds. None of the governmental funds are legally required to adopt a formal budget. MaineHousing's governmental funds are as follows, all of which are considered major funds except the Other Federal and State Programs Fund:

Home Fund

The Maine State Legislature authorized the creation of the Housing Opportunities for Maine (HOME) Program to promote and create affordable housing. The program is funded by a portion of the Real Estate Transfer Tax levied by the State of Maine and by appropriations. These funds may be used in conjunction with MaineHousing's other housing resources. Activities associated with the Shelter Operating Subsidy Program, which is funded by the State of Maine and provides funding for emergency shelters that serve Maine's homeless citizens, are also recorded in this fund.

Section 8 Housing Programs

This fund group consists of activity related to MaineHousing's administration of various Department of Housing and Urban Development (HUD) Section 8 programs. These are federal programs that provide rental subsidies to landlords to preserve low-income rental units and also provide funding to tenants to assist with rent payments. The program funding levels are established by the federal government annually. MaineHousing receives annual fees from HUD for the administration of these programs. These programs consist of the following:

- Moderate Rehabilitation
- New Construction and Substantial Rehabilitation
- Section 811 Project Rental Assistance
- Housing Choice Voucher
- Performance Based Contract Administration
- Family Self-Sufficiency Program
- Mainstream Vouchers

Maine State Housing Authority
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Low Income Home Energy Assistance Program

MaineHousing is the designated administrator of the Low Income Home Energy Assistance Program for the State of Maine. This program is federally funded through the Department of Health and Human Services. Under this program, funds are provided to low income homeowners and renters to assist with the payment of heating costs. The funding level is established annually by the federal government and MaineHousing receives annual fees for the administration of the program.

Maine Energy, Housing and Economic Recovery Fund

The purpose of the Maine Energy, Housing and Economic Recovery Fund (MEHER) is to create capital funding sources to provide affordable housing and to improve energy efficiency of residential housing in the State of Maine. The fund consists of accounts established by the MEHER General Indenture. The revenue anticipation bonds issued under the MEHER General Indenture are liabilities of the fund and the debt service for these bonds is paid by a source of revenue from the State of Maine.

The deficit in this fund is due to timing differences between the expending of funds from bond proceeds on program activities and the receipt of revenues from the State of Maine, which is based on debt service schedules. The deficit will be eliminated over time as bond proceeds available for programs are depleted and annual revenues received from the State of Maine exceed expenditures.

Other Federal and State Programs

MaineHousing administers various other federal and state housing and energy related programs and grants. This fund group records the activity and reflects the consolidation of these programs and grants. Program administration is governed by the appropriate federal regulations or state laws. The annual program and grant funding levels are set by the appropriate federal or state government. MaineHousing receives annual fees for the program administration for most of the federal programs and grants. Federal and state programs consist of the following, which are considered non-major funds:

U.S. Department of Housing and Urban Development

- Emergency Solutions Grants Program
- HOME Investment Partnerships Program
- National Housing Trust Fund
- Lead-Based Paint Hazard Control Program
- Homeless Management Information System
- Housing Counseling Assistance Program
- Continuum of Care - Planning Grant
- Continuum of Care - Rental Assistance Program
- Continuum of Care - Coordinated Entry Grant
- Continuum of Care - Youth Homeless Demonstration Program

U.S. Department of Energy

- Weatherization Assistance Program
- Weatherization Assistance Program - Training Centers and Programs

U.S. Department of Health and Human Services

- Weatherization / Central Heating Improvement Program
- Temporary Assistance for Needy Families (via State of Maine)
- Maine Association of Recovery Residences (via State of Maine)

U.S. Department of Treasury

- Coronavirus Relief Funds – COVID-19 Rent Relief Program (via State of Maine)

U.S. Department of Homeland Security

- Federal Emergency Management Agency Disaster Assistance

Maine State Housing Authority
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State of Maine

Home Modification Program
Arsenic Remediation Program
Natural Disaster Housing Assistance Fund
Consumer Residential Opportunities Program
Indian Housing Mortgage Insurance Program
Lead Abatement Program
Senior Housing General Obligation Bonds
Rapid Re-Housing Funds

Private

Low Income Assistance Plan

Net Position

In the agency-wide and proprietary fund financial statements, net position is displayed in three components as follows:

Net investment in capital assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings for the acquisition, construction, or improvement of those assets.

Restricted – This consists of activities that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. For business-type activities, the net position is restricted by bond resolutions for the acquisition of loans, payment of debt service and payment of operating costs. For governmental activities, the net position is restricted by state statutes or federal regulations and program agreements for specific program purposes.

Unrestricted – This consists of activities that do not meet the definition of "restricted" or "net investment in capital assets".

Fund Balances

In the governmental funds financial statements, fund balances are reported as either restricted for housing and energy related programs, nonspendable in current form due to the long term nature of certain assets, or unassigned for any residual deficit fund balances. Generally, if unrestricted fund balances are available they are used after assigned or restricted amounts.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and held by banks in demand deposits and savings accounts.

Investments

Money market funds, repurchase agreements and certificates of deposit that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Investments not reported at amortized cost are reported at fair value. Unrealized gains and losses due to fluctuations in market values and gains and losses realized upon sale are reported as net increases or decreases in the fair value of investments. Interest received that is required by federal programs to be spent on program activities is deferred and recorded as a payable to the federal government.

Mortgage Notes Receivable

Mortgage notes receivable are carried at their uncollected principal balance less allowances for loan losses. The recording of interest income on problem loans ceases when collectability within a reasonable period of time becomes doubtful. Program income received for revolving loan programs are recorded as unearned income. MaineHousing reclassifies its liability for amounts due under revolving loan programs relating to forgivable loans and loans with no payments due until sale of the collateral or maturity of the loan (usually 30 years from origination) to reduce the associated loan balances. MaineHousing believes this presentation better reflects the underlying economics of the loan.

Maine State Housing Authority
Notes to Financial Statements – December 31, 2020
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Allowances For Losses On Loans

MaineHousing has established allowances for losses on mortgages and other notes receivable. The allowances are established through provisions for losses on loans charged to expenses. Losses are charged against the allowances when MaineHousing believes that collection of the loan principal is unlikely.

The allowances are amounts that MaineHousing believes will be adequate to absorb losses based on evaluations of collectability and prior loss experience. The evaluation takes into consideration such factors as the nature and volume of the portfolio, extent of available mortgage insurance, collateral, delinquencies and current economic conditions that may affect the borrowers' ability to pay.

Assets Held for Sale

Multi-family residential properties acquired for the purpose of preserving affordable rental housing and intended for sale are carried at the lower of cost or estimated fair value. Properties are typically held for short durations. Adjustments to carrying values and gains or losses on the disposition of properties are reflected in the Statements of Revenues, Expenses and Changes in Net Position in the year realized. All properties held for sale at the beginning of the year were sold in 2020 and there are no assets held for sale at December 31, 2020.

Capital Assets

Capital assets consisting of building, land, and equipment are stated at cost less accumulated depreciation and are reported in the agency-wide and proprietary funds financial statements. MaineHousing capitalizes assets with an initial cost of one thousand dollars or more. Depreciation is computed using the straight line method over the estimated useful lives of the assets, which range from three to forty years. Land and assets that are being developed are not depreciated.

Other Real Estate Owned

Other real estate owned consists of single-family and multi-family residential properties acquired through foreclosure, or acceptance of a deed in lieu of foreclosure and are carried at the lower of cost or fair value less estimated costs to sell. Losses arising from the acquisition of other real estate owned are charged to the allowance for loan losses. Operating expenses, subsequent provisions to reduce the carrying value, and any gain or loss on disposition of the property are reflected in the Statement of Revenues, Expenses and Changes in Net Position in the year incurred or realized.

Bond Discount, Premium, Issuance Costs and Deferred Amounts on Refunding

Bond discounts and premiums are reflected as a component of bonds payable and are deferred and amortized over the lives of the bonds using a method that approximates the effective interest method. Gains and losses on debt refundings are amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter and reflected as a deferred outflow of resources. Bond issuance costs are expensed in the year issued.

Loan Origination Fees and Costs

MaineHousing pays origination costs at the time it purchases single-family mortgage loans. These and other program costs, including closing cost assistance to borrowers, paid in connection with acquiring certain single-family loans, are expensed in the year of origination.

MaineHousing may receive points in connection with the origination of certain mortgage loans, which are essentially yield adjustments on the loans. Points received for single-family loans are reflected as a deferred inflow of resources and amortized as a component of interest income using the effective interest method over the life of the mortgages. When a loan is paid off prior to maturity, all unamortized deferred points are recognized immediately as interest income. MaineHousing may charge a fee at the time that a commitment is made to originate a mortgage on a multi-family loan. These fees are recognized as income in the year the commitment is made.

Maine State Housing Authority
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Revenues, Expenses and Expenditures

Program revenues in the agency-wide Statement of Activities are reported in three categories including (1) charges for services, (2) investment income and (3) grants and contributions. Charges for services include all revenues from mortgage loans and program administration fees. Investment income consists of earnings from non-mortgage investment assets. Grants and contributions include revenues from other governments and organizations that are restricted for use in a particular program. All revenues are recorded as income when earned and the associated expenses are recorded as incurred.

The proprietary funds' primary sources of operating revenues are income from mortgage loans and other permitted investments. Operating expenses in the proprietary funds consist of expenses incurred for originating and servicing loans, bond interest and program administration.

Revenues in the governmental funds are derived from grant and program agreements with the federal government, appropriations from the Maine State Legislature, and other organizations. MaineHousing also receives fee income for program administration. Expenditures in the governmental funds are all current operating expenditures and consist primarily of program disbursements and administration charges.

Derivatives and Hedging Instruments

MaineHousing enters into various interest rate swap agreements in order to manage risks associated with interest on its variable rate bond portfolio. MaineHousing recognizes the fair value of swap agreements as either an asset or liability on its Statement of Net Position with the offsetting gains or losses as either deferred inflows or outflows of resources, if deemed an effective hedge. If swap agreements are not effective hedges, interest expense is increased or decreased by the change in the fair value. MaineHousing measures the effectiveness of its interest rate swap agreements in total whereby all the swaps are used to hedge interest expense on a portion of the total variable rate bonds equal to the notional amount of the swaps. Hedge effectiveness is determined by using the regression analysis and synthetic instrument methods. MaineHousing's swap agreements constitute an effective hedge for the hedged portion of the variable rate bond portfolio at December 31, 2020.

Fair Value Methodology

Generally accepted accounting principles establishes standards for determining fair value measurements for accounting and financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements and also establishes a three-tier hierarchy that prioritizes the inputs used to measure fair value as follows:

- **Level 1 inputs** are observable, quoted prices in active markets for identical assets or liabilities;
- **Level 2 inputs** are directly or indirectly observable, but not on level 1; and
- **Level 3 inputs** are all inputs that are unobservable.

MaineHousing's assets and liabilities carried at fair value are investments and interest rate swaps.

Defined Benefit Pension Plan

MaineHousing is a participating local district (PLD) member of the Maine Public Employees Retirement System (MainePERS) PLD Consolidated Retirement Plan and employees may participate in a defined benefit plan offered by MainePERS. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of MainePERS' PLD Consolidated Plan have been determined on the same basis as they are reported by MainePERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments at MainePERS are reported at fair value.

Maine State Housing Authority
Notes to Financial Statements – December 31, 2020
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Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statements and the reported amounts of revenues, expenses and expenditures during the reporting year. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for losses on loans and fair value of interest rate swaps. Actual results could differ from estimates.

Risks and Uncertainties

The outbreak of the COVID-19 pandemic has adversely impacted a broad range of industries and has caused significant disruptions in the U.S. and world economies. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions.

New Accounting Standards

The following GASB Statements that have been issued are under evaluation by MaineHousing:

- GASB Statement No. 87, *Leases*; GASB Statement No. 91, *Conduit Debt Obligations*; GASB Statement No. 92, *Omnibus 2020*; and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB Statement No. 32* are effective for the year ending December 31, 2022.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates* has requirements that are effective for the years ending December 31, 2021 and 2022.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* are effective for the year ending December 31, 2023.

MaineHousing has not adopted these standards and is evaluating the impact they may have on its financial statements.

(3.) CASH AND INVESTMENTS

At December 31, 2020, the carrying amount of MaineHousing's bank deposits was \$42,747 and the bank balance was \$45,526. The difference between the carrying amount and the bank balance is a result of transactions in transit. Of the bank balance, \$397 was covered by federal depository insurance and \$45,129 was collateralized by pledged government securities that are held in the bank's name at the Federal Reserve Bank.

The General Mortgage Purchase Bond Resolution permits MaineHousing to invest in direct obligations of, or obligations guaranteed by, the United States of America, certain government-sponsored enterprises and the State of Maine "permitted investments." The resolution also permits MaineHousing to invest in certificates of deposit, repurchase agreements and other similar banking arrangements that are collateralized by permitted investments.

MaineHousing has a formal Investment Policy that outlines its investment practices and policies. The primary purpose of the policy is to ensure safety of principal while managing liquidity to pay MaineHousing's financial obligations. MaineHousing's deposit policy is to have its deposits covered by insurance, collateralized or deposited in well capitalized institutions.

Maine State Housing Authority
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MaineHousing's investment balances and stated maturities as of December 31, 2020 are presented in the following table. Actual maturities may differ due to investments being called by the issuer.

Investment Type	Carrying Amount	Investment Maturities in Years				Moody's Credit Rating		
		Less than 1	1-5	6-10	More than 10			
PROPRIETARY FUNDS								
MORTGAGE PURCHASE FUND								
Repurchase Agreements	\$120,303	\$120,303	\$0	\$0	\$0	NR		
Federal Farm Credit Bank (FFCB)	8,114	0	0	0	8,114	P-1/Aaa		
Federal Home Loan Bank (FHLB)	116,054	99,992	0	2,023	14,039	P-1/Aaa		
U.S. Treasury Securities	149,991	149,991	0	0	0	NR		
Total - Mortgage Purchase Fund	<u>394,462</u>	<u>370,286</u>	<u>0</u>	<u>2,023</u>	<u>22,153</u>			
BONDHOLDERS RESERVE FUND								
Repurchase Agreements	8,054	8,054	0	0	0	NR		
GENERAL ADMINISTRATIVE FUND								
Repurchase Agreements	13,105	13,105	0	0	0	NR		
Money Market Funds	396	396	0	0	0	NR		
Certificates of Deposit	2,403	2,403	0	0	0	NR		
Federal Home Loan Bank (FHLB)	4,999	4,999	0	0	0	P-1/Aaa		
Total - General Administrative Fund	<u>20,903</u>	<u>20,903</u>	<u>0</u>	<u>0</u>	<u>0</u>			
Total - Proprietary Funds	<u><u>\$423,419</u></u>	<u><u>\$399,243</u></u>	<u><u>\$0</u></u>	<u><u>\$2,023</u></u>	<u><u>\$22,153</u></u>			
GOVERNMENTAL FUNDS								
HOME FUND								
Repurchase Agreements	\$23,163	\$23,163	\$0	\$0	\$0	NR		
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND								
Repurchase Agreements	4,245	4,245	0	0	0	NR		
OTHER FEDERAL AND STATE PROGRAMS								
Repurchase Agreements	11,507	11,507	0	0	0	NR		
Total - Governmental Funds	<u><u>\$38,915</u></u>	<u><u>\$38,915</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>			

MaineHousing generally invests in repurchase agreements and money market funds for short-term investments, which are not credit rated and are continuously and fully secured by permitted investments. It is MaineHousing's policy to require that collateral be held by MaineHousing's trustee in MaineHousing's name, wherever practicable.

A market approach is used to determine fair value using Level 2 inputs for investments carried at fair value. Prices and other relevant information are generated by market transactions involving identical or comparable investments.

At December 31, 2020, \$435,755 was invested in short-term repurchase agreements, money market funds, U.S. Treasury Securities, and other government sponsored enterprises with maturity dates of less than one year and interest rates up to 0.06%. Investments other than repurchase agreements, money market funds, and U.S. Treasury Securities are registered in MaineHousing's name. Investments issued by Federal Farm Credit Bank (FFCB) and Federal Home Loan Bank (FHLB) make up 2% and 29% of total investments, respectively, in the Mortgage Purchase Fund. Investments issued by FHLB make up 24% of total investments in the General Administrative Fund.

At December 31, 2020, \$2,403 is invested in a non-negotiable certificate of deposit to fund a debt service reserve in connection with a loan agreement. The certificate has an interest rate of 0.05% and will mature in January 2021. The certificate is not credit rated and is being held by its bank trustee in MaineHousing's name.

Maine State Housing Authority
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(4.) MORTGAGE AND OTHER NOTES RECEIVABLE:

For financial statement presentation, the allowance for losses on loans has been netted against the noncurrent portion of mortgage notes receivable and other notes receivable. However, where there is no noncurrent portion for other notes receivable, the allowance is netted against the current amount. A summary of mortgage notes receivable at December 31, 2020 is as follows:

	Number of Notes	Principal Balance	Percent of Portfolio
PROPRIETARY FUNDS			
MORTGAGE PURCHASE FUND - SINGLE-FAMILY:			
VA guaranteed	488	\$49,319	5.1%
FHA insured	1,729	158,379	16.5%
USDA/RD guaranteed	5,377	565,921	59.0%
Privately insured	318	30,379	3.2%
Non-insured	2,693	154,951	16.2%
Total Mortgage Purchase Fund - single-family	<u>10,605</u>	<u>958,949</u>	<u>100.0%</u>
MORTGAGE PURCHASE FUND - MULTI-FAMILY:			
Section 8	182	177,668	38.1%
Conventional	275	269,590	57.9%
Supportive Housing	166	18,695	4.0%
Total Mortgage Purchase Fund - multi-family	<u>623</u>	<u>465,953</u>	<u>100.0%</u>
Less: Allowance for losses on loans		(7,201)	
Total Mortgage Purchase Fund	<u>11,228</u>	<u>1,417,701</u>	
GENERAL ADMINISTRATIVE FUND - SINGLE-FAMILY:			
Non-insured	61	1,758	97.0%
Privately insured	2	54	3.0%
Total General Administrative Fund-Single Family	<u>63</u>	<u>1,812</u>	<u>100.0%</u>
GENERAL ADMINISTRATIVE FUND - MULTI-FAMILY:			
Section 8	1	553	12.2%
Conventional	6	3,964	87.8%
Total General Administrative Fund - multi-family	<u>7</u>	<u>4,517</u>	<u>100.0%</u>
GENERAL ADMINISTRATIVE FUND - HOME IMPROVEMENT LOANS:			
Non-insured	34	79	100.0%
Less: Allowance for losses on loans		(600)	
Total General Administrative Fund	<u>104</u>	<u>5,808</u>	
Total Proprietary Funds	<u>11,332</u>	<u>\$1,423,509</u>	
GOVERNMENTAL FUNDS			
HOME FUND - SINGLE-FAMILY:			
Non-insured	337	\$3,333	100.0%
HOME FUND - MULTI-FAMILY:			
Non-insured	109	24,275	100.0%
Total HOME Fund	<u>446</u>	<u>27,608</u>	
Less: Allowance for losses on loans		(1,000)	
Total HOME Fund	<u>446</u>	<u>26,608</u>	
MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND - MULTI-FAMILY			
Non-insured	16	9,579	100.0%
Total Governmental Funds	<u>462</u>	<u>\$36,187</u>	

Maine State Housing Authority
Notes to Financial Statements – December 31, 2020
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A summary of other notes receivable at December 31, 2020 is as follows:

	Number of Notes	Principal Balance	Percent of Portfolio
PROPRIETARY FUNDS			
GENERAL ADMINISTRATIVE FUND			
Non-insured	4	\$204	<u>100.0%</u>
Total Proprietary Funds	<u>4</u>	<u>\$204</u>	
GOVERNMENTAL FUNDS			
OTHER FEDERAL AND STATE PROGRAMS:			
Non-insured	1	\$15	<u>100.0%</u>
Less: Allowance for losses on loans		(5)	
Total Governmental Funds	<u>1</u>	<u>\$10</u>	

A summary of the activity in the allowance for losses on loans is as follows:

	PROPRIETARY FUNDS		GOVERNMENTAL FUNDS	
	Mortgage Purchase Fund	General Administrative Fund	HOME Fund	Other Federal and State Programs
Balance – December 31, 2019	\$7,055	\$607	\$894	\$5
Provision	0	11	170	0
Loans charged off	(151)	(22)	(64)	0
Recoveries	297	4	0	0
Balance – December 31, 2020	<u>\$7,201</u>	<u>\$600</u>	<u>\$1,000</u>	<u>\$5</u>

(5.) BONDS AND NOTES PAYABLE

MaineHousing issues bonds that pay interest that is subject to Alternative Minimum Tax (AMT), bonds that pay interest that is not subject to this tax (Non-AMT) and federally taxable bonds. Interest paid on AMT bonds is treated as a preference item in calculating the tax imposed on individuals and corporations under the Internal Revenue Service Code. MaineHousing's AMT, Non-AMT and federally taxable bonds are denoted for each series or sub-series below.

The interest rates presented in the table below for variable rate bonds represent the rate at December 31, 2020. The Single-Family (S/F) and Multi-Family (M/F) Mortgage Bonds Payable outstanding at December 31, 2020 are as follows:

	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
PROPRIETARY FUNDS							
MORTGAGE PURCHASE FUND							
2005 SERIES G BONDS (M/F):							
2005 Series G (AMT)							
Term Bonds	22,300	20,095	Variable - 0.11%	2021-2037	230	-	4,385
2011 SERIES D BONDS (S/F):							
2011 Series D (Non-AMT)							
Serial Bonds	10,615	1,195	3.15%	2021	1,195		
Term Bonds	7,385	0	4.00%				
	<u>18,000</u>	<u>1,195</u>					

Maine State Housing Authority
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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2012 SERIES A BONDS (S/F):							
2012 Series A-1 (AMT)							
Serial Bonds	42,610	0	2.60%				
Term Bonds	21,885	0	4.00%				
Term Bonds	22,575	1,520	4.50%	2026-2027	550	-	970
2012 Series A-3 (Non-AMT)							
Serial Bonds	5,000	0	2.70% - 2.85%				
Term Bonds	20,000	6,975	3.85%	2029		6,975	
	<u>112,070</u>	<u>8,495</u>					
2013 SERIES B BONDS (S/F):							
2013 Series B (Non-AMT)							
Serial Bonds	7,540	3,610	2.70% - 2.75%	2023-2024	1,775	-	1,835
Term Bonds	3,890	2,000	3.00%	2026-2027	985	-	1,015
Term Bonds	38,690	38,690	3.45%	2028-2032	7,215	-	8,280
Term Bonds	28,880	28,880	3.60%	2033-2036	2,230	-	9,205
Term Bonds	27,000	2,780	4.00%	2036-2037	1,220	-	1,560
	<u>106,000</u>	<u>75,960</u>					
2013 SERIES C BONDS (S/F-M/F):							
2013 Series C (Federally Taxable)							
Serial Bonds	61,900	9,000	3.09%	2023		9,000	
Term Bonds	24,910	5,765	3.84%	2027		5,765	
Term Bonds	8,560	5,700	4.32%	2029-2030	2,840	-	2,860
	<u>95,370</u>	<u>20,465</u>					
2014 SERIES A BONDS (S/F):							
2014 Series A-1 (AMT)							
Serial Bonds	5,595	0	2.40% - 2.85%				
Term Bonds	4,445	0	4.45%				
Term Bonds	11,545	2,200	3.25%	2038-2042	70	-	590
	<u>21,585</u>	<u>2,200</u>					
2014 SERIES C BONDS (S/F):							
2014 Series C-1 (AMT)							
Serial Bonds	14,860	4,475	3.00% - 3.10%	2023-2024	1,370	-	3,105
Term Bonds	2,000	0	3.63%				
Term Bonds	7,620	5,415	4.00%	2032-2034	1,800	-	1,810
Term Bonds	17,465	4,810	3.50%	2034-2041	265	-	1,180
2014 Series C-2 (Non-AMT)							
Term Bonds	29,000	29,000	3.75%	2030-2034	3,485	-	8,065
	<u>70,945</u>	<u>43,700</u>					
2015 SERIES A BONDS (M/F):							
2015 Series A-1 (AMT)							
Serial Bonds	13,485	5,390	2.88% - 3.05%	2023-2025	1,745	-	1,855
2015 Series A-2 (Non-AMT)							
Term Bonds	6,555	6,205	3.25%	2026-2029	525	-	2,675
2015 Series A-3 (Non-AMT)							
Serial Bonds	8,050	0	1.20%				
Term Bonds	11,220	11,220	3.50%	2030-2034	2,085	-	2,410
Term Bonds	13,505	13,505	3.63%	2035-2039	2,505	-	2,905
Term Bonds	16,225	16,225	3.75%	2040-2044	2,995	-	3,500
	<u>69,040</u>	<u>52,545</u>					
2015 SERIES B BONDS (S/F):							
2015 Series B (Non-AMT)							
Serial Bonds	9,750	4,510	1.85% - 2.60%	2021-2025	1,075	-	1,175
Term Bonds	10,750	10,750	3.20%	2026-2030	2,015	-	2,285
Term Bonds	1,610	1,610	3.45%	2031-2034	380	-	425
Term Bonds	9,890	2,805	3.50%	2035-2040	405	-	510
	<u>32,000</u>	<u>19,675</u>					
2015 SERIES C BONDS (M/F):							
2015 Series C (Federally Taxable)							
Serial Bonds	9,480	4,100	2.74% - 3.04%	2023-2025	1,325	-	1,410
Term Bonds	18,000	18,000	3.59%	2026-2030	3,190	-	4,100
Term Bonds	12,520	12,520	3.95%	2036-2040	2,315	-	2,700
	<u>40,000</u>	<u>34,620</u>					

Maine State Housing Authority
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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2015 SERIES D BONDS (S/F)							
2015 Series D (Non-AMT)							
Serial Bonds	7,105	3,800	2.80% - 3.30%	2023-2026	900	-	1,000
Term Bonds	3,340	1,130	3.75%	2030	1,130	-	
Term Bonds	4,890	4,890	4.00%	2031-2035	660	-	1,300
Term Bonds	7,585	0	4.25%				
Term Bonds	<u>7,080</u>	<u>2,385</u>	4.00%	2041-2045	365	-	605
	<u>30,000</u>	<u>12,205</u>					
2015 SERIES E BONDS (S/F)							
2015 Series E-1 (AMT)							
Serial Bonds	30,115	11,920	3.10% - 3.60%	2023-2026	2,580	-	4,155
Term Bonds	26,690	0	4.00%				
Term Bonds	26,325	8,650	3.50%	2031-2034	1,050	-	2,995
2015 Series E-2 (Non-AMT)							
Term Bonds	2,105	2,105	3.80%	2031-2033	650	-	755
Term Bonds	8,360	8,360	4.05%	2039-2040	4,085	-	4,275
Term Bonds	14,535	0	4.15%				
2015 Series E-3 (AMT)							
Term Bonds	<u>30,000</u>	<u>30,000</u>	Variable - 0.11%	2035-2038	5,455	-	8,975
	<u>138,130</u>	<u>61,035</u>					
2015 SERIES F BONDS (M/F)							
2015 Series F-2 (Non-AMT)							
Serial Bonds	2,450	2,000	2.35% - 2.85%	2023-2026		500	
2015 Series F-3 (Non-AMT)							
Serial Bonds	15,005	0	1.10%				
Term Bonds	6,340	6,270	3.40%	2027-2030	1,115	-	1,785
Term Bonds	9,565	9,565	3.85%	2031-2035	1,310	-	2,195
Term Bonds	<u>11,840</u>	<u>11,840</u>	3.95%	2036-2040	1,635	-	2,720
	<u>45,200</u>	<u>29,675</u>					
2015 SERIES G BONDS (S/F)							
2015 Series G (Non-AMT)							
Serial Bonds	8,185	6,905	2.35% - 3.00%	2023-2027	675	-	2,095
Term Bonds	1,730	1,730	3.35%	2028-2030	535	-	615
Term Bonds	2,125	2,125	3.65%	2031-2035	325	-	525
Term Bonds	12,060	12,060	3.85%	2036-2040	2,295	-	2,535
Term Bonds	<u>5,900</u>	<u>2,365</u>	3.50%	2041-2045	375	-	520
	<u>30,000</u>	<u>25,185</u>					
2016 SERIES A BONDS (S/F)							
2016 Series A (Non-AMT)							
Serial Bonds	6,065	4,705	1.40% - 2.45%	2021-2026	715	-	855
Term Bonds	6,520	6,520	2.90%	2027-2030	1,545	-	1,720
Term Bonds	4,630	4,630	3.30%	2031-2035	865	-	990
Term Bonds	10,900	10,900	3.55%	2036-2040	1,960	-	2,355
Term Bonds	<u>6,885</u>	<u>2,955</u>	4.00%	2041-2045	570	-	620
	<u>35,000</u>	<u>29,710</u>					
2016 SERIES B BONDS (S/F)							
2016 Series B-1 (Non-AMT)							
Serial Bonds	19,260	14,995	1.55% - 2.55%	2021-2027	1,890	-	2,410
Term Bonds	3,885	3,885	2.70%	2028-2029	1,675	-	2,210
Term Bonds	18,855	6,985	3.50%	2040-2046	425	-	1,155
2016 Series B-2 (AMT)							
Term Bonds	<u>28,000</u>	<u>28,000</u>	Variable - 0.11%	2029-2037	2,720	-	3,420
	<u>70,000</u>	<u>53,865</u>					
2016 SERIES C BONDS (S/F)							
2016 Series C (Non-AMT)							
Serial Bonds	13,620	12,730	1.30% - 2.50%	2021-2028	915	-	3,475
Term Bonds	5,670	5,670	2.75%	2029-2031	1,185	-	2,285
Term Bonds	8,975	8,975	3.00%	2032-2036	1,305	-	2,510
Term Bonds	3,355	3,355	3.15%	2037-2041	625	-	720
Term Bonds	<u>8,380</u>	<u>4,140</u>	3.50%	2042-2046	780	-	885
	<u>40,000</u>	<u>34,870</u>					

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2016 SERIES D BONDS (M/F)							
2016 Series D (Federally Taxable)							
Serial Bonds	32,000	32,000	2.24% - 2.99%	2023-2029	825	-	8,185
Term Bonds	8,000	8,000	3.29%	2030-2031		4,000	
	40,000	40,000					
2016 SERIES E BONDS (S/F)							
2016 Series E (Non-AMT)							
Serial Bonds	6,250	4,360	1.95% - 3.15%	2021-2027	645	-	800
Term Bonds	3,050	800	3.63%	2031		800	
Term Bonds	10,385	10,385	3.90%	2032-2036	1,940	-	2,230
Term Bonds	8,315	4,460	4.00%	2037-2046	385	-	505
	28,000	20,005					
2017 SERIES A BONDS (S/F)							
2017 Series A (Non-AMT)							
Serial Bonds	5,920	4,760	1.80% - 3.15%	2021-2028	580	-	765
Term Bonds	3,360	3,360	3.65%	2029-2032	790	-	895
Term Bonds	6,315	6,315	4.00%	2033-2037	1,170	-	1,360
Term Bonds	7,625	7,625	4.05%	2038-2042	1,405	-	1,645
Term Bonds	6,780	3,925	4.00%	2043-2047	645	-	1,195
	30,000	25,985					
2017 SERIES B BONDS (S/F)							
2017 Series B (Non-AMT)							
Serial Bonds	8,680	8,030	1.50% - 3.00%	2021-2030	655	-	1,010
Term Bonds	4,215	4,215	3.25%	2031-2032	2,090	-	2,125
Term Bonds	6,170	6,170	3.65%	2033-2037	1,150	-	1,325
Term Bonds	8,745	8,745	3.75%	2038-2044	1,115	-	1,355
Term Bonds	7,190	4,490	4.00%	2045-2047	1,490	-	1,525
	35,000	31,650					
2017 SERIES D BONDS (M/F)							
2017 Series D-1 (Non-AMT)							
Serial Bonds	13,175	8,620	1.55% - 2.95%	2021-2029	620	-	1,000
Term Bonds	14,320	14,320	3.50%	2033-2037	2,250	-	3,980
Term Bonds	5,870	5,870	3.65%	2038-2042	1,090	-	1,265
Term Bonds	7,810	7,810	3.75%	2043-2047	1,445	-	1,680
2017 Series D-2 (AMT)							
Term Bonds	50,000	50,000	Variable - 0.13%	2042-2046		10,000	
	91,175	86,620					
2017 SERIES E BONDS (S/F)							
2017 Series E (Federally Taxable)							
Term Bonds	60,000	60,000	Variable - 0.13%	2042-2052	5,000	-	10,000
	60,000	60,000					
2017 SERIES F BONDS (S/F)							
2017 Series F (Non-AMT)							
Serial Bonds	13,180	11,430	1.75% - 3.00%	2023-2030	970	-	1,675
Term Bonds	2,055	2,055	3.15%	2031-2032	1,005	-	1,050
Term Bonds	5,920	5,920	3.50%	2033-2037	1,090	-	1,280
Term Bonds	7,000	7,000	3.65%	2038-2042	1,320	-	1,490
Term Bonds	11,845	7,765	3.50%	2043-2047	1,210	-	2,635
	40,000	34,170					
2017 SERIES G BONDS (S/F - M/F)							
2017 Series G-1 (Federally Taxable)							
Term Bonds	55,000	55,000	Variable - 0.15%	2045-2050	8,290	-	10,090
2017 Series G-2 (Federally Taxable)							
Term Bonds	3,520	3,520	0.00%	2022		3,520	
	58,520	58,520					
2017 SERIES H BONDS (S/F)							
2017 Series H (Non-AMT)							
Serial Bonds	18,380	18,380	2.10% - 3.05%	2023-2030	1,105	-	4,510
Term Bonds	5,420	5,420	3.25%	2031-2033	1,750	-	1,865
Term Bonds	10,625	10,625	3.55%	2034-2037	2,515	-	2,795
Term Bonds	1,485	1,485	3.70%	2038-2042	275	-	320
Term Bonds	2,590	2,590	3.75%	2043-2047	480	-	555
	38,500	38,500					

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2018 SERIES A BONDS (S/F)							
2018 Series A (Non-AMT)							
Serial Bonds	13,510	9,335	2.40% - 3.25%	2023-2030	1,135	-	1,200
Term Bonds	3,680	3,680	3.50%	2031-2033	1,215	-	1,245
Term Bonds	8,630	8,630	3.75%	2034-2038	1,685	-	1,765
Term Bonds	9,180	9,180	3.90%	2039-2043	1,790	-	1,885
	<u>35,000</u>	<u>30,825</u>					
2018 SERIES B BONDS (S/F)							
2018 Series B (Non-AMT)							
Serial Bonds	10,565	7,205	2.40% - 3.10%	2023-2028	1,170	-	1,230
Term Bonds	6,005	6,005	3.50%	2029-2033	1,175	-	1,230
Term Bonds	11,270	11,270	3.75%	2034-2038	2,195	-	2,320
Term Bonds	12,160	12,160	3.85%	2039-2043	2,355	-	2,515
	<u>40,000</u>	<u>36,640</u>					
2018 SERIES C BONDS (S/F)							
2018 Series C (Non-AMT)							
Serial Bonds	14,200	10,310	2.25% - 3.25%	2023-2030	485	-	1,955
Term Bonds	4,080	4,080	3.55%	2031-2033	1,345	-	1,375
Term Bonds	7,195	7,195	3.85%	2034-2038	1,395	-	1,485
Term Bonds	9,595	9,595	3.95%	2039-2043	1,750	-	2,415
Term Bonds	9,930	8,265	4.00%	2044-2048	285	-	3,765
	<u>45,000</u>	<u>39,445</u>					
2018 SERIES D BONDS (S/F - M/F)							
2018 Series D-1 (Federally Taxable)							
Term Bonds	40,000	40,000	Variable - 0.59%	2043-2053	2,965	-	4,395
2018 Series D-2 (Federally Taxable)							
Term Bonds	3,150	3,150	0.00%	2023		3,150	
	<u>43,150</u>	<u>43,150</u>					
2018 SERIES F BONDS (S/F)							
2018 Series F (Non-AMT)							
Serial Bonds	7,710	5,930	2.65% - 3.70%	2023-2030	405	-	1,235
Term Bonds	3,745	3,745	3.85%	2031-2033	875	-	1,455
Term Bonds	6,450	0	4.13%				
Term Bonds	6,225	0	4.20%				
Term Bonds	10,300	8,735	4.25%	2044-2048	345	-	3,945
	<u>34,430</u>	<u>18,410</u>					
2019 SERIES A BONDS (S/F)							
2019 Series A (Non-AMT)							
Serial Bonds	12,670	11,655	1.85% - 3.05%	2021-2030	695	-	3,330
Term Bonds	4,305	4,305	3.45%	2031-2034	1,005	-	1,150
Term Bonds	2,605	2,605	3.80%	2035-2039	475	-	570
Term Bonds	10,880	10,880	4.00%	2040-2044	1,980	-	2,385
Term Bonds	9,005	7,925	4.00%	2046-2049	1,165	-	3,005
	<u>39,465</u>	<u>37,370</u>					
2019 SERIES B BONDS (S/F)							
2019 Series B (Non-AMT)							
Serial Bonds	18,075	17,305	1.70% - 2.80%	2021-2032	695	-	2,245
Term Bonds	1,470	1,470	2.95%	2033-2034	720	-	750
Term Bonds	10,615	10,615	3.15%	2035-2039	1,745	-	2,730
Term Bonds	9,840	9,840	3.35%	2040-2044	1,795	-	2,130
	<u>40,000</u>	<u>39,230</u>					
2019 SERIES C BONDS (S/F)							
2019 Series C (Non-AMT)							
Serial Bonds	8,415	7,855	1.35% - 2.45%	2021-2031	100	-	1,055
Term Bonds	6,350	6,350	2.75%	2032-2034	2,040	-	2,195
Term Bonds	5,250	5,250	3.00%	2035-2039	100	-	2,275
Term Bonds	10,270	10,270	3.20%	2040-2045	1,315	-	1,920
Term Bonds	8,825	8,315	4.00%	2047-2050	1,500	-	2,360
	<u>39,110</u>	<u>38,040</u>					
2019 SERIES D BONDS (M/F)							
2019 Series D (Federally Taxable)							
Term Bonds	4,220	4,220	0.00%	2024		4,220	
	<u>4,220</u>	<u>4,220</u>					

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2019 SERIES E BONDS (S/F)							
2019 Series E (Non-AMT)							
Serial Bonds	15,540	15,190	1.40% - 2.35%	2021-2031	640	-	3,430
Term Bonds	5,895	5,895	2.70%	2032-2034	1,935	-	1,995
Term Bonds	6,610	6,610	3.10%	2040-2044	1,230	-	1,415
Term Bonds	6,400	6,150	3.75%	2047-2049	550	-	2,860
	<u>34,445</u>	<u>33,845</u>					
2020 SERIES A BONDS (S/F)							
2020 Series A (Non-AMT)							
Serial Bonds	9,800	9,800	1.15% - 2.40%	2021-2032	680	-	955
Term Bonds	1,995	1,995	2.60%	2033-2034	980	-	1,015
Term Bonds	7,195	7,195	2.85%	2035-2039	1,050	-	1,750
Term Bonds	8,645	8,645	3.00%	2040-2044	1,620	-	1,840
Term Bonds	6,715	6,535	3.75%	2047-2049	930	-	4,025
	<u>34,350</u>	<u>34,170</u>					
2020 SERIES B BONDS (M/F)							
2020 Series B (Non-AMT)							
Serial Bonds	12,000	12,000	1.00% - 1.10%	2022-2024		4,000	
Term Bonds	7,000	7,000	2.10%	2033-2035	2,140	-	2,530
Term Bonds	14,275	14,275	2.35%	2036-2040	2,690	-	3,015
Term Bonds	7,755	7,755	2.50%	2041-2045	1,470	-	1,640
Term Bonds	8,970	8,970	2.60%	2046-2050	1,695	-	1,900
	<u>50,000</u>	<u>50,000</u>					
2020 SERIES C BONDS (S/F)							
2020 Series C (Non-AMT)							
Serial Bonds	12,765	12,765	1.35% - 2.50%	2022-2032	950	-	1,675
Term Bonds	5,315	5,315	2.70%	2033-2035	1,715	-	1,830
Term Bonds	9,640	9,640	3.00%	2036-2040	1,770	-	2,055
Term Bonds	11,235	11,045	4.00%	2044-2050	370	-	2,215
	<u>38,955</u>	<u>38,765</u>					
2020 SERIES D BONDS (S/F)							
2020 Series D (Non-AMT)							
Serial Bonds	10,280	10,280	0.90% - 2.20%	2024-2032	990	-	1,310
Term Bonds	4,390	4,390	2.30%	2033-2035	1,090	-	2,170
Term Bonds	7,580	7,580	2.55%	2036-2040	1,270	-	2,215
Term Bonds	12,750	12,750	2.80%	2041-2045	1,465	-	4,120
	<u>35,000</u>	<u>35,000</u>					
2020 SERIES E BONDS (M/F)							
2020 Series E (Federally Taxable)							
Serial Bonds	40,000	40,000	2.02% - 2.74%	2026-2033	4,600	-	5,455
	<u>40,000</u>	<u>40,000</u>					
2020 SERIES F BONDS (S/F)							
2020 Series F (Non-AMT)							
Serial Bonds	10,465	10,465	0.30% - 1.75%	2022-2032	395	-	1,135
Term Bonds	3,415	3,415	2.00%	2033-2035	1,100	-	1,175
Term Bonds	6,535	6,535	2.15%	2036-2040	1,215	-	1,395
Term Bonds	7,710	7,710	2.25%	2041-2045	1,440	-	1,655
Term Bonds	11,875	11,875	2.40%	2046-2050	1,705	-	4,705
	<u>40,000</u>	<u>40,000</u>					
2020 SERIES G BONDS (S/F)							
2020 Series G (Non-AMT)							
Serial Bonds	25,180	25,180	0.50% - 2.20%	2024-2035	1,035	-	5,315
Term Bonds	10,465	10,465	2.38%	2036-2040	1,960	-	2,215
	<u>35,645</u>	<u>35,645</u>					
2020 SERIES H BONDS (S/F - M/F)							
2020 Series H (Federally Taxable)							
Serial Bonds	27,345	27,345	1.70% - 2.57%	2026-2032	3,800	-	4,055
Term Bonds	12,655	12,655	2.67%	2033-2035	4,130	-	4,310
	<u>40,000</u>	<u>40,000</u>					
Plus: Net Unamortized Bond Premium		1,555,700					
		<u>2,637</u>					
Total Mortgage Purchase Fund	<u>2,065,605</u>	<u>1,558,337</u>					
Total Proprietary Funds	<u>\$2,065,605</u>	<u>\$1,558,337</u>					

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds			
GOVERNMENTAL FUNDS								
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND								
2010 Series 1 (Non-AMT) Serial Bonds	\$39,970	\$22,630	3.00% - 5.00%	2021-2026	355	-		
2010 Series 2 (Taxable) Serial Bonds	9,630	0	3.03%					
		22,630						
Plus: Net Unamortized Bond Premium		101						
Total Maine Energy, Housing & Recovery Fund Group	49,600	22,731						
Total Governmental Funds	\$49,600	\$22,731						

The following table summarizes the debt activity for the year ended December 31, 2020:

Fund	Outstanding at December 31, 2019	Issues	Retirement	Outstanding at December 31, 2020
Mortgage Purchase Fund	\$1,419,645	\$313,950	(\$177,895)	\$1,555,700
Maine Energy, Housing & Economic Recovery Fund	25,970	0	(3,340)	22,630
Total	\$1,445,615	\$313,950	(\$181,235)	\$1,578,330

Interest on bonds is payable semi-annually for the Mortgage Purchase Fund and the Maine Energy, Housing & Economic Recovery Fund. Scheduled principal payments on bonds are due November 15 for the Mortgage Purchase Fund and June 15 for the Maine Energy, Housing & Economic Recovery Fund.

The interest calculations shown in the table below are based on the variable rate in effect at December 31, 2020 and may not be indicative of actual interest expense that will be incurred. As rates vary, variable rate bond interest payments and net swap payments will vary. The following table provides a summary of MaineHousing's bond debt service requirements and net interest rate swap payments through 2025 and in five-year increments thereafter to maturity:

Year(s)	Mortgage Purchase Fund					Maine Energy, Housing & Economic Recovery Fund	
	Fixed and Variable Unswapped		Variable Swapped		Swaps	Fixed	
	Principal	Interest	Principal	Interest	Net Interest	Principal	Interest
2021	\$12,475	\$39,256	\$230	\$234	\$3,308	\$3,450	\$810
2022	17,810	38,912	255	233	3,300	3,565	697
2023	53,270	38,712	285	233	2,949	3,680	579
2024	54,405	37,562	295	233	2,597	3,800	424
2025	45,240	36,456	305	232	2,512	3,990	252
2026-2030	301,075	161,268	7,480	1,153	8,946	4,145	87
2031-2035	316,260	113,435	32,125	1,076	4,739	0	0
2036-2040	232,505	67,685	37,120	808	427	0	0
2041-2045	181,275	32,100	48,290	659	0	0	0
2046-2050	130,615	9,684	56,710	229	0	0	0
2051-2055	27,675	186	0	0	0	0	0
Total	\$1,372,605	\$575,256	\$183,095	\$5,090	\$28,778	\$22,630	\$2,849

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MaineHousing's bonds are a special obligation of MaineHousing and do not constitute a debt or liability of the State of Maine. The bonds are secured in accordance with bond resolutions. Security for bonds in the Mortgage Purchase Fund includes the mortgage loans made or purchased under the resolution and all monies and investments in the fund and accounts pledged under the resolution. Bonds in the Mortgage Purchase Fund may be redeemed in excess of the annual maturities in accordance with the terms of the resolution. Bonds in the Maine Energy, Housing & Economic Recovery Fund are secured by a portion of the Real Estate Transfer Tax revenues collected by the State of Maine and the bonds may be redeemed in excess of the annual maturities beginning on June 15, 2020.

Notes Payable

Notes payable outstanding at December 31, 2020 are recorded in the General Administrative Fund and are as follows:

- 1.) A \$4,200 note payable to the Federal Home Loan Bank (FHLB) at a fixed rate of 0%, maturing December 28, 2021. The note is collateralized with a \$4,999 FHLB debt security that is being held in trust in MaineHousing's name.

The proceeds from this note are used exclusively in accordance with FHLB's *Helping to House New England (HHNE)* program, which is designed to support affordable housing initiatives through the six New England Housing Finance Agencies. In 2020, MaineHousing received \$500 from the FHLB in connection with this arrangement and the HHNE program.

- 2.) A \$15,471 note payable to TD Bank, N.A. at a fixed rate of 3.20%, maturing November 1, 2033. Principal and interest payments are due monthly based on a 20-year amortization.

The proceeds from this note were used for the acquisition and rehabilitation of an office building for MaineHousing. The note is secured by a mortgage agreement on the property and a \$2,403 non-negotiable certificate of deposit held with the lender.

The following table provides a summary of note payment requirements through 2025 and in five-year increments thereafter to maturity:

Year(s)	Principal	Interest	Total
2021	\$4,795	\$493	\$5,288
2022	615	474	1,089
2023	636	453	1,089
2024	655	434	1,089
2025	678	411	1,089
2026-2030	3,738	1,705	5,443
2031-2033	8,554	714	9,268
Total	<u>\$19,671</u>	<u>\$4,684</u>	<u>\$24,355</u>

Moral Obligation Debt

The reserve funds of the Mortgage Purchase Fund are secured by a non-binding obligation (moral obligation) from the State of Maine to replenish by appropriation any deficiency in such reserve funds. MaineHousing is authorized to have an aggregate amount not to exceed \$2,150,000 of outstanding bonds secured by this obligation. Of that amount, \$1,555,700 was outstanding at December 31, 2020.

Other Debt

MaineHousing uses its tax-exempt debt issuing authority to provide financial assistance to private sector developers for the acquisition and rehabilitation, or the construction of multi-family housing projects serving low-to-moderate income households. The debt, which is referred to as conduit debt, is collateralized by revenues generated by the properties financed and is repayable solely from payments received on the underlying mortgage loans and any specific third-party credit enhancement associated with the individual financings. MaineHousing has a total of \$28,208 outstanding at December 31, 2020. The debt does not constitute a liability or a pledge of faith and credit of MaineHousing and is not reported in the accompanying financial statements.

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(6.) INTEREST RATE SWAP AGREEMENTS

MaineHousing has twelve interest rate swap agreements (swaps) with four counterparties as of December 31, 2020. The objective of the agreements is to attain a synthetic fixed interest rate on a portion of its variable rate bonds at a cost expected to be less than rates associated with fixed-rate debt. The swap agreement terms state MaineHousing is to make semi-annual fixed interest rate payments at a specified rate on a notional principal amount and in exchange receive semi-annual payments based upon either the thirty-day or ninety-day London InterBank Offered Rate (LIBOR) or the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA).

The swaps have an aggregate negative fair value of \$18,409 at December 31, 2020. During 2020, the fair value of the swaps decreased by \$7,549. The fair value was estimated using a zero-coupon method and Level 3 inputs. This method calculates the future net settlement payments required by the swaps, assuming that the current forward rates implied by the current yield curve correctly anticipate future spot interest rates. These payments are then discounted using 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. These amounts are adjusted for estimated unwinding costs.

The swaps have been determined to constitute an effective hedge of a portion of the variable rate bond portfolio equal to the notional amount of the swaps at December 31, 2020 by using the regression analysis and synthetic instrument methods. The aggregate fair value is classified as a derivative instrument liability and a deferred outflow of resources, which represents the accumulated decrease in fair value. Variable rate bonds outstanding at December 31, 2020 total \$283,095.

The following table contains the terms, fair values, and credit ratings of the swaps as of December 31, 2020. Specific swaps are assigned to certain debt issuances for arbitrage purposes. The credit ratings were issued by Moody's Investor Services and Standard & Poor's, respectively.

Related Debt Issuance	Current Notional Amount	Effective Date of Swap	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
2005 Series G	\$20,095	2/1/2006	3.59%	65% of 30 day LIBOR plus .20%	(\$7,281)	11/15/2037	Aa2/A+
2015 Series E-3	5,000	11/15/2016	1.15%	70% of 30 day LIBOR	(239)	11/15/2025	Aa2/AA-
2015 Series E-3	5,000	11/15/2019	1.40%	70% of 30 day LIBOR	(413)	11/15/2029	Aa3/A+
2015 Series E-3 1	20,000	11/15/2015	1.60%	67% of 30 day LIBOR	(1,029)	11/15/2025	A1/A
2016 Series B-2	8,000	5/15/2017	1.61%	70% of 30 day LIBOR	(571)	11/15/2031 2	Aa2/AA-
2016 Series B-2	20,000	11/15/2017	1.66%	70% of 30 day LIBOR	(1,485)	11/15/2031 2	Aa2/AA-
2017 Series D-2	10,000	11/15/2019	1.87%	75% of 30 day LIBOR plus 0.46%	(670)	11/15/2026	Aa3/A+
2017 Series D-2	12,500	11/15/2018	2.57%	70% of 30 day LIBOR plus 0.45%	(1,676)	11/15/2028	Aa3/A+
2017 Series D-2	12,500	11/15/2018	2.59%	70% of 30 day LIBOR plus 0.45%	(2,307)	11/15/2033	Aa3/A+
2017 Series D-2	15,000	1/29/2008	3.71%	100% of SIFMA plus .06%	(1,331)	5/15/2023	Aa2/A+
2017 Series G-1	25,000	11/15/2019	1.90%	100% of 30 day LIBOR	(2,270)	11/15/2026	A1/A
2017 Series G-1	30,000	11/15/2020	0.88%	100% of 90 day LIBOR	863	11/15/2035	A1/A
Totals	<u><u>\$183,095</u></u>				<u><u>(\$18,409)</u></u>		

1. The terms and conditions of Swap have been amended effective May 15, 2021 as presented in table below.
2. MaineHousing has the option of termination, with no Termination Payment on November 15, 2026 and on each May 15 and November 15 thereafter.

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The following table contains the terms and credit ratings of executed swap agreements with effective dates after December 31, 2020:

Related Debt Issuance	Initial Notional Amount	Effective Date of Swap	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
2015 Series E-3	20,000	5/15/2021	1.46%	67% of 30 day LIBOR	n/a	11/15/2032	A1/A
2017 Series E	25,000	11/15/2021	1.69%	100% of 30 day LIBOR	n/a	11/15/2032	Aa3/A+
Totals	<u><u>\$45,000</u></u>						

Credit Risk – The swaps contain varying collateral agreements with the counterparties in order to mitigate the potential for credit risk. The requirements of the collateral agreements are met as of December 31, 2020. MaineHousing is not exposed to credit risk for the swaps that have negative fair values. At December 31, 2020, there is one swap that has a positive fair value of \$863. This amount represents MaineHousing's credit exposure to the related counterparty and the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. Fair value is only a factor upon termination.

Basis Risk – The floating rate payments provided by the counterparties are based upon either the SIFMA index or the LIBOR index. MaineHousing's floating rate bonds will have rates adjusted weekly. The LIBOR rate will be adjusted on a monthly basis, except for 2017 Series G-1, which is adjusted on a quarterly basis. MaineHousing's bonds are expected to track with the SIFMA Index, which differs from the LIBOR index. If the floating rate tax exempt bonds, which should correspond to the SIFMA index, trade at a value significantly different than their historical relationship to LIBOR, the net cost to MaineHousing could increase or decrease. As of December 31, 2020, the thirty day LIBOR rate and the ninety day LIBOR rate were 0.14% and 0.24%, respectively and the SIFMA rate was 0.09%.

Termination Risk – In addition to the optional terminations embedded in some of MaineHousing's swap agreements, agreements may be terminated in whole or in part prior to the respective maturities of the bonds under certain circumstances (including certain events of default with respect to MaineHousing or the swap providers). Following certain terminations of the swap agreements, either MaineHousing or the swap providers, as applicable, may owe a termination payment equal to the fair value of the swap to the other, depending upon market conditions and the events that caused such swap agreements to terminate. Under certain circumstances, this termination payment could be substantial. Such termination payment by MaineHousing would be payable on a basis subordinate to the payments on the bonds.

Rollover Risk – MaineHousing is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt.

(7.) RETIREMENT BENEFITS

MaineHousing has defined contribution and defined benefit pension plans that cover substantially all employees. Employees have the option to participate in either plan.

Defined Contribution Plan

The defined contribution plan consists of a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and a separate plan created under the provisions of the Internal Revenue Code Section 401(a).

Benefit terms, including contribution requirements, for the defined contribution plan are established by management. For each participant in the plan, MaineHousing contributes 2.8% of annual salary to the 401(a) plan. Additionally, if a participant makes voluntary contributions to the 457 plan, MaineHousing matches the contributions up to 7.7% of annual salary. The employer match contribution is made to the 401(a) plan.

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For the year ended December 31, 2020, employee contributions totaled \$706 and MaineHousing recognized expense of \$511. Employees are immediately vested in their own contributions, MaineHousing contributions, and the earnings on those contributions.

Defined Benefit Plan

Plan Description: MaineHousing is a participating local district (PLD) member of the Maine Public Employees Retirement System's (MainePERS) PLD Consolidated Retirement Plan and employees may elect to participate in this multiple-employer cost sharing defined benefit plan. An advisory group established by Maine statute reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them.

Benefits Provided: Retirement benefits are based on participants' average final compensation and service credit earned as of retirement. Vesting occurs upon the earning of five years of service credit. The normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years (20 years for participants in the plan prior to July 1, 2014) of service credit is reduced by a statutorily prescribed factor for each year of age that a participant is below her/his normal retirement age at retirement.

Post-retirement cost-of-living adjustments (COLA) become available to participants after 24 months of retirement. The post-retirement COLA is capped at 2.5% annually. The plan also provides disability and death benefits, which are established by contract under applicable statutory provisions.

Upon termination, accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and rights. The annual rate of interest credited to participants' accounts is set by MainePERS Board of Trustees and is currently 1.92%.

Contributions: Retirement benefits are funded by contributions from participants and employers and by earnings from MainePERS investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Participant and employer normal cost contributions are each a percentage of applicable participant compensation. Participant contribution rates are defined by law or by the MainePERS Board of Trustees. Employers' contributions are determined by actuarial valuations. As of December 31, 2020, the established MainePERS employer contribution rate is 10.1% and employee contribution rates are 8.10% for participants with a normal retirement age of 60 and 7.35% for participants with a normal retirement age of 65. MaineHousing pays on behalf of its employees 0.40% of the MainePERS employee contribution rate. Total employer contributions were \$480 for the year ended December 31, 2020.

Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method – The Entry Age Normal cost method is used to determine costs. Under this cost method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each member. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his/her expected future salary. The normal cost for each member is the product of his/her pay and his/her normal cost rate. The normal cost for the group is the sum of the normal costs for all members. Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

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Asset Valuation Method – The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization – The net pension liability is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Actuarial Assumptions: The actuarial valuation as of June 30, 2020 and June 30, 2019 used the following actuarial assumptions:

Investment Rate of Return – 6.75% per annum, compounded annually.

Inflation Rate – 2.75%.

Annual Salary Increases, including Inflation – 2.75% plus merit component based on each employee's year of service for 2020 and 2.75% to 9.00% for 2019.

Cost of Living Benefit Increases – 1.91%

Mortality Rates – RP 2014 Total Dataset Healthy Annuitant Mortality Table for males and females.

The actuarial assumptions used in the June 30, 2020 and June 30, 2019 valuations were based on the results of an actuarial experience study covering the period June 30, 2012 through June 30, 2015 and the economic assumptions are based on this experience study along with advice of the MainePERS investment consultants.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equities	30.0%	6.0%
US Government	7.5%	2.3%
Private Equity	15.0%	7.6%
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	7.2%
Diversifiers	10.0%	5.9%

Discount Rate: The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that participant contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Net Pension Liability: At December 31, 2020, MaineHousing has a liability of \$2,819 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. MaineHousing's proportion of the net pension liability was based on MaineHousing's employer contributions received by MainePERS during the measurement period July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all participating entities. MaineHousing's proportion was 0.709590% at December 31, 2020. The proportion was 0.746717% at December 31, 2019.

Sensitivity of MaineHousing's proportionate share of the net pension liability to changes in the discount rate: The following represents MaineHousing's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what MaineHousing's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

1% Decrease <u>@ 5.75%</u> \$5,925	Current Discount Rate <u>@ 6.75%</u> \$2,819	1% Increase <u>@ 7.75%</u> \$277
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Changes in net pension liability are recognized in pension expense for the year ended December 31, 2020 with the following exceptions:

Differences Between Expected and Actual Experience – The difference between expected and actual experience with regard to economic or demographic factors was recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the 2020 valuation, this was three years and for the 2019 valuation this was four years.

Differences Between Projected and Actual Investment Earnings – Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions – Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The actuarial assumptions for the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions – Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The first year is recognized as pension expense and the remaining years are shown either as deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:
For the year ended December 31, 2020, MaineHousing recognized pension expense of \$404 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$169	\$31
Employer contributions subsequent to the measurement date	225	0
Net difference between projected and actual earnings on pension plan investments	183	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	212
Total	<u><u>\$577</u></u>	<u><u>\$243</u></u>

Amounts reported as deferred outflows of resources related to pensions for MaineHousing's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense through December 31, 2024 as follows:

Year ended December 31:	Pension Expense
	Amount
2021	(\$200)
2022	(\$2)
2023	\$155
2024	\$156

Payables to the Pension Plan: At December 31, 2020, MaineHousing's total payable to MainePERS for unremitted contributions is \$30.

Pension plan fiduciary net position: Detailed information about the plan's fiduciary net position is available in the separately issued MainePERS' Comprehensive Annual Financial Report at www.mainepers.org.

(8.) AVAILABLE BONDS PROCEEDS

MORTGAGE PURCHASE FUND

The following bond proceed amounts are invested in the various bond proceed sub-accounts of the Bond Proceeds Fund of the Mortgage Purchase Fund and are available for the purchase of mortgages:

2018 Series D-2 (M/F)	\$1,928
2019 Series A (S/F)	8,472
2019 Series D (M/F)	4,263
2020 Series B (M/F)	36,904
2020 Series D (S/F)	1,337
2020 Series F (S/F)	38,504
2020 Series G (S/F)	33,140
2020 Series H (S/F, M/F)	<u>7,590</u>
	<u><u>\$132,138</u></u>

Maine State Housing Authority
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MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND

The following bond proceed amounts are invested in accordance with the Maine Energy, Housing and Recovery General Indenture and are available for program activities:

2010 Series 1	\$86
2010 Series 2	135
	<hr/>
	<hr/> \$221

(9.) COMMITMENTS

MORTGAGE COMMITMENTS

Mortgage commitments are agreements to loan money provided there is no violation of any term or condition established in the agreement. Generally, once exercised, the loans made under the terms of such commitments are secured by a lien on the related property and other collateral as MaineHousing deems necessary. At December 31, 2020, MaineHousing had outstanding commitments in several funds to originate multi-family mortgage loans of approximately \$126,946. MaineHousing, under its single-family program, enters into purchase agreements with lenders to purchase mortgage loans. At December 31, 2020, single-family loans being processed by lenders for MaineHousing totaled approximately \$42,689.

LEASE COMMITMENT

MaineHousing had a lease agreement for approximately 39,000 square feet of office space that expired on June 30, 2020. Expense amounted to \$396 for the year ended December 31, 2020. MaineHousing acquired and developed property for its business office and relocated in June 2020. The total development cost for the new office building was approximately \$15,700.

(10.) RESERVE FUNDS

MORTGAGE PURCHASE FUND – HOUSING RESERVE FUND

On or before December 1 of each year, MaineHousing is required to value the Housing Reserve Fund and verify to the Governor of the State of Maine that the sum of money in the fund equals or exceeds the Housing Reserve Fund Minimum Requirement. The Housing Reserve Fund Minimum Requirement equals the amount of principal and interest maturing and coming due in the next succeeding calendar year on bonds outstanding. The Housing Reserve Fund Minimum Requirement as of December 31, 2020 was \$80,719. When issuing bonds MaineHousing must also meet the Housing Reserve Fund Maximum Requirement. The Housing Reserve Fund Maximum Requirement equals the maximum debt service required in any subsequent calendar year. The Housing Reserve Fund Maximum Requirement as of December 31, 2020 was \$132,744.

In calculating the Housing Reserve Minimum and the Housing Reserve Maximum requirements, MaineHousing assumes a 12% rate for variable rate bonds, which is the maximum interest rate under the terms of the bonds. Swap payments and receipts are not included in the calculation. At December 31, 2020, valuation of the investments in the Housing Reserve Fund, computed at the lower of par or cost in accordance with the General Mortgage Purchase Program Bond Resolution, was \$146,729.

MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND – CAPITAL RESERVE FUND

MaineHousing is required to maintain a Capital Reserve Fund in an amount equal to the Capital Reserve Fund Requirement established under the General Indenture. The Capital Reserve Fund Requirement equals the greatest amount of principal and interest maturing and becoming due in the current or any succeeding bond year. The Capital Reserve Requirement as of December 31, 2020 was \$4,320. This requirement may be satisfied by the deposit of money or by the deposit of a Credit Facility or an insurance policy for the benefit of the bondholders.

Between July 1 and July 15 of each year, MaineHousing must certify to the Treasurer of the State the amount necessary and sufficient to meet MaineHousing's debt service obligation, including amounts necessary to replenish the Capital Reserve Fund to the Capital Reserve Requirement. At December 31, 2020, valuation of the Capital Reserve Fund insurance policy in the Capital Reserve Fund was \$4,320.

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(11.) EXCESS ARBITRAGE TO BE REBATED

Tax-exempt bonds issued by MaineHousing are subject to Internal Revenue Service regulations that limit the amount of income that can be earned with non-mortgage investments to an amount not greater than the amount that would have been earned had the funds been invested at the yield on the bonds. Excess earnings must be rebated every five years. At December 31, 2020, there are no arbitrage liabilities to be rebated.

Prior rebate payments made by MaineHousing that are eligible for refund from the United States Treasury, based on estimated arbitrage rebate calculations, are recorded as a receivable in other assets. MaineHousing has receivables in the amount of \$184 in the Mortgage Purchase Fund at December 31, 2020.

(12.) FUND TRANSFERS AND INTERFUND BALANCES

MaineHousing records transfers between funds for various purposes including program subsidies, fees and capital asset transfers. Transfers for the year ended December 31, 2020 consisted of the following:

	General Administrative Fund	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Other Federal and State Programs
Capital Assets	\$17	\$0	\$0	(\$16)	(\$1)
Program Subsidies	(500)	457	0	0	43
Program Administrative Fees	1,061	0	(1,061)	0	0
	\$578	\$457	(\$1,061)	(\$16)	\$42
	=====	=====	=====	=====	=====

MaineHousing reports interfund balances among its funds. These balances generally consist of amounts for various revenues or expenses due to a fund, but received or paid to another and funds for loan closings. These amounts are generally paid or received within the subsequent year.

Interfund accounts receivable (payable) balances at December 31, 2020 consisted of the following:

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Maine Energy, Housing & Economic Recovery Program	Other Federal and State Programs
Receivable due from:								
Mortgage Purchase Fund	\$0	\$0	\$3,374	\$0	\$0	\$0	\$0	\$0
General Adminstrative Fund	0	0	0	1,217	0	0	0	811
Other Federal And State Programs	86	0	803	5,256	34	0	0	0
Collectively, all other funds	0	0	16	0	0	0	0	0
	86	0	4,193	6,473	34	0	0	811
Payables	(3,374)	(14)	(2,028)	(34)	(684)	(205)	(2)	(5,256)
	(\$3,288)	(\$14)	\$2,165	\$6,439	(\$650)	(\$205)	(\$2)	(\$4,445)

The receivable amounts of the General Administrative Fund consist primarily of operating expenses owed from the Mortgage Purchase Fund, Section 8 Housing Programs, and Low Income Home Energy Assistance Program. The General Administrative Fund payable amounts consist mainly of program funds received and due to the HOME Fund and Other Federal and State Programs. The receivable amount of the HOME fund consists primarily of advancements for program expenditures owed from the Other Federal and State Programs.

Maine State Housing Authority
Notes to Financial Statements – December 31, 2020
(IN THOUSANDS OF DOLLARS)

(13.) REDEMPTION OF BONDS

For the year ended December 31, 2020, MaineHousing redeemed prior to maturity \$174,585 of its Mortgage Purchase Fund bonds from recoveries of principal and surplus revenues. Gains of \$403 were attributed to the recognition of related bond premium. The following is a summary of bonds redeemed:

	Interest Rate	Original Maturity	Amount	Redemption Price
2012 Series A-1 Term Bonds	4.50%	11/15/2028	\$940	100%
2012 Series A-1 Term Bonds	4.50%	11/15/2028	895	100%
2012 Series A-3 Serial Bonds	2.70%	11/15/2021	1,000	100%
2012 Series A-3 Serial Bonds	2.85%	11/15/2022	1,000	100%
2012 Series B-2 Serial Bonds	2.65%	11/15/2021	315	100%
2012 Series B-2 Serial Bonds	2.80%	11/15/2022	325	100%
2012 Series B-2 Serial Bonds	2.95%	11/15/2023	350	100%
2013 Series B Serial Bonds	2.20%	11/15/2021	1,685	100%
2013 Series B Serial Bonds	2.45%	11/15/2022	1,735	100%
2013 Series B Term Bonds	4.00%	11/15/2043	1,340	100%
2013 Series B Term Bonds	4.00%	11/15/2043	1,290	100%
2013 Series C Serial Bonds	2.74%	11/15/2021	9,000	100%
2013 Series C Serial Bonds	2.99%	11/15/2022	9,000	100%
2013 Series C Term Bonds	3.84%	11/15/2027	11,530	100%
2013 Series D-2 Term Bonds	4.50%	11/15/2037	1,840	100%
2013 Series D-2 Term Bonds	4.50%	11/15/2037	1,925	100%
2013 Series D-2 Term Bonds	4.50%	11/15/2037	1,345	100%
2014 Series A-1 Term Bonds	3.25%	11/15/2043	600	100%
2014 Series A-1 Term Bonds	3.25%	11/15/2043	550	100%
2014 Series C-1 Serial Bonds	2.55%	11/15/2021	3,045	100%
2014 Series C-1 Serial Bonds	2.80%	11/15/2022	3,065	100%
2014 Series C-1 Term Bonds	3.50%	11/15/2044	920	100%
2014 Series C-1 Term Bonds	3.50%	11/15/2044	885	100%
2015 Series A-1 Serial Bonds	2.50%	11/15/2021	1,650	100%
2015 Series A-1 Serial Bonds	2.75%	11/15/2022	1,700	100%
2015 Series B Serial Bonds	1.55%	11/15/2020	1,055	100%
2015 Series B Serial Bonds	2.10%	11/15/2022	1,095	100%
2015 Series B Term Bonds	3.50%	11/15/2040	675	100%
2015 Series B Term Bonds	3.50%	11/15/2040	645	100%
2015 Series C Serial Bonds	2.40%	11/15/2021	1,260	100%
2015 Series C Serial Bonds	2.55%	11/15/2022	1,290	100%
2015 Series D Serial Bonds	2.00%	11/15/2020	810	100%
2015 Series D Serial Bonds	2.35%	11/15/2021	845	100%
2015 Series D Serial Bonds	2.60%	11/15/2022	870	100%
2015 Series D Term Bonds	4.00%	11/15/2045	485	100%
2015 Series D Term Bonds	4.00%	11/15/2045	465	100%
2015 Series D Term Bonds	4.25%	11/15/2040	7,585	100%
2015 Series E-1 Serial Bonds	2.60%	11/15/2021	2,570	100%
2015 Series E-1 Serial Bonds	2.90%	11/15/2022	2,575	100%
2015 Series E-1 Term Bonds	3.50%	11/15/2035	1,525	100%
2015 Series E-1 Term Bonds	3.50%	11/15/2035	1,465	100%
2015 Series E-2 Term Bonds	4.15%	11/15/2045	11,625	100%
2015 Series F-1 Serial Bonds	2.00%	11/15/2020	2,200	100%
2015 Series F-1 Serial Bonds	2.20%	11/15/2021	2,200	100%
2015 Series F-2 Serial Bonds	2.05%	11/15/2022	450	100%

Maine State Housing Authority
Notes to Financial Statements – December 31, 2020
(IN THOUSANDS OF DOLLARS)

	Interest Rate	Original Maturity	Amount	Redemption Price
2015 Series G Serial Bonds	2.00%	11/15/2021	630	100%
2015 Series G Serial Bonds	2.15%	11/15/2022	650	100%
2015 Series G Term Bonds	3.50%	11/15/2045	425	100%
2015 Series G Term Bonds	3.50%	11/15/2045	410	100%
2016 Series A Serial Bonds	1.30%	11/15/2020	690	100%
2016 Series A Term Bonds	4.00%	11/15/2045	545	100%
2016 Series A Term Bonds	4.00%	11/15/2045	530	100%
2016 Series B-1 Serial Bonds	1.35%	11/15/2020	1,830	100%
2016 Series B-1 Term Bonds	3.50%	11/15/2046	1,520	100%
2016 Series B-1 Term Bonds	3.50%	11/15/2046	1,450	100%
2016 Series C Serial Bonds	1.10%	11/15/2020	890	100%
2016 Series C Term Bonds	3.50%	11/15/2046	665	100%
2016 Series C Term Bonds	3.50%	11/15/2046	645	100%
2016 Series E Serial Bonds	1.70%	11/15/2020	620	100%
2016 Series E Serial Bonds	2.15%	11/15/2022	670	100%
2016 Series E Term Bonds	4.00%	11/15/2046	1,295	100%
2016 Series E Term Bonds	4.00%	11/15/2046	65	100%
2016 Series E Term Bonds	4.00%	11/15/2046	640	100%
2017 Series A Serial Bonds	1.55%	11/15/2020	555	100%
2017 Series A Serial Bonds	2.00%	11/15/2022	605	100%
2017 Series A Term Bonds	4.00%	11/15/2047	875	100%
2017 Series A Term Bonds	4.00%	11/15/2047	230	100%
2017 Series A Term Bonds	4.00%	11/15/2047	535	100%
2017 Series B Serial Bonds	1.25%	11/15/2020	650	100%
2017 Series B Term Bonds	4.00%	11/15/2047	1,030	100%
2017 Series B Term Bonds	4.00%	11/15/2047	115	100%
2017 Series B Term Bonds	4.00%	11/15/2047	585	100%
2017 Series D-1 Serial Bonds	1.38%	11/15/2020	1,175	100%
2017 Series D-1 Serial Bonds	1.55%	11/15/2021	380	100%
2017 Series F Serial Bonds	1.25%	11/15/2020	890	100%
2017 Series F Term Bonds	3.50%	11/15/2047	1,040	100%
2017 Series F Term Bonds	3.50%	11/15/2047	750	100%
2017 Series F Term Bonds	3.50%	11/15/2047	945	100%
2018 Series A Serial Bonds	1.95%	11/15/2020	1,525	100%
2018 Series A Serial Bonds	2.10%	11/15/2021	1,520	100%
2018 Series A Serial Bonds	2.25%	11/15/2022	1,130	100%
2018 Series B Serial Bonds	2.00%	11/15/2020	1,060	100%
2018 Series B Serial Bonds	2.15%	11/15/2021	1,135	100%
2018 Series B Serial Bonds	2.25%	11/15/2022	1,165	100%
2018 Series C Serial Bonds	1.85%	11/15/2020	940	100%
2018 Series C Serial Bonds	2.00%	11/15/2021	1,175	100%
2018 Series C Serial Bonds	2.13%	11/15/2022	1,235	100%
2018 Series C Term Bonds	4.00%	11/15/2048	505	100%
2018 Series C Term Bonds	4.00%	11/15/2048	670	100%
2018 Series E Serial Bonds	2.40%	11/15/2021	4,050	100%
2018 Series E Serial Bonds	2.55%	11/15/2022	4,050	100%
2018 Series E Term Bonds	4.15%	11/15/2038	6,100	100%
2018 Series E Term Bonds	4.25%	11/15/2043	5,370	100%
2018 Series F Serial Bonds	2.35%	11/15/2021	555	100%
2018 Series F Serial Bonds	2.50%	11/15/2022	380	100%
2018 Series F Term Bonds	4.13%	11/15/2038	5,295	100%
2018 Series F Term Bonds	4.20%	11/15/2041	6,225	100%

Maine State Housing Authority
Notes to Financial Statements – December 31, 2020
(IN THOUSANDS OF DOLLARS)

	Interest Rate	Original Maturity	Amount	Redemption Price
2018 Series F Term Bonds	4.25%	11/15/2048	380	100%
2018 Series F Term Bonds	4.25%	11/15/2048	1,065	100%
2019 Series A Serial Bonds	1.75%	11/15/2020	715	100%
2019 Series A Serial Bonds	2.05%	11/15/2022	300	100%
2019 Series A Term Bonds	4.00%	11/15/2049	115	100%
2019 Series A Term Bonds	4.00%	11/15/2049	175	100%
2019 Series A Term Bonds	4.00%	11/15/2049	790	100%
2019 Series B Serial Bonds	1.60%	11/15/2020	770	100%
2019 Series C Serial Bonds	1.25%	11/15/2020	560	100%
2019 Series C Serial Bonds	4.00%	11/15/2050	325	100%
2019 Series C Term Bonds	4.00%	11/15/2050	185	100%
2019 Series E Serial Bonds	1.35%	11/15/2020	350	100%
2019 Series E Term Bonds	3.75%	11/15/2049	250	100%
2020 Series A Term Bonds	3.75%	11/15/2049	180	100%
2020 Series C Term Bonds	4.00%	11/15/2050	190	100%
			\$174,585	

(14.) CONTINGENCIES

MaineHousing is subject to various legal proceedings and claims that arise in the normal course of its business. MaineHousing also receives funding from federal government agencies. These funds are to be used for designated purposes only and are subject to financial and compliance audits and the resolution of identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time. In the opinion of management, the ultimate resolution of these actions will not materially affect the accompanying financial statements.

(15.) SUBSEQUENT EVENTS

Subsequent to December 31, 2020, MaineHousing issued and committed to redeem bonds. The following is a summary of subsequent event transactions.

On March 18, 2021, MaineHousing issued, at par, \$50,000 of bonds in the General Mortgage Purchase Bond Resolution as follows:

	Interest Rate	Maturity	Amount	Issued Price
2021 Series A Serial Bonds	0.30%-0.60%	2023-2026	\$21,000	100%
2021 Series A Term Bonds	1.85%	2036	6,000	100%
2021 Series A Term Bonds	2.05%	2041	7,000	100%
2021 Series A Term Bonds	2.15%	2046	8,000	100%
2021 Series A Term Bonds	2.20%	2051	8,000	100%
			\$50,000	

Maine State Housing Authority
Notes to Financial Statements – December 31, 2020
(IN THOUSANDS OF DOLLARS)

On March 8, 2021, MaineHousing committed to redeem, at par, \$40,370 of bonds in the General Mortgage Purchase Bond Resolution on April 12, 2021 as follows:

	Interest Rate	Maturity	Amount	Redemption Price
2013 Series C Serial Bonds	3.09%	11/15/2023	\$9,000	100%
2013 Series C Term Bonds	3.84%	11/15/2027	5,765	100%
2013 Series C Term Bonds	4.32%	11/15/2030	5,700	100%
2014 Series C-1 Term Bonds	4.00%	11/15/2034	1,810	100%
2015 Series F-3 Term Bonds	3.85%	11/15/2035	7,370	100%
2016 Series E Term Bonds	3.90%	11/15/2036	4,375	100%
2017 Series A Term Bonds	4.00%	11/15/2037	4,955	100%
2018 Series C Term Bonds	3.85%	11/15/2038	1,395	100%
			<u><u>\$40,370</u></u>	

On March 19, 2021, MaineHousing committed to redeem, at par, \$3,450 of bonds in the Maine Energy, Housing, & Economic Recovery Bond Resolution on April 23, 2021 as follows:

	Interest Rate	Maturity	Amount	Redemption Price
2010 Series 1 Serial Bonds	4.00%	6/15/2021	\$780	100%
2010 Series 1 Serial Bonds	3.00%	6/15/2021	2,670	100%
			<u><u>\$3,450</u></u>	

The *Consolidated Appropriations Act, 2021*, was enacted by the United States Congress on December 21, 2020 and signed into law December 27, 2020. Included within this legislation is the *Coronavirus Response and Relief Supplemental Appropriations Act, 2021*, which provides for additional financial relief for the COVID-19 pandemic in the United States.

This Act contains federal spending provisions through the U.S. Treasury Department for grants to states to fund emergency rental assistance, rental arrears, and utility costs for households at risk of homelessness or housing instability due to the pandemic. The State of Maine was awarded \$200 million for this purpose and MaineHousing will be the administering state agency.

MAINE STATE HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF SELECTED PENSION INFORMATION - UNAUDITED
PRESENTED FOR YEARS INFORMATION IS AVAILABLE
FOR THE YEAR ENDED DECEMBER 31, 2020
(IN THOUSANDS OF DOLLARS)

Schedule of MaineHousing's Proportionate Share of Net Pension Liability

Last Ten Fiscal Years

As of Measurement Date of June 30:

	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.709590%	0.746717%	0.834117%	0.906494%	0.922203%	1.181151%	1.420739%
Employer's Proportionate Share of the Net Pension Liability	\$2,819	\$2,282	\$2,823	\$3,712	\$4,899	\$3,768	\$2,186
Employer's Covered-Employee Payroll	\$4,567	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598	\$4,691
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	61.7%	50.2%	60.6%	75.9%	101.9%	81.9%	46.6%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	88.3%	90.6%	91.1%	86.4%	81.6%	88.3%	94.1%

Schedule of MaineHousing's Pension Contributions

Last Ten Fiscal Years

As of Measurement Date of June 30:

	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$480	\$477	\$490	\$513	\$505	\$483	\$492
Contributions in Relation to Contractually Required Contribution	\$480	\$477	\$490	\$513	\$505	\$483	\$492
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Employer's Covered Employee Payroll	\$4,567	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598	\$4,691
Contributions as a Percentage of Covered Employee Payroll	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%

The above schedules are intended to show information for 10 years. Retroactive information is not required to be presented. Information will be presented each year until 10 years of such information is available.

Notes to Required Supplementary Information

Changes of Benefit Terms:

There were no changes of benefit terms for the measurement period ended of June 30, 2020.

Changes of Assumptions:

There were no changes of assumptions for the measurement period ended of June 30, 2020.

MAINE STATE HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2020

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant/Contract/Pass-through Identifying Number</u>	<u>Amounts Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Housing and Urban Development:				
Section 8 Project-Based Cluster:				
Section 8 New Construction and Substantial Rehabilitation	14.182	B3,055	\$ -	\$ 13,700,041
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	ME901MR	-	704,334
Total Section 8 Project-Based Cluster			-	14,404,375
Housing Voucher Cluster:				
Section 8 Housing Choice Voucher Program	14.871	ME901	-	31,782,742
COVID-19 – Section 8 Housing Choice Voucher Program	14.871	COVID-19/ME901	-	310,560
Section 8 Mainstream Voucher Program	14.879	ME901MS5	-	125,687
Total Housing Voucher Cluster				32,218,989
Section 8 Performance Based Contract Administrator Program	14.327	ME800CC001	-	64,525,166
COVID-19 Section 8 Performance Based Contract Administrator Program	14.327	COVID-19	-	31,931
Continuum of Care Program – Planning Program	14.267	ME0102L1T001400	-	359,980
Continuum of Care Program – Coordinated Entry Program	14.267	ME0119L1T001902	-	29,344
Continuum of Care Program – Rental Assistance Program	14.267	ME0113L1T001600	-	506,845
Continuum of Care Program – Youth Homelessness Demonstration Program	14.267	ME0127Y1T001800	-	60,515
Family Self-Sufficiency Program	14.896	ME901FSH086A015	-	62,467
Emergency Solutions Grants Program	14.231	E-20-DC-23-0001	-	1,451,738
COVID-19 – Emergency Solutions Grants Program	14.231	COVID-19/E-20-DW-23-0001	-	3,293,843
Homeless Management Information Systems Technical Assistance	14.261	ME0017L1T001407	-	326,504
HOME Investment Partnerships Program	14.239	M-16-SG-23-0100	-	3,232,568
Housing Trust Fund	14.275	F-16-SG-23-0100	-	2,754,308
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	MELHD029816	-	757,086
Housing Counseling Assistance Program	14.169	HC150341003	-	24,108
Family Unification Program – Building Youth Futures	14.880	CFS-17-8501A	-	5,523
Section 811 Project Rental Assistance Program	14.326	ME36DRD1301	-	29,657
Subtotal – U.S. Department of Housing and Urban Development			-	124,074,947

MAINE STATE HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended December 31, 2020

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant/Contract/Pass-through Identifying Number</u>	<u>Amounts Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Energy: Weatherization Assistance for Low-Income Persons	81.042	EE0007924	\$ 2,526,238	\$ 2,526,238
U.S. Department of Health and Human Services: Low Income Home Energy Assistance	93.568	G-2101MELIEA	10,041,732	43,228,778
COVID-19 – Low Income Home Energy Assistance	93.568	COVID-19/G2001MEE5C3	–	1,004,449
Pass-through from the State of Maine Department of Health and Human Services: Maine State Opioid Response Program	93.788	6H79TI081734-01	–	447,694
TANF Cluster: Temporary Assistance for Needy Families (TANF) State Programs	93.558	OFIMOU 11/8/17	–	1,786,349
Subtotal – U.S. Department of Health and Human Services			10,041,732	46,467,270
U.S. Department of the Treasury: Pass-through from the State of Maine Department of Administrative and Financial Services: COVID-19 – Coronavirus Relief Fund – Rent Relief Program	21.019	COVID-19/SLT0029/SLT0081	15,359,623	15,359,623
U.S. Department of Homeland Security: Pass-through from the State of Maine Department of Defense, Veterans and Emergency Management: COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	COVID-19/FEMA-4522-DR-ME	–	3,576,642
Total Expenditures of Federal Awards			\$27,927,593	\$192,004,720

See accompanying notes to Schedule of Expenditures of Federal Awards.

MAINE STATE HOUSING AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2020

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Maine State Housing Authority (MaineHousing) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of MaineHousing, it is not intended to and does not present the financial position, changes in net position, or cash flows of MaineHousing.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures under the COVID-19 Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program are required to be reported when eligible expenditures are incurred by MaineHousing and approved by the Federal Emergency Management Agency. Amounts to subrecipients are determined to be expended when payment is made to the subrecipient after eligible expenditures have been incurred.

3. Indirect Cost Rate

MaineHousing has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Maine State Housing Authority

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Maine State Housing Authority (MaineHousing), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise MaineHousing's basic financial statements, as listed in the table of contents, and have issued our report thereon dated March 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MaineHousing's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MaineHousing's internal control. Accordingly, we do not express an opinion on the effectiveness of MaineHousing's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MaineHousing's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MaineHousing's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Newman & Noyes LLC

Portland, Maine

March 26, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Commissioners
Maine State Housing Authority

Report on Compliance for Each Major Federal Program

We have audited Maine State Housing Authority's (MaineHousing's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of MaineHousing's major federal programs for the year ended December 31, 2020. MaineHousing's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of MaineHousing's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MaineHousing's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of MaineHousing's compliance.

Opinion on Each Major Federal Program

In our opinion, MaineHousing complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

MaineHousing's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. MaineHousing's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of MaineHousing is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered MaineHousing's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MaineHousing's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questions costs as item 2020-001, that we consider to be a significant deficiency.

The Board of Commissioners
Maine State Housing Authority

MaineHousing's response to the internal control over compliance findings identified in our audit is described in the accompanying *schedule of findings and questioned costs*. MaineHousing's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the remaining aggregate fund information of Maine State Housing Authority (MaineHousing), a component unit of the State of Maine, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise MaineHousing's basic financial statements as listed in the table of contents. We issued our report thereon dated March 26, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to those audited financial statements subsequent to March 26, 2021.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Newman & Noyes LLC

Portland, Maine
March 7, 2022

MAINE STATE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2020

Section I – Summary of Auditors’ Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Type of auditors’ report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major programs:

<u>CFDA Numbers:</u>	<u>Name of Federal Program or Cluster:</u>
14.871 & 14.879	Housing Voucher Cluster (Section 8 Housing Choice Voucher Program; COVID-19 Section 8 Housing Choice Voucher Program; Section 8 Mainstream Voucher Program)
14.239	HOME Investment Partnerships Program
21.019	COVID-19 – Coronavirus Relief Fund – Rent Relief Program
97.036	COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Dollar threshold used to distinguish between Type A and Type B programs:	\$3,000,000
Auditee qualified as low-risk auditee?	Yes

MAINE STATE HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended December 31, 2020

Section II – Financial Statement Findings

Findings related to the financial statements which are required to be reported
in accordance with *Government Auditing Standards*:

None

Section III – Findings and Questioned Costs for Federal Awards

2020-001: Coronavirus Relief Fund, Rent Relief Program – Subrecipient Monitoring

Federal Program: COVID-19 – Coronavirus Relief Fund, Rent Relief Program

CFDA No.: 21.019

Federal Agency: U.S. Department of the Treasury

Pass-Through Entity: State of Maine Department of Administrative and Financial Services

Federal Award Identification Number: COVID-19/SLT0029/SLT0081

Repeat Finding: This is not a repeat finding

Criteria –

CFR 200.332 states that pass through-entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. Pass-through entities must also monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward and that subaward performance goals are achieved.

Condition and context –

MaineHousing did not document formal written subrecipient monitoring procedures.

Questioned Cost –

None.

Cause –

The rollout of the Rent Relief Program was intended to get money to subrecipients and beneficiaries as timely as possible. Due to time constraints, MaineHousing was unable to draft formal subrecipient monitoring policies for the funds prior to disbursement.

Possible Asserted Effect –

Without formal documented subrecipient monitoring procedures, there is an increased risk that required subrecipient monitoring criteria as outlined in CFR 200.332 are not followed.

Recommendations –

We recommend that MaineHousing formally document its subrecipient monitoring procedures as required in CFR 200.332 and maintain documentation as to how these procedures are carried out.

*Management's Views and
Corrective Action Plan –*

Management's response is included in "Management's Views and Corrective Action Plan" included at the end of this report after the Summary Schedule of Prior Audit Findings.

MAINE STATE HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2020

II. Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*:

No matters were reported.

III. Findings and Questioned Costs for Federal Awards

Findings required to be reported in accordance with 2 CFR 200.516(a):

No matters were reported.



**Management's Views and Corrective Action Plan
for Maine State Housing Authority
For the Year Ended December 31, 2020**

Finding 2020-001: Coronavirus Relief Fund, Rent Relief Program – Subrecipient Monitoring

Name of Contact Person: Daniel Drost, Director of Energy and Housing Services

Corrective Action Plan: MaineHousing agrees that monitoring procedures were not formally documented. However, certain monitoring procedures were performed and additional procedures are planned.

The program was part of an emergency response by the federal government to the COVID-19 pandemic and had a limited duration that began on March 1, 2020 and ended December 30, 2020. A subrecipient arrangement with the State of Maine was executed in September 2020 and a program delivery system had to be expeditiously designed and implemented.

Long-standing partnerships with the Maine Community Action Agencies (MCAA) were used to deliver the program. The MCAs serve as MaineHousing subrecipients for a number of other federal programs. MaineHousing has extensive knowledge of the MCAs business practices and internal controls for these programs and performs regular monitoring procedures of the MCAs. This knowledge and the ongoing monitoring procedures were relied upon.

In addition, the processing of applications and payments were specifically monitored by reviewing weekly reports provided by each MCAA. All questionable transactions, anomalies, and reports of misuse of funds were promptly investigated and addressed. MaineHousing will obtain a Single Audit Reports for each MCAA and review them to determine if federal statutes, regulations, and program requirements were met. Corrective action plans for noncompliance issues will be required and MaineHousing will review for appropriateness and proper resolution.

Proposed Completion Date: March 31, 2022

Asset Management Department Memorandum

To: MaineHousing Board of Commissioners
From: Robert Conroy – Director, Asset Management
Date: April 12, 2022
Subject: April Board Report - Asset Management

Recovery House Update

To help combat the record numbers of overdoses and deaths from substance abuse, MaineHousing made up to \$875,000 of Recovery Housing Program (RHP) funds available under an RFP for qualified developers to produce, preserve and/or rehabilitate transitional rental housing for households in recovery from a substance use disorder who are low- or moderate-income. The Recovery Housing Program (RHP) is a pilot program funded by the SUPPORT for Patients and Communities Act. RHP-funding is for transitional housing to cover a period of not more than 24 months or until the individual secures permanent housing, whichever is earlier. All RHP-funded units must serve households with low- or moderate-income (80% or less of Area Median Income) for a minimum of 30 years.

We are now in our second year of working with the 17 Recovery Houses statewide. The following is the performance data as of the 4th quarter of 2021:

Residence	Sum of Total Operating Exp.	Average # of Tenants	Average OpEx Per Tenant
29 Shaw Street	\$6,988.80	3	\$1,164.80
63 Washington	\$7,769.00	7	\$390.12
756 Main Street	\$5,773.42	6	\$530.86
87 Ohio St (Fresh Start)	\$15,986.00	9	\$576.14
93 Western Ave (Enso LLC)	\$22,647.42	16	\$499.05
Beacon House (Amistad)	\$32,120.79	6	\$1,702.50
Breaking The Cycle	\$24,197.00	7	\$1,210.03

CARL - Caribou Residence	\$9,976.00	6	\$589.64
Journey House Recovery - Lewiston	\$10,907.00	7	\$553.14
Journey House Recovery - Sanford Men's	\$11,553.00	8	\$468.93
Journey House Recovery - Sanford Women's	\$8,963.00	7	\$448.55
Journey House Recovery - South Portland	\$14,373.00	7	\$684.43
Patty's Place (Amistad)	\$53,773.10	9	\$2,173.82
Safe Harbor	\$30,623.02	5	\$2,233.30
The Friends House	\$16,073.00	10	\$553.61
Twilight Drive	\$31,621.41	8	\$1,317.56
Wabanaki Public Health	\$20,822.84	6	\$1,934.79
Grand Total	\$324,167.80	8	\$988.82



Communications & Planning Department Memorandum

To: Board of Commissioners

From: Erik C. Jorgensen

Date: April 19, 2022

Subject: April, 2022 Board Report

The Communications and Planning Department is pleased to report on its activities during March and early April, 2022.

New Staff Member:

Later this month we will welcome to our department Jamie Johnson, who has been appointed by Dan Brennan to the position of MaineHousing's Planning and Operations Director. Jamie brings to this position a wealth of experience with our agency, along with a deep resume of qualifications around process improvement, administrative management, and Lean continuous improvement. In addition, she recently completed her MBA at Thomas College.

An employee here since 2007, Jamie has worked in the Housing Choice Voucher and Asset Management departments, most recently as the HCV Administrative manager. In her new position, she will be working across the agency on process and operational improvement initiatives, as well as in strategic planning. This is a function that we feel will be increasingly important during this time of agency growth, and having a person in this role who knows the agency already will assure that she can start the job quickly.

Press:

Communications Director Scott Thistle notes that Dan Brennan has recently appeared "in about 20 different reports on several subjects, including homelessness, affordable housing, weatherization and HEAP."

These appearances have included the Bangor Daily News, Maine Public, WSCH News Center, WMTW and WGME television. Dan also was a panelist with Efficiency Maine Trust's Michael Stoddard and the director of the Governor's Energy office, Dan Burgess on WGAN on Sunday, March 20 - the show, which can be heard using the following link, was on energy resources:

[Maine Points: Energy Resources for Mainers | Newsradio WGAN](#)

Meanwhile, CPD's Clyde Barr was featured on a panel of housing experts on MPBN's *Maine Calling* on Friday, March 25:

[The lack of affordable, accessible housing to rent or buy in Maine, and some proposed solutions | Maine Public](#)

At the beginning of the month -- Dan made the Bangor Daily News weekend paper in this report on affordable housing, by Lia Russell:

[Bangor eyes new development to combat housing crunch \(bangordailynews.com\)](#)

Finally, Dan also recorded a video segment for the MEREDA Conference-- which will be taking place in May.

Last week the change in mortgage interest rates, along with the announcement that MaineHousing would be increasing its down payment assistance for first-time homebuyers resulted in a flurry of stories and headlines that were picked up by both print and electronic media outlets statewide.

Scott noted that “In general, Dan has been in steady demand, and has been very generous with his time, doing an average of five media interviews a week --- nearly one-a-day.”

Outreach:

At the end of March, I presented on the topic of MaineHousing and municipalities at the annual meeting of the Maine Town and City Managers’ Association, in Bangor. It was my first foray back to the world of in-person meeting presentations and it offered a sense of normalcy, along with a traditional conference center lunch (if you are thinking breaded chicken you are thinking on the right track). I was part of a panel, along with developer Nathan Szanton, former Portland city planner and MIT instructor Jeff Levine, as well as Cape Elizabeth Town Manager Matt Sturgis. The conversation ranged from development decisions, zoning restrictions, NIMBY-ism and Maine Housing’s programs, especially the Community Solutions Grant.

Website:

Attached is the monthly website traffic report for March. Overall, rental programs (especially emergency rent relief), home ownership and Energy and Home Services accounted for most of the traffic on our site.

We were interested to note that leading the cities from which people visited our website this month was Boston, which sent more visitors than any city in Maine this month. Visitors from Boston generally followed similar patterns as visitors from Maine, with rental assistance and homebuyer programs leading the places where they landed.

Sharp observers might also note a burst of activity from Greenville, South Carolina. This is the home of a company that we have been using in our rental affordability index research.

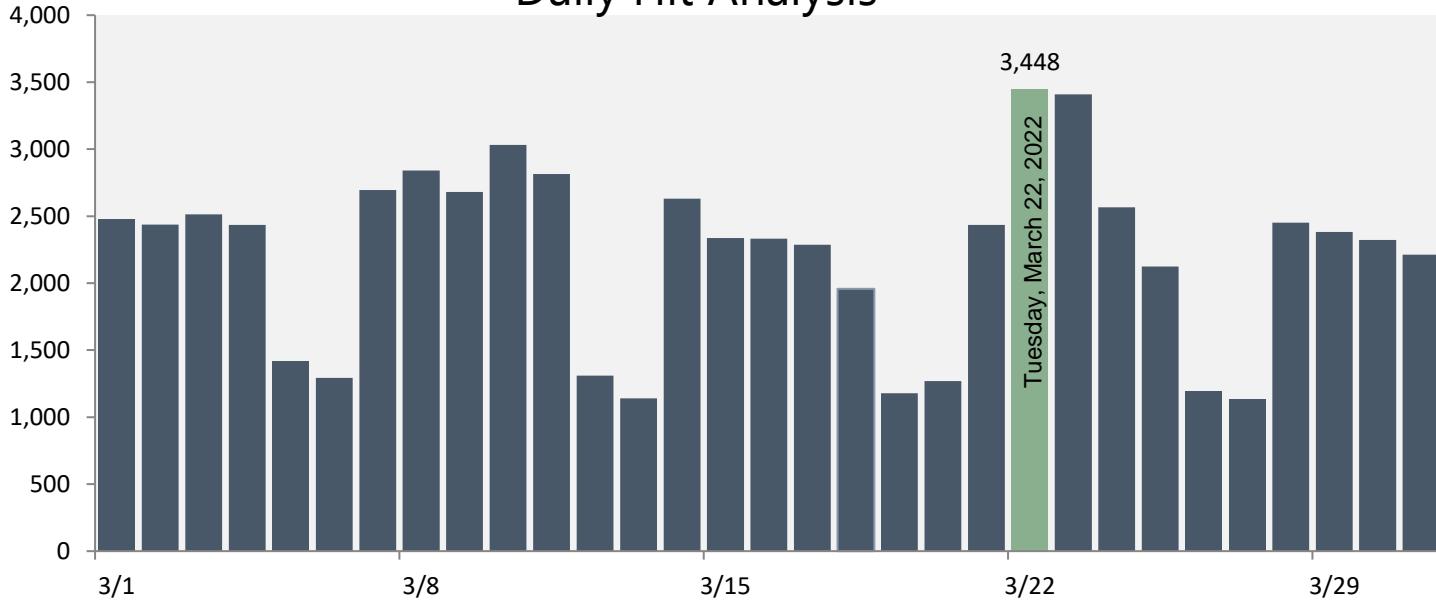
Reporting:

I am attaching a recent report to the legislature that MaineHousing authored in response to LD 1269 on the subject of fair housing in Maine. This report is an object lesson in the complexity of the regulatory matrix within which MaineHousing operates. The original purpose of this bill was to assure that, regardless of changes to Federal policy, Maine would continue to adhere to fair housing standards. MSHA was ultimately assigned the task of reporting to the legislature on its fair housing efforts as well as documenting similar efforts from other PHA's in Maine. This proved to be a much more complex challenge than anticipated, but the resulting report serves as a guide to how fair housing rules are applied.

March 2022 - MaineHousing Website Statistics

Hit Summary

Daily Hit Analysis

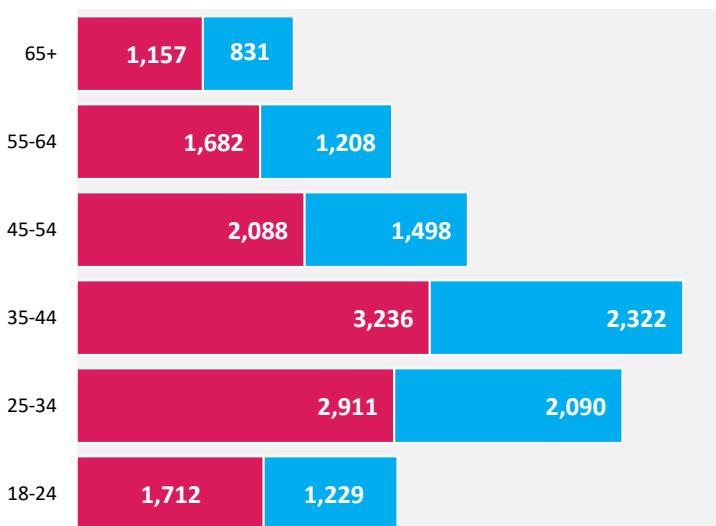


Hits	Unique Hits	Page Loads	Avg Page Views	Avg Duration	Avg Bounce
66,272	53,610	127,980	1.93	0:02:00	54.6%

Demographics Summary

Demographic information collected by Google Analytics via a 3rd party collection tool. Age and gender are estimated numbers based upon several features present on a users mobile device, brower history, and other factors. Users must have previously allow this information to be collected through browser or app settings.

AGE & GENDER



58%



42%

TOP CITIES

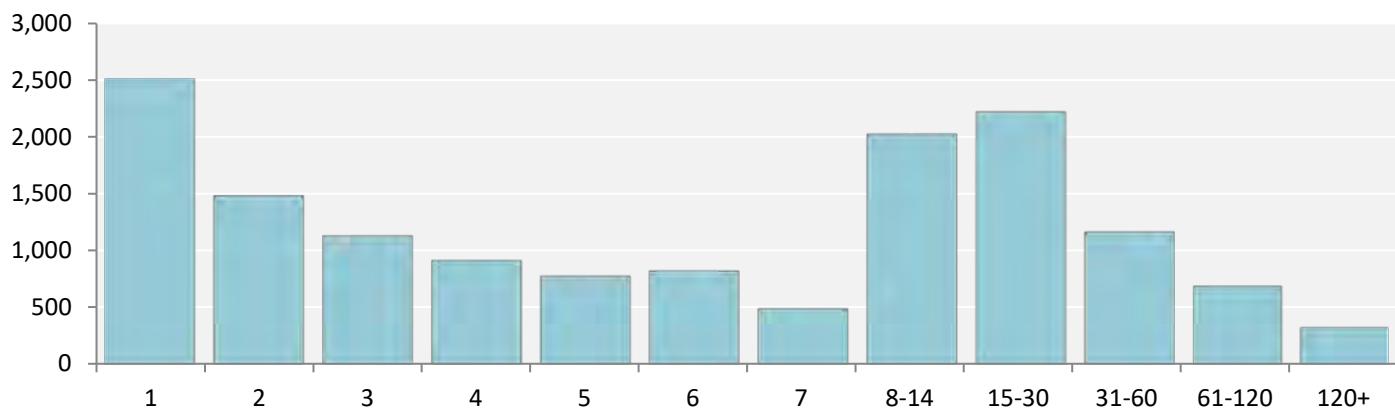
Boston, MA	4,856
Portland, ME	4,415
Lewiston, ME	3,131
Bangor, ME	3,035
Augusta, ME	2,611
Greenville, SC	1,961
New York, NY	1,812
Waterville, ME	1,562
Manchester, NH	1,389
South Portland, ME	1,242

Top Cities account for 39.25% of all website traffic.
290

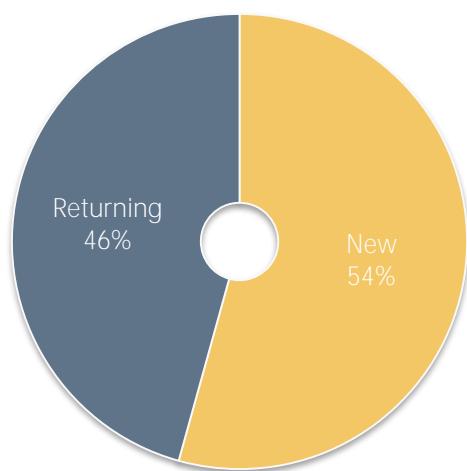
Visitor Engagement

Demographic information collected by Google Analytics via a 3rd party collection tool. Age and gender are estimated numbers based upon several features present on a users mobile device, brower history, and other factors.

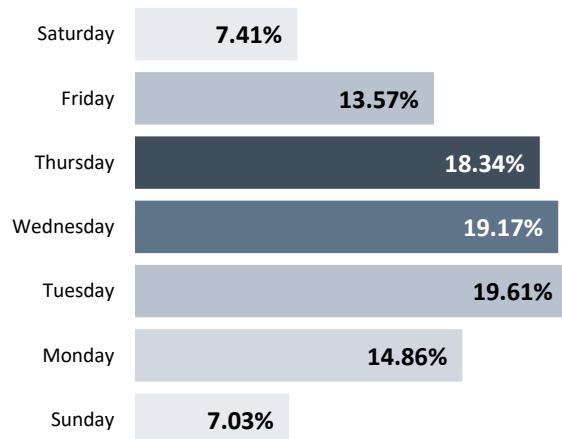
DAYS SINCE LAST SESSION



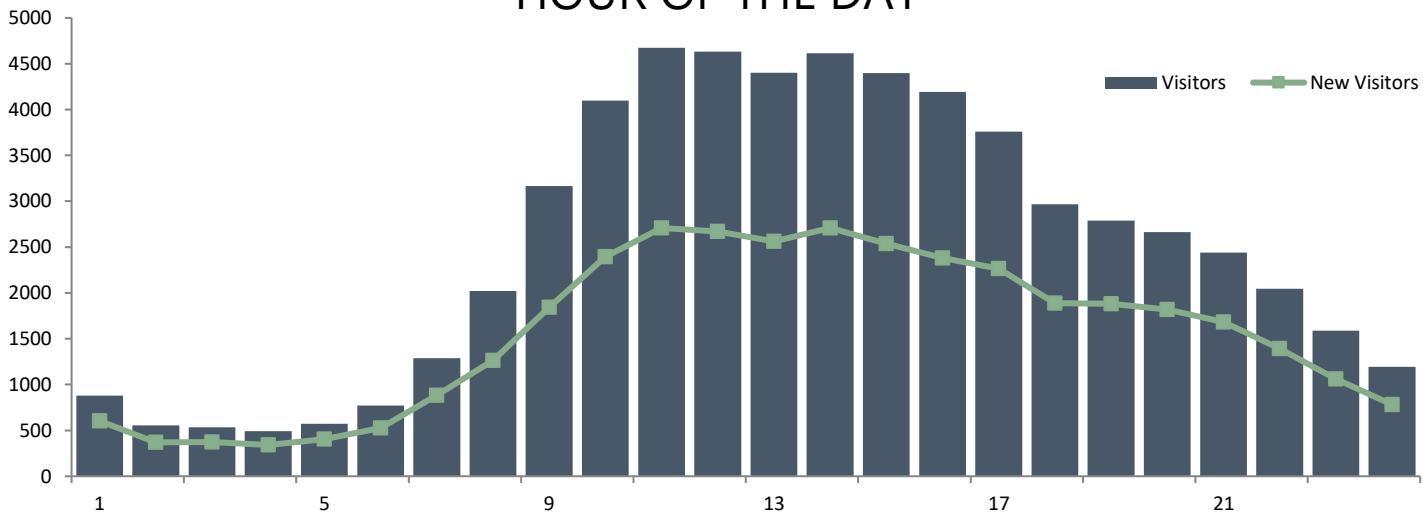
NEW & RETURNING VISITORS



DAYS OF THE WEEK



HOUR OF THE DAY

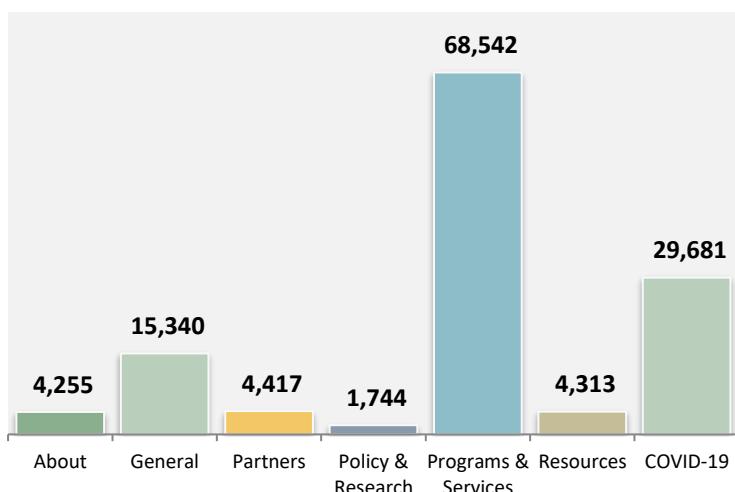


Popular Content

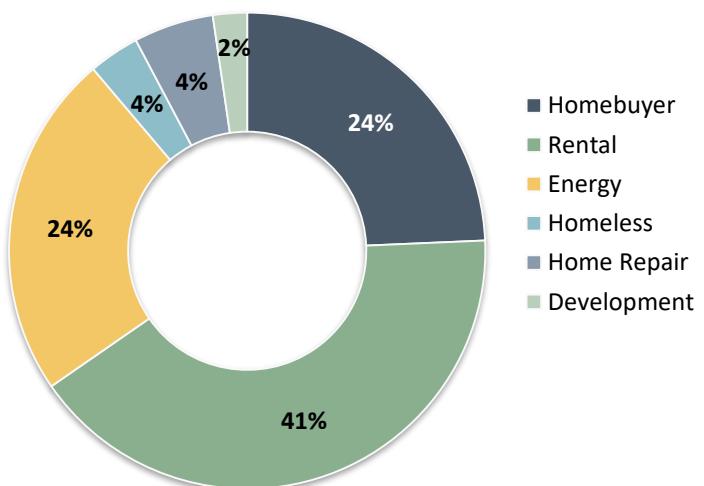
Popular content on our site is defined by pages and or sections of our site that have the highest visits. Below content has been categorized by page, program area and content sections. COVID-19 was added in March of 2020.

Page Title	Hits
Emergency Rental Assistance Program	24,168
MaineHousing Website	13,150
First Home Loan Detail Page	8,590
HEAP - Do you need help heating your home	6,727
First Home Loan Landing Page	4,912
HEAP Income Eligibility	4,739
ERA Program Calculator	4,555
Home Energy Assistance Program	4,316
Subsidized Housing	3,947
HEAP Agency Contacts	3,419
Rental Assistance	3,352
Homebuyer Income & Purchase Limits	2,900
MaineHousing Lenders	2,609
Housing Choice Vouchers	2,360
Contact MaineHousing	1,818
Home Repair	1,522
Weatherization Program	1,400
Homeless Initiatives	1,345
Current Interest Rates	1,225
Emergency Shelters	1,219
Rent - Income Charts	1,102
Homebuyer Programs	1,098
Error - Page Cannot Be Found	1,077
Leaving MaineHousing Website	974
hoMEworks Homebuyer Education Classes	948

Popular Content By Program

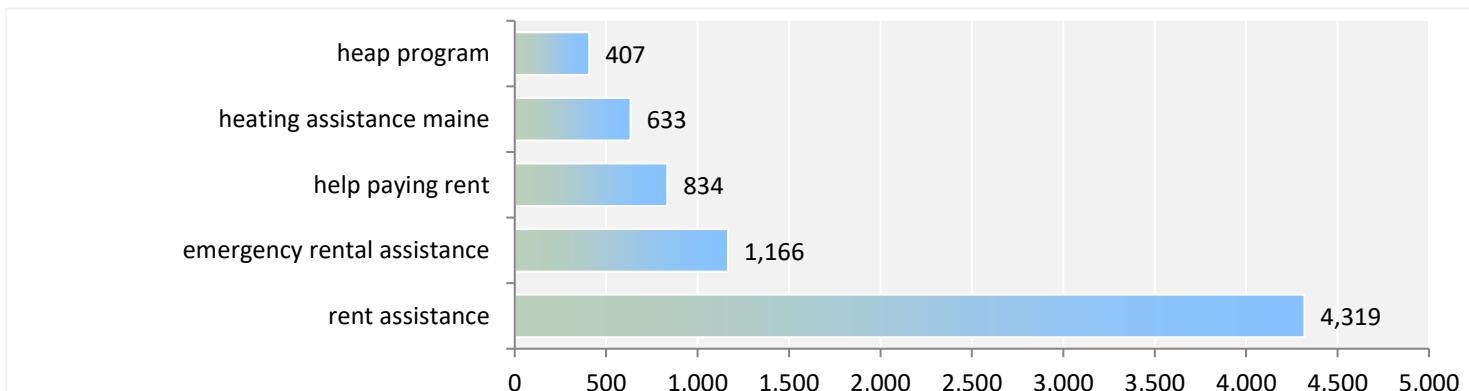


Popular Content By Section



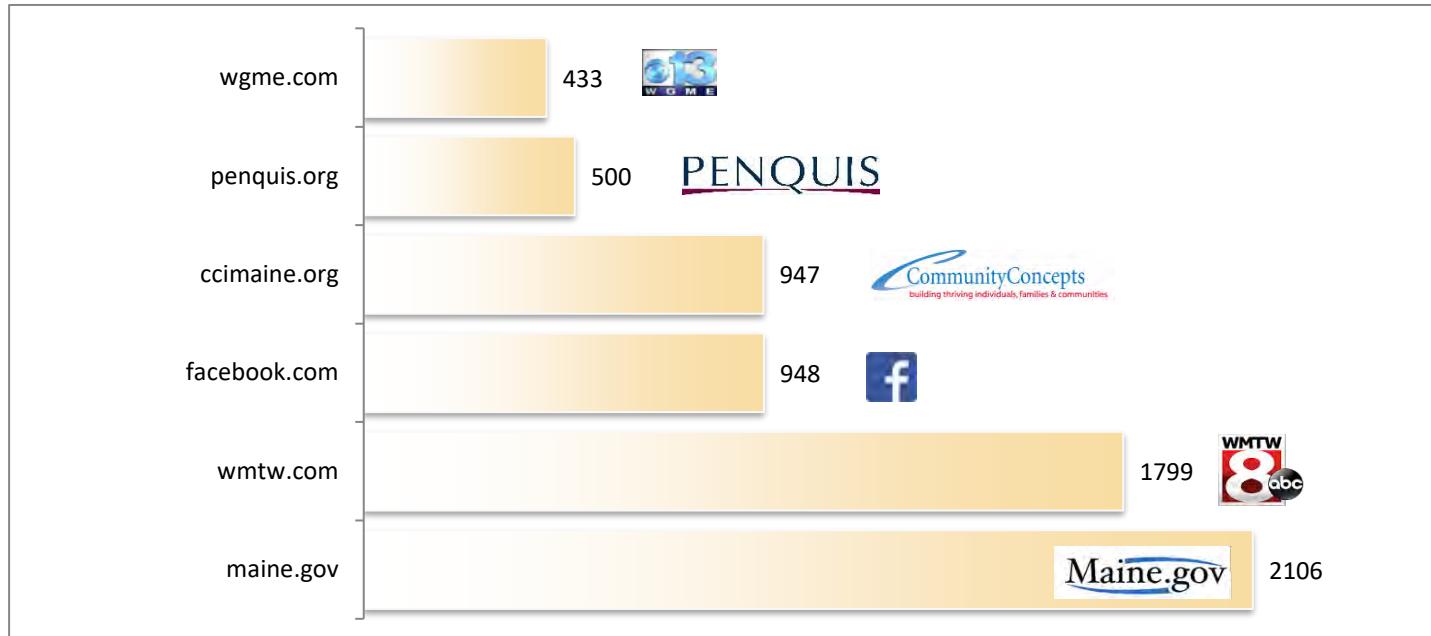
Search Keywords

Below are some of the most popular phrases that people are typing into a search engine (such as google or bing) that then provide a search result for our site.

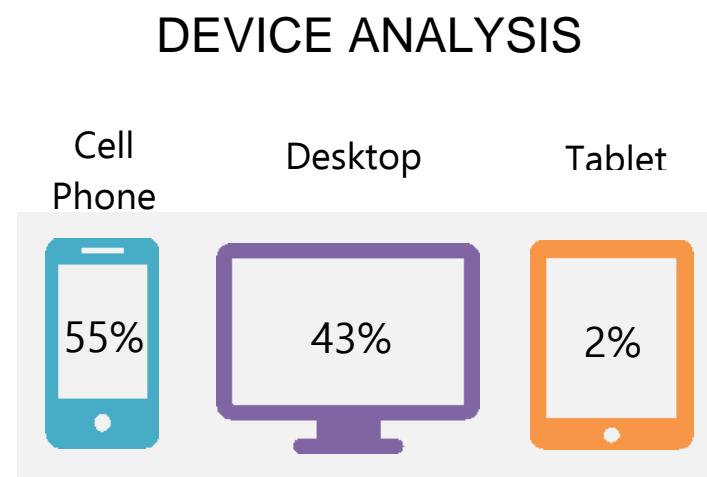
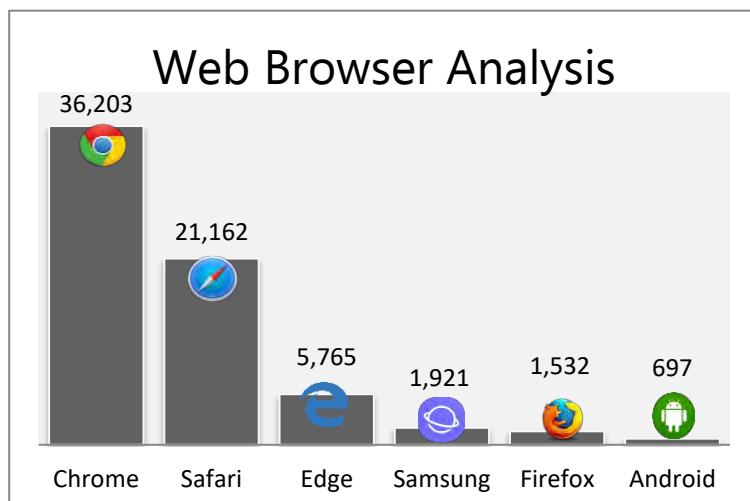


Referring Websites

Referring websites are sites that link to our own website. When a visitor clicks on that link and visits our website, the site they came from becomes a referring site. Below are highlighted a few of the top referring sites.



Visitor Technology Summary





LD 1269: An Act To Preserve Fair Housing in Maine



A report to the Maine Legislature's Committee on Labor and Housing
by the Maine State Housing Authority (MaineHousing)

Submitted March 1, 2022



LD 1269 Report Submitted to the 130th Maine State Legislature

Page | 1
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LD 1269 - An Act to Preserve Fair Housing In Maine

Report to the Legislature

LD 1269, *An Act to Preserve Fair Housing in Maine*, (Appendix A) sought to maintain Maine's and MaineHousing's current commitment to Affirmatively Further Fair Housing with regard to the federal housing funds it receives. The proposal was in response to changes in federal regulations that followed changes in federal administrations.

The first part of the enacted law requires MaineHousing to:

“...ensure that any MaineHousing funding **or any state or local funding** (emphasis added) is used in a manner that will affirmatively further fair housing in this state.”

The second part asked MaineHousing to develop a plan to ensure that public funds are used to affirmatively further fair housing. The Committee also sought relevant data and information reported by local public housing authorities. The law asked MaineHousing to recommend a method by which the local authorities could submit their reports annually to the Committee. The Committee is authorized to report out legislation, if desired.

The bill's sponsor, Rep. Talbot Ross, testified that the goal of this legislation was to ensure that in Maine, MaineHousing and local public housing authorities would continue to abide by the policy of “affirmatively furthering fair housing” in their expenditure of federal funds. In her testimony to the Committee, she said, “What we’re asking for them [to do] is to persist if and when the rules change, even if only temporarily, at the federal level.”

Federal Fair Housing Act

The policy of Affirmatively Furthering Fair Housing is a product of the Federal Fair Housing Act (Title VIII of the Civil Rights Act of 1968, 42 U.S.C. Chapter 45) enacted on April 11, 1968. It was enacted following the assassination of Dr. Martin Luther King, Jr. It established a policy of fair housing throughout the United States. The intent was to eliminate housing discrimination and segregated residential communities. The law prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, because of race, color, religion, or national origin.

The law obligates federal agencies to “administer their programs and activities relating to housing and urban development in a manner affirmatively to further the purposes of the Federal Fair Housing Act. It obligates HUD to “administer all HUD programs in a manner that *affirmatively furthers fair housing*.”

The law was amended in 1974 to prohibit discrimination based on sex, and again in 1988 to include physical and mental handicap and familial status. The 1988 amendments also strengthened the



enforcement mechanism. It provided that if a state has discrimination laws deemed by HUD to be substantively equivalent to the federal act, that state has the enforcement power. Since April 2008, the Maine Human Rights Act has consistently been deemed to be substantially equivalent and Maine's Human Rights Commission has enforced fair housing compliance in Maine.

Affirmatively Furthering Fair Housing Rule

The concept of affirmatively furthering fair housing (AFFH) evolved through a series of Executive Orders and congressionally enacted program requirements. In 1996, HUD's *Fair Housing Planning Guide* provided guidance and a framework for an Analysis of Impediments. It required recipients to:

- Conduct an analysis to identify impediments to fair housing choice within the jurisdiction (Analysis of Impediments to Fair Housing Choice)
- Take appropriate actions to overcome the effects of any impediments identified in the analysis
- Maintain records of the analysis and actions taken

The Obama Administration Rule

On July 16, 2015, HUD adopted the Affirmatively Furthering Fair Housing (AFFH) Rule. HUD adopted the Rule in response to a number of reports and lawsuits that HUD was not adequately pursuing the issue. The Rule implemented HUD's long-time interpretation of the requirement.

- “Affirmatively further fair housing” was defined as “taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with racially balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.”
- The rule defined “meaningful actions” as “significant actions that are designed and can be reasonably expected to achieve a material positive change that affirmatively furthers fair housing by, for example, increasing fair housing choice or decreasing disparities in access to opportunity.”
- It established a more standardized Assessment of Fair Housing that replaced the Analysis of Impediments and required recipients to certify that they would take meaningful actions to further the goals identified in their Assessment of Fair Housing. Recipients were not required to conduct the Assessment of Fair Housing until HUD provided certain HUD data and an assessment tool
- The rule tied the Assessment of Fair Housing to funding. HUD could deny funding if a recipient failed to submit an acceptable Assessment of Fair Housing with its certification to affirmatively further fair housing

On December 31, 2015, HUD published an Assessment Tool for Local Governments (CDBG entitlement communities) and extended the compliance deadline twice. HUD published an Assessment Tool for PHAs on January 13, 2017, but the PHAs did not have to use the tool until



HUD provided needed data, which it did not do. HUD also proposed an assessment tool for States on March 11, 2016, but it was never finalized.

The Trump Administration Rule

On January 5, 2018, HUD extended the AFFH submission until after October 31, 2020. On May 23, 2018, HUD suspended the 2015 AFFH rule and withdrew the Assessment Tool for Local Governments. Most recipients were required to continue submitting an Analysis of Impediments.

On January 14, 2020, HUD proposed a new rule to replace the 2015 AFFH Rule. The President did not think the proposed rule went far enough to reduce federal control over local decision-making and to lessen the regulatory burden on local governments. Subsequently, on September 8, 2020, HUD replaced the proposed rule with the “Preserving Community and Neighborhood Choice” (PCNC) Rule. This rule:

- Repealed the 2015 AFFH Rule
- Eliminated the regulatory framework that existed before the rule, including the obligation to conduct an Analysis of Impediments
- Acknowledged that affirmatively furthering fair housing requires more than simply not discriminating, that recipients have to promote fair housing, and defined “fair housing” as “housing that, among other attributes, is affordable, safe, decent, free of unlawful discrimination, and accessible as required under civil rights laws.” “Affirmatively further” was defined to mean “to take any action rationally related to promoting any attribute or attributes of fair housing.” Taking such actions would satisfy their obligation to affirmatively further fair housing

The Biden Administration Rule

On June 10, 2021, HUD published an interim rule, “Restoring Affirmatively Furthering Fair Housing Definitions and Certifications.” It repealed the PCNC Rule and reinstated the definition of “affirmatively furthering fair housing” and other definitions and the certification requirements of the 2015 AFFH Rule. It did not adopt the standardized assessment provisions of the 2015 AFFH Rule.

At the time, HUD announced that it would undertake a separate rulemaking “to improve the 2015 AFFH Rule by instituting a new fair housing planning process and framework that increases efficiency and improves outcomes for communities across the country.” In other words, HUD intends to reduce some of the administratively burdensome provisions of the 2015 AFFH Rule.



Analysis of the Rules

The short analysis of the rules is:

- The Obama rule was too burdensome, too heavy on data and analysis, and too light on results. It was 101 pages long. (We have attached a fourteen page summary in Appendix B.) It collapsed under its own bureaucratic weight and was never fully implemented. HUD estimated that complying with the rule for an average state would require 1,500 hours or 29 weeks of staff time. States believe completing the Assessment would take far more time than estimated by HUD and would require hiring outside consultants
- The Trump Rule swung the pendulum to the opposite extreme and effectively negated the Obama Rule
- The Biden Rule is a work in process. It has been started but the product is not finished

Neither the Obama Rule nor the Trump Rule enhanced or improved fair housing efforts. They became, however, proxies in the discussion about fair housing for an approach and a commitment. The Obama Rule was essentially not implemented and should not be relied on for determining any Legislative reporting requirements. The Biden administration is expected to issue rulemaking in 2022 to implement a more balanced, less burdensome approach to fair housing planning.

Current Reporting

The State of Maine receives block grant funds from the U.S. Department of Housing and Urban Development (HUD) to help address housing and community development needs. These grants include: the Community Development Block Grant (CDBG); the HOME Investment Partnership Program (HOME); the Emergency Solutions Grant (ESG); and the Housing Trust Fund (HTF). The Department of Economic and Community Development (DECD) administers the CDBG program and Maine State Housing Authority (MaineHousing) administers the HOME, HTF and ESG programs.

HUD requires Maine to complete a five year strategic plan for the use of these funds called a *Consolidated Plan for Housing and Community Development* (Consolidated Plan). The Consolidated Plan identifies the State's housing and community development needs and specifies how block grant funds will be used to address those needs. MaineHousing's certification to affirmatively further fair housing is part of the Consolidated Plan. Throughout the Obama, Trump, and Biden administrations, MaineHousing has continued to conduct and submit an Analysis of Impediments for the State of Maine. It is a review of impediments or barriers that affect the rights of fair housing choice in Maine. Although the Consolidated Plan and certification are limited to the federal block grant programs, the Analysis of Impediments addresses all housing funded by MaineHousing, not just housing funded under these programs.



The current Consolidated Plan covers the years 2020 – 2024. The *Analysis of Impediments to Affirmatively Furthering Fair Housing* was developed in consultation with a broad spectrum of stakeholders. It identified the following impediments to fair housing:

1. Lack of Affordable Housing
2. Racial, Ethnic, and Cultural Barriers
3. Community Planning and Zoning Decisions that Impede Affordable Housing
4. Lack of Availability and Access to Housing for Disabled Individuals
5. Limited access to Neighborhood Opportunities and Community Assets
6. Lack of Understanding of Fair Housing and Affirmatively Furthering Fair Housing

The Analysis of Impediments identifies actions and measurable outcomes to address the identified impediments. These include:

- Data Collection and Analysis
- Program Design
- Education and Outreach for staff, partners, and consumers
- Evaluation

The results of actions taken to address the identified impediments to fair housing are reported annually to HUD in the Consolidated Annual Performance and Evaluation Report (CAPER). The results of the 2020 AI are attached to this report as Appendix C.

Maine's Local Public Housing Authorities

Maine has 21 local public housing authorities (PHAs). They are municipally-chartered organizations created under the authority of Maine law. There is no statutory relationship with MaineHousing or among themselves. They each have a separate relationship with HUD to administer various federal housing programs.

Maine's PHAs are varied in both size and scope. In addition to the voucher program, most, but not all, of them own and operate public housing. About half have created affiliated housing development corporations that use MaineHousing financing to create new affordable housing projects.

Like MaineHousing, the PHAs are required by federal law to affirmatively further fair housing. Some PHAs certify that their plan is consistent with MaineHousing's and others make a certification directly to HUD along with other annual certifications. The latter category develop their own analyses of impediments. We have included one from Westbrook Housing Authority as Appendix D.

One set of demographic data that the PHAs regularly report to HUD covers those living in PHA owned (public) housing. It is an annual report made to HUD's Public Housing Information Center (PIC). That data is consolidated by HUD into a single table for the state. Information reported includes:



- Income Categories of tenants
- Average Annual Income of tenants
- Income sources
- Average Monthly Tenant Payments
- Family characteristics
- Race and ethnicity
- Household characteristics
- Length of stay in the apartment

Discussion

LD 1269, the Sponsor, advocates, and the Committee sought to achieve a number of things:

- “Ensure that any MaineHousing funding or any state or local funding is used in a manner that will affirmatively further fair housing in this state.” (Sponsor testimony)
- “What LD 1269 does, is have Maine insist that it will provide consistent, equal access to housing, regardless of the whims of the federal government. It says that if the federal government fails in its commitment to equity and equal access, to housing, Maine shall persevere. It says, in a plain and simple manner, ‘Maine won’t discriminate.’” (Sponsor testimony)
- Determine an appropriate report that MaineHousing could provide the Committee from its existing work that would inform the Committee about MaineHousing’s fair housing activities
- Determine an appropriate report that Maine’s local public housing authorities could provide to the Committee from their existing work that would inform the Committee about their fair housing activities

Broad Scope - Persist Regardless of Federal Law or Regulation

The only way to be certain that Maine will continue to affirmatively further fair housing if the federal regulations relax their provisions is to incorporate them into Maine law. The Maine Human Rights Act provides Maine with the same (or better) non-discrimination coverage as the federal Fair Housing Act.

Several other bills in the 130th Legislature have attempted to incorporate affirmatively furthering fair housing. LD 1269 added an obligation to affirmatively further fair housing to MaineHousing’s powers. In LD 1961, the Committee will be asked to add it to the state’s growth management statute. In LD 1673, the Committee was offered an amendment to include it in that program. The amendment to LD 1673 read:

“All state agencies, public housing authorities, the Maine State Housing Authority, and municipal governments that use state or federal money to create or rehabilitate



residential housing shall affirmatively further the purposes of the federal Fair Housing Act, 42 United States Code, Chapter 45, and the Maine Human Rights Act, Title 5, Chapter 337, sub-chapter 4.”

An alternative to approaching this in a piecemeal manner would be for the Committee to enact the requirement statewide for all those state and local agencies that are currently subject to the federal requirements.

If the Committee creates an obligation in state law, the question of enforcement naturally follows. It is challenging to create a state requirement to comply with a repealed or unenforced federal regulation without adopting the entire regime in state law. Who is going to ensure that all of the covered agencies are meeting their obligations? Who is going to define the terms and actions required? Who is going to review the reports and require corrective action if needed? The most appropriate place to put a statewide effort is in the Maine Human Rights Commission.

Narrow Scope – Reports to Committee

A narrower approach to ensure that fair housing efforts are being pursued in Maine would be to require that appropriate state and local agencies file their federal fair housing reports with the Committee for its review.

- For MaineHousing, that would be the Consolidated Annual Performance and Evaluation Report (CAPER) to HUD
- For the local public housing authorities, the correct report may vary from authority to authority
- For everyone else subject to the federal requirements, such as DECD and the municipalities that receive CDBG, HOME Partnership, ESG, and other funds, it would be a matter of working with the individual agencies to determine what reports are submitted and which would be appropriate for the Committee’s purposes

Proposed Legislation

Any proposed legislation would depend on the approach the Committee chooses to pursue. There is one change that MaineHousing requests, to correct an error (we think) in LD 1269. As passed, MaineHousing is required by law to ensure that **“any state or local funding is used in a manner that will affirmatively further fair housing in this state.”**

On a policy level, it is inappropriate for MaineHousing to be the statewide enforcement agent for fair housing requirements at all covered municipalities and state agencies. That may not have been the Committee’s intent. There was no discussion of it. The impacted agencies and municipalities did not weigh in on it. Further, the legislation did not include any funding for such an effort. On an administrative level, we are not the right agency to provide statewide enforcement.



Conclusion

LD 1269 started from a simple premise: let's make sure that Maine continues to meet the goals of the original HUD Affirmatively Furthering Fair Housing regulations even if they are subsequently repealed. It shouldn't require any extra work so it should not be too difficult. The premise, as shown above, was philosophically sound (support fair housing) and bureaucratically flawed (current reporting is not related to the rule cited at the hearing).

The committee discussion expanded the scope to include the local housing authorities. The Committee sought to remind agencies of their fair housing responsibilities and to keep the Committee informed by providing existing reports. MaineHousing was asked to prepare this report. The legislation also assigned MaineHousing to oversee furthering fair housing for all state and local funds.

We think that the issues and policies the Committee focused on are important and deserve a broader discussion than time allowed for in the Committee work session.

There are two possible approaches the Committee could take:

- The Committee could propose a comprehensive, statewide approach to affirmatively furthering fair housing
- The Committee, having reviewed all the existing reports and mechanisms in place, could recognize that there has not yet been a diminution of the federal requirements and wait to see what the Biden Administration will require

Regardless of approach, we request that the Committee report out a bill eliminating the requirement that MaineHousing enforce the affirmatively furthering fair housing requirements for every state and local agency using state and local funding.

Preparing this report has helped bring a number of the varied concerns and issues into better focus. MaineHousing is available to continue to work with the Committee as it may wish.



Appendix A

STATE OF MAINE

IN THE YEAR OF OUR LORD
TWO THOUSAND TWENTY-ONE

H.P. 929 - L.D. 1269

An Act To Preserve Fair Housing in Maine

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 30-A MRSA §4741, sub-§18, as amended by PL 2015, c. 494, Pt. B, §3, is further amended to read:

18. State designee for homeless programs. The Maine State Housing Authority is designated the coordinating agency for the State for programs dealing with homeless persons and may apply for, receive, distribute and administer federal, state and other funds on behalf of the State for homeless programs including, without limitation, the Emergency Community Services Homeless Grant Program and the programs authorized pursuant to the federal Stewart B. McKinney Homeless Assistance Act, Public Law 100-77, (1987), as amended; and

Sec. 2. 30-A MRSA §4741, sub-§19, as enacted by PL 2015, c. 494, Pt. B, §4, is amended to read:

19. State designee for National Housing Trust Fund. The Maine State Housing Authority is designated as the entity to receive and allocate funds from the National Housing Trust Fund established by the federal Housing and Economic Recovery Act of 2008.; and

Sec. 3. 30-A MRSA §4741, sub-§20 is enacted to read:

20. Affirmatively further fair housing. The Maine State Housing Authority shall, to the extent consistent with federal law, ensure that any Maine State Housing Authority funding or any state or local funding is used in a manner that will affirmatively further fair housing in this State. For the purposes of this subsection, "affirmatively further fair housing" means to engage actively in efforts to address barriers to and create opportunities for full and equal access to housing without discrimination on the basis of race, color, sex, sexual orientation or gender identity, physical or mental disability, religion, ancestry, national origin, familial status or receipt of public assistance.

Sec. 4. Report to the Legislature. The Maine State Housing Authority shall develop a plan to ensure public funds are used to affirmatively further fair housing in this State in accordance with the Maine Revised Statutes, Title 30-A, section 4741, subsection

20 and report the development of that plan to the Joint Standing Committee on Labor and Housing by January 15, 2022. The report must include data reported by municipal housing authorities to the United States Department of Housing and Urban Development on affirmatively furthering fair housing and other reports required to be filed by municipal housing authorities. The Maine State Housing Authority shall recommend in its report a method by which municipal housing authorities may annually submit any reports and data submitted to the United States Department of Housing and Urban Development to the joint standing committee of the Legislature having jurisdiction over housing matters. The Joint Standing Committee on Labor and Housing may report out legislation based on the report to the Second Regular Session of the 130th Legislature.

Appendix B

SUMMARY OF HUD'S PROPOSED RULE CONCERNING PROGRAM PARTICIPANT'S OBLIGATION TO AFFIRMATIVELY FURTHER FAIR HOUSING

- A. Obligation to Affirmatively Further Fair Housing
 - a. Title VIII of the Civil Rights Act of 1968 (Federal Fair Housing Act) - 42 USC Section 3608(e)(5) requires that HUD programs and activities be administered in a manner affirmatively to further fair housing
 - b. HUD imposes obligation on certain program recipients, such as recipients of HOME, CDBG and ESG (Emergency Solutions Grant) and PHAs
- B. Current Requirements for Program Participants
 - a. Analysis of Impediments (AI)
 - b. Certification that will affirmatively further fair housing
- C. Reason for Proposed Rule
 - a. GAP-10-905 Report dated September 14, 2010, "HUD Needs to Enhance Its Requirements and Oversight of Jurisdictions' Fair Housing Plans" (<http://www.gao.gov/new.items/d10905.pdf>)
 - i. Uneven attention to and quality of the AI by local communities because of HUD's lack of sufficient guidance and oversight
 - ii. Recommendation that HUD provide more effective guidance and technical assistance and the data necessary to develop effective fair housing plans
 - b. HUD finding that AI not integrated into participants' planning efforts
 - c. Litigation by national fair housing advocates on the basis that entities are falsely certifying that they are affirmatively furthering fair housing in violation of the Federal False Claims Act
 - i. Westchester County – LIHTC allocator concentrating LIHTC projects in QCTs
 - ii. Texas – LIHTC allocator concentrating LIHTC projects in QCTs
 - iii. New Orleans – CDBG disaster funds maintaining existing segregated communities in rebuilding New Orleans
- D. Program Recipients Subject to Proposed Rule
 - a. States and local governments participating in HUD programs subject to the consolidated plan submission requirements under 24 CFR Part 91

- i. CDBG (including CDBG disaster)
 - ii. HOME
 - iii. ESG (Emergency Solutions Grant)
 - iv. HOPWA
- b. PHAs subject to Sections 8 and 9 of United States Housing Act of 1937
 - c. HUD Question – extend to LIHTC program (IRS administers, not HUD)

E. Proposed Changes

- a. Define **Affirmatively Furthering Fair Housing**, which means “*taking proactive steps beyond simply combating discrimination to foster more inclusive communities and access to community assets for all persons protected by the Fair Housing Act.* More specifically, it means taking proactive steps to *address significant disparities in access to community assets, to overcome segregated living patterns and support and promote integrated communities, to end racially and ethnically concentrated areas of poverty, and to foster and maintain compliance with civil rights and fair housing laws.* For participants subject to this subpart, these ends will be accomplished primarily *by making investments with federal and other resources, instituting strategies, or taking other actions that address or mitigate fair housing issues identified in an assessment of fair housing and promoting fair housing choice for all consistent with the policies of the Fair Housing Act.*”
- b. Assessment of Fair Housing (AFH) – new assessment and planning tool that replaces the AI
- c. HUD provide national data and instructions on how to assess the data
- d. Direct link between AFH and program plans – Consolidated Plan and PHA Plan – integrate fair housing in priority setting, commitment of resources (not just federal resources) and program activities
- e. Community participation and consultation in AFH
- f. HUD review AFH
- g. AFH must be accepted by HUD as a condition of funding

F. HUD-identified goals of AFFH

- a. Reduce **segregation**, which means “geographic areas, based on the Census and other data approved by HUD, with high concentrations of persons of a particular race, color, religion, sex, familial status, national origin, *or with a disability in a particular housing development, or a jurisdiction, compared to the jurisdiction or MSA as a whole resulting from fair housing determinants or other causes.* For persons with disabilities, segregation includes the failure to provide housing in the most integrated setting possible.”

- b. Promote **integration**, which means “based on the Census and other data approved by HUD that particular geographic areas within a jurisdiction do not contain high concentrations or persons of a particular race, color, religion, sex, familial status, national origin, or handicap when compared to the jurisdiction or MSA as a whole. For individuals with disabilities, integration also means that such individuals are housed in the most integrated setting appropriate. The *most integrated setting is one that enables individuals with disabilities to interact with nondisabled persons to the fullest extent possible*, consistent with the requirements of the ADA and Section 504.”
- c. Address disparities and increase access to community assets – i.e. educational opportunities, stable employment and public transportation – among protected class members. **Disparate access to community assets** means “measurable differences in access to education, transportation, economic and other important assets in a community based on housing unit location and race, color, religion, sex, familial status, national origin or disability.”
- d. Reduce **disproportionate housing needs**, which means “the percentage of extremely low-income, low-income, moderate-income and middle-income families in a category of housing need (such as cost burden and severe cost burden defined in 24 CFR 91.5, overcrowding defined in 24 CFR 91.5 and substandard housing conditions) who are members of protected class (race, color, religion, sex, familial status, national origin or disability) is at least 10 percent higher than the percentage of persons in the category as a whole.”
- e. Advance/Promote **fair housing choice**, which means “that individuals and families have the information (available and realistic access to sufficient information regarding options), options (existence of realistic housing options) and protection (housing that can be accessed without discrimination) to live where they chose without unlawful discrimination and other barriers based on race, color, religion, sex, familial status, national origin or disability. For a person with physical disabilities, it is access to accessible housing. For a person with other disabilities in institutional and residential environments, it is housing in the most integrated setting appropriate, including disability-related services that the individual needs to live in the housing.”
- f. Concern raised – does not address preservation of existing communities if persons wish to stay in their communities

G. HUD Data

- a. Nationally uniform local and regional data and thresholds set forth in a data methodology appendix located at www.regulations.gov under docket # 5173-P-01-DM
 - i. Patterns of segregation and integration
 - 1. Dissimilarity index
 - 2. Isolation index

- ii. **Racially and ethnically concentrated areas of poverty** (RCAP), which means “a geographic area, based on the most recent decennial Census and other data sources determined by HUD to be statistically valid, with significant concentrations of extreme poverty and minority populations”
 - iii. Access to neighborhood opportunities/community assets (education, employment, low poverty, transportation and environmental health, etc.)
 - 1. Poverty Index - % of families living below the poverty line and % of households receiving public assistance
 - 2. School Proficiency Index - % of elementary students who are proficient in math and reading according to state examinations
 - 3. Labor Market Engagement Index – unemployment rate, labor force participation rate and % of population over age of 25 with bachelor’s degree or higher
 - 4. Job Access Index – number of jobs, distance to employment centers and number of workers commuting to employment centers
 - 5. Health Hazards Exposure Index – distance to facilities in EPA’s Toxic Release Inventory database, volume of releases and toxicity of releases
 - 6. Transit Access Index – distance to nearest fixed-rail or bus rapid transit station
 - iv. **Disproportionate housing needs** (defined above)
 - v. Individuals with disabilities and available accessible units
 - vi. Families with children
 - vii. Discrimination
 - viii. PHA site location data, the distribution of housing choice vouchers and occupancy data
- b. HUD data may be supplemented by available local or regional data and information gained through community participation and consultation (in preamble to proposed rule, HUD suggests that HUD data can even be replaced if better data available at local level but not clearly provided in the proposed rule)
- c. Concern raised – data not accurate and not useful at State level

H. Assessment of Fair Housing (AFH)

- a. Replaces current Analysis of Impediments
- b. Purpose is to identify goals to affirmatively further fair housing and to inform fair housing strategies in the consolidated plan , the PHA plan and other plans
- c. HUD provide instructions on how to prepare
- d. Consultation and community participation requirements (summarized below)
- e. Content (minimum requirements)
 - i. Summary of Fair Housing Issues and Capacity to Address
 - 1. Summary of **fair housing issues** (defined term, which includes the following:
 - a. local and regional **segregation** or the need to support **integrated communities** (defined above);
 - b. **racial and ethnic concentrated areas of poverty** (defined above);
 - c. **disparities in access to community assets** (defined above);
 - d. **disproportionate housing needs** (defined above);
 - e. findings or judgments of illegal discrimination or violations of fair housing or civil rights laws, regulations or guidance; and
 - f. any other condition that impedes or fails to advance **fair housing choice** (defined above).
 - 2. Assessment of compliance with fair housing and civil rights laws, regulations and guidance
 - 3. Assessment of **fair housing enforcement and fair housing outreach capacity**, which means “the ability of a jurisdiction, and organizations located in the jurisdiction, to accept complaints of violations of fair housing laws, investigate such complaints, obtain remedies, engage in fair housing testing and educate community members about fair housing laws and rights and includes any state or local agency that enforces a law substantially equivalent to the Fair Housing Act [Maine Human Rights Commission] and any organization participating in the Fair Housing Initiative Programs [Pine Tree Legal?]

- ii. Analysis of Data – Using HUD data, available local and regional data and community input, identify within the jurisdiction and region:
 - 1. **Segregation and integration** patterns and trends across protected classes;
 - 2. **Racial and ethnic concentrated areas of poverty** (defined above);
 - 3. **Disparities in access to community assets** (defined above) that exist across protected classes; and
 - 4. **Disproportionate housing needs** (defined above) that exist across protected classes.
- iii. Assessment of Determinants of Fair Housing Issues
 - 1. **Fair housing determinant** is “a factor that creates, contributes to or perpetuates one or more fair housing issues.”
 - 2. Assessment tool provided by HUD
 - 3. Identify “primary determinant” influencing conditions of **integration** and **segregation**, **[racial and ethnic] concentrations of poverty**, **disparities in access to community assets** and **disproportionate housing needs**.
- iv. Identification of Fair Housing Priorities and Goals
 - 1. Identify and prioritize **fair housing issues** (defined above) and justify prioritization
 - 2. Identify most significant **fair housing determinants** (defined above) for each priority issue
 - 3. Set and prioritize one or more goals for mitigating or addressing the identified **fair housing determinants**
 - 4. Do not have to identify strategies or funding decisions that are subject to the consolidated plan or PHA plan in the AFH – address these in the consolidated plan or PHA plan
- v. Summary of Community Participation – include a concise summary of:
 - 1. Process
 - 2. Public Comments
 - 3. Efforts made to broaden community participation
 - 4. All comments and views received
 - 5. Comments and views not accepted and the reason why

6. If PHA relying on AFH prepared by consolidated plan participant and disagrees with any aspect of AFH, a dissenting statement or submission of alternative views

f. Submission

- i. Precondition to acceptance of AFFH certification, which is required for approval of consolidated plan or PHA plan, because the AFH findings must be integrated into the establishment of priorities, commitment of resources (not just federal resources) and program activities in these plans
- ii. Initial AFH at least 270 calendar days before participant's program year (i.e. before start of 3- or 5- year consolidated planning process)
- iii. Subsequent AFHs every 5 years at least 195 calendar days before the start of the program year (i.e. before start of 3- or 5- year consolidated planning process)
- iv. Late submission no later than period of time that allows for submission of consolidated plan no later than August 16 deadline in 24 CFR Section 91.15
- v. Late submission result in delay in program funding
- vi. Failure to submit result "in loss of CDBG funds" – page 86 of rule

g. Review

- i. HUD review and acceptance of AFH precondition to submission of consolidated plan and PHA plan
- ii. Acceptance only means that participant has provided the required elements of the AFH – does not mean that participant has met its obligation to affirmatively further fair housing
- iii. Deemed accepted 60 calendar days after HUD receives the AFH unless HUD notifies participant in writing of reasons why HUD is not accepting the AFH and the actions the participant may take to address the deficiencies
- iv. If deficient, have 45 days to revise and resubmit the AFH to HUD
- v. Revised AFH deemed accepted after 30 calendar days of date HUD receives the revised AFH unless HUD notifies participant that not accepting revised AFH

h. Amendment/Revisions

- i. AFH must be revised if significant material change in circumstances occurs that calls into question the continued validity of the AFH, including at a

minimum the following:

1. Participant in an area declared a disaster by the President
 2. Significant demographic changes
 3. Significant policy changes (zoning, housing plans or policies or development plans or policies)
 4. Significant civil rights findings
 5. HUD written notice of significant material change
 6. Others identified by participant in the consolidated plan program participant citizen participation plan (24 CFR Part 91)
- ii. Subject to community participation (below)
 - iii. Revision must be made public
 - iv. Revision must be submitted to HUD at time of revision or at time a consolidated plan or PHA plan (if PHA prepare own AFH) substantial amendment must be submitted to HUD
 1. Same review and acceptance process as AFH
 - v. If PHA rely on State or local AFH, PHA must revise PHA plan within 18 months of revision to AFH

I. Consultation

- a. State must consult with the following in developing both the AFH and consolidated plan (including specifically how the goals identified in the AFH inform the priorities and objectives of the consolidated plan):
 - i. Public and private housing providers
 1. Specific requirements for state housing agency administered public housing (to ensure PHA plan is consistent with consolidated plan) – consider of public housing needs, planned programs and activities, the AFH, strategies and actions for affirmatively furthering fair housing, PHA input on addressing fair housing issues in public housing and the Housing Choice Voucher Program and any other assistance to PHA
 - ii. Public and private agencies providing health services
 - iii. Public and private agencies providing social services (including those that focus on services for children, elderly, persons with disabilities, persons with HIV/AIDS and homeless)
 - iv. State- and regionally-based organizations that represent protected class members

- v. organizations that enforce fair housing laws, including Fair Housing Assistance Program participants (e.g. MHRC, Disability Rights Center)
- vi. organizations that receive funding under Fair Housing Initiative Program
- vii. public and private fair housing service agencies
- viii. fair housing advisory councils (include community members, advocates, fair housing experts, and housing and community development participants)
- ix. other fair housing organizations

J. Community Participation – Citizen Participation Plan

- a. Participants must adopt a citizen participant plan and follow the plan in developing both the AFH and the consolidated plan
- b. Content (specify policies and procedures for satisfying the following requirements)
 - i. Citizen Participation
 - 1. Provide for and encourage citizens (low- and moderate-income persons), residents and other interested parties to participate in developing and amending the AFH and consolidated plan and the performance of the participant
 - 2. Provide for encourage participation of statewide and regional institutions, Continuums of Care and other organizations that are affected by the programs and activities covered by the consolidated plan
 - 3. Describe State's LEP assessment, availability of language assistance and need for translation of notices and other vital documents
 - 4. Explore alternatives to encourage participation, such as focus groups and use of the Internet
 - ii. Publish AFH Data. The participant must make HUD data and any supplemental data that will be used in developing the AFH available to the public “as soon as practical after HUD makes the data available to the State”
 - iii. Publish Information about Funding and Activities. How and when the participant will inform the public of the amount funding received by the State and the activities that may be undertaken with the funding, including the amount of funding that will benefit persons with low- and moderate-income and plans to minimize displacement and assist displaced persons, which must occur “before adoption of the AFH and the consolidated plan”

- iv. Public Hearing Requirements
 - 1. At least one public hearing to obtain public input on the AFH data and affirmatively furthering fair housing in the State's housing and community development programs before the AFH is published (see below requirement)
 - 2. At least one public hearing on housing and community development needs and proposed strategies and actions for affirmatively furthering fair housing consistent with the AFH before the consolidated plan is published (see below requirement)
 - 3. Nothing that appears to require the public hearings to be separate
 - 4. At least 2-week notice before the hearing
 - 5. Time and accessible location convenient to public with accommodations for persons with disabilities
 - 6. How LEP needs will be addressed at public hearing where a significant number of LEP persons may participate
- v. Public Comment on Proposed AFH and Consolidated Plan
 - 1. Publish summary (content and purpose) of proposed AFH And Consolidated Plan in newspapers of general circulation in State and identify where a full copy can be examined
 - 2. Make full copies available at libraries, governmental offices and public places (seems broad)
 - 3. Provide a reasonable number of free copies to citizens and groups upon request
 - 4. A minimum 30-day comment period
 - 5. Summary of comments and summary of comments not accepted and reasons therefore included in the final AFH and final consolidated plan
- vi. Amendment to AFH and Consolidated Plan
 - 1. Identify what changes in State's planned or actual activities would constitute a substantial amendment to the AFH and Consolidated Plan, including without limitation changes in the method of distribution of funds

2. Identify criteria that would trigger a significant revision to the AFH and the consolidated plan (see above)
 3. Community input on substantial amendment or significant revision including notice and 30-day period to comment (publication requirements above)
 4. Summary of comments and summary of comments not accepted and reasons therefore included in the final substantial amendment or significant revision to the AFH and consolidated plan
- vii. Public Information – provide that consolidated plan and substantial amendments, HUD-accepted AFH and significant revisions and the participant's performance report will be available to public, including availability in alternative formats for persons with disabilities and LEP persons
- viii. Public Access – provide reasonable and timely access to information and records relating to AFH, consolidated plan and use of assistance under programs during prior 5 years
- ix. Complaint Process – process and procedures for handling complaints about consolidated plan and substantial amendments and AFH and significant revisions and participant's performance report

K. Strategic Plan

- a. Identify strategies and actions, consistent with priorities and objectives in AFH, that will affirmatively further fair housing
- b. Identify other objectives and priorities for affirmatively furthering fair housing

L. Action Plan

- a. Identify actions that will be taken during next year to affirmatively further fair housing

M. Certification – participant must submit certification with consolidated plan and PHA plan that “it will affirmatively further fair housing, which means that it will take meaningful actions to further the goals identified in the AFH conducted in accordance with the requirements of 24 CFR 5.154, and that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing.”

N. Monitoring Plan – consolidated plan must describe the procedures the participant will use to monitor actions taken to implement the plan, including strategies and actions that address fair housing issues and goals identified in the AFH

O. Recordkeeping

- a. Each consolidated plan participant and PHA preparing own AFH must keep the following records for same period of time as required to keep consolidated plan and PHA plan records:
 - i. AFH and all records and information relating to the AFH, including (a) statistical data, studies and other diagnostic tools used, (b) policies, procedures and other documents incorporated in AFH and (3) significant material changes that led to revision of AFH;
 - ii. Records showing compliance with consultation and community participation requirements, including names of organizations, summaries or transcripts of public meetings or hearings, public notices, correspondence, distribution lists, surveys and interviews
 - iii. Actions taken to affirmatively further fair housing, including the participant's strategy in AFH or plan (consolidated or PHA) and activities taken by participant to promote or support AFFH goals identified in AFH during previous 5 years
 - iv. Documentation of any finding by court or governmental entity that participant has violated any fair housing or civil rights requirements and actions taken by participant in response
 - v. Documentation of participant's efforts to ensure that housing and community development activities comply with applicable nondiscrimination and equal opportunity requirements
 - vi. If part of consortium, each member conducted own assessment or contributed to jurisdiction's assessment
 - vii. Anything else supporting AFFH certification
- b. If PHA rely on State or local AFH, maintain AFH and records reflecting actions taken to affirmatively further fair housing pursuant thereto

P. Public Housing Authorities

- a. Three AFH options
 - i. Adopt the State's AFH – incorporate every 5 years
 - ii. Conduct its own AFH – must update AFH every year
 - iii. Participate directly with and rely on AFH prepared by a consolidated plan program participant

- b. Must notify HUD of the chosen option 60 days before its AFFH certification is due
- c. If PHA is relying on other participant's AFH, PHA can change its fiscal year to fiscal/program year of the participant per 24 CFR Part 903
- d. If the PHA is relying on other participant's AFH, the PHA cannot change its fiscal year and the PHA's fiscal year start is before the participant's program/fiscal year, then PHA has 18 months after HUD accepts the AFH to modify the PHA plan to incorporate strategies and proposed actions consistent with the AFH
- e. PHA Plans
 - i. Identify strategies and actions to further goals and objectives of AFH
 - ii. Actions to de-concentrate poverty in PHA developments
 - iii. Certification that it will affirmatively further fair housing in 5-year and Annual Plan, and will be in compliance with certification if:
 - 1. Examines PHA programs
 - 2. Identifies any **fair housing issues** and **determinants**
 - 3. Reasonable addresses identified **fair housing issues** and **determinants** with available resources
 - 4. Cooperates with other jurisdictions to implement AFFH initiatives that require the PHA's involvement
 - 5. Operate programs consistent with consolidated plan
 - 6. Complies with consultation requirements for the AFH
 - 7. Maintains records – AFH and actions taken to AFFH

Q. Regional AFH

- a. 2 or more regional program participants are encouraged (not required) to collaborate and conduct a regional AFH
- b. Designate a lead entity to oversee development and submission of the AFH
- c. Participants should have same program year – can change year per 24 CFR 91.5 – but if cannot, then submission of the AFH is based on the lead entity's program year
- d. Each participant must still analyze and address local fair housing issues and determinants within in its jurisdiction
- e. Participants that have a program year start before the lead entity have 18 months after HUD accepts the AFH to modify the participant's consolidated plan to incorporate strategies and proposed actions consistent with the regional AFH
- f. The citizens, residents and other interested parties of the region covered by the AFH, not just those of the lead entity's jurisdiction, must be included in the

- community participation process
- g. If public notice and comment periods differ among the participants, the longer period applies

Appendix C



MaineHousing
Maine State Housing Authority

STATE OF MAINE
ANALYSIS OF IMPEDIMENTS
TO
FAIR HOUSING CHOICE

October 2019

If you feel you have experienced discrimination
in the housing industry, please contact:

Maine Human Rights Commission
Office of the Commission
51 State House Station
Augusta, Maine 04330
Telephone: 207-624-6290
e-mail: info@mhrc.maine.gov

Boston Regional Office of FHEO
U.S Department of Housing and Urban Development
Thomas P. O'Neil, Jr. Federal Building
10 Causeway Street, Room 321
Boston, Massachusetts 02222-1092
Telephone: (617) 994-8300
Toll Free: (800) 827-5005
TTY: (800) 877-8339

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Analysis of Impediments to Fair Housing Choice (AI)

Jurisdiction: Maine

Date: October 4, 2019

Executive Summary

Overview

The State of Maine is committed to affirmatively furthering fair housing. As a recipient of federal housing funding from the U.S. Department of Housing and Urban Development (HUD), Maine is required to analyze impediments to fair housing choice and then take action to overcome identified impediments. Maine's Analysis of Impediments to Fair Housing (AI) is intended to satisfy this requirement and to ensure that barriers to full and equal access to safe, decent, affordable housing are addressed.

HUD defines impediments to fair housing choice as set forth in local, state and federal law. In Maine, impediments include:

- Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin which restrict housing choices (direct discrimination).
- Any actions, omissions, or decisions which have the effect of restricting housing choices on the basis of race, color, religion, sex, disability, familial status, or national origin (indirect discrimination).

The State AI is intended to:

- Serve as the substantive, logical basis for housing planning and development;
- Provide essential and detailed information to policymakers, administrative staff, housing providers, lenders, and fair housing advocates; and
- Assist in building public support for fair housing efforts.

Lead Agency

The Maine State Housing Authority (MaineHousing) is responsible for the preparation and implementation of the AI.

Consultation

Over the course of the past year, MaineHousing has held focused discussions with our partners and others about affordable housing and impediments to that housing. Below is a list of topics discussed and the organizations participating in those discussions.

1. Homeless, Hard to House Populations

- Maine's Continuum of Care
- Directors of Maine's Homeless Shelters
- Publicly funded institutions and systems of care including:
 - Domestic Violence providers

2. Affordability

- Maine Affordable Housing Coalition
- Business and Civic Leaders
- Public Housing Authorities
- Efficiency Maine
- Housing Developers

3. Community Development

- Local Governments
- Maine Municipal Association
- Maine Community Development Association
- Maine Department of Economic and Community Development
- Maine Association of Planners
- Public Housing Authorities
- Maine Chapter of the American Association of Retired Persons

4. Low Income/Special Needs Consumers

- Area Agencies on Aging
- Maine Council to End Domestic Violence

5. Protected Class Members, Fair Housing

- Maine Human Rights
- Pine Tree Legal
- Disability Rights Council
- Maine Department of Health and Human Services
- Equality Maine

6. Housing Quality

- Maine Community Action Agencies

Methodology

The methodology for the State of Maine AI included the following:

- Analysis of the Legal Framework under which Fair Housing Laws are Enforced.
- Summary of Fair Housing Data Findings and Enforcement
- Review of Demographics, Income, and the Residential Housing Market
- Identification of Impediments to Fair Housing Choice
- Development of an Action Plan

Identification of Impediments

Concerns and potential impediments:

- A concern is an issue that may create an impediment.
- An impediment has the effect of limiting the availability of housing choice on the basis of race, color, sex, sexual orientation, physical or mental disability, religion, ancestry, national origin or familial status.

Based on the research conducted for the State of Maine AI, MaineHousing found the following potential concerns and impediments to fair housing.

1. **Lack of affordable housing.** Maine is experiencing shifts in the affordability of housing. Homeownership is becoming increasingly unaffordable while renting is becoming less affordable. As more people move to certain regions or communities in Maine, both the availability and affordability of housing in these areas are declining.
2. **Racial, ethnic and cultural barriers.** While Maine's population is predominantly white, there has been a recent increase in minority populations.
3. **Community planning and zoning decisions that impede affordable housing.** The demand for affordable housing in certain regions of the state is challenging local governments to re-examine planning and zoning policies and regulations.
4. **Lack of availability and access to housing for disabled individuals.** The need for accessible housing will continue to increase as a result of an aging population, coupled with a disability rate higher than the national rate.
5. **Limited access to neighborhood opportunities and community assets.** Changing demographics and mobility trends underscore the need for housing to be accessible to community assets.
6. **Lack of understanding of fair housing and affirmatively furthering fair housing.** Educational efforts need to continue to assist public and private entities comply with state and federal laws regarding housing discrimination.

Legal Framework

The Maine Human Rights Act (the *MHRA*) embodies the State's fair housing and accessibility laws. The MHRA is certified as substantially equivalent to Title VIII of the Civil Rights Act of 1968, as amended (the *Fair Housing Act*) pursuant to 24 CFR Part 115. The Maine Human Rights Commission (the *Commission*) administers the MHRA and, as the State's certified agency, participates in and receives funding under the Fair Housing Assistance Program to investigate and process discrimination complaints and to provide training and technical assistance under the Fair Housing Act. The MHRA is also certified as equivalent to the Americans with Disabilities Act of 1990 (*ADA*) pursuant to 28 CFR Part 36, Subpart F.

The State of Maine Analysis of Impediments to Fair Housing Choice dated February 2016 (*2016 AI*) provides a comprehensive analysis of the differences between the MHRA and federal accessibility laws. http://www.mainehousing.org/docs/default-source/policy-research/Federal-Funds/analysis-of-impediments-to-fair-housing.pdf?sfvrsn=34e4a715_9. The following is a summary of the changes in State law since then.

- Service Animals and Assistance Animals**

Service animals and assistance animals continue to be a significant issue and source of contention among the disability community, landlords, and businesses. Disability discrimination is the largest basis for housing discrimination complaints filed with the Commission and many of these complaints involve service animals or assistance animals.

From 2008, when service animals were first addressed in State law, to 2011, the definition and protections for service animals were the same for both housing and public accommodations. A service animal was any animal that a qualified provider determined was necessary to mitigate the effects of a physical or mental disability or was individually trained to do work or perform tasks for the benefit of an individual with a physical or mental disability. In 2011, the Legislature bifurcated the definition of "service animal" and narrowed the definition for purposes of public accommodations to a "dog" that is individually trained to do work or perform tasks for the benefit of a person with a disability in order to bring the definition into line with the ADA. The term "service animal" with its historic definition was retained for purposes of housing. Defining the term "service animal" differently; for public accommodations led to confusion and increased claims of misrepresentation of service animals in public accommodations.

In 2015, several pieces of legislation were submitted to the Maine Legislature concerning service animal training and certification to address these perceived abuses. The Legislature, through Resolve Chapter 36 enacted July 27, 2015, established a task force to study training requirements, certification, the need for public education, and housing issues related to service animals. The task force report included recommendations that were implemented as follows.

- Certain statutory changes were enacted by 2015 Public Law Chapter 457, effective July 29, 2016. The term “service animal” with respect to housing was replaced with the new term “assistance animal.” The civil violation for misrepresentation of service animals and assistance animals was clarified to specifically include (1) the false certification of an animal as a service or assistance animal, (2) providing a false certification to another person, (3) fitting an animal with a harness, collar, vest or other sign that an animal is a service or assistance animal when it is not, and (4) representing an animal as a service or assistance animal when it has not completed training, and the monetary penalty was increased to \$1,000. Municipal license fee waivers were retained for both service animals and assistance animals, but a separate application form is required for each to avoid the misuse of the “service animal” waiver to permit access to public accommodations by assistance animals. The protections for pedestrians with “service animals” and the allowance for “service animals” in food stores were not extended to assistance animals.
- The task force acknowledged that a mandatory system for certifying trained service animals would violate federal law, but considered a voluntary system. Ultimately, the task force did not recommend a voluntary system, citing concerns about the lack of a statewide or national administering body, accepted standards for certification, fair testing practices, and funding which would be burdensome on persons with disabilities and the State. However, the task force recommended and the Legislature sent a letter to the State’s Congressional delegation urging the federal government to find ways to discourage and institute federal penalties for misrepresentation of service animals.
- The task force recommended a public education program and campaign on service animals and assistance animals, including a new public information officer position at the Maine Human Rights Commission to coordinate the effort, develop a website and instructional materials, and provide technical assistance. Model policies, signs, and verification forms were included in the task force report. The public information officer was not realized because of political and budgetary constraints, but the Commission developed video and informational brochures on service animals and assistance animals and posted them on the Commission’s website. The brochures along with state law and federal guidance on service animals are also posted on the State Legislature’s website. The Commission continues to provide public information and technical assistance, including a recent collaboration with MaineHousing to provide guidance to emergency shelters.

New protections for landlords were adopted by 2017 Public Law Chapter 61, effective November 1, 2017. Under the new law, landlords and their agents do not have any civil liability for personal injury, death or property damage caused by assistance animals except in cases of gross negligence, recklessness or intentional misconduct by the landlord or agent or with respect to assistance animals owned by the landlord or agent.

- **New Accessibility Standards – MUBEC and MUBC**

The State has historically required more accessible housing than federal law, including the Fair Housing Act, the ADA, and Section 504 of the Rehabilitation of Act of 1973 (*Section 504*).

Continuing this tradition, the State for the first time adopted accessibility requirements as part of the State's building and energy codes last year. Effective January 28, 2018, the State updated the Maine Uniform Building and Energy Code (*MUBEC*) and the Maine Uniform Building Code (*MUBC*) to include the 2015 International Building Code (*IBC*) and the 2015 International Existing Building Code (*IEBC*) without excluding the accessibility provisions. In previous updates of MUBEC and MUBC, the accessibility provisions of the version of the IBC and the IBEC adopted were specifically excluded.

This change is significant in several respects. Until now, private multifamily housing with 4 or more units that is newly constructed, or in the case of State law substantially rehabilitated, only had to be adaptable (features that can easily become accessible as needed) under the Fair Housing Act and the State's equivalent requirements. In those communities subject to MUBEC or MUBC (those with a population of 4,000 or more and communities that voluntarily adopted either code), private multifamily level now must comply with accessibility requirements similar to the ADA. These requirements apply to new construction and to the repair, alteration (any level of alteration), change of occupancy, addition and relocation of existing buildings or structures. Two fundamental principles of the requirements are (1) mainstreaming (the concept that persons with disabilities should not be singled out and everyone can benefit from accessibility features, particularly aging populations), and (2) existing housing will become fully accessible over time as upgraded. Also, for the first time building code officials have enforcement authority with respect to accessibility requirements in the State.

While the change will expand the availability of accessible housing in Maine, it exacerbates a problem identified in the 2015 AI. MUBEC and MUBC do not exclude housing and facilities that are already subject to the ADA. Housing funded by MaineHousing is subject to Title II of the ADA (applies to State-assisted activities) and shelters and certain supportive facilities are subject to Title III of the ADA (public accommodations). MUBEC and MUBC add yet another layer of accessibility requirements on housing that is already subject to multiple federal and State requirements.

Most of the housing funded by MaineHousing is subject to the ADA, Section 504, and more restrictive requirements under the State's accessibility requirements for multifamily housing (similar to the Fair Housing Act) and publicly funded housing. The 2015 AI describes the differences between the MHRA and these federal requirements, the most significant of which are set forth below.

- The term “new construction” for purposes of the accessibility requirements for multifamily housing and public housing under the MHRA, 5 M.R.S.A. §4582-C(3), was expanded in 2011 to include more than housing for first occupancy as defined under the Fair Housing Act. It also includes the reuse of formerly vacant buildings (usually historic) and other substantial rehabilitation (i.e. rehabilitation equal to 75% or more of the replacement cost of the housing). This distinction has the most impact with respect to the requirements for multifamily housing, which like the Fair Housing Act require all units to be adaptable.
- In public housing (projects with any type of public funding, such as low-income housing tax credits and government funding) with 20 or more units on a parcel of land, at least 10% of the ground level units and 10% of the upper floor units in a building with an elevator must be accessible (or must have accessible routes, accessible doors and adaptable bathrooms if alterations that do not reach the level of new construction), whereas only 5% of all units in a project must be accessible under Section 504 and the ADA.
- In 2011, the accessibility standards for multifamily housing and public housing were changed to the most current version of ANSI A117.1 as designated in the Commission’s rules, which for multifamily housing is the requirements for Type B units in ICC/ANSI A117.1 – 2009 (provides greater accessibility than the safe harbors under the Fair Housing Act), and for public housing are the requirements for Type A units in ICC/ANSI A117.1 – 2009 (similar to the federal standards for Section 504 and the ADA, but less restrictive in some cases).

The application of all of these different federal and state accessibility requirements to MaineHousing-funded housing can be complicated and confusing for developers and their design professionals. This complexity causes confusion about which requirements apply and can lead to noncompliance, which is a barrier to accessible housing. MUBEC and MUBC, which is in effect in most of the communities where MaineHousing funds housing, add another layer of complexity, particularly since there are subtle differences between the scoping requirements and accessibility standards in the ADA and those in MUBEC and MUBC.

• **Maine Human Rights Commission**

In October 2015, Governor LePage issued an executive order alleging that Maine’s business community perceived the Commission to be biased toward complainants. The executive order established a Review Panel (consisting of attorneys for respondents and complainants, a best administrative practices expert, and representatives for business, landlords, Pine Tree Legal, and the Commission) to review the structure and operation of the Commission, identify factors causing the perceptions of bias in favor of complainants, identify procedures and practices that may be unnecessarily burdensome or unfair, and issue a report with recommendations to the Governor.

The Review Panel unanimously agreed that the Commission, its commissioners and staff, are not biased or unfair toward respondents or complainants. Perceptions of bias were due, in part, to organizational and procedural inefficiencies and to misconceptions about the Commission's obligations and authority. The Commission is understaffed (5 to 6 investigators for approximately 700 complaints each year with no support staff) and has outdated technology, and the complaint process is inefficient. Common misconceptions are the Commission investigates all complaints because it believes discrimination occurred, when in fact, the Act mandates investigation of all complaints, and the Commission can order respondents to settle or pay damages when it has no statutory enforcement authority. The Commission must dismiss complaints if no reasonable grounds are found, and when reasonable grounds are found, it can only encourage settlement through mediation or conciliation, file a civil action on behalf of the complainant, or issue an order of findings (without enforcement, whether injunctive, punitive, or remunerative in nature).

Recommendations of the Review Panel included (1) engaging an organizational workflow consultant, (2) hiring more investigators and administrative support staff, (3) using intake specialists to ease the bottleneck at the intake stage by educating and assisting unrepresented parties through the process, (4) more training for commissioners and staff (particularly with respect to conducting neutral investigations), (5) upgrading computers and technology to allow for electronic filing and electronic signatures, (6) expanding the Commission's mediation program (more below), (7) modifying the Act and agreements with federal agencies to create a dual-track system to allow parties with legal representation to move through the process faster, (8) refining the process for requesting information and documentation at the complaint stage to avoid burdensome and irrelevant questions and requests, (9) community outreach program about the Commission's obligations and authority, (10) timely appointment of commissioners, and (11) funding for more staff, training, technology upgrades, and outreach.

The Commission did not receive any funding to implement the recommendations of the Review Panel. In FY 2018, the Commission still has the same number of investigators and they are responsible for both processing intakes and investigating 709 complaints. The Commission continues to be challenged by staff shortages and high turnover among investigators. There are no intake specialists or support staff for the investigators, and the Executive Director conducts most of the Commission's outreach activity in the State.

The Commission has made efforts to make the process more efficient. It developed a Third Party Neutral Mediation Program, an informal, voluntary process conducted by a neutral third party paid by the parties to help them resolve complaints. The program has grown (from 32 cases mediated in 2015 to 102 cases in 2018) because of its success, more than half of the cases resolved each year (68.75% in 2015 and 60.78% in 2018). The Commission is also proposing changes to its procedural rules this year to improve the efficiency of the complaint and investigation process.

- **Maine Human Rights Commission Complaint Process**

The Commission's process for handling discrimination complaints under the Maine Human Rights Act is similar to HUD's process for handling discrimination complaints under the Fair Housing Act. Because these processes are substantially equivalent, the Commission contracts with HUD and receives funding pursuant to the Fair Housing Assistance Program to investigate and process complaints under the Fair Housing Act for HUD.

The time period for submitting a complaint under the Maine Human Rights Act is 300 days, which is slightly shorter than the year under the Fair Housing Act. As part of the 2011 changes to the Maine Human Rights Act to become re-certified as substantially equivalent to the Fair Housing Act, the definition of "aggrieved person" was expanded to clarify that testers and groups representing protected classes could file complaints, not just those persons who were the subject of discrimination. Like HUD, the Commission favors resolving complaints by settlement agreement during the initial fact-finding or investigative stage before making a determination. If the complaint is not resolved, the investigator will submit an investigator's report which includes a recommendation to the Commission as to whether there are reasonable grounds to believe that unlawful discrimination occurred. The Commission will hold a hearing to consider the recommendation and make a final decision. If the Commission does not find reasonable grounds to believe that unlawful discrimination has occurred, it shall enter an order so finding, and dismiss the complaint. If the Commission finds reasonable grounds to believe that unlawful discrimination has occurred, but finds no emergency, it will again attempt a conciliation agreement. If conciliation efforts are not successful, the Commission may file a civil action in State court seeking such relief as is appropriate, including temporary restraining orders, under the Maine Human Rights Act.

Pine Tree Legal Assistance, a nonprofit organization that provides civil legal assistance to low-income persons in Maine, also participates in and receives funding under the Fair Housing Assistance Program to operate a testing program in Maine.

- **Criminal Background Screening – Disparate Impact**

This year the Legislature considered legislation concerning the use of criminal background checks to deny housing. LD 1572, *An Act to Enact the Maine Fair Chance Housing Act*¹² would:

- prohibit a landlord from inquiring about or considering a housing applicant's criminal history until the landlord determines that the applicant has met all of the other qualifications for housing,
- require the landlord to keep all criminal history information about applicants confidential,
- permit an aggrieved person to file an action with the Commission for violations, except those by the State or any of its political subdivisions,

- for violations by private housing providers, (i) create a civil violation with a fine up to \$100 for first and second fines and investigation by the Commission for subsequent offences, (ii) permit a civil action for violation with legal or equitable relief to be determined by the court and reasonable attorney's fees and costs for an aggrieved person who prevails, and (iii) require mandatory counseling by the Commission.

The legislation was carried over to the next legislative session. The confidentiality provisions conflict with State law on criminal records with respect to certain crimes, most of them egregious in nature and not confidential to protect public safety. The Maine Real Estate Managers Association (MREMA) suggested that the legislation be used to incorporate HUD's *Office of General Counsel Guidance on Application of Fair Housing Act Standards to the Use of Criminal Records by Providers of Housing and Real Estate-Related Transactions* dated April 4, 2016 into State law. The guidance is federal law and the Commission does not have authority to enforce it. The Commission, MREMA, and other interested parties are working on a proposal to address these issues for the Legislature to consider next session.

- **Expanded VAWA (Violence Against Women Act) Protections**

2019 Public Law Chapter 455 expanded the documentation tenants can provide landlords to avail themselves with the State's VAWA protections to include police reports, criminal complaints, indictments, or convictions resulting from investigations or charges of sexual assault or stalking. The bill also expanded the harassment and protection from abuse laws to include harassment by telephone.

Summary of Fair Housing Data Findings

FAIR HOUSING COMPLAINTS

Basis

Disability is the most common basis for an allegation of a fair housing violation. In 2018, 48.3% of allegations were based on disability, with guide dog/support animals being the most frequently identified disability-related allegation. Disability allegations accounted for 185 housing discrimination cases considered by the Maine Human Rights Commission.

Table 1

Maine Human Rights Commission Housing Discrimination Cases							
Basis of Allegation	Year		Years		City/Town	Allegations	
	2018	Count	Percent	Count	Percent		
Disability	185	48.3		1,007	53.1	Portland	281
Race/Color	38	9.9		211	11.1	South Portland	141
Familial Status	6	1.6		72	3.8	Bangor	124
Gender/Sex/Orientation	48	12.5		133	7.0	Lewiston	109
Retaliation	55	14.4		226	11.9	Auburn	92
National Origin/Ancestry	17	4.4		123	6.5	Augusta	65
Religion	6	1.6		41	2.2	Westbrook	47
Other & Source of Income	28	7.3		83	4.4	Kennebunk	44
Total	383			1,896		Old Orchard Beach	41
						Orono	41
						Total	985

Maine Human Rights Commission

Disposition

Table 2

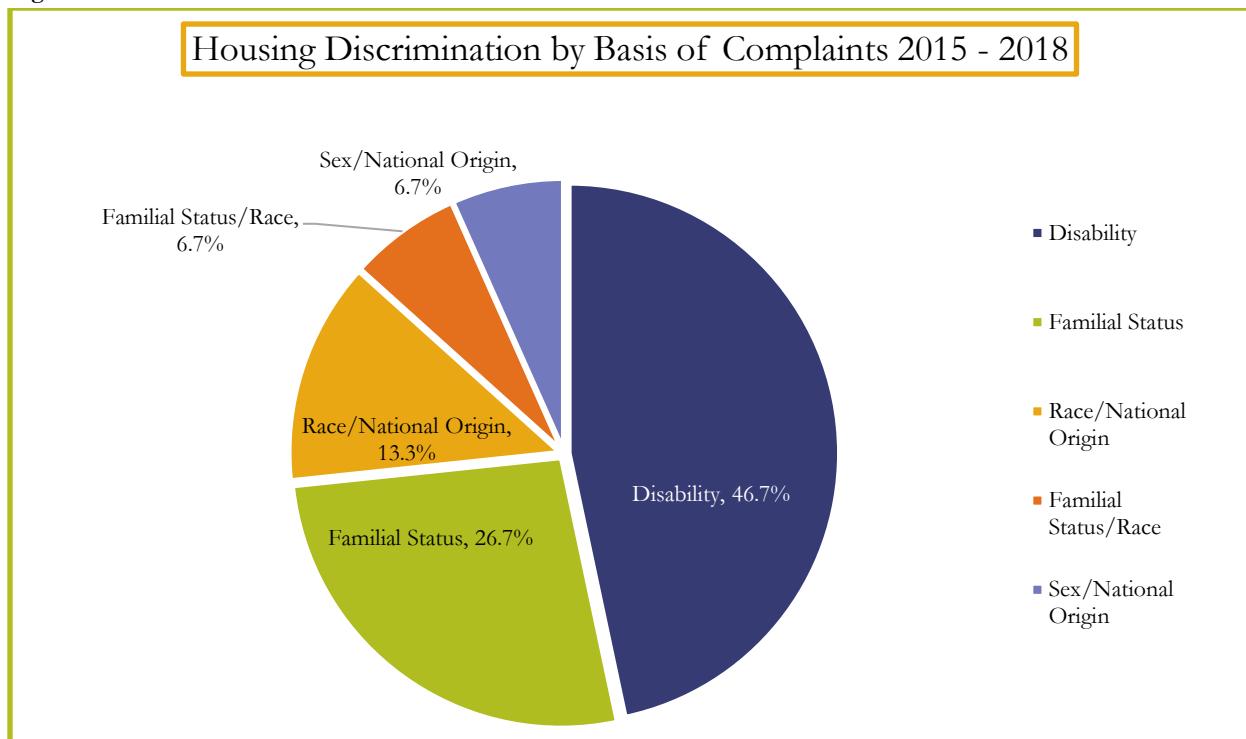
Disposition of MHRC Housing Discrimination Cases				
	2018		2014 - 2018	
	# of Cases	Percent	# of Cases	Percent
Administrative Closure	0	0.0	5	0.3
Case Settled By Legal Unit	0	0.0	86	4.5
Conciliation Failure	0	0.0	21	1.1
CP Failed To Cooperate	30	7.8	88	4.6
CP Withdrawal - No Ben.	27	7.0	93	4.9
No Cause Finding Issued	285	74.4	1,041	54.8
No Jurisdiction	21	5.5	94	4.9
Open Charge Closed By Legal Activity	0	0.0	26	1.4
Settlement With Benefits	8	2.1	233	12.3
Successful Conciliation	8	2.1	36	1.9
Withdrawal With Benefits	4	1.0	178	9.4
Total	383		1,901	

Maine Human Rights Commission

Most allegations reviewed by the Maine Human Rights Commission are disposed of with no cause for the allegation found. There were 233 cases settled with benefits from 2014 – 2018, of which only 8 were settled in 2018.

Some of the complaints brought to the Maine Human Rights Commission are the result of a fair housing testing program conducted in cooperation with Pine Tree Legal Assistance. Individuals are paid to test advertised rental properties randomly or for instances in which a landlord is suspected of discriminating. From 2015 – 2018, 514 tests were conducted; 94 provided evidence for 15 complaints filed with HUD and/or the Maine Human Rights Commission. The majority (46%) of the complaints were based on the disability of the occupant. Another 26.7% were based on the occupants' familial status. Issues of race, national origin, or color comprised 13% of the complaints. Pine Tree Legal cases result from investigations the organization initiates based on its own assessment, as well as client complaints. The results are shown in Figure 1 below.

Figure 1



Mortgage Activities

Minorities in Maine do not fare as well as whites in the pursuit of home ownership financing. Table 3 shows the distribution of loans originated and applications denied by financial institutions by race as a percent of all loans in Maine. Whites comprise 97.4% of all applications and obtain 97.8% of loan originations. Table 4 details the same data as a percentage of each race alone. With the exception of the Hawaiian/Pacific Islander population, whites have a much lower rate of denials and a higher rate of originations. Poor credit history is a prominent problem for minority applicants, followed by debt-to-income ratios as shown in Table 5.

Table 3

Actions	African				
	White	American	Asian	American Indian	Hawaiian/Pacific Islander
Applications	97.4%	0.7%	1.0%	0.7%	0.2%
Application Denied	96.2%	1.2%	1.1%	1.2%	0.2%
Loan Originated	97.8%	0.6%	0.9%	0.5%	0.2%

HMDA Data

Table 4

2017 Loan Denial and Origination Rates by Race					
	African				
	White	American	Asian	American Indian	Hawaiian/Pacific Islander
Application Denied	16.2%	27.1%	17.7%	31.1%	14.9%
Loan Originated	59.9%	48.1%	53.6%	42.7%	56.4%

HMDA Data

Table 5

2017 Reasons for Denial by Race					
	White	Asian	African American or African American	Hawaiian or Other Pacific Islander	Native American Indian or Alaska Native
Lack of collateral	24.7%	16.7%	19.6%	14.3%	20.4%
Poor credit history	31.7%	22.90%	35.3%	57.1%	48.0%
Credit application incomplete	9.1%	10.4%	5.9%	14.3%	4.0%
Debt-to-income ratio too high	29.9%	37.5%	29.4%	0.0%	24.0%
Poor employment history	1.9%	8..3%	3.9%	14.3%	2.0%
Insufficient cash (down payment, closing costs)	2.6%	4.2%	5.9%	0.0%	0.0%
Mortgage insurance denied	0.2%	0.0%	0.0%	0.0%	0.0%

HMDA Data

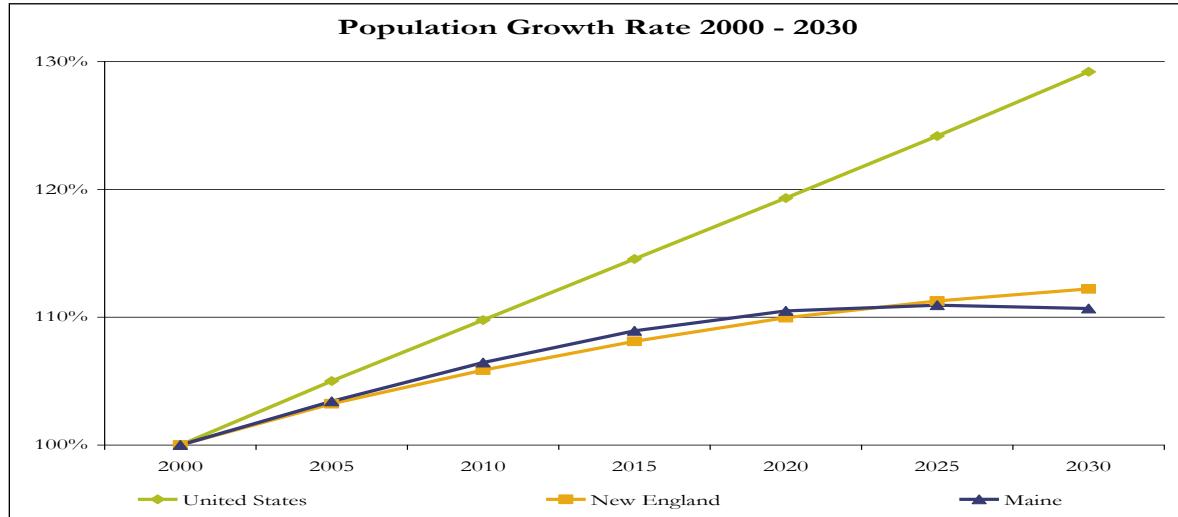
DEMOGRAPHICS, INCOME, AND THE RESIDENTIAL HOUSING MARKET

Population Trends

Maine's population is experiencing flat growth, "super" aging, and is shifting to the southeastern coastal areas of the state. The population of Maine has increased an estimated 38% since 1960. Since 2000 however, its growth has been relatively flat and is projected to remain so through 2030. The state ranked 40th in total population among the states in 2010, and dropped to 43rd in 2018. Maine is the largest state, geographically, in the New England region.

Maine's population is projected to grow a flat rate of less than a 1% through 2030. The greatest growth will be among those 65 and older, with a projected 37% gain from 2016 – 2026. Seven of Maine's 16 counties are projected to see population increases from 2016-2021, while eight are projected to increase from 2021-2026. Seven counties are projected to see cumulative increases over the ten-year period from 2016-2026.

Figure 2: Population Growth Rates and Projection, Census



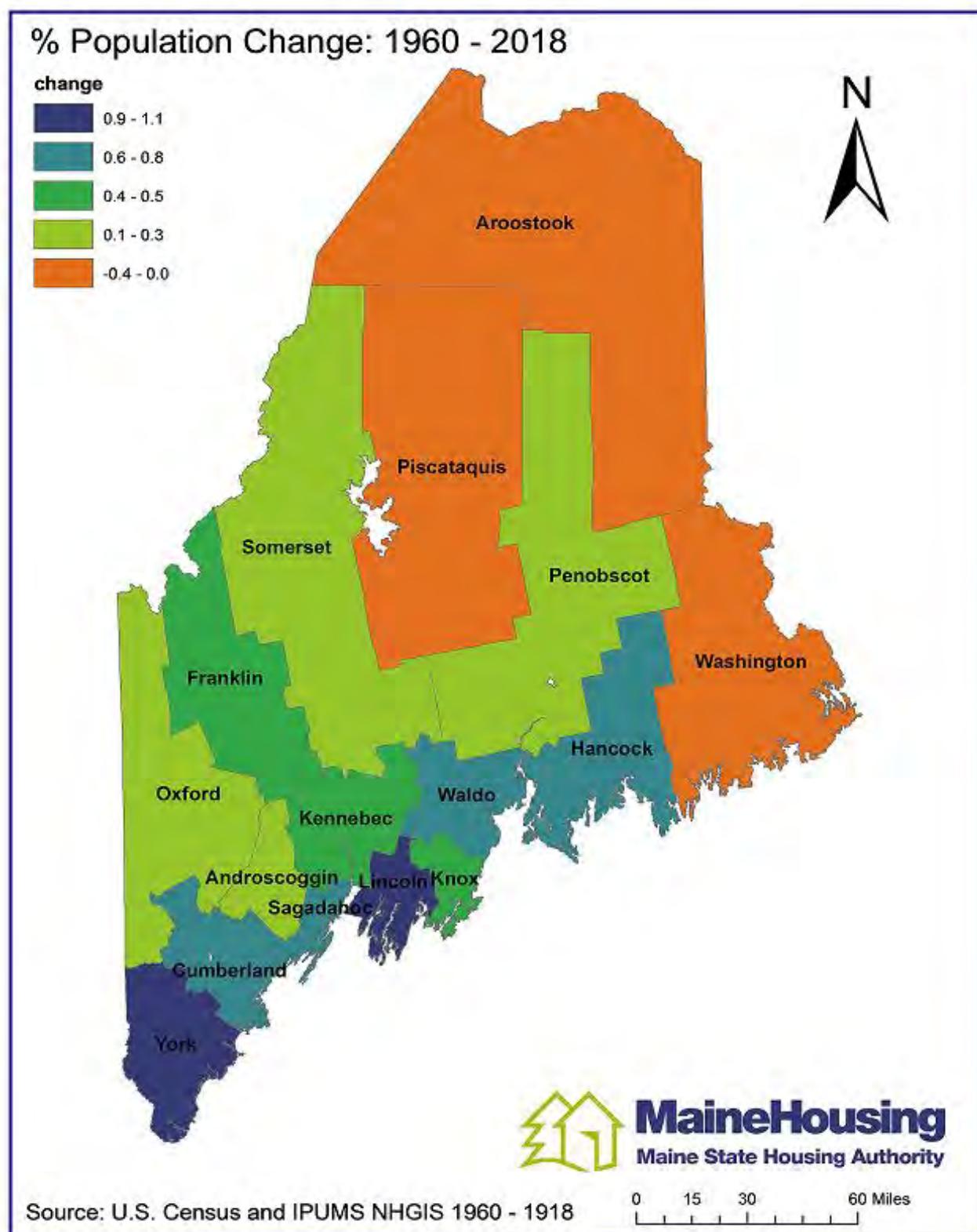
The most significant demographic change in Maine is its aging population. Maine is now considered the oldest state in the nation with a median age of 44. The older adult community is projected to comprise nearly a quarter of the total population by the middle of the next decade.

For over 50 years, Maine has seen its most significant population growth in the coastal and southern portions of the state. Of Maine's sixteen counties, York county saw a 107% increase in population since 1960, followed by Lincoln and Waldo counties. Aroostook county saw a decrease of 36% over the same period (see table 6).

Table 6: National Historical Geographic Information System, University of Minnesota

County	1960	1970	1980	1990	2000	2010	2018	% Change 1960 - 2018
Maine	969,265	992,048	1,124,660	1,227,928	1,274,923	1,328,361	1,338,404	38.1
Androscoggin	86,312	91,279	99,657	105,259	103,793	107,702	107,679	24.8
Aroostook	106,064	92,463	91,331	86,936	73,938	71,870	67,111	-36.7
Cumberland	182,751	192,528	215,789	243,135	265,612	281,674	293,557	60.6
Franklin	20,069	22,444	27,098	29,008	29,467	30,768	29,897	49.0
Hancock	32,293	34,590	41,781	46,948	51,791	54,418	54,811	69.7
Kennebec	89,150	95,247	109,889	115,904	117,114	122,151	122,083	36.9
Knox	28,575	29,013	32,941	36,310	39,618	39,736	39,771	39.2
Lincoln	18,497	20,537	25,691	30,357	33,616	34,457	34,342	85.7
Oxford	44,345	43,457	48,968	52,602	54,755	57,833	57,618	29.9
Penobscot	126,346	125,393	137,015	146,601	144,919	153,923	151,096	19.6
Piscataquis	17,379	16,285	17,634	18,653	17,235	17,535	16,800	-3.3
Sagadahoc	22,793	23,452	28,795	33,535	35,214	35,293	35,634	56.3
Somerset	39,749	40,597	45,028	49,767	50,888	52,228	50,592	27.3
Waldo	22,632	23,328	28,414	33,018	36,280	38,786	39,694	75.4
Washington	32,908	29,859	34,963	35,308	33,941	32,856	31,490	-4.3
York	99,402	111,576	139,666	164,587	186,742	197,131	206,229	107.5

Map 1: Percentage Change for Maine Counties, 1960 – 2010



Age

Maine's median age is 44.3 years, the oldest median age of any state in the nation, and a sharp contrast with the nationwide median of 37.8 years. The Census Bureau predicts that by 2026, Maine will be a "super aged" state, with 24% of the state's population over 65 years. The older population in Maine is less diverse than the population 18 – 59 years old, reflecting the relative surge in the minority population beginning in the 1990s.

Figure 3: Household Change by Race and Age

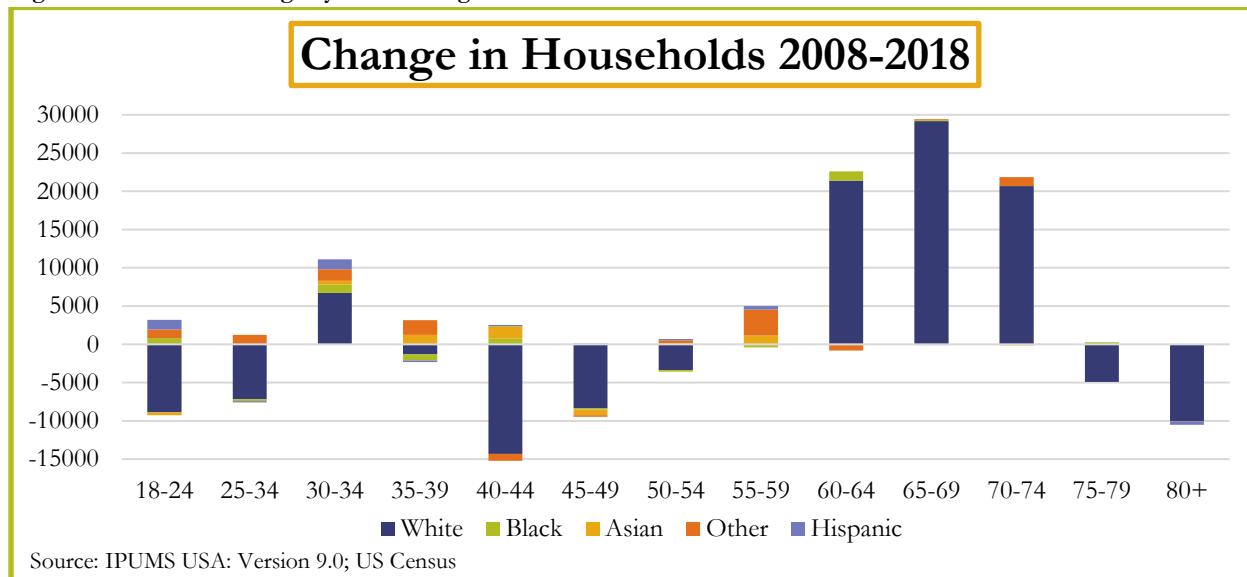


Table 7, Worker – Senior Ratio, ME DoL

Working-age to senior ratio *		
	2015	2030
United States	4.2	2.8
Androscoggin	4.1	2.8
Penobscot	4.0	2.6
Cumberland	3.9	2.4
Kennebec	3.6	2.3
York	3.5	2.0
Maine	3.4	2.2
Oxford	3.3	2.0
Somerset	3.3	2.0
Franklin	3.2	2.0
Sagadahoc	3.1	1.8
Waldo	3.1	1.9
Aroostook	2.9	1.9
Hancock	2.8	1.7
Knox	2.7	1.8
Washington	2.6	1.8
Piscataquis	2.4	1.5
Lincoln	2.2	1.3

*Age 16 to 64 divided by 65 and over.

Sources: U.S. Census Bureau; Governor's Office of Policy and Management.

As population growth slows and continues to age, the ratio of working-age Maine residents to older, nonworking-age residents will also change.

The retirement aged population is projected to grow faster than those of working age. Maine's population of 0 – 19, 20 – 39 and 46 – 64 years old is projected to grow at rates of -12%, 2%, and -12% respectively. The population over 65 years will grow 37%.

Today, for every person over the age of 65 in Maine, there are an estimated 3.4 working-age persons. By 2030, that ratio is expected to diminish to one senior to 2.8 workers. Maine will have to entice larger numbers of working age people to stem the current demographic tide.

Race

Maine is not, comparatively speaking, a racially diverse state. With the exception of unidentified races and native Hawaiians, other minorities in Maine increased measurably from 1990 to 2017, and these minorities now comprise 5.4 % of the state's total population. Likewise, Maine's white population had declined to 94.6%. Like its northern New England sister states of Vermont and New Hampshire, Maine's black population (1.3%) and Asians (1.1%) are much fewer in numbers than the national distribution of 13% and 5% respectively.

Table 8

Race	Maine Population By Race				Percentage Change 1990 to 2017	Percentage Change 2000 to 2017
	1990	2000	2010	2017		
White	1,206,956	1,236,014	1,264,971	1,258,918	4	2
Black or African American	4,959	6,760	15,707	16,906	241	150
Asian	6,588	9,111	13,571	14,807	125	63
American Indian or Alaska Native	5,901	7,098	8,568	8,212	39	16
Native Hawaiian or Pacific Islander	N/A	382	342	249	-35	-35
Some other race alone	6,287	2,911	4,261	2,967	-53	2
Two or More Races	N/A	12,647	20,941	28,102	122	122
Total State Population	1,230,691	1,274,923	1,328,361	1,330,158	8.1	4
Total Minorities*	23,735	38,909	63,390	71,240	63.9	83
Percentage Minority	1.9	3.1	4.8	5.4		

Sources: U.S. Census Bureau Summary Files DP-1 for the 1990, 2000 & 2010 Decennial Censuses; ACS 5-Year 2012 - 2017, Table B02001

* Obtained subtracting white from total state population.

Maine has no Racially or Ethnically Concentrated Areas of Poverty (R/ECAPs) using HUD's definition of R/ECAP, with the exception of the Penobscot Indian Island Reservation. Though the population of black and Asian people have doubled since 1990, there are no areas where this population is concentrated. The cities of Portland and Lewiston have the largest population of minorities in Maine.

Race/Ethnicity and Income

Households headed by minorities in Maine earn far less than white households with the exception being Asian households. Household income is one of several factors used to determine eligibility for housing assistance. In Maine, the median household income for Whites and Asians was higher than the state median while all other minorities were well below that median.

Minority households have both lower incomes and higher rates of poverty. The U.S. Census Bureau determines the poverty status of households by using a set of dollar value thresholds that vary by family size and composition. As shown in Table 4, blacks have the lowest median income and the highest rate of poverty.

Table 9 Median Incomes and Poverty by Race and Ethnicity

	Median Household Income	Poverty Rate (%)
Maine	\$53,024	12.9
Whites	\$53,585	12.1
Blacks	\$28,018	42.5
American Indian/Alaska Native	\$32,372	33.3
Asians	\$53,151	13.3
Hispanics	\$45,211	19.9

Source: U.S. Census Bureau 2017 ACS 5 Year 2013-2017, Tables S1903 & S1701

Incomes have not improved evenly across all races. Using the income grouping shown below in Table 10, the percentage of all households in Maine is greatest at the \$75,000 and over range. White and Asian households have similar distributions, but Asian households have the greatest percentage of households at the \$75,000 range. In contrast, nearly half of black and Indian households remain distributed in the lowest income range, a range far lower than the state median income and more in line with median renter incomes. Hispanic households have the most even distribution across income ranges. An estimated 22.9% of Maine households fall into the extremely low to low income range, an improvement from 2010 when 26% fell in that range.

Table 10 Household Income by Race 2017

	\$0 - \$24,999		\$25 - \$49,999		\$50 - \$74,999		\$75,000 +		
	Total	#	%	#	%	#	%	#	%
All Households	554,061	126,812	22.9	134,767	24.3	106,376	19.2	186,106	33.6
White	533,516	119,659	22.4	129,512	24.3	103,256	19.4	181,089	33.9
Black	4,530	2,151	47.5	1,064	23.5	601	13.3	714	15.8
Indian	3,255	1,362	41.8	777	23.9	540	16.6	576	17.7
Asian	4,227	897	21.2	1,083	25.6	559	13.2	1,688	39.9
Hispanic	5,928	1,628	27.5	1,660	28.0	1,070	18.0	1,570	26.5

Source: U.S Census ACS 5 Year 2013 -2017 Tables B19001, 1A, 1B, 1C, 1D, 1E & 1I

Income varies regionally. The median household income for Cumberland, Sagadahoc and York counties, all in the southern region of the state, was over \$60,000, and the poverty rate there was well below the state rate of 12.9%. In contrast, Aroostook, Kennebec, Oxford, Penobscot, Piscataquis, Somerset, Waldo and Washington all have poverty rates above the state rate.

Aroostook, Piscataquis and Washington counties have both low median incomes and very high poverty rates. Generally, counties that have seen population increases have lower levels of poverty.

Table 11 Median Income and Poverty Rates, 2010 County

	Median Household Income	Poverty Rate (%)
Maine	\$53,024	12.9
Androscoggin	\$49,538	14.3
Aroostook	\$39,021	17.5
Cumberland	\$65,702	10.7
Franklin	\$45,541	12.4
Hancock	\$51,438	11.6
Kennebec	\$50,116	14.1
Knox	\$53,117	11.6
Lincoln	\$54,041	11.8
Oxford	\$44,582	15.2
Penobscot	\$47,886	15.9
Piscataquis	\$38,797	18.7
Sagadahoc	\$60,457	11.3
Somerset	\$41,549	17.8
Waldo	\$50,162	14.3
Washington	\$40,328	18.2
York	\$62,618	8.5

Source: U.S. Census Bureau, 2013-2017 ACS Tables S1701 & S1903)

Table 12 Household Income by Race 2017

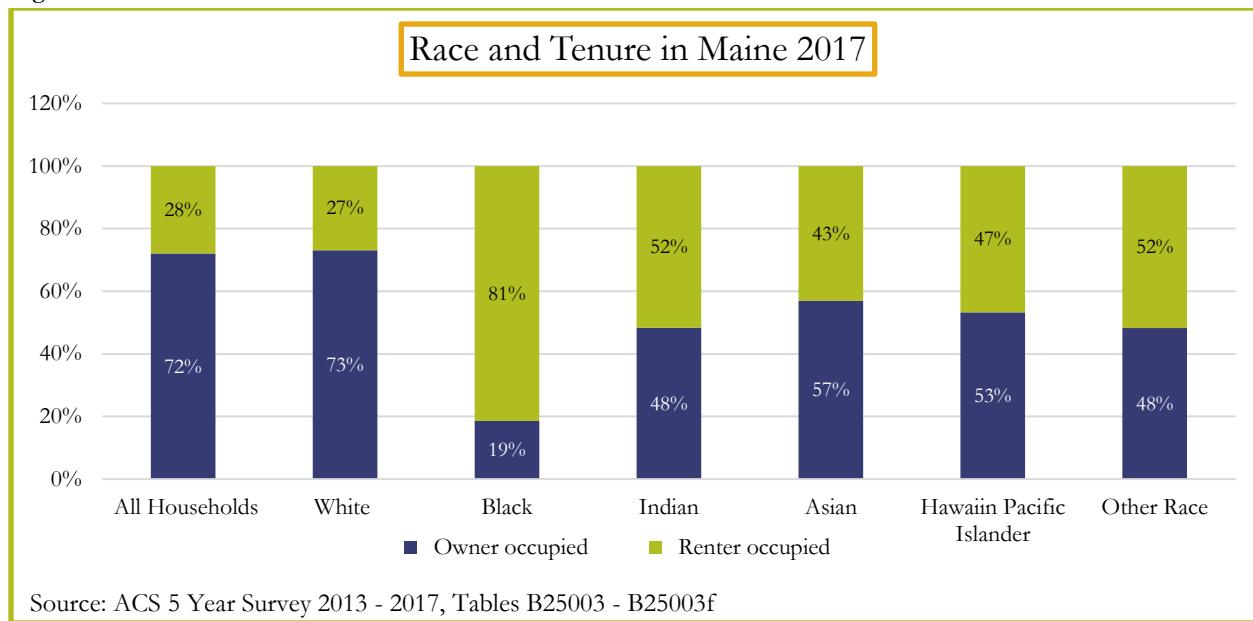
	\$0 - \$24,999		\$25 - \$49,999		\$50 - \$74,999		\$75,000 +		
	Total	#	%	#	%	#	%	#	%
All Households	554,061	126,812	22.9	134,767	24.3	106,376	19.2	186,106	33.6
White	533,516	119,659	22.4	129,512	24.3	103,256	19.4	181,089	33.9
Black	4,530	2,151	47.5	1,064	23.5	601	13.3	714	15.8
Indian	3,255	1,362	41.8	777	23.9	540	16.6	576	17.7
Asian	4,227	897	21.2	1,083	25.6	559	13.2	1,688	39.9
Hispanic	5,928	1,628	27.5	1,660	28.0	1,070	18.0	1,570	26.5

Source: U.S Census ACS 5 Year 2013 -2017 Tables B19001, 1A, 1B, 1C, 1D, 1E & 1I

Race and Tenure

Maine's white population has the highest homeownership rate at 73%, higher than the state rate of 72% and the national rate of 64%. Homeownership is often seen as a measure of wealth and the capacity to build wealth, and generally as more conducive to building strong families and raising successful children. Among minorities in Maine, homeownership rates range from a low of 19% for black households to 57% for Asian households.

Figure 4 Race and Tenure

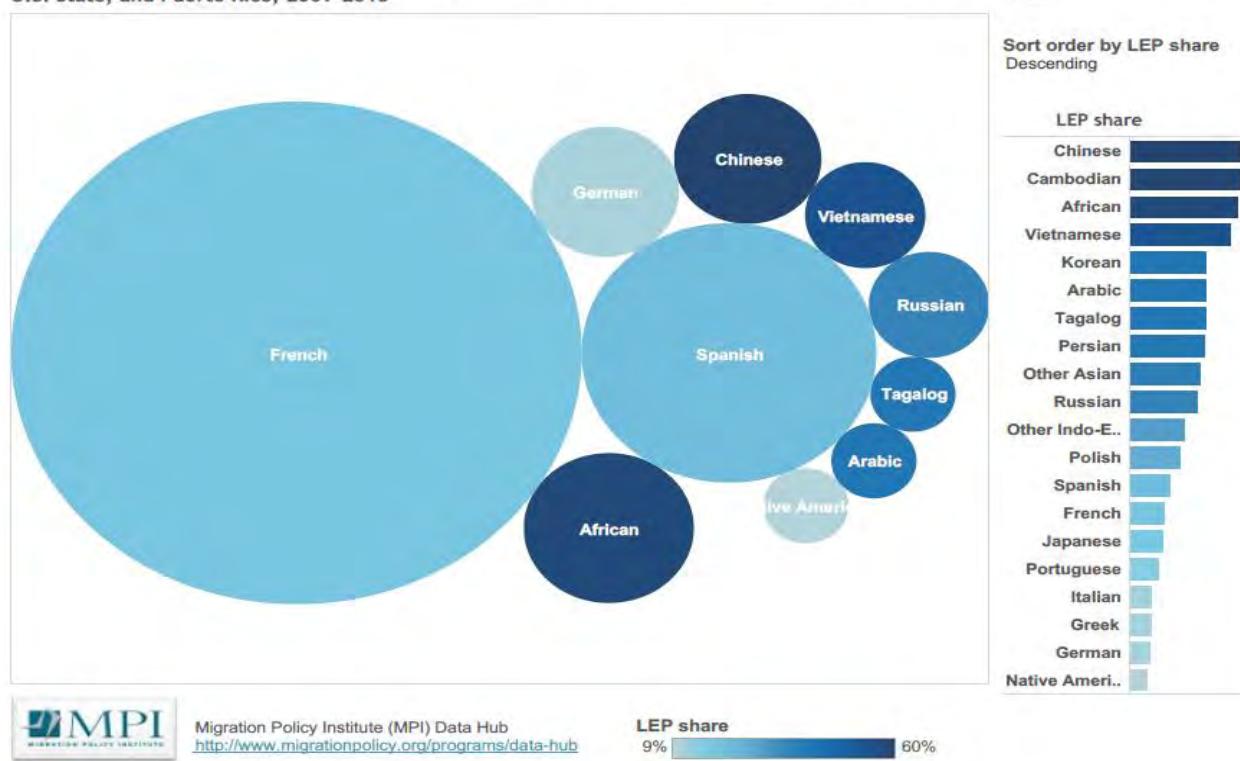


Language

An estimated 2% of Maine residents have Limited English Proficiency (LEP). Maine residents with LEP have difficulty reading, writing, and speaking English, as well as understanding others who speak it. LEP can impact an individual's chances to access safe affordable housing.

Figure 5 LEP

Top 10 Languages Spoken by Limited English Proficient U.S. Residents and LEP Share, by Language, U.S. State, and Puerto Rico, 2009-2013*



Disabilities

The State of Maine has a disabled population of 16%, or 208,646 individuals. Two thirds of Maine's disabled residents are over 65. More Maine residents with a disability have an ambulatory disability than any other type, followed by those with cognitive disabilities. Working aged adults, ages 18 – 64, have the largest share in both the cognitive and ambulatory categories.

Median Household Income

More rural, less populated counties have lower median incomes. Married-couple family households have higher median incomes than family or nonfamily households regardless of the region. The dollar amount of each family type varies by county. Married-couple family income averages 145% higher than median income across the counties, with family households earning an average 126% of median household incomes. Non-family households earn about half the median.

Table 13 below provides the median dollar amounts for household type by county. Maine's median household size is 2.34 (See figure 6).

Table 13 Median Incomes by Household Type

	Median Income			
	Households	Families	Married-couple families	Nonfamily households
Maine	\$53,024	\$67,340	\$77,431	\$30,185
Androscoggin	\$49,538	\$63,360	\$74,269	\$30,200
Aroostook	\$39,021	\$52,023	\$59,670	\$19,792
Cumberland	\$65,702	\$85,525	\$97,332	\$39,209
Franklin	\$45,541	\$57,183	\$64,882	\$25,997
Hancock	\$51,438	\$66,242	\$74,868	\$28,395
Kennebec	\$50,116	\$65,348	\$75,007	\$28,831
Knox	\$53,117	\$64,176	\$71,137	\$32,282
Lincoln	\$54,041	\$69,352	\$79,692	\$28,439
Oxford	\$44,582	\$54,970	\$63,310	\$25,628
Penobscot	\$47,886	\$61,325	\$71,298	\$25,568
Piscataquis	\$38,797	\$49,721	\$56,752	\$22,102
Sagadahoc	\$60,457	\$73,913	\$84,252	\$35,114
Somerset	\$41,549	\$54,148	\$63,989	\$20,603
Waldo	\$50,162	\$61,640	\$70,427	\$27,314
Washington	\$40,328	\$50,663	\$59,227	\$22,056
York	\$62,618	\$74,865	\$85,016	\$36,396

US Census, 2017 ACS 5 Year, Table S1901

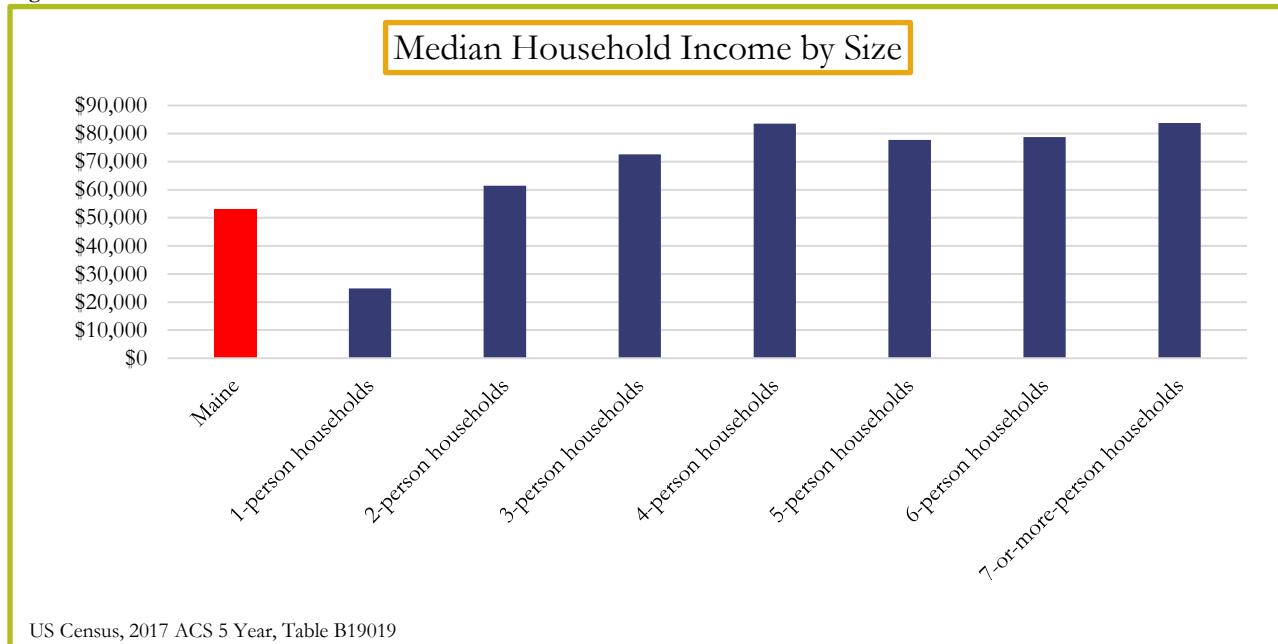
Maine has a significant number of occupied nonfamily households (the 5th highest in the nation), with 78% of them occupied by one individual earning very low median incomes.

Table 14 Occupied Households by Type and Size

	Family households	Nonfamily households
Total Households	348,315	205,746
1-person	0.0%	78.3%
2-person	52.0%	18.6%
3-person	21.7%	2.1%
4-person	17.2%	0.7%
5-person	6.0%	0.2%
6-person	2.2%	0.0%
7-or-more	0.9%	0.1%

US Census, 2017 ACS 5 Year, Table B11016

Figure 6



Purchasing

Government programs that provide low income households with low interest, down payment, and closing cost assistance are still needed. Although home sales in Maine have not reached prerecession levels, they are increasing. Conventional home purchase loans have reached their highest level since the prerecession period. Among loans requiring low to no down payments, Veterans Administration loans have increased threefold since 2008, while others have remained comparatively level over the same period. This trend reflects a continuing capacity of potential buyers to save enough to enter the market without some assistance. Overall however, the ratio of low or no downpayment loans to conventional loans has diminished 4 percentage points since 2008 after exceeding conventional loan total from 2008 through 2019.

Table 15

Loan Applications by Loan Type								
State of Maine								
HMDA Data								
Loan Type	2008	2009	2010	2011	2012	2013	2014	2017
Conventional	11,329	8,924	7,825	7,452	8,839	10,296	10,993	40,297
FHA-insured	3,416	5,021	5,066	3,933	3,940	3,156	3,009	8,812
FSA/RHS-guaranteed	1,019	3,055	2,420	2,647	3,336	4,199	4,025	3,359
VA-guaranteed	769	1,046	1,270	1,258	1,361	1,590	1,874	2,589
Total	16,533	18,046	16,581	15,290	17,476	19,241	19,901	55,057

HMDA Data

Identification of Impediments to Fair Housing Issues

Based on our research, we identified the following potential impediments or barriers to fair housing choice. Actions or steps to remediate these impediments are outlined in the following action plan.

1. Lack of Affordable Housing

- The number of affordable housing units is inadequate to meet the need of low income households.
- An estimated 17,000 applicants remain on voucher waiting lists in Maine at the local and state housing authorities combined. The average time on such lists is in excess of one year.
- Down payment and closing cost assistance is needed for home buyers.
- The failure to preserve the existing supply of affordable housing units and aging public housing developments will diminish supply. During the mid-1960s and 70s, over 4,000 units of public housing were built and are now aging. An estimated 4,658 units of LIHTC housing, or 55% of all LIHTC units, were built prior to 2001. They are now eligible for another LIHTC allocation in order to preserve their affordability and to maintain or improve their physical quality.
- A decline in resources has led to reduced production of new affordable housing and rental housing assistance.

2. Racial, Ethnic and Cultural Barriers

- Maine's minority populations have lower incomes than the majority white population.
- Minorities in Maine do not move into the mid to upper income brackets (\$50,000 or more) at a rate proportional to that of the white population.
- Though the rate of population growth among Maine's minority population has slowed from the rate seen between 2000 and 2010, it has still maintained a growth rate faster than the white population since 2010.

3. Community Planning and Zoning decisions that impede affordable housing

- Local zoning ordinances can limit the size of lots and the number of occupants in a given area.
- Limits on the number of persons in a given area can limit development of group homes designed to house people with special needs due to disabilities.
- Understanding of building codes and Fair Housing laws/requirements vary by municipality.
- Density restrictions make the addition of accessory dwelling units more difficult.

4. Lack of availability and access to housing for disabled individuals

- The proportion of Maine's disabled population is higher than the national rate and that of all the other New England states.
- The majority of housing complaints filed with the Maine Human Rights Commission are based on allegations of disability.

5. Limited access to neighborhood opportunities and community assets

- Residents in rural areas face increased costs associated with obtaining services and products, and getting to work. Due to Maine's geography, availability of public transportation is limited.
- Limited access to neighborhood opportunities and community assets particularly impact low income minority households located in rural Maine
- LIHTC projects are not feasible in areas facing diminished transportation options, essential services, or jobs.
- There is reluctance on the part of Section 8 program applicants to take subsidized units far from employment and services due to transportation-related costs.

6. Lack of understanding of fair housing and affirmatively furthering fair housing

- Differing federal and state accessibility requirements are complex, causing confusion among developers and design professionals, and often leading to noncompliance.
- Due to a lack of understanding, fair housing laws are not always followed. The majority of housing discrimination complaints are based on disabilities.
- Public education efforts are inadequate and may not reach all intended audiences.

MaineHousing

Analysis of Impediments to Fair Housing

Action Plan

MaineHousing submits the following action plan to address impediments identified in its Analysis of Impediments to Fair Housing.

Impediment 1: Lack of Affordable Housing			
Action	Measurable Objective	Timeline	Responsible Department
1.1 Increase the number of affordable housing units and preserve existing units	Number of affordable housing units created and preserved	Annually	DEV/AM
<i>Results:</i>			
1.2 Increase the resources available to develop affordable housing	Changes (increase/decrease) in funding available for programs	Annually	Directors
<i>Results:</i>			
1.3 Conduct data collection and analysis of affordable housing availability and needs in Maine Work with communities to conduct local community housing assessments upon request Publish housing facts and organize data to assist external partners conducting affordable housing related research	Publication of housing facts Number of community housing assessment requests received and completed	Annually	CPD
<i>Results:</i>			

1.4 Achieve deeper affordability than the statutory minimum affordability required for LIHTC and tax-exempt bond projects	Number of affordable units that exceed the minimum required Number of units with income targeting below minimum required Number of units that are affordable longer than minimum affordability period	Annually	DEV
Results:			
1.5 Increase homebuyer affordability Maintain or increase the difference between MaineHousing's lower interest rate relative to the average bank rate for low and moderate income homebuyers Provide down payment assistance to qualified homebuyers	Change in yearly differential in MaineHousing interest rate compared to market rate Number of buyers receiving down payment assistance	Annually	HO
Results:			
1.6 Preserve existing affordable single family homes Provide grants and/or no interest loans to low-income households to make repairs and improvements	Number of low-income households assisted	Annually	EHS
Results:			

Impediment 2. Racial, Ethnic and Cultural Barriers			
Action	Measurable Objective	Timeline	Responsible Department
2.1 Examine MaineHousing programs for opportunities to broaden participation	Summary report shared with MaineHousing program directors. Number of program modifications recommended.	Annually	CPD/ Innovation Team
Results:			

Impediment 2. Racial, Ethnic and Cultural Barriers			
Action	Measurable Objective	Timeline	Responsible Department
2.2 Coordinate and fund Fair Housing Workshops for racial, ethnic and cultural communities	Number of participants	Annually	HO
Results:			
2.3 Fund English as a Second Language financial literacy group education and one-on-one counseling for individuals who are not proficient in the English language	Number of individuals counseled	Annually	HO
Results:			
2.4 Fund training of housing counselors that offer English as a Second Language financial literacy group education.	Number of training sessions offered or sponsored.	Annually	HO
Results:			

Impediment 3. Community Planning and Zoning Decisions that Impede Affordable Housing			
Action	Measurable Objective	Timeline	Responsible Department
3.1 Educate the public and local officials on the multiple benefits housing can bring to each and every community	Number of meetings Number of requests made and number of presentations delivered Materials Developed	On going	CPD
Results:			
3.2 Support affordable housing projects against NIMBY efforts (discrimination by communities or neighbors) as necessary	Number of projects experiencing NIMBYism supported by MaineHousing	Ongoing	LEGAL/CPD
Results:			

Impediment 4. Lack of Availability and Access to housing for disabled individuals			
Action	Measurable Objective	Timeline	Responsible Department
4.1 Create more accessible units than required by state and federal law through scoring incentives in the multifamily development programs	Number of additional accessible units created	Annually	DEV
<i>Results:</i>			
4.2 Expand accessibility in existing housing through targeted programs and funding	Number of accessible units created	Annual	EHS / CPD / AM
<i>Results:</i>			
4.3 Inform developers and landlords about accessibility requirements	Number of developers and landlords reached with information	Ongoing	AM/DEV/ HCV/EHS
<i>Results:</i>			
4.4 Continue to encourage the use of MainehousingSearch.org to identify accessible units	Number flagged for accessibility Hits on mainehousingsearch.org	Ongoing	HCV/HI/ CPD
<i>Results:</i>			
4.5 Collaborate with other state agencies to help individuals with special needs move to independent living	Number of homeward bound vouchers The number of individuals assisted with HTF and 811	Ongoing	HCV/DEV/ AM
<i>Results:</i>			

Impediment 5. Limited access to neighborhood opportunities and community assets			
Action	Measurable Objective	Timeline	Responsible Department
5.1 Utilize selection criteria in the LIHTC Qualified Allocation Plan to incent the development of affordable housing in high-opportunity areas	Number of projects awarded LIHTC that are located in high-opportunity areas	Annually	DEV
<i>Results:</i>			

Impediment 5. Limited access to neighborhood opportunities and community assets			
Action	Measurable Objective	Timeline	Responsible Department
5.2 Qualified Allocation Plan Incent development of new housing in areas with access to community assets (location in service center communities with higher need and location near public transportation, schools, employment, services and other amenities important to daily living)	Number of projects awarded LIHTC that are awarded points for smart growth concepts.	Annually	DEV
Results:			
5.3 Qualified Allocation Plan Incent development of affordable housing in areas where the differential between the maximum LIHTC rent and the market rent is higher	Number of LIHTC units awarded in areas where the market rent exceeds the LIHTC rent.	Annually	DEV
Results:			
5.4 Qualified Allocation Plan Encourage economic diversity by incentivizing the development of mixed-income housing in qualified census tracts	Number of LIHTC units awarded in mixed-income projects in QCTs	Annually	DEV
Results:			
5.5 Increase the use of HCV vouchers in low poverty areas	Number of new tenants leasing up in low poverty areas	Annually	HCV
Results:			

Impediment 6. Lack of Understanding of Fair Housing and Affirmatively Furthering Fair Housing			
Action	Measurable Objective	Timeline	Responsible Department
6.1 Partner with associations focused on human rights as it pertains to fair housing	Number of joint initiatives	Ongoing	HO and Program Directors
<i>Results:</i>			
6.2 Coordinate fair housing complaint resolution with partners and clients and refer fair housing complaints to appropriate agencies if necessary.	Number of fair housing interventions and/or referrals	Ongoing	Legal
<i>Results:</i>			
6.3 Continue fair housing public education programs designed to assist landlords, builders, and relevant professionals	Number of relevant professionals receiving training	Ongoing	DEV/HCV/ HO/AM/HI
<i>Results:</i>			
6.4 Maintain MaineHousing's Fair Housing website page which includes information and resources about fair housing and equal access laws.	Number of website hits on the Fair Housing page.	Ongoing	CPD
<i>Results:</i>			
6.5 Provide MaineHousing's comprehensive Communications Resource Guide to employees, contractors, agents, and owners/property managers of multi-family projects	Number of guides distributed/website hits	Ongoing	LEGAL/ AM/ CPD
<i>Results:</i>			
6.6 Provide an internal grievance procedure for applicants and participants to file fair housing complaints about programs and services	Number of internal grievances resolved	Ongoing	LEGAL
<i>Results:</i>			

6.7 Education and Outreach Distribute materials on affordable housing and fair housing at conferences, workshops, and other appropriate public venues	Number of people educated at Fair Housing Workshops and Trainings Number of events at which these materials are distributed Number of brochures and other materials distributed Number in attendance at the biannual conference	Ongoing	HO/ CPD
Results:			
6.8 Coordinate and fund tenant education and financial literacy training for Navigators who in turn deliver financial literacy training for individuals transitioning from homeless shelters to permanent housing	Number of navigators trained Number of clients trained	Annually	HI
Results:			
6.9 Provide eHomeAmerica as an on-line option for home buyer education	Number of participants who utilize eHomeAmerica on-line.	Ongoing	HO
Results:			
6.10 Continue to sponsor homeownership education classes that contain information about Fair Housing laws that are relevant to prospective home buyers.	Number of participants in home buyer education classes.	Ongoing	HO
Results:			

MaineHousing

Analysis of Impediments to Fair Housing

2020 Results

MaineHousing submits the following action plan to address impediments identified in its Analysis of Impediments to Fair Housing.

Impediment 1: Lack of Affordable Housing			
Action	Measurable Objective	Timeline	Responsible Department
1.1 Increase the number of affordable housing units and preserve existing units	Number of affordable housing units created and preserved	Annually	DEV/AM
Results: In 2020, Development funded 483 new units and preserved 15 units of housing with Low Income Housing Tax Credits and Housing Trust Fund capital.			
1.2 Increase the resources available to develop affordable housing	Changes (increase/decrease) in funding available for programs	Annually	Directors
Results: An additional \$1,500,000 in subsidy above 2019 levels was made available for the 9% LIHTC program in 2020.			
1.3 Conduct data collection and analysis of affordable housing availability and needs in Maine Work with communities to conduct local community housing assessments upon request Publish housing facts and organize data to assist external partners conducting affordable housing related research	Publication of housing facts Number of community housing assessment requests received and completed	Annually	CPD
Results: Interactive Housing Facts for Homeownership (2000-2019) and Rental (2000-2020) were published using Tableau in 2020.			

1.4 Achieve deeper affordability than the statutory minimum affordability required for LIHTC and tax-exempt bond projects	Number of affordable units that exceed the minimum required Number of units with income targeting below minimum required Number of units that are affordable longer than minimum affordability period	Annually	DEV
<p>Results:</p> <p>158 additional units are affordable at 50% of AMI above the amount required for Section 42 of the IRS Code.</p> <p>186 additional units are affordable at 60% of AMI above the amount required by Section 42 of the IRS Code.</p> <p>465 units are affordable for periods longer than required by Section 42 of the IRS Code.</p>			
1.5 Increase homebuyer affordability Maintain or increase the difference between MaineHousing's lower interest rate relative to the average bank rate for low and moderate income homebuyers Provide down payment assistance to qualified homebuyers	Change in yearly differential in MaineHousing interest rate compared to market rate Number of buyers receiving down payment assistance	Annually	HO
<p>Results: 898 MaineHousing borrowers utilized the Advantage down payment assistance option, representing 97% of all 2020 loans made within the MaineHousing First Home Loan program.</p>			
1.6 Preserve existing affordable single family homes Provide grants and/or no interest loans to low-income households to make repairs and improvements	Number of low-income households assisted	Annually	EHS
<p>Results: 283 low-income households received home repair grants through the Home Accessibility and Repair Program (HARP).</p>			

Impediment 2. Racial, Ethnic and Cultural Barriers			
Action	Measurable Objective	Timeline	Responsible Department
2.1 Examine MaineHousing programs for opportunities to broaden participation	Summary report shared with MaineHousing program directors. Number of program modifications recommended.	Annually	CPD/ Innovation Team
Results: One program was modified in 2020, the marketing material for First Home Loan housing counseling program.			
2.2 Coordinate and fund Fair Housing Workshops for racial, ethnic and cultural communities	Number of participants	Annually	HO
Results: MaineHousing did not coordinate or fund any Fair Housing Workshops in 2020 due to the COVID-19 Pandemic which caused limitations on in-person events and logistical challenges of conducting and organizing virtual trainings. MaineHousing did support Fair Housing efforts by providing funding for homebuyer education classes and housing counseling, as well as participating in online outreach opportunities and industry events.			
2.3 Fund English as a Second Language financial literacy group education and one-on-one counseling for individuals who are not proficient in the English language	Number of individuals counseled	Annually	HO
Results: ProsperityME (formerly Community Financial Literacy), an organization serving a large immigrant community, received \$9,308 in State Home funding from MaineHousing, which supported 3 financial capabilities classes and provided 70 hours of one-on-one housing counseling for 32 individuals. Four Directions Development Corporation, serving Maine's Native American population, received \$7,131 in State Home funding from MaineHousing, which supported 3 in-person financial capabilities classes and 161 hours of one-on-one housing counseling services for 122 individuals.			
2.4 Fund training of housing counselors that offer English as a Second Language financial literacy group education.	Number of training sessions offered or sponsored.	Annually	HO
Results: MaineHousing engaged with a cohort of partner agencies to support training of financial counselors to offer English as a second language, although no funding was provided during 2020 for this initiative.			

Impediment 3. Community Planning and Zoning Decisions that Impede Affordable Housing			
Action	Measurable Objective	Timeline	Responsible Department
3.1 Educate the public and local officials on the multiple benefits housing can bring to each and every community	Number of meetings Number of requests made and number of presentations delivered Materials Developed	On going	CPD
<i>Results:</i> 7 Requests and meetings/presentations were delivered in 2020 (Augusta, Presque Isle, Bangor, Rockland, Lewiston, Biddeford, Sanford).			
3.2 Support affordable housing projects against NIMBY efforts (discrimination by communities or neighbors) as necessary	Number of projects experiencing NIMBYism supported by MaineHousing	Ongoing	LEGAL/CPD
<i>Results:</i> None			

Impediment 4. Lack of Availability and Access to housing for disabled individuals			
Action	Measurable Objective	Timeline	Responsible Department
4.1 Create more accessible units than required by state and federal law through scoring incentives in the multifamily development programs	Number of additional accessible units created	Annually	DEV
Results: 73 accessible units above the minimum required were funded in 2020.			
4.2 Expand accessibility in existing housing through targeted programs and funding	Number of accessible units created	Annual	EHS / CPD / AM
Results: 23 low-income households were provided accessibility grants through the Home Accessibility and Repair Program (HARP).			
The Subsequent Loan Program funded rehabilitation in one project that resulted in the creation of three new accessible units.			
4.3 Inform developers and landlords about accessibility requirements	Number of developers and landlords reached with information	Ongoing	AM/DEV/ HCV/EHS
Results: 14 landlords were informed about accessibility requirements through MaineHousing's HUD Lead Hazard Reduction – Healthy Homes grant.			
12 developers were informed of Federal, State, and Local accessibility requirements.			
4.4 Continue to encourage the use of MainehousingSearch.org to identify accessible units	Number flagged for accessibility Hits on mainehousingsearch.org	Ongoing	HCV/HI/ CPD
Results: HCV – 361 HCV Briefing packets (including notices on Fair Housing and MaineHousing Search) were sent to clients.			
STEP - Use of MaineHousingSearch.org was encouraged as a resource for all Homeless Initiative clients - 106 households were given the resource directly while being given the STEP Coupon briefing.			
In 2020, 19,500 units were listed on MaineHousingSearch.org. 69,383 searches occurred with 253,108 pageviews.			
4.5 Collaborate with other state agencies to help individuals with special needs move to independent living	Number of homeward bound vouchers	Ongoing	HCV/DEV/ AM

	The number of individuals assisted with HTF and 811		
Results: 10 individuals were assisted with Homeward Bound Vouchers, 13 HTF and 24 PRA811 vouchers issued.			
There were a total of 4 individuals qualifying under one of the five MaineCare waiver groups that were housed under the PRA811 program in 2020.			
A total of 9 units were created and made available in 2020 under the Housing Trust Fund Program. Those 9 units housed and served a total of 11 people.			

Impediment 5. Limited access to neighborhood opportunities and community assets			
Action	Measurable Objective	Timeline	Responsible Department
5.1 Utilize selection criteria in the LIHTC Qualified Allocation Plan to incent the development of affordable housing in high-opportunity areas	Number of projects awarded LIHTC that are located in high-opportunity areas	Annually	DEV
Results: Maine's QAP awards points to projects in high-opportunity areas. Eleven tax credit projects were funded in High Opportunity Areas in 2020.			
5.2 Qualified Allocation Plan Incent development of new housing in areas with access to community assets (location in service center communities with higher need and location near public transportation, schools, employment, services and other amenities important to daily living)	Number of projects awarded LIHTC that are awarded points for smart growth concepts.	Annually	DEV
Results: Four projects (100% of 9% LIHTCs) received points for Smart Growth concepts.			
5.3 Qualified Allocation Plan Incent development of affordable housing in areas where the differential between the maximum LIHTC rent and the market rent is higher	Number of LIHTC units awarded in areas where the market rent exceeds the LIHTC rent.	Annually	DEV
Results: 217 units were funded in areas where the market rate exceeds the maximum LIHTC rent in 2020.			
5.4 Qualified Allocation Plan Encourage economic diversity by incenting the	Number LIHTC of units awarded in	Annually	DEV

Impediment 5. Limited access to neighborhood opportunities and community assets			
Action	Measurable Objective	Timeline	Responsible Department
development of mixed-income housing in qualified census tracts	mixed-income projects in QCTs		
Results: 65 units were awarded tax credits in QCTs in 2020.			
5.5 Increase the use of HCV vouchers in low poverty areas	Number of new tenants leasing up in low poverty areas	Annually	HCV
Results: Landlords in low poverty areas are offered security deposits funds up the contract rent. The security deposit program is also available to all new participants in our program increasing our lease up totals by removing the barrier for low income families to pay a security deposit. In 2020 there were 361 HCV Briefing packets.			

Impediment 6. Lack of Understanding of Fair Housing and Affirmatively Furthering Fair Housing			
Action	Measurable Objective	Timeline	Responsible Department
6.1 Partner with associations focused on human rights as it pertains to fair housing	Number of joint initiatives	Ongoing	HO and Program Directors
Results: MaineHousing annually partners with organizations hosting fair housing workshops or initiatives. The COVID-19 Pandemic in 2020 greatly limited the opportunity for in-person events for which MaineHousing could provide support or partnership.			
MaineHousing provided promotional flyers and made information materials available to both large and small multifamily property managers and owners across the state for any events.			
6.2 Coordinate fair housing complaint resolution with partners and clients and refer fair housing complaints to appropriate agencies if necessary.	Number of fair housing interventions and/or referrals	Ongoing	Legal
Results: One			
6.3 Continue fair housing public education programs designed to assist landlords, builders, and relevant professionals	Number of relevant professionals receiving training	Ongoing	DEV/HCV/ HO/AM/HI
Results: Due to the limitations caused by the COVID-19 Pandemic and the challenges of organizing and conducting remote workshops, no virtual or live in-person events, programs or workshops were			

Impediment 6. Lack of Understanding of Fair Housing and Affirmatively Furthering Fair Housing			
Action	Measurable Objective	Timeline	Responsible Department
held in 2020. MaineHousing continued to support any partner agencies offering housing counseling and education courses by providing fair housing information and materials.			
HCV Staff participated in a virtual Fair Housing Training on May 19, 2020.			
On 11/4/2020, Asset Management sent out Notice 2020-17 which contained a flyer for an upcoming Fair Housing training opportunity sponsored by Maine Real Estate Management Association, a group dedicated to landlords/property managers.			
6.4 Maintain MaineHousing's Fair Housing website page which includes information and resources about fair housing and equal access laws.	Number of website hits on the Fair Housing page.	Ongoing	CPD
Results: 2078 hits on the Fair Housing webpage			
6.5 Provide MaineHousing's comprehensive Communications Resource Guide to employees, contractors, agents, and owners/property managers of multi-family projects	Number of guides distributed/website hits	Ongoing	LEGAL/ AM/ CPD
Results: The Communication Resource Guide is available on the MaineHousing website on the Asset Management page as a resource to partners under "resources to Assist with Equal Access". The Guide received 3 hits in 2020.			
6.6 Provide an internal grievance procedure for applicants and participants to file fair housing complaints about programs and services	Number of internal grievances resolved	Ongoing	LEGAL
Results:			
6.7 Education and Outreach Distribute materials on affordable housing and fair housing at conferences, workshops, and other appropriate public venues	Number of people educated at Fair Housing Workshops and Trainings Number of events at which these materials are distributed	Ongoing	HO/ CPD

	Number of brochures and other materials distributed Number in attendance at the biannual conference		
Results: Due to the COVID-19 Pandemic, we limited participation to virtual meetings.			
6.8 Coordinate and fund tenant education and financial literacy training for Navigators who in turn deliver financial literacy training for individuals transitioning from homeless shelters to permanent housing	Number of navigators trained Number of clients trained	Annually	HI
Results: 67 navigators trained 3818 clients given financial literacy services/training			
6.9 Provide eHomeAmerica as an on-line option for home buyer education	Number of participants who utilize eHomeAmerica on-line.	Ongoing	HO
Results: Between October 1, 2019 and September 30, 2020, 1,580 individuals completed eHomeAmerica's homebuyer education course online and a one-hour, one-on-one post course educational session with a housing counselor.			
6.10 Continue to sponsor homeownership education classes that contain information about Fair Housing laws that are relevant to prospective home buyers.	Number of participants in home buyer education classes.	Ongoing	HO
Results: Between Oct. 1, 2019 and Sept. 30, 2020, 1,431 individuals completed an in-person or virtual homebuyer education class sponsored by MaineHousing. The hoMEworks class curriculum requires instructors to address Fair Housing and Fair Lending.			

Appendix D

ANALYSIS OF IMPEDIMENTS

WESTBROOK HOUSING AUTHORITY

20 MAY 2019

PREPARED BY: JENNIFER GORDON, OPERATIONS DIRECTOR

Westbrook Housing conducted an Analysis of Impediments to Fair Housing in the spring of 2019. Information was gathered from numerous sources and different methods were utilized to obtain the information. A Fair Housing Survey was developed and posted on the Westbrook Housing website for 60 days. Notice of the survey was sent to our voucher holders. Two public listening sessions were advertised in the local paper and held. The General Assistance Directors for Westbrook, Windham, Gorham and Scarborough were interviewed and both Pine Tree Legal Assistance and the Maine Human Rights Commission provided data. The following is what was learned from all of the stated sources.

From those who responded to our survey, we found that 70% of those who reported being discriminated against in their search for housing felt they were discriminated against on the basis of their receipt of public assistance. Almost 30% felt discriminated against due to disability or familial status.

While 80% of respondents felt they were able to find housing in an area they wanted to live, we received many responses to the barriers encountered to accessing affordable housing. The largest barrier was the high rents, especially in the city areas of Portland and Westbrook. Even for respondents with vouchers, the rents were higher than the payment standard covered. One respondent felt that in some instances, this was intentional to keep voucher holders ineligible for housing. Lack of public transportation outside the city was cited as a barrier to finding and living in affordable housing in the more rural areas. Lack of enough available assistance to make the market rates more affordable and lack of housing for the disabled whose age was under the age of 55 was also cited as barriers to accessing housing.

At the two public listening sessions it was identified by attendees that the lack of affordable housing for people with disabilities under the age of 55 is a barrier. In addition, the median price of homes in areas close to the city and within reach of public transportation was mentioned as a barrier. The high price of homes prevented people from becoming homeowners even when they had a voucher which would have resulted in the monthly cost of the home being affordable.

In interviews with the General Assistance Directors, high market rents in addition to burdensome security deposit requirements were cited as barriers to decent housing. The rental market is currently very tight so landlords can impose stricter requirements. Poor or no credit and references are barriers to decent housing in this scenario. One General Assistance Director has immigrants as the majority of the municipality's clients. The immigrant families generally have no credit or former references and if they are new immigrants, cannot yet work and do not have or have access to enough money to meet the security deposit requirements. In addition, the immigrant families generally tend to be larger families and have difficulty finding appropriately sized apartments. Due to these barriers, the

apartments available to these families tend to be substandard or barely meeting the building codes and are overcrowded for the family size.

The General Assistance Directors said that they believe that their clients are generally discriminated against on the basis of receipt of public assistance.

The Pine Tree Legal Assistance Fair Housing Initiative Program conducts testing in Maine using testers posing as potential renters. During 2017-2018, 270 Fair Housing tests were conducted in Maine with 22 of those in the Westbrook Housing Jurisdiction: Bar Mills, Buxton, Cape Elizabeth, Cumberland, Falmouth, Gray, Gorham, North Yarmouth, Old Orchard Beach, Scarborough, Standish including Sebago Lake, Steep Falls, Westbrook, Windham and Yarmouth. Four tests were conducted in Cape Elizabeth; 2 disability/assistive animal and 2 familial status. Two tests were conducted in Gorham; both national origin/race. No complaints were filed as a result of those tests. In addition, 16 tests were conducted in Westbrook; 8 national origin/race and 8 disability. Of those tests, four of the national origin/race tests were conducted because of a complaint but no complaints were filed post testing.

In addition to the testing data, Fair Housing Case data in the Jurisdiction from 4/1/2014 to 3/3/1/2019 was received and reviewed. During this time frame there were 38 cases total; 2 cases had no merit, 2 cases were not Fair Housing complaints, 6 were either an inquiry only or the client did not want to pursue the case, 16 cases were resolved by a reasonable accommodation being granted, 2 cases received affirmative relief, 1 received no relief and in 9 cases a complaint was filed with HUD and/or with the Maine Human Rights Commission. Of the 9 complaints filed with HUD and/or the Maine Human Rights Commission; 4 obtained affirmative relief, 2 received no relief, 1 was not a fair housing complaint, 1 was in litigation at the time the report was received and 1 was deemed other as a resolution.

Data from the Maine Human Rights Commission was received covering the timeframe of 2014-2018. The information is categorized by County and by the State. The information included the alleged basis for the complaints over the time period, the issues being complained about and the resolution of cases.

The alleged basis of complaints is the following: ancestry, color, disability, familial status, gender identity, national origin, other, race, religion, retaliation, sex, sexual orientation and source of income. In Maine for year 2014 there were 153 cases, 103 in 2015, 109 in 2016, 141 in 2017 and 177 in 2018 for a total of 683 cases. In Cumberland county those numbers were; 59 for 2014, 41 for 2015, 25 for 2016, 42 for 2017 and 86 for 2018 for a total of 253 cases or about 37% of all cases in Maine for the timeframe. The top alleged basis for the complaints in the State of Maine for the 5-year time frame was: disability at 40%, retaliation at 15%, race at 8% and national origin at 7%. The top alleged basis for the complaints in Cumberland county were: disability at 30%, retaliation and national origin both at 13% and race at 11%.

The issues that complainants identify in their filing of fair housing complaints include: advertising, benefits, discharge, eviction, exclusion, harassment, intimidation, other, prohibited medical inquiry/exam, reasonable accommodation, unfavorable references, service animal, sexual harassment and terms and conditions. In Maine for year 2014 there were 290 cases, 221 in 2015, 92 in 2016, 131 in 2017 and 175 in 2018 for a total of 909 cases. In Cumberland county those numbers were; 77 for 2014, 93 for 2015, 20 for 2016, 32 for 2017 and 58 for 2018 for a total of 280 or about 31% of all cases in Maine for the timeframe. The top issues in the State of Maine for the 5-year timeframe were: terms

and conditions at 30%, reasonable accommodation at 17%, harassment at 13% and eviction at 12%. The top issues in Cumberland county were: terms and conditions at 35%, reasonable accommodation at 14% and harassment at 12%.

The outcomes for the cases are reported by the year in which the case was filed. The outcomes reported are; administrative dismissal, finding of cause issued, finding of no cause issued, settlement with benefits, split finding case and withdrawal with benefits. In Maine for year 2014; there were 88 cases with outcomes, 72 in 2015, 68 in 2016, 88 in 2017 and 95 in 2018 for a total of 411 cases with outcomes. Sixty five percent of the cases were either administrative dismissals or findings of no cause. In Cumberland county there were 27 cases with outcomes in 2014, 28 in 2015, 18 in 2016, 24 in 2017 and 30 in 2018 for a total of 127 cases with outcomes or about 31% of all cases with outcomes in Maine. Seventy one percent of the cases in Cumberland county were either administrative dismissals or findings of no cause.



26 Edison Drive | Augusta, Maine 04330-6046
207-626-4600 | 1-800-452-4668 | Maine Relay 711
mainehousing.org

MaineHousing does not discriminate on the basis of race, color, religion, sex or gender, sexual orientation, gender identity or expression, national origin, ancestry, disability, age, marital status or receipt of public assistance in the admission or access to or treatment in its programs and activities. In employment, MaineHousing does not discriminate on the basis of race, color, religion, sex or gender, sexual orientation, gender identity or expression, national origin, ancestry, age, disability or genetic information. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances:

Lauren Bustard, Maine State Housing Authority, 26 Edison Drive, Augusta, Maine 04330-6046,
Telephone Number 1-800-452-4668 (voice in state only), (207) 626-4600 (voice) or Maine Relay 711.





Energy & Housing Services Department Memorandum

To: MaineHousing Board of Commissioners
From: Daniel Drost, Director of Energy and Housing Services
Date: April 19, 2022
Subject: EHS Monthly Report – April, 2022

HOME ENERGY ASSISTANCE PROGRAM (HEAP)

PRODUCTION STATISTICS FOR PROGRAM YEAR 2022 (BEGUN AUGUST 23, 2021)

Number of Applications	PY 2022 THRU 4/8/2022	PY 2021 THRU 4/8/2021	+/-	% change
Total Applications Taken	44,733	43,550	+1,183	+2.7%
Confirmed Eligible/Paid	30,697	31,074	-377	-1.2%
Pending (in process)	7,827	5,361	+2,466	+46.0%
Other (ineligible, denied, void, etc.)	6,209	7,115	-906	-12.7%

CENTRAL HEATING IMPROVEMENT PROGRAM

MaineHousing's Central Heating Improvement Program (CHIP) provides primary heating system repair and replacement services to eligible households. A percentage of Maine's Home Energy Assistance Program (HEAP) funding is used to fund Weatherization programming and the CHIP. In order to be eligible for CHIP, a household must have an eligible HEAP application within the preceding 12-month period and have a household income that does not exceed 200% of the Federal Poverty Level. CHIP is administered statewide by the Community Action Agency network and priority for CHIP services are given to households that have no heat. In addition to repairing and replacing heating systems, CHIP also funds annual cleaning, tuning and evaluation of primary heating systems to help ensure heating systems are safe and operating as efficiently as possible. During the period of January 1, 2021- December 30, 2021, \$4,102,290 of CHIP funding was invested and served 1,658 households.

WEATHERIZATION GRANT – BIPARTISAN INFRASTRUCTURE BILL

On November 15, 2021 President Biden signed into law the Infrastructure Investment and Jobs Act (Public Law 117-58). Within this legislation, the Department of Energy was allocated \$3.5 billion in funding for its Weatherization Assistance Program (WAP). On March 30, 2022, MaineHousing received notification of the availability of these funds, the proposed allocation for the State of Maine and a good deal of information and guidance about how to apply for the funding. The proposed allocation, pursuant to WPN BIL 22-2 is a total of \$31,245,144 for a five (5) year period. The allocation allows \$25,758,760 for program expenditures and \$5,486,384 for training and technical assistance.

Although many of the provisions of this new funding are similar to the annual DOE WAP funding, there are additional reporting and fiscal management activities. Access of these additional funds

will be contingent upon MaineHousing's application and budget submissions that are due by July 1, 2022 and final approval by DOE. EHS staff are in the process of thoroughly reviewing the information provided by DOE for the application in order to have a clear understanding of the requirements of this new funding. At this time, we are not able to answer all of the questions you may have or to specifically address the timeline and program development for the Infrastructure funding. There will be opportunities for dialogue with our CAA partners and other stakeholders in the coming weeks and months.

ANNUAL WEATHERIZATION FUNDING – PY2022

On April 7, 2022, MaineHousing received notification of its estimated annual funding for the Weatherization Assistance Program (WAP). Total funding for PY2022 in total is \$283,040,000 with an additional \$15,000,000 for the Weatherization Readiness Fund (WRF). WRF funding is intended to be used by Grantees to address structural and health and safety issue in order to reduce the frequency of home that were normally deferred because the condition of the home prohibited weatherization measures to be installed and be effective.

Maine's PY2022 funding	\$3,080,422	Program
	\$ 666,485	Training & Technical Assistance
	\$ 210,942	Weatherization Readiness Funds
	\$3,957,849	Total
PY2021 Funding	\$3,750,112	Total
Increase	+ \$ 207,737	

COMMUNITY AGING IN PLACE PROGRAMS (CAIP)

MaineHousing's Community Aging in Place Programs (CAIP) includes a HUD funded Older Adult Home Modification Grant Program and a state funded Community Aging in Place Program (CAIP). The CAIP provides grants to eligible older adult homeowners to enable them to remain in their homes. Through low-cost, high impact home modifications and limited repairs, the goal of the program is to increase safety and reduce older adults' risk of falling. The Energy and Housing Services Department (EHS) has compiled the 2020 data (see below) and is finalizing the annual report to be shared with our partners.

COMMUNITY AGING IN PLACE PROGRAM – 2020 DATA

About the Community Aging in Place Program:

With the belief that safe, stable housing is critical to the health and wellness of a community, MaineHousing's Community Aging in Place Grant began in 2017 to provide low-cost, high-impact home modifications. This program provides a progressive solution that addresses the housing and wellness issues of a growing segment of Maine residents.

The pilot program, modeled after Bath Housing's Comfortably Home program, was originally established in 2015 and based on the evidence based CAPABLE program from Johns Hopkins University. The Community Aging in Place Grant Program offers no-cost home safety checks, minor maintenance repairs, and accessibility modifications to eligible low-income elderly and disabled homeowners. These services enable recipients to continue living safely and comfortably at home.

Low-Cost, High-Impact:

The Community Aging in Place grant is a paid labor model that focuses on Low-Cost, High-Impact modifications.

Examples of typical modifications:

Grab bars

Hand rails

Rocker light switches

Shower Wands

Steps

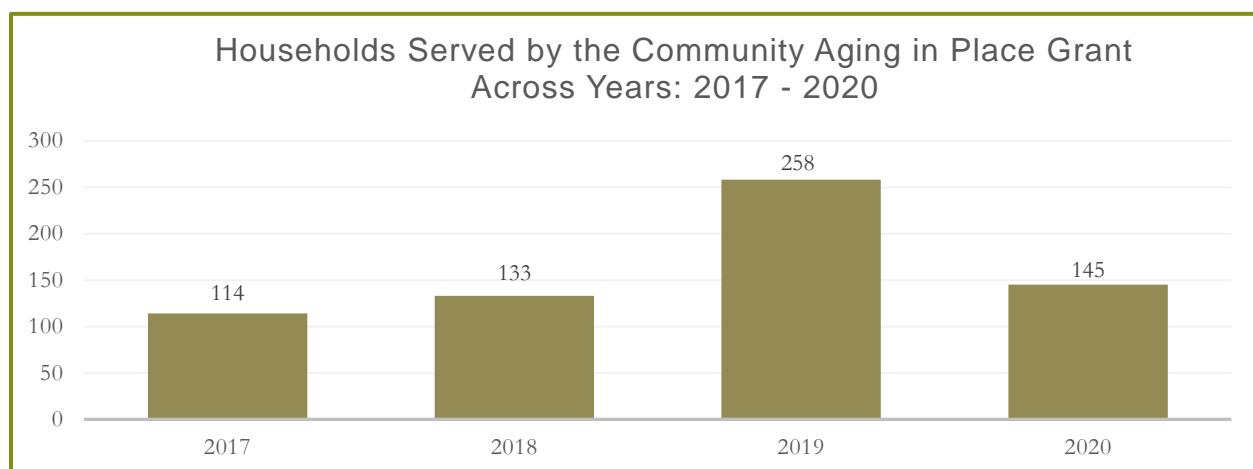
Lever-style faucets

Winterizing

Lighting

Shower Seat

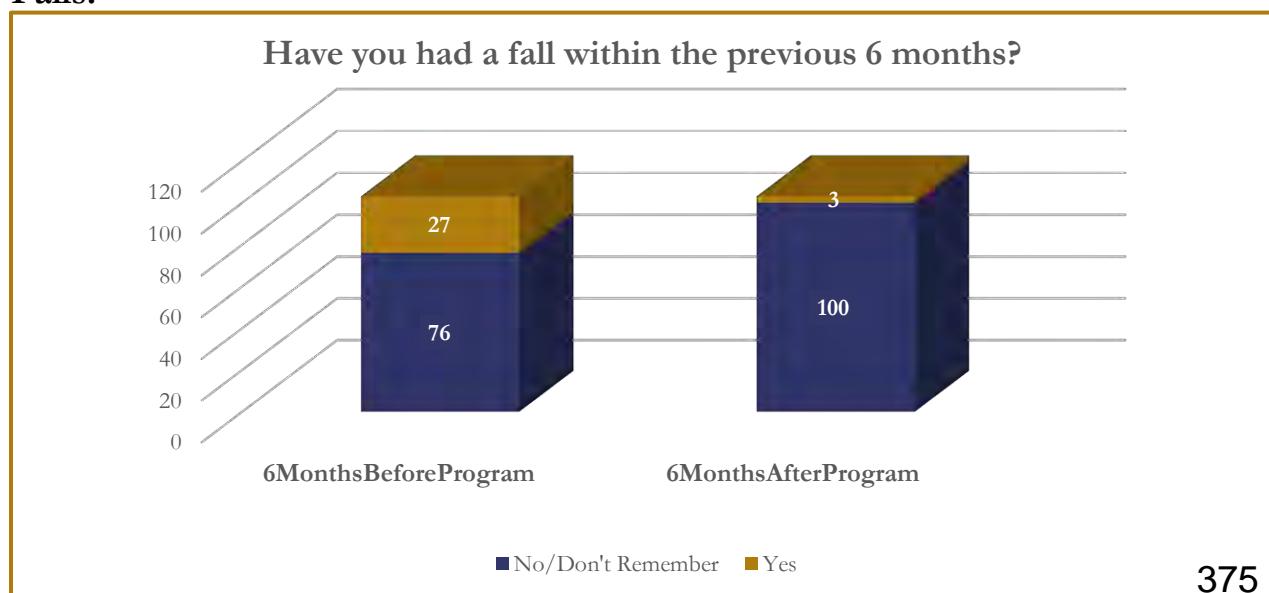
Age & Income of Households:	Median Age	2019	2020
		67	64
	Median Income	\$15,582.00	\$12,430.00



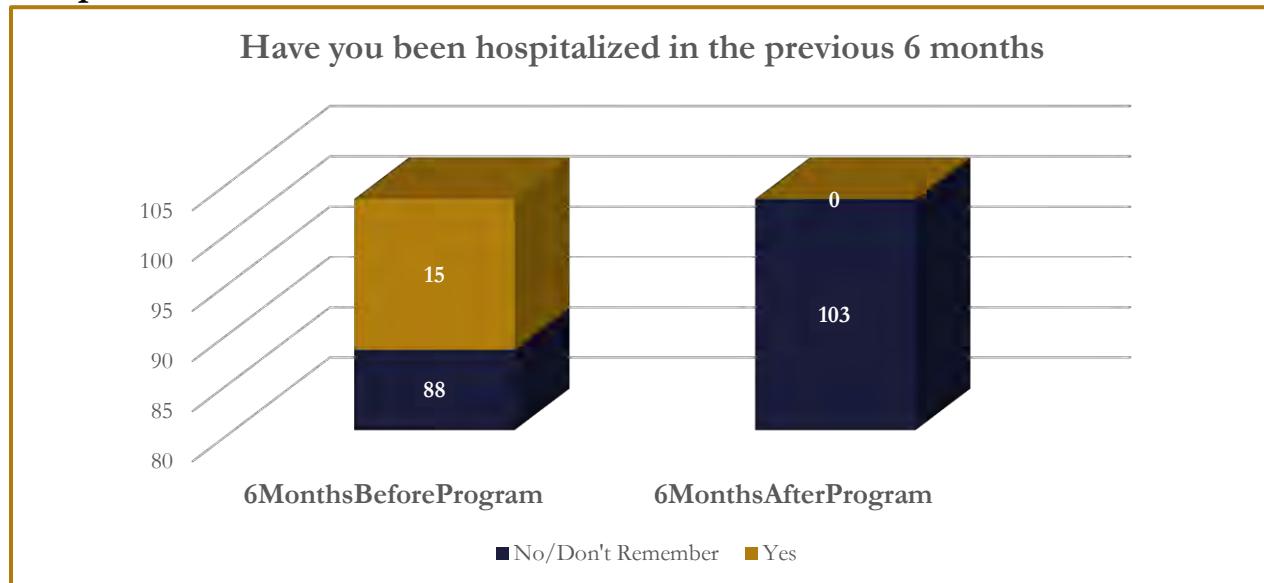
Source: MaineHousing administrative data.

NOTE: 2020 was the start of the COVID-19 pandemic. The state of Maine was closed most of the year making home repair installation challenging.

Falls:



Hospitalizations:



HOME ACCESSIBILITY AND REPAIR PROGRAM (HARP):

The Home Accessibility and Repair Program (HARP) provides grants to income eligible homeowners for professional home repairs; assistance with home replacement when deemed necessary, and accessibility modifications. The HARP is funded with State Home funds and the program period runs from January 1 through December 31. The HARP program is comprised of five components: Home Repair, Elderly, Accessibility, Emergency Home Repair, and Emergency Manufactured Home Repair. The HARP is delivered statewide through the network of Community Action Agencies (CAAs).

EHS implemented a new process this year to conduct one-on-one half hour quarterly check-in calls with each CAA to discuss production, funding, challenges delivering services, and contractor capacity. The goal of these calls is to foster the partner relationship between MaineHousing and the CAAs, provide assistance when needed, and to ensure the agency is on track with production and funding. At the end of March, EHS staff conducted the first check-in calls with each CAA's HARP teams (management, program and technical staff). We received positive feedback from the CAA's.

HARP PROJECT PROGRESS BY CAA				
Reporting Date: January , 2022 - April 12,2022				
Agency	Complete	In Process	TOTAL	Project Cost
ACAP	0	1	1	\$ 18,000.00
CCI-ANDROSCOGGIN	0	4	4	\$ 74,910.02
CCI-CUMBERLAND	0	2	2	\$ 41,466.00
DCP	0	0	0	\$ -
KVCAP	2	5	7	\$ 103,190.40
PCAP	3	7	10	\$ 152,969.87
WCAP	0	0	0	\$ -
WMCA	0	4	4	\$ 68,473.92
YCCAC	1	6	7	\$ 117,240.00
TOTAL	6	29	35	\$ 576,250.21

HARP PROJECT TYPE BY CAA										
Reporting Date: January , 2022 - April 12,2022										
	ACAP	CCI-ANDRO	CCI-CUMB	DCP	KVCAP	PCAP	WCAP	WMCA	YCCAC	TOTAL
PENDING REVIEW										0
Home Repair		1	1		1	2				5
Elderly Home Repair		1				2				3
Accessibility		1	1		2			2	1	7
Emergency	1				3	4		2	5	15
Mobile Home Emergency		1			1	2			1	5
TOTAL	1	4	2	0	7	10	0	4	7	35

The PY2022 HARP Program has surpassed the PY2021 HARP Program for the same time-period.

HARP COMPARISON PY2021 vs PY2022				
Reporting Date: January - April				
Agency	PY2021		PY2022	
	Projects	Project Cost	Projects	Project Cost
ACAP	2	\$ 4,379.40	1	\$ 18,000.00
CCI-ANDROSCOGGIN	3	\$ 28,110.00	4	\$ 74,910.02
CCI-CUMBERLAND	2	\$ 17,400.00	2	\$ 41,466.00
DCP	2	\$ 18,177.60	0	\$ -
KVCAP	0	\$ -	7	\$ 103,190.40
PCAP	0	\$ -	10	\$ 152,969.87
WCAP	0	\$ -	0	\$ -
WMCA	0	\$ -	4	\$ 68,473.92
YCCAC	4	\$ 44,190.00	7	\$ 117,240.00
TOTAL	13	\$ 112,257.00	35	\$ 576,250.21

MAINEHOUSING WEATHERIZATION ASSISTANCE PROGRAM (WAP):

MaineHousing's Weatherization Program provides grants to low-income homeowners and renters with installation of energy conservation measures in their homes. The weatherization measures installed are intended to reduce the home's energy costs by improving home energy efficiency. The Weatherization Program is delivered statewide through the network of Community Action Agencies (CAAs).

Two of MaineHousing's weatherization staff are attending the National Home Performance Conference (NHP) in Tennessee. This is the first in-person conference in over a year. The NHP conference offers educational sessions and workshops covering the latest developments in the home performance industry and countless networking opportunities for MaineHousing, CAA's, and contractors.

EHS implemented a new process this year to conduct one-on-one half hour quarterly check-in calls with each CAA to discuss production, funding, challenges delivering services, and contractor capacity. The goal of these calls is to foster the partner relationship between MaineHousing and the CAAs, provide assistance when needed, and to ensure the agency is on track with production and funding. The first of these half-hour calls has been scheduled for the end of April.



Finance Department Memorandum

To: Board of Commissioners

From: Darren R. Brown

Date: April 12, 2022

Subject: Monthly Report – Finance Department

ACCOUNTING AND FINANCIAL REPORTING:

- The audited financial statements for the year ended December 31, 2021 were issued on March 28, 2022 and are included this packet. Our auditors, Baker Newman & Noyes (BNN), issued an unmodified (“clean”) opinion. Jason Emery from BNN will be at this month’s meeting to review their work and the audit results.

Work associated with the 2021 Uniform Grant Guidance (A-133) federal compliance audit is in progress. This is an annual audit of MaineHousing’s federally funded programs to determine whether programs have been administered in compliance with federal requirements. For the year ended December 31, 2021, MaineHousing administered and disbursed approximately \$330 million through thirty-plus different federal programs.

The A-133 federal compliance audit needs to be completed and filed with the federal Single Audit Clearinghouse and the HUD Real Estate Assessment Center (REAC) within nine months after year end. The AFR staff will be working with the program departments to compile and prepare information for this audit in the coming weeks. Although this audit has not been completed, BNN will review their scheduled audit work and objectives at the meeting.

- As reported last month, A-133 federal compliance audit for the year ended December 31, 2020 was completed on March 8, 2022. As noted above, this audit typically needs to be completed and filed within nine months after year end. However, because of the pandemic, automatic extensions of up to six months were permitted for all 2020 audits. The 2020 audit reports are included in this month’s packet and BNN will review their work and results at the meeting.

LOAN ADMINISTRATION:

- The Federal Housing Administration (FHA) recently updated its *Single Family Housing Policy Handbook*, which is the official set of guidelines and requirements for FHA-insured home loans. MaineHousing has a sizable portfolio of FHA loans and the Loan Administration staff have been meeting regularly over the past month to review and discuss the new requirements. These meetings have also been used to provide training to staff on all FHA servicing requirements. The new handbook goes into effect on May 9, 2022.
- Several staff attended the *Appraisal Policies and Practices* training conducted by FHA. This training covered FHA appraisal requirements, including FHA appraisal protocol and policy as outlined in FHA’s *Single Family Housing Policy Handbook* and relevant Mortgagee Letters. The training addressed common deficiencies noted in appraisal reviews performed by HUD and the roles and responsibilities of lenders and servicers to ensure FHA requirements are met.

- Staff from Loan Administration are participating on the ProLink Project Team. ProLink is the vendor for the recently acquired multifamily affordable housing software that will replace the existing multifamily database. The team met every Tuesday and Wednesday in March and is working on one of its first tasks, which is to map workflow processes. The team will be working over the next 8 – 12 months on the implementation of this new system.



Finance Department Memorandum

To: Board of Commissioners
From: Darren R. Brown
Date: April 12, 2022
Subject: Monthly Financial and Budget Report

FINANCIAL RESULTS

Attached are the Balance Sheets and Statements of Revenues, Expenses, and Changes in Net Assets for the two-month period ended February 28, 2022.

MaineHousing's programs are accounted for in Fund Groups, based on funding sources. For financial reporting purposes, each Fund Group is a separate and standalone entity. There are seven Fund Groups and the individual Balance Sheets and Statements of Revenues, Expenses and Changes in Net Assets for each are presented in columns on the attachments (pages 1 and 2). The following is a summary of MaineHousing's total combined financial position and operating results for the current year and a brief explanation for the changes between the current and prior year net operating results.

Total combined assets are approximately \$2.1 billion and total combined liabilities approximate \$1.7 billion. Total net assets amount to approximately \$408.2 million. Total combined revenues approximate \$75.9 million and total expenses amount to approximately \$74.1 million, which results in net operating income of \$1.8 million. Total combined net operating income for this two-month period in 2021 was \$3.3 million. Net operating income for two-month is \$1.5 million lower in 2022 and the decrease is attributed primarily to the following:

The Mortgage Purchase Fund (MPP), MaineHousing's largest fund group, has a net operating loss of approximately \$1 million compared to net operating income of \$0.2 million in 2021. The net operating loss for 2022 is due to the recognition of a paper loss associated with adjusting the carrying values of non-mortgage investments. A paper loss of \$1.3 million has been recorded for 2022, which is \$1.2 million larger than the paper loss of \$0.1 million recorded in 2021. The change associated with the recording of paper gains and losses is attributed to interest rate changes during the year.

The recording of paper gains and losses is required for accounting purposes. However, because MaineHousing does not actively buy and sell related investments, actual gains and losses will not occur and these amounts are ignored by the rating agencies, bond analysts, and management when assessing profitability.

Excluding the paper losses, the MPP's has net operating income of \$0.3 million in 2022, which is consistent compared to the adjusted net operating income of \$0.3 million at the end February 2021.

BUDGET RESULTS

Also attached are the budget variance results for the period ended February 28, 2022. These results are summarized and presented on the attachment described below:

OPERATING REVENUES AND EXPENSES BUDGET

MaineHousing has two primary business segments, which consist of mortgage lending activities and the administration of federal and other programs. All operating and program administrative costs are paid by either the net interest income from mortgage lending activities, which is the difference between interest income earned from mortgage and non-mortgage investment assets and the interest paid on bonds, or fee income received for the administration of federal and other programs.

The Operating Revenues and Expenses Budget, **Attachment A**, presents the revenues available to pay operating and program administrative expenses. It also presents the aggregate operating and program administrative expenses. Total budgeted revenues for 2022 are \$75.6 million and total expenses are budgeted at \$71.6 million. Total actual revenues as of February 28, 2022 amount to \$12.2 million, while total expenses amount to \$12 million. For the two-month period ended February 28, 2022, revenues exceed expenses by approximately \$0.2 million.

The operating and other program administration expenses (the first two expense lines) are detailed on **Attachment B** and summarized below:

OPERATING AND OTHER PROGRAM ADMINISTRATIVE EXPENSES

MaineHousing's overhead and operational costs for the year as well as other program administrative expenses, which are costs that are specifically and exclusively related to a particular program, are itemized on **Attachment B**.

Total 2022 operating expenses are budgeted at approximately \$22.7 million. As of February 28, 2022, approximately \$4.4 million or 19% of the total operating budget has been used. Total other program administrative expenses are budgeted at \$9.1 million and actual expenses amount to \$1.1 million as of February 28, 2022. Overall, expenditures in these areas are consistent with that anticipated for the period.

CAPITAL BUDGET

The Capital Budget, **Attachment C**, presents items that provide an economic benefit to MaineHousing over a period of time. Items are recorded as assets and depreciated over an estimated useful life. The total authorized capital budget for 2022 is \$556,000. Expenditures amounted to \$305,000 as of February 28, 2022 and were mainly for the acquisition of the new multifamily loan system.

MEMBERSHIPS, DUES AND SPONSORSHIPS

In accordance with MaineHousing's Contributions Policy, all payments for memberships, dues and sponsorship are required to be reported to the Commissioners each month as part of the budget variance reports. **Attachment D** presents an itemized listing of the membership, dues, and sponsorship expenses as of February 28, 2022.

MAINE STATE HOUSING AUTHORITY

BALANCE SHEETS

FEBRUARY 28, 2022

(IN THOUSANDS OF DOLLARS)

	Memorandum Only Combined Totals		Mortgage Purchase Fund Group	Bondholder Reserve Fund	General Fund	HOME Fund	Federal Programs Fund	Other Funds	Maine Energy Housing & Economic Recovery Funds
	2021	2022							
ASSETS:									
Cash, principally time deposits	41,774	65,644	19,465	4	39,708	0	6,467	0	0
Investments	472,207	534,302	430,940	7,982	8,745	34,380	0	9,201	43,054
Accounts receivable - Government	9,341	49,090	0	0	0	5,748	43,342	0	0
Assets held for sale	0	0	0	0	0	0	0	0	0
Accrued interest and other assets	14,862	7,784	7,261	0	278	57	175	0	13
Mortgage notes receivable, net	1,461,447	1,415,188	1,371,506	0	4,635	29,398	0	0	9,649
Other notes receivable, net	209	61	0	0	61	0	0	0	0
Land, equipment and improvements, net	18,131	17,776	22	0	17,754	0	0	0	0
Other real estate owned	9	73	11	0	62	0	0	0	0
Accumulated decrease in fair value of hedging derivatives	18,409	10,113	10,113	0	0	0	0	0	0
Net pension asset	0	217	112	1	22	0	0	82	0
Deferred pension expense	577	1,123	580	3	113	0	0	427	0
Deferred amount on debt refundings	3,044	2,597	2,597	0	0	0	0	0	0
Total Assets	<u>2,040,010</u>	<u>2,103,968</u>	<u>1,842,607</u>	<u>7,990</u>	<u>71,378</u>	<u>69,583</u>	<u>49,984</u>	<u>9,710</u>	<u>52,716</u>
LIABILITIES AND NET ASSETS:									
Accrued interest payable	12,867	10,729	10,453	0	0	0	0	0	276
Accounts payable - Federal	368	435	0	0	0	435	0	0	0
Accounts payable & accrued liabilities	3,125	9,763	165	7	7,328	15	2,248	0	0
Unearned income	17,433	58,326	0	0	0	625	44,891	12,810	0
Net pension liability	2,819	0	0	0	0	0	0	0	0
Deferred pension credit	243	3,159	1,632	10	317	0	0	1,200	0
Derivative instrument - interest rate swaps	18,409	10,113	10,113	0	0	0	0	0	0
Interfund	0	0	5,079	13	10,973	(10,236)	(2,601)	(3,335)	107
Mortgage bonds and notes payable, net	1,600,609	1,603,270	1,530,514	0	14,776	0	0	0	57,980
Deferred grant income	649	0	0	0	0	0	0	0	0
Deferred loan origination points	22	15	15	0	0	0	0	0	0
Total Liabilities	<u>1,656,544</u>	<u>1,695,810</u>	<u>1,557,971</u>	<u>30</u>	<u>33,394</u>	<u>(9,596)</u>	<u>44,973</u>	<u>10,675</u>	<u>58,363</u>
NET ASSETS:									
Restricted Net Assets	346,753	370,174	284,636	7,960	0	79,179	5,011	(965)	(5,647)
Unrestricted Net Assets	36,713	37,984	0	0	37,984	0	0	0	0
Total Net Assets	<u>383,466</u>	<u>408,158</u>	<u>284,636</u>	<u>7,960</u>	<u>37,984</u>	<u>79,179</u>	<u>5,011</u>	<u>(965)</u>	<u>(5,647)</u>
Total Liabilities and Net Assets	<u>2,040,010</u>	<u>2,103,968</u>	<u>1,842,607</u>	<u>7,990</u>	<u>71,378</u>	<u>69,583</u>	<u>49,984</u>	<u>9,710</u>	<u>52,716</u>

MAINE STATE HOUSING AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE PERIOD ENDED FEBRUARY 28, 2022

(IN THOUSANDS OF DOLLARS)

	Memorandum Only Combined Totals		Mortgage Purchase Fund Group	Bondholder Reserve Fund	General Fund	HOME Fund	Federal Programs Fund	Other Funds	Maine Energy Housing & Economic Recovery Funds
	2021	2022							
REVENUES:									
Interest from mortgages and notes	10,166	9,707	9,638	0	47	15	0	0	7
Income from investments	163	254	248	0	2	2	0	0	2
Net increase (decrease) in the fair value of investments	(68)	(1,300)	(1,300)	0	0	0	0	0	0
Fee income	1,383	2,257	383	0	317	0	1,523	34	0
Other revenue	0	0	0	0	0	0	0	0	0
Grant income	18,787	41,636	0	0	0	0	41,607	29	0
Income from State	4,161	5,072	0	0	0	5,072	0	0	0
Federal rent subsidy income	18,173	18,302	0	0	0	0	18,302	0	0
Gain on bond redemption	0	4	4	0	0	0	0	0	0
Total Revenues	52,765	75,932	8,973	0	366	5,089	61,432	63	9
EXPENSES:									
Operating expenses	3,198	4,377	0	0	4,377	0	0	0	0
Other program administrative expenses	867	856	793	0	1	0	46	16	0
Mortgage servicing fees	289	286	284	0	2	0	0	0	0
Provision for losses on loans	0	0	0	0	0	0	0	0	0
Losses on foreclosed real estate	0	0	0	0	0	0	0	0	0
Interest expense	7,285	6,614	6,442	0	0	0	0	0	172
Grant expense	19,711	43,797	0	0	0	2,027	41,633	29	108
Federal rent subsidy expense	18,163	18,203	0	0	0	0	18,203	0	0
Loss on bond redemption	0	0	0	0	0	0	0	0	0
Excess arbitrage	0	0	0	0	0	0	0	0	0
Allocated operating costs	0	0	2,496	15	(3,891)	0	1,362	18	0
Total Expenses	49,513	74,133	10,015	15	489	2,027	61,244	63	280
Net Operating Income (Loss)	3,252	1,799	(1,042)	(15)	(123)	3,062	188	0	(271)
Transfers between funds, net	0	0	0	0	18	0	(18)	0	0
Change in net assets	3,252	1,799	(1,042)	(15)	(105)	3,062	170	0	(271)
Net assets at beginning of year	380,214	406,359	285,678	7,975	38,089	76,117	4,841	(965)	(5,376)
Net assets at end of period	383,466	408,158	284,636	7,960	37,984	79,179	5,011	(965)	(5,647)

MAINE STATE HOUSING AUTHORITY
OPERATING REVENUES AND EXPENSES BUDGET VARIANCE REPORT
FOR THE PERIOD ENDED FEBRUARY 28, 2022

(IN THOUSANDS OF DOLLARS)

	Mortgage Lending Activities Actual	Federal & Other Program Administration Actual	Total Combined Actual	Total Annual Budget	Total Under/(Over)	% Variance
REVENUES:						
Interest from mortgages and notes	9,685	0	9,685	60,300	50,615	84%
Income from investments	250	0	250	1,235	985	80%
Fee income	700	1,557	2,257	14,046	11,789	84%
Other revenue	0	0	0	65	65	100%
Total Revenues	10,635	1,557	12,192	75,646	63,454	84%
EXPENSES:						
Operating expenses	2,997	1,380	4,377	22,708	18,331	81%
Other program administrative expenses	1,080	62	1,142	9,093	7,951	87%
Interest expense	6,438	0	6,438	39,800	33,362	84%
Total Expenses	10,515	1,442	11,957	71,601	59,644	83%
Excess Revenues Over Expenses	120	115	235	4,045	3,810	94%

**MAINE STATE HOUSING AUTHORITY
OPERATING AND OTHER PROGRAM ADMINISTRATIVE EXPENSES
FOR THE PERIOD ENDED FEBRUARY 28, 2022**

ATTACHMENT B

	Total Annual Budget	Total Year to Date Actual	Budget Available	Percentage of Budget Available
Operating Expenses				
Salaries	12,989,264	2,788,287	10,200,977	79%
Payroll Taxes	956,112	210,112	746,000	78%
Retirement	1,247,720	193,157	1,054,563	85%
Medical and Life Insurance	2,932,952	453,963	2,478,989	85%
Other Fringe Benefits	10,000	518	9,482	95%
Office Supplies	51,700	8,151	43,549	84%
Printing	71,430	15,345	56,085	79%
Membership and Dues	65,554	16,878	48,676	74%
Subscriptions	26,440	5,630	20,810	79%
Sponsorships	17,000	3,100	13,900	82%
Staff Educ/Train/Conf	134,838	20,535	114,303	85%
Travel/Meals - Staff Educ/Train/Conf	132,010	0	132,010	100%
Partner/Client Train/Meetings	58,500	306	58,194	99%
Travel/Meals - Partner/Client Training	45,018	1,833	43,185	96%
Staff Events	14,970	108	14,862	99%
Meals - Staff Events	16,499	1,920	14,579	88%
Leased Vehicles	143,417	22,956	120,461	84%
Computer Supplies	25,312	5,495	19,817	78%
Computer License SAAS	185,827	31,681	154,146	83%
Rent-Other	37,430	6,077	31,353	84%
Computer Maintenance	653,846	100,192	553,654	85%
Depreciation	1,020,000	160,799	859,201	84%
Telephone	132,384	17,182	115,202	87%
Employment Advertising	1,000	175	825	83%
Postage and Shipping	115,650	36,649	79,001	68%
Insurance	93,010	418	92,592	100%
Recording Fees	1,000	19	981	98%
Payroll Services	44,365	8,532	35,833	81%
Audit Services	169,800	42,000	127,800	75%
Building Interest Expense	473,524	77,640	395,884	84%
Property Expenses	460,085	113,699	346,386	75%
Professional Services	380,886	33,966	346,920	91%
Total Operating Expenses	22,707,543	4,377,323	18,330,220	81%
Other Program Administrative Expenses				
Loan foreclosure expenses	200,000	4,924	195,076	98%
REO expenses	50,000	479	49,521	99%
Mortgage Servicing fees	1,860,000	286,619	1,573,381	85%
Provision for losses on loans & REOs	125,000	0	125,000	100%
Loan Origination expenses	3,020,000	307,143	2,712,857	90%
Bond Issuance Costs	900,000	193,366	706,634	79%
Trustee/Bank fees	170,000	30,374	139,626	82%
Program advertising/printing	424,750	23,662	401,088	94%
Bond and mortgagee insurance	17,000	0	17,000	100%
Variable rate bond remarket/liquidity facilities	1,100,000	165,387	934,613	85%
Cash flow/arbitrage/swap consultants/legal	645,000	80,319	564,681	88%
Homebuyer education	120,000	7,650	112,350	94%
Program administrator fees	461,000	42,273	418,727	91%
Total Other Program Administration Expenses	9,092,750	1,142,196	7,950,554	87%

**MAINE STATE HOUSING AUTHORITY
CAPITAL BUDGET
FOR THE PERIOD ENDED FEBRUARY 28, 2022**

ATTACHMENT C

Description	2022 Budget	2022 Actual	Budget Available	% Expended
Computer Hardware:				
Network backup hardware - Data Domain	15,000	0	15,000	
Laptop replacements	30,000	16,015	13,985	
Total computer hardware	<u>45,000</u>	<u>16,015</u>	<u>28,985</u>	<u>36%</u>
Computer Software:				
Enterprise multi-family housing system	170,000	235,675	(65,675)	
Coordinated Entry Portal - client list software homeless programs	10,000	0	10,000	
Mobile device management software	8,000	0	8,000	
Website redesign	37,000	2,125	34,875	
Single Family loan servicing system modifications	10,000	0	10,000	
Single Family lender & loan tracking systems mods	10,000	0	10,000	
Hancock systems mods (LIHEAP & Wx Programs)	119,484	17,500	101,984	
Community Outreach Dashboard	25,000	0	25,000	
Salesforce software upgrades	122,000	0	122,000	
Total computer software	<u>511,484</u>	<u>255,300</u>	<u>256,184</u>	<u>50%</u>
Office Equipment:				
Audio visual equipment upgrade	0	9,805	(9,805)	
	<u>0</u>	<u>9,805</u>	<u>(9,805)</u>	<u>N/A</u>
Office Building:				
Server room upgrades	0	24,390	(24,390)	
	<u>0</u>	<u>24,390</u>	<u>(24,390)</u>	<u>N/A</u>
Total	<u>556,484</u>	<u>305,510</u>	<u>250,974</u>	<u>55%</u>

**MAINE STATE HOUSING AUTHORITY
MEMBERSHIPS, DUES, AND SPONSORSHIPS
FOR THE PERIOD ENDED FEBRUARY 28, 2022**

	Description	Amount
Memberships and Dues		
Maine Bankers Association - annual affiliate membership	950	
Maine Real Estate Management Association - annual membership	125	
National Leased Housing Association - annual membership	660	
National Association for State Community Services Programs - annual membership	2,603	
National Energy Assistance Directors' Association - annual membership	6,817	
National Energy Assistance Directors' Association - annual LIHWAA membership	1,450	
National Energy and Utility Affordability Coalition - annual membership	515	
Maine Real Estate & Development Association - annual membership	1,200	
National Affordable Housing Management Association - affiliate membership	1,125	
Maine Association of Non Profits - annual membership	100	
American College of Mortgage Attorneys - employee dues	225	
Kennebec Board of Realtors - employee dues	188	
Maine Association of Mortgage Professional - employee annual membership	375	
Project management Institute - employee membership	60	
Construction Specifications Institute - employee annual membership	325	
Maine State Bar Association - (1) employee annual memberships	160	
Total	<u><u>\$ 16,878</u></u>	
Sponsorships		
Northern New England Community Action - training conference sponsor	\$ 1,500	
Maine Real Estate and Development Association - conference sponsorship	1,600	
Total	<u><u>\$ 3,100</u></u>	



Finance Department Memorandum

To: Board of Commissioners
From: Darren Brown
Date: April 4, 2022
Subject: Monthly Delinquencies Report

MULTI-FAMILY DELINQUENCIES

The Multi-Family portfolio totals \$719 million with 1,203 loans as of March 31, 2022. There are no 60+ days delinquent loans, as shown in *Exhibit 1*. The Multi-Family delinquency rate is benchmarked against MaineHousing's historical rates, as shown in *Exhibit 2*.

SINGLE-FAMILY DELINQUENCIES

The Single-Family portfolio totals \$886 million with 9,697 loans as of February 28, 2022. The over 60-day delinquencies increased from 3.00% to 3.05%, and the in-foreclosures increased from 0.55% to 0.67%. The over 60-day delinquencies amount to \$27 million, with approximately \$6 million representing accounts in foreclosure. The over 60-day and in-foreclosure historic rates are shown in *Exhibit 4*. MaineHousing's overall delinquency rate by loan dollars is 3.05%; and the overall delinquency rate by loan count is 3.25%. As reflected in *Exhibit 5*, the overall delinquency rate by loan count is below the delinquency rate for all Maine Loans.

Servicer Delinquencies – As of February 28, 2022, Bank of America (BOA) had the highest overall delinquency rate of 15.77%, with an in-foreclosure rate of 2.96%. BOA's high delinquency rate is due to the small size of their portfolio. The portfolio consists of approximately 100 loans.

Delinquencies for our largest servicer, Mortgage Servicing Solutions, stayed at 3.70%, while the in-foreclosure rate increased from 0.56% to 0.75%. In May 2021, Bangor Savings Bank began retaining the servicing rights and servicing new loan originations under a Qualified Servicer (QS) arrangement. The Bangor Savings Bank QS portfolio had a delinquency rate of 0.85% at the end of February. The Bangor Savings Bank sub-serviced (SS) portfolio has the second lowest rate of delinquencies at 0.89%. Delinquency rates for each servicer are shown in *Exhibit 3*.

Delinquencies by Insurance Type – In February 2022, FHA insured loans had the highest delinquency rate by total insurance type of 5.55%, with in-foreclosures at 1.17%. When compared to the total loan portfolio, RD insured loans had the highest delinquency rate of 1.70%, with in-foreclosures at 0.37%. Delinquencies by insurance type and the portfolio as a whole are shown in *Exhibit 6*.

FHA insured loans comprise 16% of the Single-Family portfolio and 28% of delinquencies, while RD insured loans comprise 60% of the portfolio and represent 56% of all delinquent loans. The current composition of the Single-Family portfolio by insurance type, along with the percentage of delinquencies by insurance type, is shown in ***Exhibit 7***.

Foreclosure Prevention Activities – *Exhibit 8* summarizes our foreclosure prevention activities, as well as the number of completed foreclosures. As of the end of month February 2022, we have assisted 199 borrowers with various foreclosure preventions options.

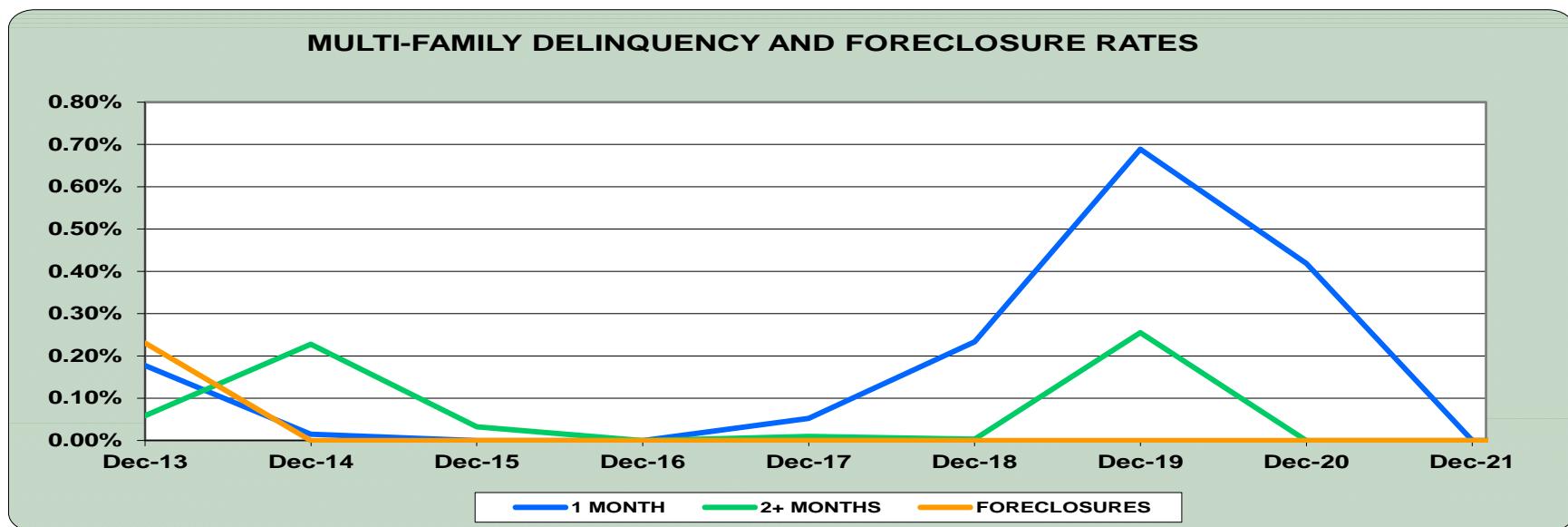
Multi-Family Delinquent Loans

MAINE STATE HOUSING AUTHORITY MULTI-FAMILY DELINQUENCIES 3/31/2022								
Section 8 BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	ORIGINATION	DELINQUENT		
					DATE	1 MONTH	2 MONTHS	3+ MONTHS
NONE						0.00	0.00	0.00
						0.00	0.00	0.00
Rental Housing BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	ORIGINATION	DELINQUENT		
NONE						0.00	0.00	0.00
Supportive Housing & Other BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	ORIGINATION	DELINQUENT		
NONE						0.00	0.00	0.00
						0.00	0.00	0.00
						0.00	0.00	0.00
Grand Total								
% of Portfolio Delq 60+ days	0.00%							
Total Number of Loans	1,203							

Exhibit 1



Multi-Family Delinquency & Foreclosure Trends



	OUTSTANDING PRINCIPAL		1 MONTH		2+ MONTHS		FORECLOSURES	
	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE
Mar-22	\$ 719,370,215	\$ -	\$ 0.00%	\$ -	\$ 0.00%	\$ -	\$ -	0.00%
Dec-21	\$ 696,004,882	\$ -	\$ 0.00%	\$ -	\$ 0.00%	\$ -	\$ -	0.00%
Dec-20	\$ 666,678,177	\$ 2,791,073	0.42%	\$ -	\$ 0.00%	\$ -	\$ -	0.00%
Dec-19	\$ 635,961,774	\$ 4,379,009	0.69%	\$ 1,620,600	0.25%	\$ -	\$ -	0.00%
Dec-18	\$ 630,936,475	\$ 1,473,376	0.23%	\$ 20,600	0.00%	\$ -	\$ -	0.00%
Dec-17	\$ 608,939,257	\$ 319,836	0.05%	\$ 60,624	0.01%	\$ -	\$ -	0.00%
Dec-16	\$ 579,916,852	\$ -	0.00%	\$ -	0.00%	\$ -	\$ -	0.00%
Dec-15	\$ 573,932,384	\$ -	0.00%	\$ 185,320	0.03%	\$ -	\$ -	0.00%
Dec-14	\$ 513,937,525	\$ 77,568	0.02%	\$ 1,169,620	0.23%	\$ -	\$ -	0.00%
Dec-13	\$ 506,871,177	\$ 896,386	0.18%	\$ 297,366	0.06%	\$ 1,166,866	\$ 0.23%	

Exhibit 2



Single-Family Delinquent Loans

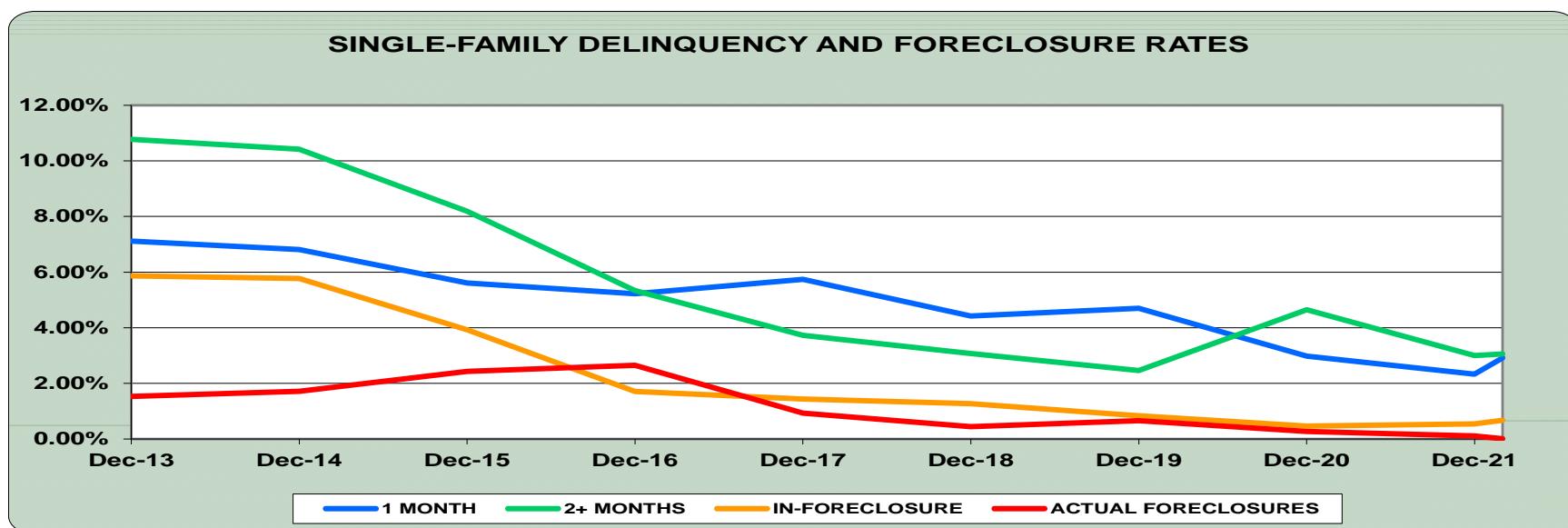
Maine State Housing Authority
Single-Family Delinquencies by Servicer
2/28/2022

SERVICER	% OF PORTFOLIO	% of Portfolio Delq 60 + days	OUTSTANDING PRINCIPAL	----- 1 MONTH	DELINQUENT 2 MONTHS	----- 3+ MONTHS	IN-FORECLOSURE
MORTGAGE SERVICING SOLUTIONS	65.34%	3.70%	578,792,388.36	19,454,727.85	4,949,836.52	12,154,003.91	4,323,634.80
BANGOR SAVINGS BANK	15.30%	0.89%	135,526,474.95	2,580,813.34	461,711.83	467,307.47	280,370.60
CAMDEN NATIONAL BANK UK	9.14%	1.66%	80,945,151.87	1,945,674.69	473,409.32	282,899.59	584,184.93
MACHIAS SAVINGS BANK	7.15%	2.91%	63,296,844.56	1,235,789.81	342,959.05	926,370.80	572,101.91
BANGOR SAVINGS BANK QS	2.28%	0.85%	20,212,522.67	0.00	172,786.82	0.00	0.00
BANK OF AMERICA NA	0.74%	15.77%	6,528,624.81	589,302.96	45,451.29	790,747.15	193,427.97
SALEM FIVE MORTGAGE CORP	0.06%	3.79%	517,988.46	0.00	0.00	19,645.95	0.00
TOTAL	100.00%	3.05%	885,819,995.68	25,806,308.65	6,446,154.83	14,640,974.87	5,953,720.21

Exhibit 3



Single-Family Delinquency & Foreclosure Trends

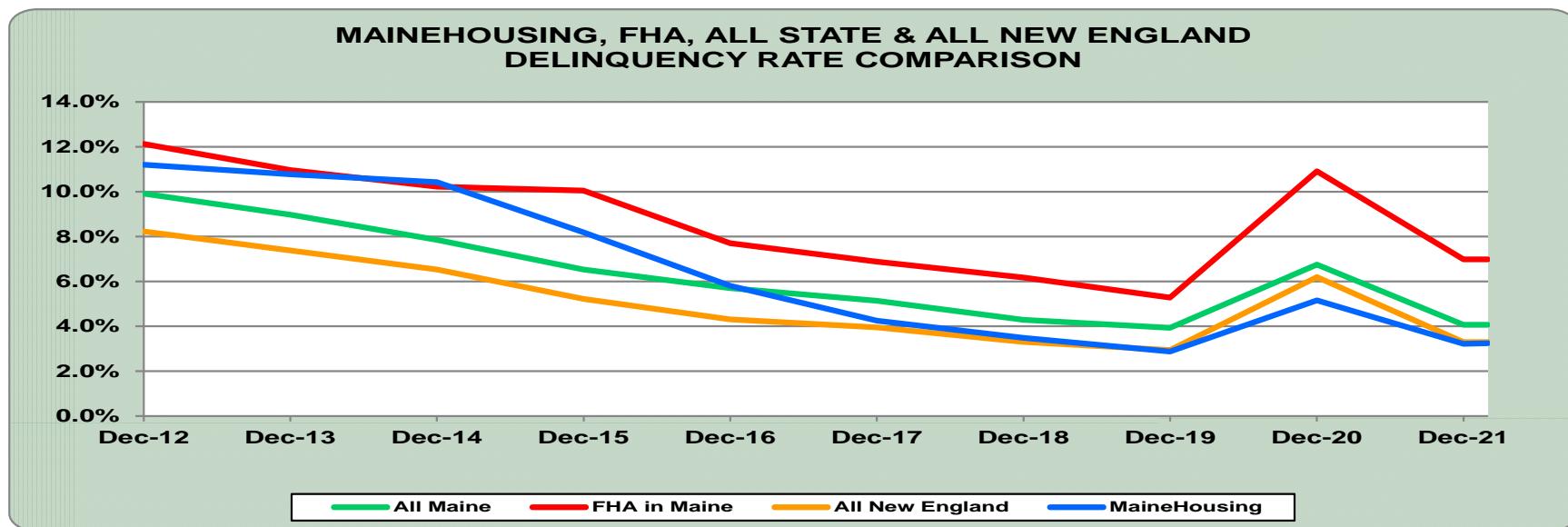


	OUTSTANDING PRINCIPAL	1 MONTH		2+ MONTHS		IN-FORECLOSURE		ACTUAL FORECLOSURES	
		DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE
Feb-22	\$ 885,819,996	\$ 25,806,309	2.91%	\$ 27,040,850	3.05%	\$ 5,953,720	0.67%	\$ 81,778	0.01%
Dec-21	\$ 887,303,920	\$ 20,685,547	2.33%	\$ 26,645,647	3.00%	\$ 4,806,968	0.54%	\$ 941,490	0.11%
Dec-20	\$ 960,761,414	\$ 28,645,024	2.98%	\$ 44,603,599	4.64%	\$ 4,471,656	0.47%	\$ 2,617,001	0.27%
Dec-19	\$ 967,171,381	\$ 45,399,415	4.69%	\$ 23,774,547	2.46%	\$ 8,037,512	0.83%	\$ 6,357,994	0.66%
Dec-18	\$ 916,608,577	\$ 40,526,473	4.42%	\$ 28,155,105	3.07%	\$ 11,647,401	1.27%	\$ 4,056,247	0.44%
Dec-17	\$ 844,497,676	\$ 48,457,930	5.74%	\$ 31,454,643	3.72%	\$ 12,099,518	1.43%	\$ 7,847,858	0.93%
Dec-16	\$ 799,557,471	\$ 41,780,468	5.23%	\$ 42,682,410	5.34%	\$ 13,625,991	1.70%	\$ 21,142,137	2.64%
Dec-15	\$ 790,409,905	\$ 44,303,365	5.61%	\$ 64,656,769	8.18%	\$ 31,066,182	3.93%	\$ 20,797,314	2.43%
Dec-14	\$ 810,139,060	\$ 55,171,703	6.81%	\$ 84,385,397	10.42%	\$ 46,711,687	5.77%	\$ 13,904,155	1.72%
Dec-13	\$ 849,385,825	\$ 60,378,599	7.11%	\$ 91,501,809	10.77%	\$ 49,783,071	5.86%	\$ 12,980,502	1.53%

Exhibit 4



Single-Family Delinquency Comparison Trends



MAINEHOUSING LOAN COUNT COMPARISON

	<u>Loan Count</u>	<u>2 Months</u>	<u>3+ Months</u>	<u>In-Foreclosure</u>	<u>Totals</u>
All State*	120,807	0.56%	2.35%	1.16%	4.07%
FHA for State*	16,553	1.07%	4.57%	1.35%	6.99%
All New England*	1,706,762	0.55%	2.21%	0.53%	3.29%
MaineHousing**	9,697	0.79%	1.73%	0.72%	3.25%

*This information is obtained from MBA's National Delinquency Survey for the fourth quarter of 2021.

**MaineHousing's overall delinquency rate based on loan dollars is 3.05%, whereas rates in this exhibit are based on loan count.



Single-Family Delinquencies by Mortgage Insurer

As A Percent of Total Insurance Type

2/28/2022

TYPE	2+ MONTHS	IN-FORECLOSURE
FHA	5.55%	1.17%
RD	2.83%	0.62%
PMI	2.64%	0.08%
SELF Insured	2.27%	0.60%
VA	1.97%	0.69%
All Uninsured (including SELF)	1.84%	0.49%
Uninsured (excluding SELF)	1.63%	0.44%

As A Percent of Total Loan Portfolio

2/28/2022

TYPE	2+ MONTHS	IN-FORECLOSURE
RD	1.70%	0.37%
FHA	0.88%	0.19%
All Uninsured (including SELF)	0.29%	0.08%
Uninsured (excluding SELF)	0.17%	0.05%
SELF Insured	0.11%	0.05%
VA	0.10%	0.03%
PMI	0.09%	0.00%

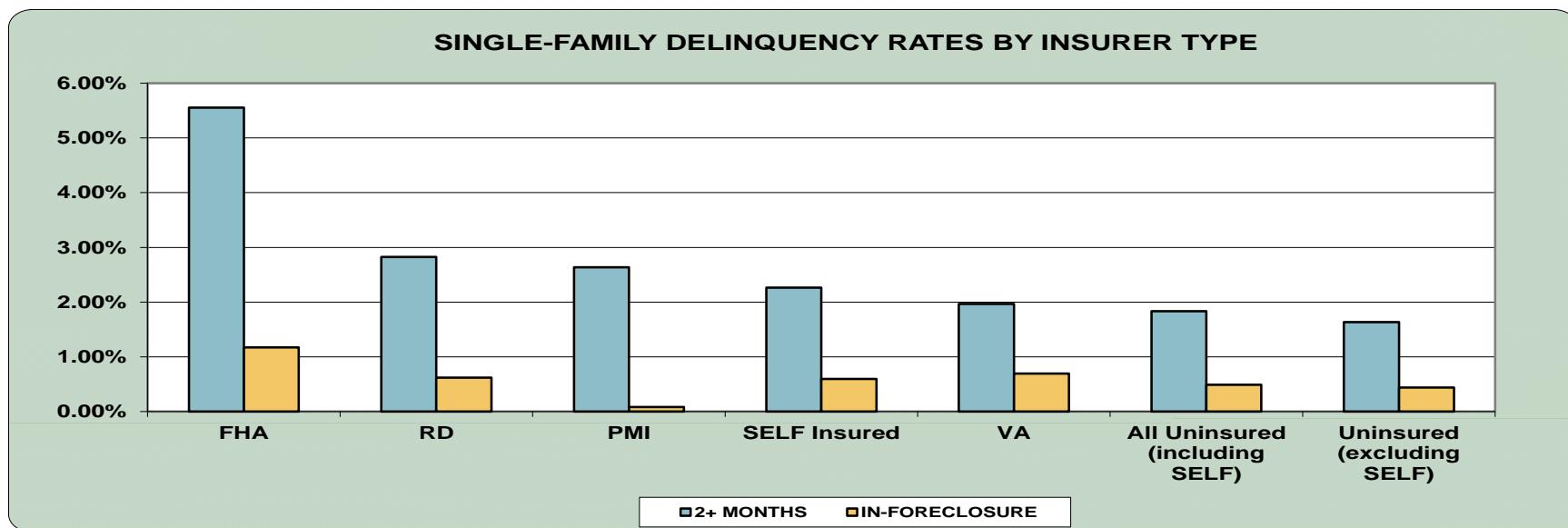


Exhibit 6



Single-Family Delinquencies by Mortgage Insurer

The following charts show the composition of MaineHousing loans by mortgage insurer. Self insured loans are mainly mobile homes. Uninsured loans are those not needing mortgage insurance (i.e. for loans under 80% property value).

The following charts are in dollar amounts.

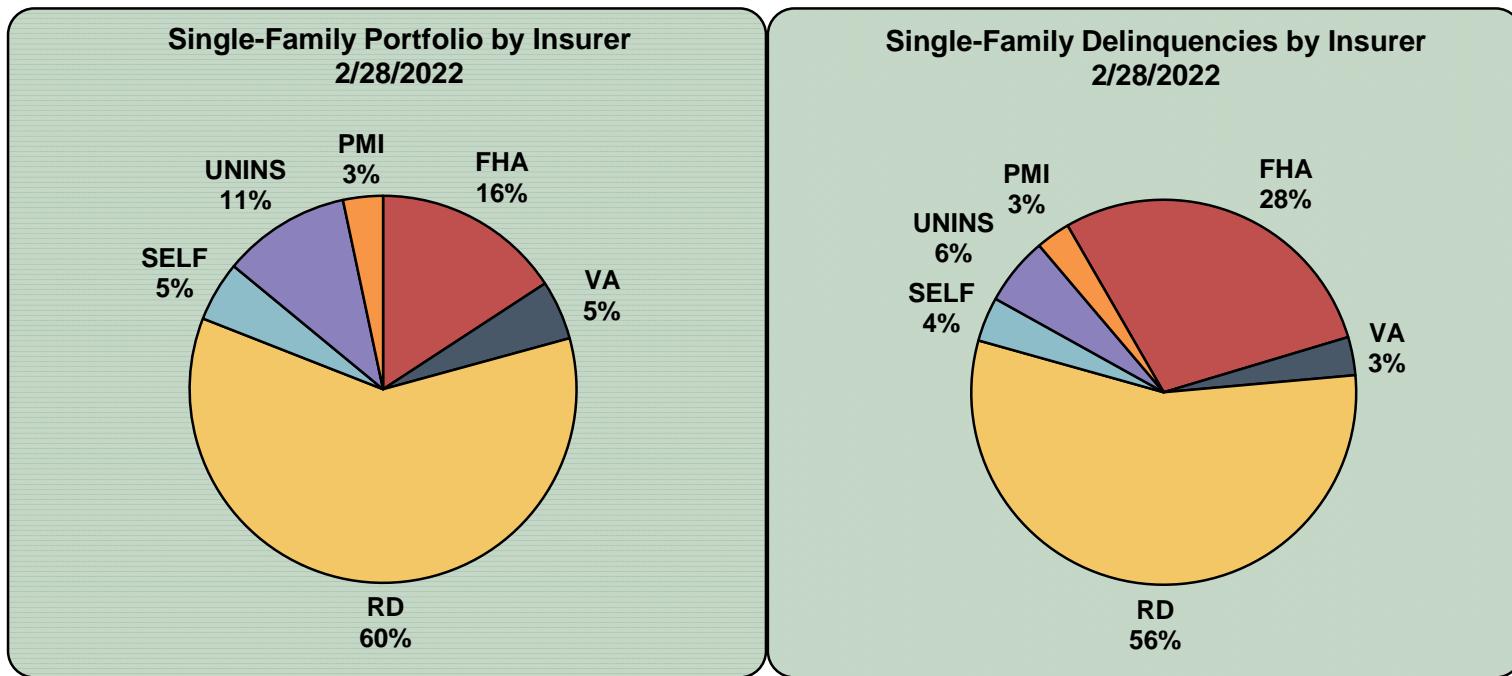
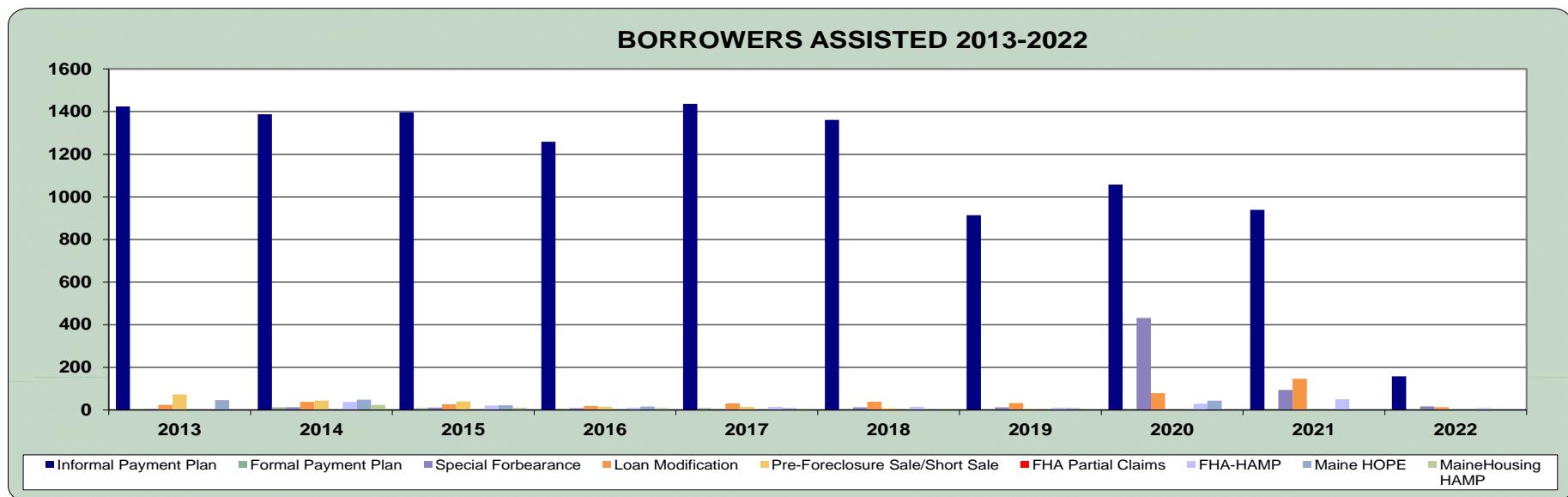


Exhibit 7



Single-Family Foreclosure Prevention Activities



Number of Borrowers Approved for Assistance

	Informal Payment Plan	Formal Payment Plan	Special Forbearance	Loan Modification	Pre-Foreclosure Sale/Short Sale	FHA Partial Claims	FHA-HAMP	Maine HOPE	MaineHousing HAMP	Total Workouts
Feb-22	158	2	17	13	0	9	0	0	0	199
Dec-21	939	5	94	146	2	50	2	0	0	1238
Dec-20	1058	5	432	79	3	29	44	2	2	1652
Dec-19	914	3	12	32	4	10	8	0	0	983
Dec-18	1361	4	12	39	8	15	3	6	6	1448
Dec-17	1437	8	4	31	14	14	8	7	7	1523
Dec-16	1259	6	8	19	15	10	16	9	9	1342
Dec-15	1397	8	11	26	40	21	22	10	10	1535
Dec-14	1388	12	13	38	44	38	48	24	24	1605
Dec-13	1424	4	5	24	73		46			1576

Actual Foreclosures

	Number of Foreclosures	Number of Loans in Portfolio	Percentage of Portfolio
Feb-22	1	9,697	0.01%
Dec-21	14	9,750	0.14%
Dec-20	38	10,668	0.36%
Dec-19	86	10,904	0.79%
Dec-18	57	10,673	0.53%
Dec-17	97	10,332	0.94%
Dec-16	258	10,097	2.56%
Dec-15	233	10,258	2.27%
Dec-14	162	10,526	1.54%
Dec-13	146	10,952	1.33%

Exhibit 8



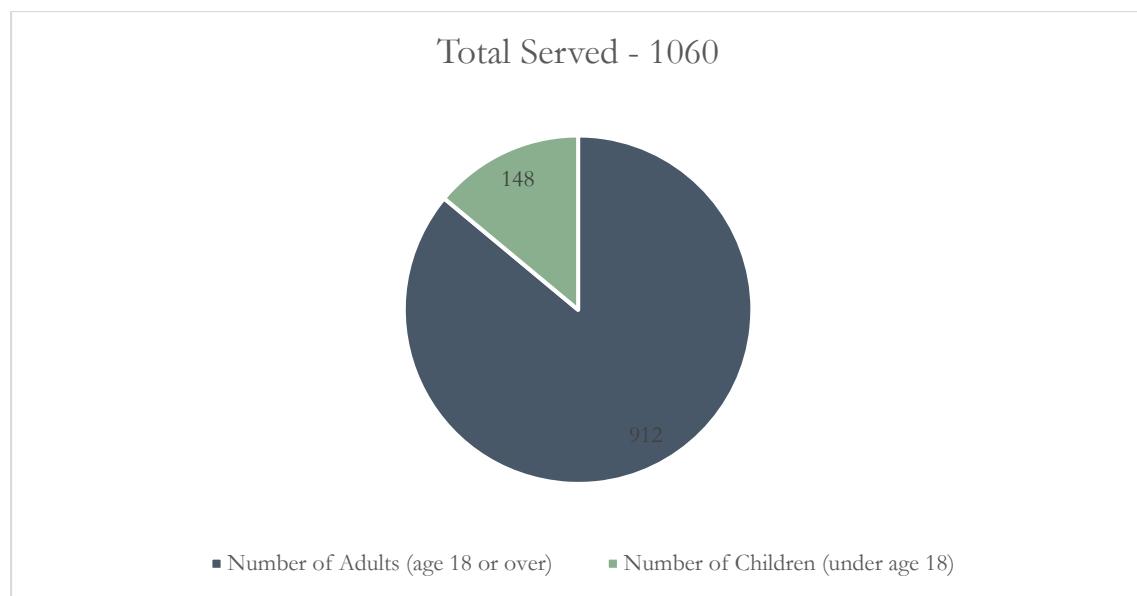
Homeless Initiatives Department Memorandum

To: Board of Commissioners
From: Lauren Bustard, Senior Director of Homeless Initiatives
Date: April 12, 2022
Subject: Homeless Initiatives Report

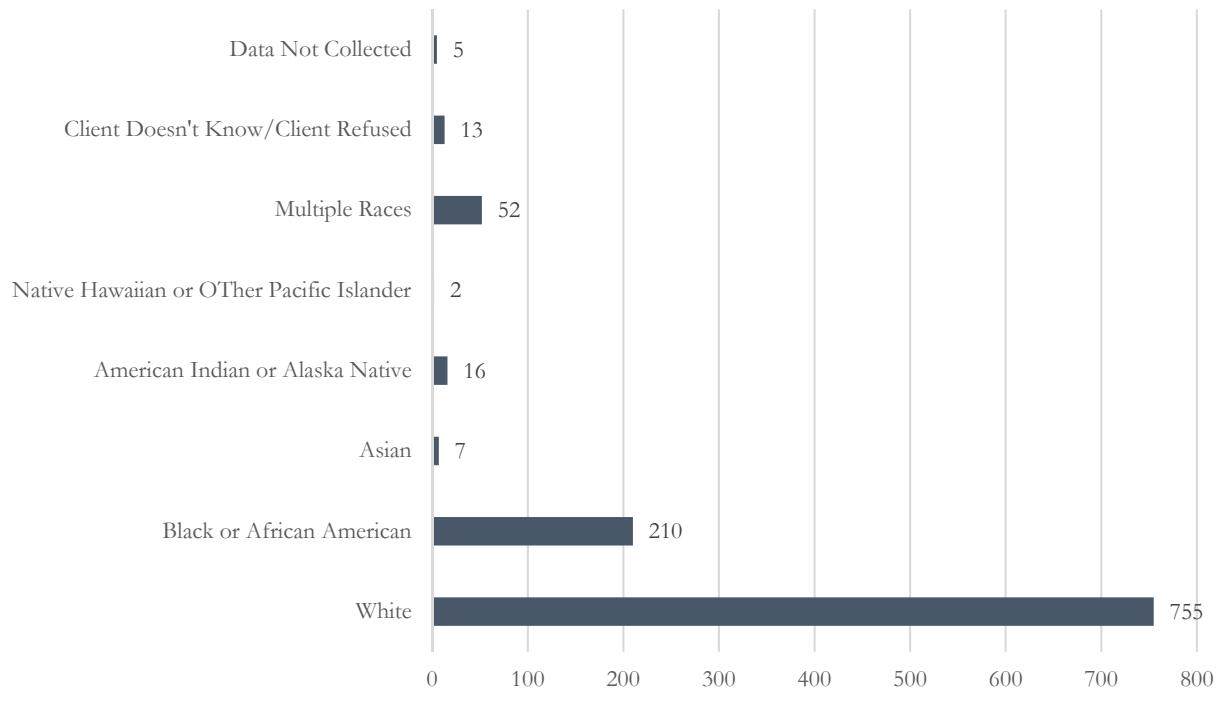
Homeless Data – March 2022

The following are the monthly statistics for March:

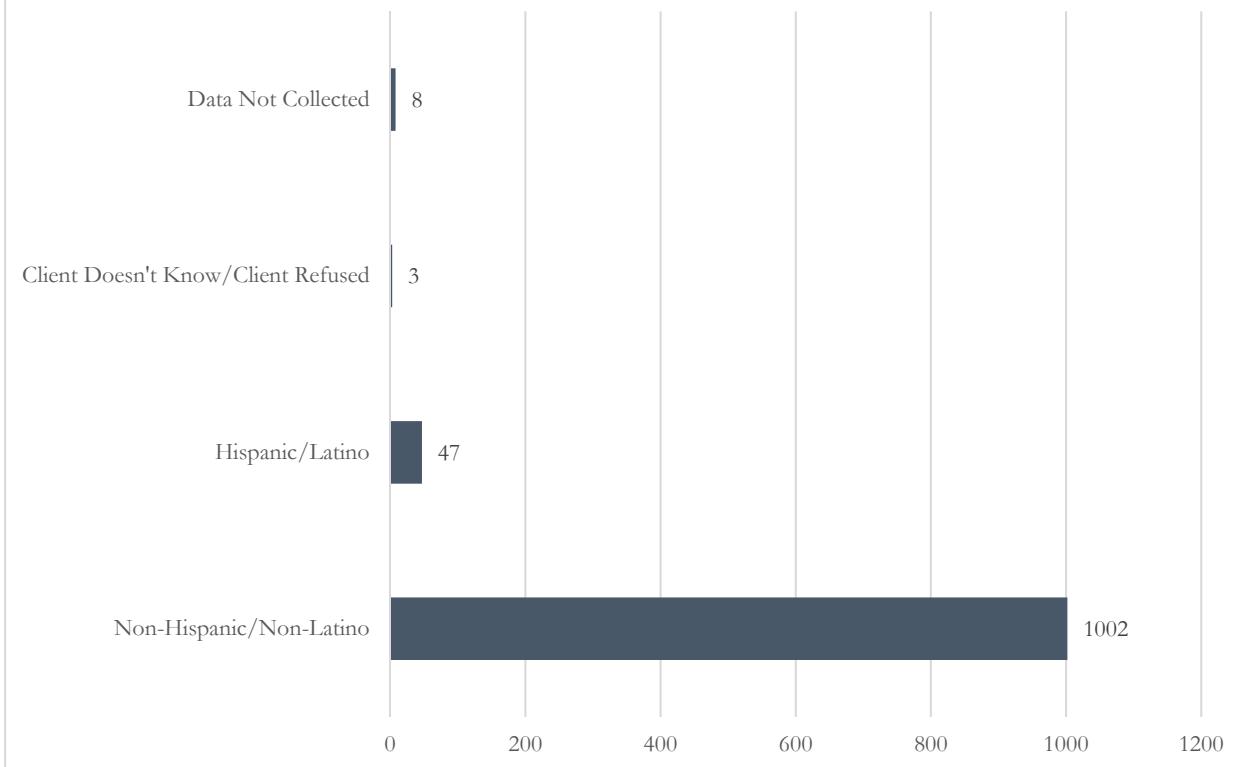
1. Total number of people served (1060) has decreased from February. The caveat here is that these are only the individuals that are being served by homeless service providers around the state who are mandated to record data in the HMIS (Homeless Management Information System) database. It does not include people housed through GA and ERA. When we have finished data input for the January Point in Time Count (by the end of April) – which does include many of these people – we should have a more accurate picture of the daily count in the state.
2. Racial equity – the percentage of people of color served remains at 27%.
3. The number of individuals entering the homeless system from institutional settings decreased again but remained at a similar percentage of overall intakes (March – 9.4 to February 8.9).
4. Our exits to permanent living situations increased – from 53 in February to 77 in March. Any increase is obviously good news. Our Temporary Rapid ReHousing Program has now successfully leased up a total of 155 households. Our two service providers for TRRP in Portland, Preble Street and Amistad, have now staffed up for a more intensive focus on housing individuals currently staying at the two hotels in South Portland which will be decommissioned at the end of May.



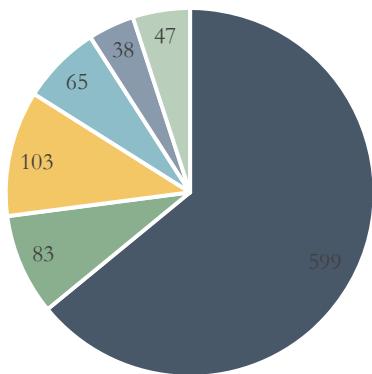
Number of People Served by Race



Number People Served by Ethnicity

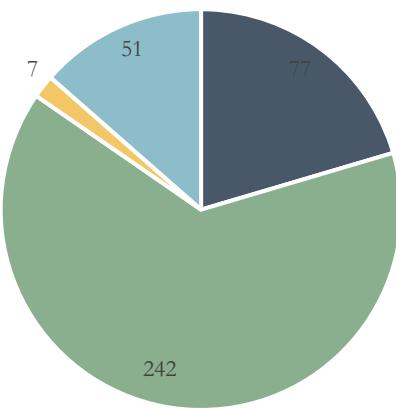


Residence of Clients Prior to Entry



- Homeless Situations
- Institutional Settings
- Staying or living in a friend's room, apartment or house
- Staying or living in a family member's room, apartment or house
- Hotel or motel paid for without ES voucher
- Other Locations

Residence of Clients after Entry



- Permanent Destinations
- Temporary Destinations
- Institutional Settings
- Other Destinations

Use of Hotels

The two homeless overflow hotels in South Portland will continue until the end of May, when the owner will end his agreement with the City of Portland to house individuals experiencing homelessness. The Homeless overflow hotel in Augusta as well as the Quarantine and Isolation hotel in Lewiston will also continue until the end of May.

The City of Portland continues in their search for a congregate space to meet the needs of the approximately 280 individuals who will be displaced from the two South Portland hotels. The influx of Asylum Seekers from the Southern Border of the U.S. has recently increased and there are currently approximately 1050 individuals (including children) being housed in 9-10 hotels in 8 municipalities. This situation is quickly becoming unsustainable for the City of Portland to address on their own and we are working with a team that includes Greg Payne from the Governor's office and Beth Hamm from DHHS to identify both short and long term housing solutions that could include long term contracts with hotels as well as hotel conversions to permanent housing.



Homeownership Department Memorandum

To: MaineHousing Board of Commissioners
From: Craig Reynolds, Director of Homeownership
Date: April 11, 2022
Subject: Monthly Report – Homeownership Department

PRODUCTION UPDATE

Homeownership Loan Purchase Report					
2022 Loan Goal		Total 2022		Total 2021	
1,000	\$150M	#	\$	#	\$
1,000		2-Jan	32	5,119,097	26
		15-Jan	28	4,686,266	37
		1-Feb	29	4,733,848	50
		15-Feb	16	3,173,279	49
		1-Mar	22	3,291,971	23
		15-Mar	25	3,996,765	20
		Q-1	152	25,001,226	205
		1-Apr	36	6,797,846	36
		15-Apr	0	0	21
		1-May	0	0	19
		15-May	0	0	28
		1-Jun	0	0	20
		15-Jun	0	0	28
		Q-2	36	6,797,846	152
		1-Jul	0	0	34
		15-Jul	0	0	21
		1-Aug	0	0	60
		15-Aug	0	0	26
		1-Sep	0	0	37
		15-Sep	0	0	15
		Q-3	0	0	193
		1-Oct	0	0	41
		15-Oct	0	0	23
		1-Nov	0	0	28
		15-Nov	0	0	24
		1-Dec	0	0	33
		15-Dec	0	0	26
		Q-4	0	0	175
		Totals	188	\$ 31,799,072	725
					\$ 113,952,221

Monthly Loan Reservations: 04/01/22	
#	\$ Volume
103	\$ 19,728,802

Loan Pipeline as of: 04/01/22	
#	\$ Volume
223	\$ 40,153,617

YTD Loan Reservation Comparison					
March 2021		March 2022		2021 vs 2022	
#	\$ Volume	#	\$ Volume	#	\$ Volume
188	\$29,265,319	223	\$ 40,153,617	19%	37%

PROGRAM HIGHLIGHTS

Production Update & Market Status

Homeownership is very pleased to note that the number of new loan reservations for March 2022 posted a 19% increase over March 2021 and the dollar volume of the new loans is 37% higher as shown in the Production Update charts on the cover page of this report. The dollar volume increase is of course partially due to higher number loans, but also reflects the significantly higher loan amounts caused by historically high home sales prices. The homes-for-sale inventory remains a serious challenge to buyers in nearly all price ranges, and has resulted in a decline of home sales in Maine, New England and nationwide as indicated by the Maine Association of Realtors monthly news release below, however demand continues to remain strong. We continue to be impressed at the determination of Maine's first time homebuyers to accept the challenging market conditions and still succeed in finding a home to buy as our First Home Loan reservations illustrate. It is also a reflection of how well positioned and financially attractive the First Home Loan program is to consumers in terms of its below market interest rate and Advantage down payment and closing cost assistance option.

Market changes have arrived. Rising mortgage market interest rates, now averaging 5% in Maine, plus the significant increase in inflation of consumer goods and energy, are current economic developments that bear watching. If both trends continue, it could signal an eventual end to rising home sales prices as consumers respond to the impact on their budgets and their ability to afford major purchases such as a home. If the buyer demand for homes weakens, then prices may start to fall back and inventory could increase as sellers realize and react to the fact that the days of record sales prices and multiple purchase offers over asking price are over. This could result in a rush to get their homes on the market before prices drop even more significantly, which would serve as welcome relief for the lack of inventory issue that has persisted for the past few years.

The following is an excerpt from the Maine Association of REALTORS® monthly press release in March regarding Maine's real estate market activity and related regional and national statistics provided by the National Association of REALTORS®.

MAINE HOME SALES EASE DUE TO LACK OF FOR-SALE INVENTORY

AUGUSTA (March 18, 2022)—Buyer demand for Maine real estate continues to fuel a competitive market, and a lower-than-normal supply of single-family existing homes for sale has driven sales prices higher. According to Maine Listings, February 2022 sales declined 17.33 percent compared to February 2021, while the median sales price (MSP) increased 21.48 percent to \$297,500. The MSP indicates that half of the homes were sold for more and half sold for less.

"The demand for Maine homes sales remains strong and home sales totals are being held back by the low supply of for-sale inventory," says Madeleine Hill, 2022 President of the Maine Association of REALTORS® and Designated Broker at Roxanne York Real Estate on Bailey Island. "Even after two years of the pandemic, most homes for sale in Maine are receiving multiple purchase offers and are under

contract within days.”

The National Association of Realtors reported a 2.2 percent dip in nationwide sales during the month of February 2022, compared to February 2021. The national MSP rose 15.5 percent to \$363,800. Regionally, sales of single-family existing homes in the Northeast declined 12.7 percent while the regional MSP increased 7.1 percent to \$383,700 comparing February 2022 to February 2021.

“While it’s a competitive market for buyers, record numbers are becoming Maine homeowners,” says Hill. “The number of single-family homes sold in February 2022 is the second-best February in the past five years, and third best since we began keeping records 24 years ago. Know your ‘must have’s’ for homeownership and work with your REALTOR® and mortgage lender to be prepared to act quickly and negotiate effectively.”

HoMEworks Board Meeting

Consumer Education Coordinator, Jessica Gurney attended a virtual meeting of the hoMEworks Board of Directors as MaineHousing’s representative member. The hoMEworks Board oversees the curriculum content and educators conducting homebuyer education classes in Maine. MaineHousing strongly supports homebuyer education for all potential buyers, and requires completion of the class prior to closing for first time buyers using the Advantage down payment and closing cost assistance option of our First Home Loan program.

The Board meeting was the first for Jessica who just joined the Homeownership team in 2022, and we are proud to have her elected as the Board’s Secretary. As part of her training agenda, Jessica signed in as a guest to attend the hoMEworks approved eHome America nationally available online homebuyer education class, and has attended a class conducted by Maine’s Community Concepts and presented by educator, Casey Bromberg. It is Jessica’s goal to attend as many classes with as many different educators as possible in the weeks and months ahead. Congratulations Jessica!

Lender Partner Training

Mortgage Lending Team Leader, Lisa McKenna conducted a virtual Closing & Delivery training for Supreme Lending, one of MaineHousing’s newly approved network lender partners. Upon Supreme Lending’s request, a second training specifically focused on financing mobile homes on leased land through our Mobile Home Self-Insured program option. Over 30 staff members from Supreme Lending, from Scarborough, Maine to Dallas, Texas, attended each training session. Also attending from MaineHousing were Mortgage Lending Coordinator, Dawn Libby-Lynch and Mortgage Lending Officer, Angela Desrochers.

On March 7th Team Leader, Lisa McKenna was joined by Mortgage Lending Officer, Casey Erlebach and Consumer Education Coordinator, Jessica Gurney to conduct an in-person training at a Bangor Savings Bank office in Augusta. Bangor Savings Bank had requested the training as an update on MaineHousing’s First Home Loan program guidelines for several of its loan originators, processors and underwriting staff, all with varying degrees of knowledge and prior experience with the program.

Team Leader, Lisa McKenna conducted a one-on-one virtual training for the Vice President of Mortgage Lending of Guaranteed Rate, a former network lender that was recently re-activated to originate First Home Loans.



Housing Choice Vouchers Department Memorandum

To: MaineHousing Board of Commissioners

From: Allison Gallagher - Director of HCV Programs

Date: April 19, 2022

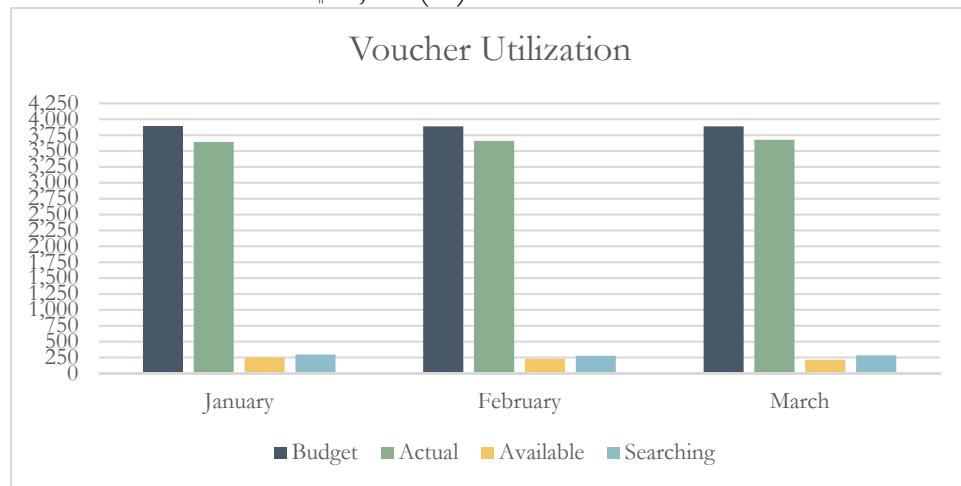
Subject: Monthly Report – Housing Choice Voucher Program

Program Updates:

The Housing Choice Voucher Administrative plan was updated effective 5/1/2022. Attached to this report is a summary of the changes. The Administrative plan can be found on our website at <https://www.mainehousing.org/programs-services/rental/rentaldetail/housing-choice-vouchers>.

- Several changes are required due to the transition to a new vendor, Affordablehousing.com, for the Maine Centralized Waiting list.
- To help increase voucher utilization and offer a resource to Housing Stability teams working with ERA, HCV has added ERA partnering agencies to the list of service providers able to refer to the homeless priority list for a MaineHousing, Housing Choice Voucher.

March Lease Incentives-\$31,500 (42)



HCV (homeless initiatives)

	Leased	Searching
STEP	118	35
Home to Stay	182	77
Homeless Priority	242	69
EHV	33	74

LEAN Update:

HCV staff are working on scanning all physical tenant files as a 2021/2022 LEAN initiative. We have scanned 52% of our tenant files to date.

Housing Navigation Pilot:

MaineHousing issued a request for proposals on February 1, 2022 for qualified nonprofit organizations with a track record of successful landlord partnerships and client housing services and/or experience and expertise in working with a specific underserved population or community to employ a Housing Navigator that will participate in the two-year Housing Navigation pilot established by the legislature through LD 1733. These navigators will work with families experiencing or at risk of homelessness in obtaining housing, and assist them in maintaining stable housing following lease up.

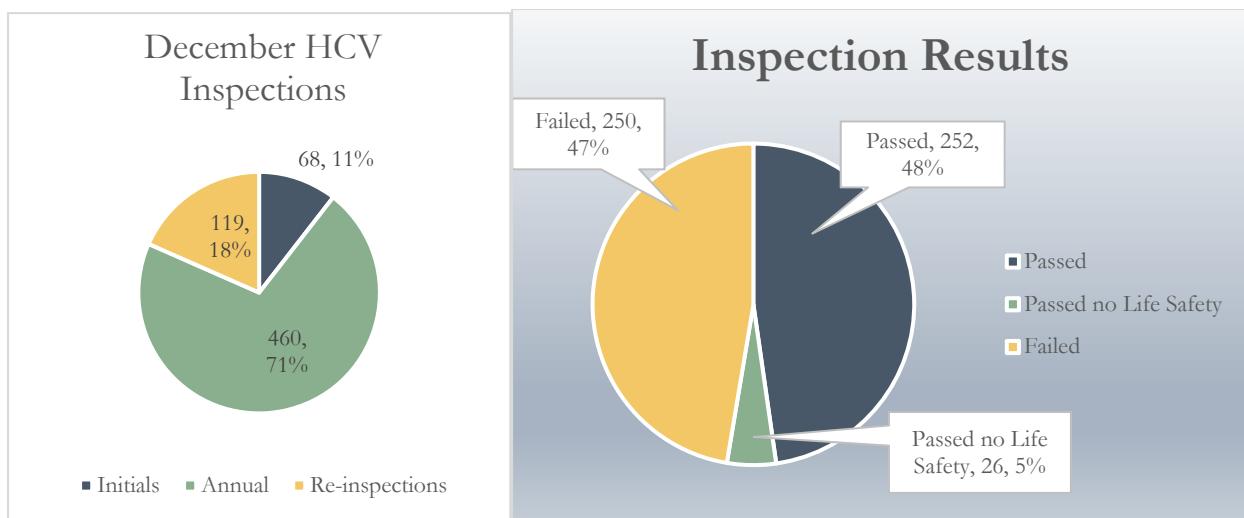
MaineHousing received 15 proposals. On April 8, 2022 the 10 organizations below were notified and awarded funds for the Housing Navigation Pilot. ARPA funds provided \$1.5M and MaineHousing matched \$1.5M.

Aroostook County Action Program (ACAP)	Presque Isle Housing Authority
Fairtide	Prosperity Maine
Immigrant Resource Center	Quality Housing Coalition
Lewiston Housing Authority	South Portland Housing Authority
Penquis	Wabanaki Public Health & Wellness

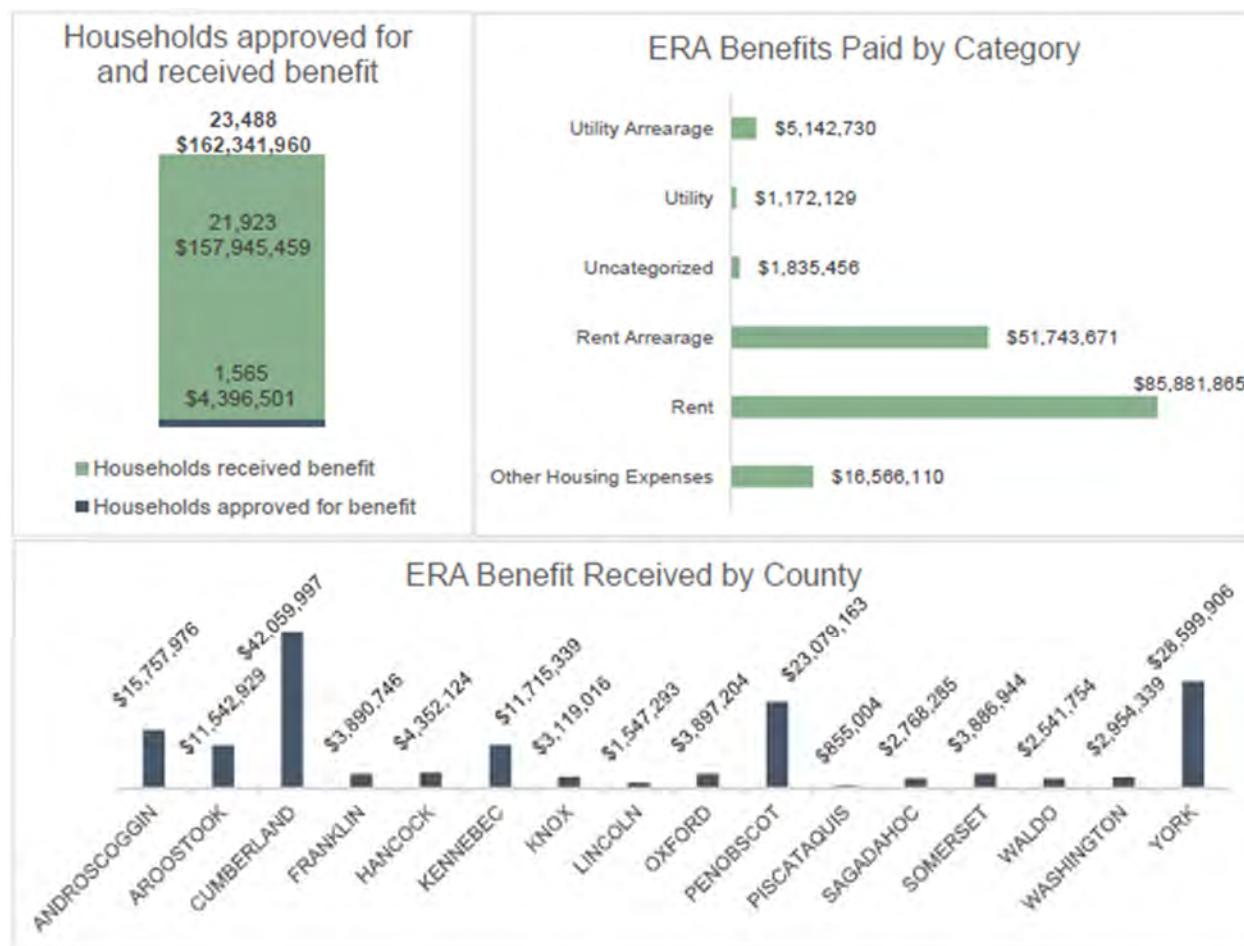
Inspection Updates:

Landlord Repair Program: \$27,637/Damage Reimbursement Program: \$16,597





Emergency Rental Assistance:



As of April 6, 2022

Changes for 5-1-2022 HCV Administrative Plan

Document/PDF Page	Section	Changes Made
All	Footer	Added new revision date of 5/1/22
69/97	4-I.B.	<p>Applying for Assistance</p> <p>Changed Data Link of Maine to AffordableHousing.com under MaineHousing Policy</p>
70/98	4-I.D.	<p>Eligible for Placement on the Waiting List</p> <p>Changed Data Link of Maine to AffordableHousing.com under MaineHousing Policy</p>
75/103	4-II.F.	<p>Updating the Waiting List</p> <p>Changed Data Link of Maine to AffordableHousing.com under MaineHousing Policy.</p> <p>Replaced Purge process used by Data Link of Maine with Update process used by AffordableHousing.com (instead of a purge/clean-up of entire Centralized Waiting List every 3 years AffordableHousing will use inactive as a status to indicate the applicant has made no changes in 90 days, if the application remains inactive for 1 year AffordableHousing will begin a paper update process requiring applicants to respond within 30 days or be</p>
76/104	4-II.F.	<p>Updating the Waiting List Cont...</p> <p>Replaced Data Link of Maine Reinstatement Policy with AffordableHousing.com Reinstatement Policy (processes are almost identical with contact information updated from Data Link of Maine to AffordableHousing.com)</p>
77/105	4-II.F.	<p>Removal from the Waiting List</p> <p>Added AffordableHouaing.com administrative process regarding removal of applicants from specific PHA waiting List vs. Entire Waiting List.</p>
80/108	4-III.C.	Added Priority for Homeless families referred by partnering agencies administering Emergency Rental Assistance Housing Stability Services
82/110	4-III.C.	<p>Local Preferences</p> <p>Clarified Jurisdictional vs. Residency preference</p>
83/111	4-III.C.	<p>Preference Grouping</p> <p>Replaced Preference Points system with Preference Grouping</p>



Human Resources and Facilities Department Memorandum

To: Board of Commissioners
From: Jane Whitley, Director of Human Resources & Facilities
Date: April 2022
Subject: Board Report

Human Resources YTD Stats as of April 11



Human Resources Updates

STAFF ANNOUNCEMENTS

Welcome to our new colleagues who started between March 15 and April 11, we are thrilled to have you here!

- ✓ Jayson Pare, Multifamily Loan Officer, Development Department
- ✓ Amy McCann, HCV Occupancy Specialist, HCV Department

We are currently advertising and/or interviewing for the following positions:

- Administrative Assistant – HEAP, EHS
- HCV Programs Manager – Homeless Priority, HCV
- Asset Manager – PBCA, Asset Management
- Asset Manager – Supportive Housing, Asset Management
- Administrative Assistant, Development
- Helpdesk Analyst I, IT
- Compliance Officer I, Audit & Compliance
- Commercial Loan Officer, Development
- Fiscal Officer, EHS



We are always looking for great people to fill our positions!

Please encourage your family and friends to visit our website at www.mainehousing.org/careers.

We also advertise on Indeed and Jobsinme.com.

Congratulations to staff who have been recently promoted:

- Haley Tuttle, from HEAP Program Assistant, EHS to HCV Occupancy Specialist, HCV
- Jamie Johnson, from HCV Programs Manager, HCV to Planning & Operations Director, CPD
- Ashley Janotta, from Counsel to Chief Counsel, Legal

Happy retirement and thank you for your years of service!

✓ Sheila Nielsen, 3 years of service, retiring May 18

Learning & Development Updates

Chris Massaro, Learning & Development Coordinator, will be offering the following trainings courses in April:

- Emotional Intelligence
- Leading Change
- Decision Making in Group
- Meeting Facilitation

Facilities Updates

✓ Campus spring clean-up has begun!



Information Technology Department Memorandum

To: Board of Commissioners
From: Sheila Nielsen, Director of IT
Date: April 12, 2022
Subject: Monthly Report

The IT Department has been working on the following efforts over the last month.

- Completed Docuware Software upgrade in production.
- Completed RingCentral meeting platform transition to new video solution.
- Conducted second annual Lean White Belt training for interested internal staff.
- Completed Key Bank change to new multifactor authentication device.
- Promoted Charles Smith from HelpDesk Analyst I to Application Specialist.
- Presented file server and email clean up information during All Staff Meeting.
- Prepared IT Salvage equipment for pick up by State Surplus.
- Assisting EHS with HEAP program year 2023 planning and preparations.
- Initiated Quarter 2 phish testing of all staff.

Board Calendar 2022

JANUARY 18 <ul style="list-style-type: none"> • Legislative Preview <p>NCSHA HFA Institute (Jan. 10-Jan. 14 and Jan. 24-Jan. 28) Virtual</p>	FEBRUARY 15 <ul style="list-style-type: none"> • Introduce HEAP
MARCH 22 <u>Board Business:</u> <ul style="list-style-type: none"> • Home Energy Assistance Program discussion • Qualified Allocation Plan discussion • Legislation update <u>Program Presentations:</u> <ul style="list-style-type: none"> • Use of hotels during pandemic 	APRIL 19 <u>Board Business:</u> <ul style="list-style-type: none"> • Rulemaking Commencement: <ul style="list-style-type: none"> - Home Energy Assistance Program (VOTE) - Qualified Allocation Plan (VOTE) - State Low Income Housing Tax Credit Rule (VOTE) • 2021 Year-end Financials • Legislation update <u>Program Presentations:</u> <ul style="list-style-type: none"> • Non LIHTC Multi-Family programs
MAY 17 <u>Board Business:</u> <ul style="list-style-type: none"> • Rulemaking Public Hearings: <ul style="list-style-type: none"> - Home Energy Assistance Program - Qualified Allocation Plan - State Low Income Housing Tax Credit Rule • Legislation final report <u>Program Presentations:</u> <ul style="list-style-type: none"> • Fair Housing / DEI efforts 	JUNE 21 <u>Board Business:</u> <ul style="list-style-type: none"> • Rulemaking Adoption <ul style="list-style-type: none"> - Home Energy Assistance Program (VOTE) - Qualified Allocation Plan (VOTE) - State Low Income Housing Tax Credit Rule (VOTE) • HCV Annual Plan Draft Review/Timeline <u>Program Presentations:</u> <ul style="list-style-type: none"> • Homeownership programs
JULY 19 <p>If necessary</p>	AUGUST 16 <u>Board Business:</u> <p style="text-align: center;">GOAL SETTING EXERCISE</p>
SEPTEMBER 20 <u>Board Business:</u> <ul style="list-style-type: none"> • HCV Annual Plan Public Hearing <u>Program Presentations:</u> <ul style="list-style-type: none"> • HARP and Community Aging in Place <p>NCSHA Annual Conference & Showcase (Oct. 22-25)</p>	OCTOBER 18 <u>Board Business:</u> <ul style="list-style-type: none"> • Introduce DOE Weatherization State Plan • Adopt HCV Annual Plan (VOTE) <u>Program Presentations:</u> <ul style="list-style-type: none"> • Homeless Rule/ESHAP Program
NOVEMBER 15 <u>Board Business:</u> <ul style="list-style-type: none"> • Review Preliminary 2023 Budget • DOE Weatherization State Plan Public Hearing <u>Program Presentations:</u> <ul style="list-style-type: none"> • TBD 	DECEMBER 20 <u>Board Business:</u> <ul style="list-style-type: none"> • Approve 2023 Budget (VOTE) • Elect Officers (VOTE) • MPP Series Resolution (VOTE) • Adopt DOE Weatherization State Plan (VOTE)

Future Rulemaking: Transfer of Ownership Interests
Project Labor Agreement Rule