

April 18, 2023 Board Packet

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Board of Commissioners Meeting – April 18, 2023 9:00 a.m. to 12:00 p.m.

MEMBERS OF THE BOARD: Frank O'Hara (Chair), Daniel Brennan, Henry Beck, Laura Buxbaum (Vice Chair), Nancy Harrison, Elizabeth Dietz (Secretary), Renee Lewis, Noël Bonam, Paul Shepherd, and Deborah Ibonwa

9:00	Adopt Agenda (VOTE)	All
	Remote Commissioners	Frank O'Hara
	- Reason remote	
	- Any other persons at their location	
	Approve minutes of March 21, 2023 meeting (VOTE)	All
	Communications and Conflicts	All
	Chair of the Board Updates	Frank O'Hara
9:15	Director Updates	Dan Brennan
9:30	Legislative Update	Erik Jorgensen
9:45	Commence Rulemaking–Home Energy Assistance Program (VOTE)	Troy Fullmer
10:15	2022 Budget and Audit Report	Darren Brown / Tom Cary Jason Emery (Baker, Newman & Noyes)
	<u>Department Reports:</u>	All
	Asset Management	
	Communications and Planning	
	Development	
	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	
	2023 Board Calendar	
	EXECUTIVE SESSION (VOTE)	All
	Adjourn (VOTE)	All

The next meeting of the Board is scheduled for May 16, 2023
virtually and in person at 26 Edison Drive, Augusta, Maine



Minutes of the Board of Commissioners Meeting March 21, 2023

MEETING CONVENED

A meeting of the Board of Commissioners for MaineHousing convened on March 21, 2023 at the offices of MaineHousing, 26 Edison Drive, Augusta, Maine and virtually. Notice of the meeting was published on March 11, 2023 in Central Maine newspapers. Notice of Board of Commissioners meetings is also on MaineHousing's website at www.mainehousing.org.

Vice Chair Laura Buxbaum called the meeting to order at 9:00 a.m. Director Dan Brennan, Commissioners Paul Shepherd, Elizabeth Dietz, Noël Bonam, Renee Lewis, and Deb Ibonwa all attended in person. Commissioner Nancy Harrison attended remotely due to scheduling conflicts. She was alone at her location. State Treasurer Henry Beck attended remotely because he was out of state on vacation. No other persons were at his location. Chair Frank O'Hara was absent. There was a quorum present.

PUBLIC ATTENDANCE

Guests and staff present for all or part of the meeting included: Ashley Janotta, Chief Counsel; Jimmy Puckette, Counsel; Adam Krea, Senior Director of Finance and Lending; Jamie Johnson, Senior Director of Operations; Craig Given, Director of Information Technologies; Lauren Bustard, Senior Director of Homeless Initiatives; Genevieve Soucy, Director of Energy & Housing Services; Scott Thistle, Communications Director; Erik Jorgensen, Senior Director of Government Relations & Communications; Allison Gallagher, Director of Housing Choice Vouchers; Troy Fullmer, Manager of HEAP; Andrew Thomas, Help Desk Analyst II; Laura Mitchell, Executive Director Maine Affordable Housing Coalition; Greg Payne, Sr. Advisor to the Governor on Housing Policy; Nicholas Hass, Field Sales Representative State and Local Government; and Gerrylynn Ricker, Paralegal and Note taker.

ADOPT AGENDA

Commissioner Lewis made a motion seconded by Commissioner Dietz to adopt the March 21, 2023 agenda. The vote carried unanimously.

APPROVE MINUTES OF FEBRUARY 21, 2023 MEETING

Commissioner Dietz made a motion seconded by Commissioner Bonam to accept the February 21, 2023 minutes as written. The vote carried unanimously.

COMMUNICATIONS AND CONFLICTS

Vice Chair Laura Buxbaum reported (later in the meeting) that CEI is involved with the Housing Assistance Fund program that MaineHousing took over from the Bureau of Consumer Credit Protection.

CHAIR OF THE BOARD UPDATES

After some discussion, it was decided to postpone the luncheon that Chair Frank O'Hara had planned for after the meeting to after the May meeting.

DIRECTOR UPDATES

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

- We have gone to great lengths over the summer and into the fall telling our congressional delegation and our state legislative leaders that we need more funding for the heating assistance program. Congress came up with two separate allocations that resulted in \$13 million on top of our \$40 million grant. We have \$1.3 million from the infrastructure bill and we had some of that \$6 million surplus left over from last year and then the State legislation showed up when the oil prices were so high provided us with \$40 million for a supplemental benefit. We started taking applications about 6 weeks earlier this year. The denial rate has dropped from almost 20% down to a little over 10% and we have about 20% more people applying to the program. Dan reported for the first time in his experience, we are going to run out of money. We have enough money to get us through the next couple months. We've notified the Governor's office. The goal we have is to manage the remaining available resources to the extent that we can and serve as many people as possible.
- Director Brennan, Chair O'Hara, Adam Krea and Erik Jorgenson will be attending the NCSHA legislative conference in Washington, DC. Meetings are set up with Senator Collins, Representative Pingree, we're waiting to hear from Senator King and we know we are not going to be able to meet with Representative Golden but we will meet with his staff. Director Brennan will also be meeting with Joaquin Altoro, Regional Housing Administrator for USDA Rural Development.
- Homeless Service Center is opening this week in Portland. Some of MaineHousing staff was able to tour the facility and it is quite impressive.
- Looking at the multi-family development report, we have already completed more projects the first quarter this year than the first quarter last year. We have over 675 units under construction in 16 projects, and 200 more units being rehabbed.
- The single-family program has also surpassed the first quarter purchases from last year's first quarter purchases. Very close to announcing the First Gen program that the Homeownership department told you about last month.
- We launched the Housing Assistance Fund program that we took over from the Bureau of Consumer Credit Protection. Money has already started to flow out the door for that program.
- Of the LD 3 money, \$21 million for housing and homeless emergency assistance, we did a short term NOFA a month or so ago, turned that money around very quickly and now we are in the process of reviewing 35 applications that came in for the long term NOFA and are almost done and will be making an announcement within the next week.
- Went to the Department of Economic and Community Development and met with Hannah Pingree, Michael Stoddard, Dan Burgess who hosted Dr. Henry McCoy who is the national head of state energy programs. It was nice to be part of that.
- Director Brennan with Greg Payne are meeting again with asylum seeker advocates in Portland.
- Director Brennan attended the Maine Real Estate Developers Association board meeting.
- Presented at Maine Municipal Association legislative and economic development seminar.
- Director Brennan attended his first Federal Home Loan Bank of Boston advisory committee meeting.
- April 3, 2023 Director Brennan will be at a ribbon cutting with Representative Golden at a supportive housing project we funded in Farmington.

LEGISLATIVE UPDATES

Senior Director of Government Relations & Communications, Erik Jorgensen told the Commissioners that we continue to focus our attention on the housing committee. Despite being 11 weeks into the legislative session and only having around 14 weeks left to go, the housing committee has yet to hold any hearings on bills other than the budget. Instead of hearing bills right now, they are trying to get a comprehensive understanding of the housing system in Maine. They are meeting with various advocates, they've been bringing in different experts in housing community, and they've taken a couple field trips. Hopefully they will be coming here in the next month or so. The Governor included a \$30 million appropriation for housing and the housing committee came back with a proposal of two times \$40 million, one for each year. Erik also talked to the Commissioners about the idea of repurposing the Maine Real Estate Transfer Tax one half of which comes to MaineHousing for the HOME fund. There is a bill proposing to use the other half to support housing first as a concept. Historically it has been much easier to get the physical structures built for housing first then it is for the services. So this proposal is an idea to provide steady funding for housing first services. Another exciting bill Erik touched on was positive rent credit reporting which will capture rental payment data and report it to credit bureaus to help boost credit scores for residents of particularly affordable housing projects. This would allow renters to build and establish credit scores and improve them. Erik talked about a few other bills that we are keeping an eye on. He also reported that constituent complaints are down.

UPDATES FROM THE GOVERNOR'S OFFICE

Senior Advisor to the Governor on Housing Policy, Greg Payne, came to speak with the Commissioners. The Joint Select Committee is looking at the issues in three different buckets. They are understanding emergency housing and shelter issues in one bucket; the ongoing work of funding affordable housing development and affordable housing preservation is a bucket; then the third is zoning and land use and long term innovations. Like Erik said they haven't held hearings on bills yet, except the budget but as bills are being referred they can take those bills and have hearings in bunches so if there is a bunch of legislation on emergency housing, emergency shelters, they can hear all those together. Which is not the way it usually works. Last Friday they took a trip down to Houston Commons in Portland and looked at one of the LIHTC properties which is just land right now in Cumberland but MaineHousing is financing. They are really trying to understand the issues before voting on bills. Greg talked about what the administration is doing. There are so many initiatives that we are going to be hitting in the coming weeks and months that Greg thinks people are going to be excited about. In terms of investments in affordable housing development and preservation, this is the first time the Governor has actually allocated in the budget funds for affordable housing development. The Governor is committed to making Maine the first state to end chronic homelessness. In terms of zoning and land use issues, LD 2003 that passed last year, there are three central land use provisions that go into effect July 1st. The rules around those and the grants to municipalities are all being figured out within the next month or so. Greg told the Commissioners he's learned a lot over the past year and a half and is still learning. He communicates with staff at MaineHousing, Dan, Adam, Lauren, Erik, and others almost on a daily basis. He stated it has been a great experience and he thanks MaineHousing staff for all our ongoing work.

HOME ENERGY ASSISTANCE PROGRAM (HEAP) RULE INTRODUCTION

Manager of HEAP, Troy Fullmer introduced the Energy and Housing Services (EHS) Department Director, Genevieve Soucy. Troy explained to the Commissioners that as part of the planning process for the HEAP program year 2024, EHS collected and summarized initial input from HEAP stakeholders. EHS personnel met with members of the Community Action Agencies (CAA's) and Energy and Housing Councils; there was a HEAP stakeholders working group meeting which included representatives from HEAP fuel vendors, CAA's, and Maine Equal Justice Partners. Troy reviewed the summary of those meetings which was included in the Commissioner's packet. Troy

also went over the time line. At the April Board meeting, he will seek Board approval to commence rulemaking with a public hearing at the May meeting and adoption in June.

2023 GOALS PROGRESS REPORT

Senior Director of Operations, Jamie Johnson was joined by Senior Director of Finance and Lending, Adam Krea, and Senior Director of Homeless Initiatives, Lauren Bustard to review where the agency is with goal setting. Jamie reviewed for the Commissioners the 2023 goal setting process and the operational strategies to achieve those goals. Jamie explained that Adam and Lauren will review quarter one milestones at a high level for the priorities of homelessness, homeownership and production. Lauren went over MaineHousing's leadership role in addressing homelessness in the State. Lauren updated the Commissioners on LD3 and our receiving \$21 million for emergency winter shelter and long-term solutions. She talked about our work with Community Solutions in implementing the homeless system redesign and homeless service hubs; MaineHousing has been part of the effort to increase the State's effectiveness in responding to the continued arrival of asylum seekers, collaboration with DHHS and the Governor's office. MaineHousing continues to prioritize vouchers for homeless. Adam talked about the Homeownership Department and how MaineHousing is focused on furthering fair housing and identifying biases imbedded in traditional loan products and loan underwriting. The First Generation Homeownership Program and Homeownership education was discussed. Adam also talked about production. On multi-family production MaineHousing has advocated for additional resources to increase production of both non-LIHTC and LIHTC programs. MaineHousing continues to play a critical role in producing affordable housing in the State of Maine; and MaineHousing is providing technical assistance to developers. Jamie told the Commissioners that in continuing to get to the next level, we will take all the feedback the Commissioners suggested and get some metrics for the next quarter. We will also continue to message this information to our staff.

EXECUTIVE SESSION

Chief Counsel Ashley Janotta read the proposed motion, to enter into an Executive Session to discuss the Director's annual review pursuant to Title 1 Maine Revised Statutes Section 405(6)(E). She called on each Commissioner to vote to enter into Executive Session: Commissioners Bonam, yes; Shepherd, yes; Dietz, yes; Buxbaum, yes; Lewis, yes; Ibonma, yes; and Harrison, yes; The Board of Commissioners entered into Executive Session at 11:30 a.m. Commissioner Nancy Harrison left the meeting at 11:59 a.m.

The Board of Commissioners came out of Executive Session at 12:00 p.m. and resumed the meeting.

ADJOURN

Commissioner Bonam made a motion seconded by Commissioner Dietz to adjourn the meeting. The meeting was adjourned at 12:01 p.m. by unanimous vote of the Board.

Respectfully submitted,

Elizabeth Dietz

Energy & Housing Services Department Memorandum

To: MaineHousing Board of Commissioners

From: Genevieve Soucy, Director of Energy & Housing Services Department
Troy Fullmer, Manager of HEAP

Date: April 11, 2023

Subject: Proposed Changes to Home Energy Assistance Program Rule (Chapter 24) for PY2024

The following highlights the major changes being proposed for the PY2024 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

- MaineHousing is proposing to add a definition of “Application Create Date- Non Online”
- MaineHousing is proposing to add a definition of “Application Create Date-Online”
- MaineHousing is proposing to add a definition of “Application Intake Date”
- MaineHousing is proposing to strike the definition of “Consumption Based”
- MaineHousing is proposing to strike the definition of “Elderly Person”
- MaineHousing is proposing to update the definition of “Priority Applicant” to strike the language, “an elderly person” and replace with “60 years of age or older”

Section 2: Application

Section C.2. MaineHousing is proposing to change the last day for taking applications from “July 15 (or the first business day following July 15 if it falls on a weekend” to “the last working day of May of the Program Year or upon the exhaustion of HEAP funds, whichever occurs sooner”.

Section 3: Eligibility

Section F.3. MaineHousing is proposing to strike language “and resides in the Dwelling Unit on the Date of Application”.

Section G.3.p. MaineHousing is proposing to add clarifying language, “...unless they are the Primary Applicant”.

Section 4: Benefit Determination

Section B. MaineHousing is proposing to add language, “The availability of a Benefit will be based on HEAP funding availability”.

Section D. MaineHousing is proposing to strike “Consumption Based” as a method of determining benefits.

Section D.2.a. MaineHousing proposing to have benefit levels determined using the Home Energy type requested by the Primary Applicant instead of the Home Energy type of the primary heating system.

Section 5: Payment of Benefits

Section A. MaineHousing is proposing to modify language, including adding, "...by a method prescribed by MaineHousing."; and striking language, "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."

Section A.3. MaineHousing is proposing to modify this section. This section is no longer necessary, as clients that have their benefit go towards firewood would receive their benefit as a direct check instead of through a purchase order process with Vendors.

Section A.3.B. MaineHousing is proposing to add language, "Payments of Benefits will be made directly to Primary Applicants who receive their Benefit for firewood."

Section 8: Energy Crisis Intervention Program (ECIP)

Section B.2. MaineHousing is proposing to strike language "...and/or an upfront delivery made against a Household's regular benefit." A Household's regular HEAP benefit would be able to be used to pay for delivery fees.

Section B.5. MaineHousing is proposing to strike language related to a provisional measure of allowing ECIP funding to be used for rental payment assistance, if a household is facing eviction and their rent includes heat and they are facing eviction due to nonpayment of rent.

Section E.1. MaineHousing is proposing to add language, "...or upon the exhaustion of funds, whichever occurs sooner."

Section 9: Central Heating Improvement Program (CHIP)

Section B. MaineHousing is proposing to strike, "The installation of a Heat Pump."

Section C. MaineHousing is proposing to add language, "Administration of CHIP will be conditioned on the availability of HEAP funds."

Section E. MaineHousing is proposing to increase the life-time maximum benefit of \$400 for rental units occupied by an Eligible Household member to a life-time maximum benefit of \$600 per unit.

Section I. MaineHousing is proposing to strike, "Installation of a Heat Pump"

Section 10. HEAP Weatherization

Section J. MaineHousing is proposing to add, "Administration of HEAP Weatherization Program will be conditioned on the availability of HEAP funds."

Section 11. Heat Pump Program

Section A. MaineHousing is proposing to add, "Subgrantees shall administer and operate HEAP Heat Pump Program in their Service Areas, unless otherwise authorized by MaineHousing. Administration of HEAP Heat Pump Program will be conditioned on the availability of HEAP funds."

Section 13. Subgrantees

Section D. MaineHousing is proposing to add "Indirect Costs" and "Administrative" Expense Category in the Assurance 16 Services section.

Section E. MaineHousing is proposing to add, “Administration of Assurance 16 Activities will be conditioned on the availability of HEAP funds.”

Section 18. Additional Provisions

Section D. MaineHousing proposes to modify language in this section to read, “Assistance provided under the Programs described in this Rule is conditioned on the availability of HEAP funds.”

Basis Statement

MaineHousing is proposing modifying the Basis Statement section.

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 16, 2023 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 20, 2023 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 Director of EHS, Genevieve Soucy, and Manager of HEAP, Troy Fullmer, to the Commissioners dated April 11, 2023.

INDEPENDENT AGENCIES

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MAINE STATE HOUSING AUTHORITY

CHAPTER 24

Home Energy Assistance Program Rule

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 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- Non Online” means the date an application is taken with the Primary Applicant by Subgrantee personnel for applications not submitted online.
- ~~H.~~ “Application Create Date- Online” means the date ~~a person~~ the Primary Applicant starts their application online.
- ~~G.I.~~ “Application Intake Date” means the date an online application is taken with the Primary Applicant by Subgrantee personnel.
- ~~H.J.~~ “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.
- ~~H.K.~~ “Benefit” means the dollar amount of Fuel Assistance an Eligible Household receives.
- ~~H.L.~~ “Benefit Return” means a Benefit, partial or whole, returned to MaineHousing.

- ~~K.M.~~ “Boarder” means a Roomer who is provided meals and is not related by birth, marriage or adoption to the household.
- ~~L.N.~~ “BTU” means British Thermal Unit.
- ~~M.O.~~ “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.
- ~~N.P.~~ “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.
- ~~O.Q.~~ “CHIP” means the Central Heating Improvement Program component of-HEAP.
- ~~P.R.~~ “Contractor” means a provider of materials or services to EligibleHouseholds.
- ~~Q.S.~~ “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.
- ~~R.T.~~ “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.
- ~~S.~~ ~~“Consumption Based” means the method for determining an Eligible Household’s Home Energy consumption using actual energy deliveries as reported by the Vendor.~~
- ~~T.U.~~ “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.
- ~~U.V.~~ “CTE” means to clean, tune, and evaluate a Heating System to ensure safe and efficient operation.
- ~~V.W.~~ “Date of Application” means the date an Application is received by the Subgrantee.
- ~~W.X.~~ “Date of Discovery” means the date MaineHousing receives information relating to suspected fraud.
- ~~X.Y.~~ “DHLC” means the design heat load calculation method for estimating Home Energy consumption.
- ~~Y.Z.~~ “Direct Energy Cost” means an Energy Cost that is directly paid by the Household.
- ~~Z.AA.~~ “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.

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

~~CC.~~ “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.

~~DDCC.~~ “Eligible Household” means a Household that satisfies all eligibility and income requirements of the HEAP Act and requirements of this Rule.

~~EEDD.~~ “Energy Cost” means cost of energy used for heating a Dwelling Unit, Apartment, or Rental Unit.

~~FFEE.~~ “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.

~~GGFF.~~ “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.

~~HHGG.~~ “Fuel Assistance” means the component of HEAP that assists Eligible Households with their Home Energy costs.

~~HHII.~~ “HEAP” means the Home Energy Assistance Program established pursuant to the HEAP Act and the Act.

~~IIII.~~ “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.

~~KKJJ.~~ “HEAP Handbook” means the handbook in effect for a Program Year that is used as a resource and guide for the administration of HEAP.

~~LLKK.~~ “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.

~~MMLL.~~ “Heating Season” means the period of time beginning October 1 and ending April 30.

~~NNMM.~~ “Heating Source” means any device used to provide heat to a Dwelling Unit.

~~OO 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.

~~PPOO.~~ “Heat Pump” means a ductless heating system that provides heat by extracting heat from outside air and delivering it indoors as needed.

~~QQPP.~~ “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.

~~RRQQ~~. “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.

~~SSRR~~. “Household Income” means the total income from all sources before taxes and deductions as further defined in this Rule.

~~TTSS~~. “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.

~~TTTT~~. “Incidental Repairs” means those repairs necessary for the effective performance or preservation of weatherization materials.

~~VVUU~~. “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.

~~WWVV~~. “Invitation to Bid” or “Request for Proposals” means the process to solicit bids or proposals to satisfy the requirements of this Rule.

~~XXWW~~. “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.

~~YYXX~~. “Life Threatening Crisis” means the household is currently without heat or utility service to operate a Heating Source or a Heating System.

~~ZZYY~~. “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.

~~AAAZZ~~. “MaineHousing” means the Maine State Housing Authority.

~~BBBAAA~~. “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.

~~CCCBBB~~. “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.

~~DDDDCCC~~. “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.](#)

~~EEEE~~DD. “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.

~~FFFF~~EE. “Notice of Termination of Subgrantee” means a written statement notifying the Subgrantee of the cause and effective date of its termination.

~~GGGG~~FF. “Open Enrollment” means period of time a vendor can request and/or file an application to participate as a contracted Vendor.

~~HHHH~~GG. “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.

~~IIII~~HH. “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.

~~JJJJ~~II. “Price Protection Plan” means an agreement between Vendor and a customer to purchase Home Energy at an agreed upon price.

~~KKKK~~JJ. “Primary Applicant” means a person who signs the completed Application.

~~LLLL~~KK. “Priority Applicant” means a Household with a direct energy cost as well as a member in a household who is (i) ~~an elderly person~~ 60 years of age or older, or (ii) has a disability, or (iii) 72 months (6 years) or younger.

~~MMMMLL~~. “Programs” means Fuel Assistance, ECIP, CHIP, and HEAP Weatherization.

~~NNNMMM~~. “Program Year” means the period of time beginning October 1 and ending September 30.

~~OOONNN~~. “Rental Unit” means a Dwelling Unit that is rented.

~~PPPOOO~~. “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.

~~QQQPPP~~. “Retail Cash Price” means the posted price a Vendor charges for Home Energy per gallon.

~~RRRQQQ~~. “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.

~~SSRRRR~~. “Service Area” means the geographic area, as defined by MaineHousing, within which the Subgrantee operates and administers the Programs.

~~TTTSSS~~. “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.

~~UUUTTT~~. “State” means the State of Maine.

~~VVVUUU~~. “Subgrantee” means a public or private nonprofit agency, or municipality, selected by MaineHousing to administer the Programs.

~~WWWVVV~~. “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.

~~XXXWWW~~. “Supplemental Benefits” means the benefits that are funded with supplemental HEAP funds (beyond the original grant award).

~~YYYXXX~~. “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.

~~ZZZYYY~~. “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.

~~AAAAZZZ~~. “TANF Supplemental Benefits” means the benefits that are funded with TANF funds pursuant to [22 M.R.S.A., Chapter 1053-B, § 3769-E.](#)

~~BBBB~~AAAA. “Tenant” means an Applicant who resides in a Rental Unit or Apartment.

~~CCCC~~BBBB. “Vendor” means an energy supplier that has entered into a Vendor Agreement with MaineHousing to provide Home Energy to Eligible Households.

~~DDDD~~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.

~~EEEE~~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.

~~FFFF~~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.

~~GGGG~~EEEE. “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.

~~HHHH~~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 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~~the last working day of May (or the first business day following July 15 if it falls on a weekend) of the Program Year or upon the exhaustion of HEAP funds, whichever occurs sooner.
 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 Year.

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.
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.
6. At Applicant's request, and as otherwise appropriate, the Subgrantee must make reasonable accommodations for a Person with a Disability.
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 sends the completed Application and other appropriate documents to the Primary Applicant for review, signature, and date.
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.
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.
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.

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;
 - ~~e.f.~~ Bank tax form; or
 - ~~f.g.~~ W-2 (wage and tax statement).

If the Household includes a child under the age of 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.

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 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 criteria 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 have Categorical Income Eligibility for HEAP. Households providing documentation of receiving TANF or SNAP assistance on ~~the Date of Application~~ Application Create Date- Non Online or Application Intake Date may have their HEAP Benefit determined at a pre-established percentage of the federal poverty level, or using actual vetted 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.

F. 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

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.

G. Income 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- Non Online or Application Intake 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- Non Online or Application Intake 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. 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 (except 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, unless they are the Primary Applicant;
- 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\(c\)](#)) 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://www.congress.gov/113/bills/hr803/BILLS-113hr803enr.pdf>
 - 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.

- H. For any Household found ineligible due to being over income, the Subgrantee will deduct paid and documented medical expenses not reimbursed for the 12-month period prior to the HEAP Application Create Date- Non Online- or Application Intake 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.
- I. 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, 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. ~~Benefits will be paid based on funding availability~~ The availability of a Benefit will be paid based on HEAP funding availability.
- C. 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.
- D. 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.a. 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-requested Home Energy type per one million BTUs. That fourth product is then divided by the efficiency rate of the primary-requested Home Energy type to arrive at the Eligible Household's estimated 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-requested~~ Home Energy type listed on the Application. The Energy Cost per one million BTU and efficiency rate are based on the ~~primary-requested~~ 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 by a method prescribed by MaineHousing. ~~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 by direct check to the Primary Applicant, 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. The Primary Applicant will be required to sign an Attestation as part of their Application, attesting that the Benefit they receive will be used for its intended purpose.
- C. Payment of Benefits will be made directly to Primary Applicants who receive their Benefit for firewood. 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. 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.
- ~~4.5.~~ Primary Applicant moves in State into a Household that has been determined eligible for a Benefit in the current Program Year.
- ~~5.6.~~ The Benefit was issued before the previous or current Program Year.
- ~~6.7.~~ The Benefit was issued the previous Program Year and was not used on or before April 30th of the Program Year immediately following.
- ~~7.8.~~ All Applicant(s) move to an ineligible Dwelling Unit.
- ~~8.9.~~ Primary Applicant has deceased and there are no surviving Applicants remaining in the Household.
- ~~9.10.~~ 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) 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. 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.

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;

~~1.2.~~ 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.

~~2.3.~~ 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;

~~3.4.~~ Heating System repair, including restart fees;

~~4.5.~~ 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;

~~5.~~ 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 or upon the exhaustion of funds, whichever occurs sooner;
 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. 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 an eligible Application that was certified within the preceding twelve (12) months; and
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. Administration of CHIP will be conditioned on the availability of HEAP funds.

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~~ 60 years of age or older. 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 ~~\$400-600~~ for an Eligible Household. The maximum allowed in a non-owner occupied multi-family building is the lesser of ~~\$400-600~~ times the number of Heating Systems that provide heat to Eligible Households or ~~\$1,600~~2,400.

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;
15. Gas detectors;
16. Oil tanks;
17. Oil tank gauges;

~~16. Installation of a Heat Pump;~~

18. Temporary relocation provided the Eligible Household is experiencing a Life Threatening Crisis that cannot be adequately addressed through ECIP measures;
19. Other measures necessary to bring Heating Systems into compliance with applicable State and local codes and Maine Fuel Board requirements; and
20. 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 an Application certified-eligible within the twelve (12) months preceding the date of the Subgrantee's energy audit of the Dwelling Unit; and
 3. does not have a more recent Application that has been certified-denied.
- 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, up to two appliances, with one being a water heater;
10. Incidental Repairs;
11. Health and safety measures;

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. Administration of HEAP Weatherization will be conditioned on the availability of HEAP funds.
- 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. Subgrantees shall administer and operate HEAP Heat Pump Program in their Service Areas, unless otherwise authorized by MaineHousing. Administration of HEAP Heat Pump Program will be conditioned on the availability of HEAP funds.

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

~~B.C.~~ 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 an Application certified-eligible within the twelve (12) months preceding the date of the Subgrantee's energy audit of the Dwelling Unit;
3. does not have a more recent Application that has been certified-denied; and
4. has a working primary heating system.

~~C.D.~~ 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.E.~~ E. 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.F.~~ F. 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. Administration of Assurance 16 Activities will be conditioned on the availability of HEAP funds.
- 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.
 - 12.13. To submit to MaineHousing work plans and budgets, monthly status reports and any other such reports or information required in connection with the Programs.
 - 13.14. To submit to MaineHousing billing information, including zero billings, for open contracts by 20th of each month.
 - 14.15. To use forms provided or approved by MaineHousing to administer the Programs.

~~45.16.~~ To protect personally identifiable information.

~~46.17.~~ At Applicant's request, to make reasonable accommodations for a Person with a Disability.

~~47.18.~~ 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. Native American Tribal Organizations.

- A. Direct Allocation to Native American Tribal Organizations. 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 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 Native American Tribal Organization, when that information is available.
- B. Agreements with Native American Tribal Organizations. When a Native American Tribal Organization receives a direct allocation of Fuel Assistance and ECIP, MaineHousing will enter into an agreement with the Native American Tribal Organization that, at a minimum, provides for the coordination of services and administration of the Fuel Assistance and ECIP by 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) 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) 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) 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, 26 Edison Drive, Augusta, Maine 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 LIHEAPcompliance@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.~~ Assistance provided under the Programs described in 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.

STATUTORY AUTHORITY: 30-A MRSA §§4722(1)(W), 4741(1) and (15), and 4991 et seq.; 42 U.S.C.A. §§8621, et seq.

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 income eligible households in the State of Maine. This replacement rule: establishes new annual end date for taking HEAP applications; provides clarity that providing Program services is contingent upon availability of HEAP funding; establishes the Design Heat Load Calculation as the sole method of determining a Benefit; allows Benefit levels to be determined using the Home Energy type requested by the Primary Applicant; and provides Payments of Benefits directly to Primary Applicants who receive their Benefit for firewood. ~~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:

Summary of Comments and Responses to Comments:

FISCAL IMPACT NOTE: The replacement HEAP Rule will not impose any cost on municipalities or counties for implementation or compliance.

EFFECTIVE DATE:

Finance Department Memorandum

To: Board of Commissioners

From: Darren Brown

Date: April 11, 2023

Subject: Review of 2022 Budget and Audit Results

As part of the 2022 year-end financial report, the budget results for the year 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 results, and to answer any questions. The financial results and specific information from the 2022 audited financial statements will be reviewed at the May meeting.

Please find enclosed the following information:

- **2022 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, 2022 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 of the financial statements. It also summarizes the financial highlights and provides an analysis of the financial activities for the year.

The Auditors' Report on Internal Controls and Compliance is presented on **pages 48–49**. This report states that the audit did not identify any significant deficiencies or material weaknesses with MaineHousing's internal controls or disclose any instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

- **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.
- **Baker Newman & Noyes – Audit Review Presentation**

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

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To: Board of Commissioners

From: Darren R. Brown

Date: April 11, 2023

Subject: Budget Report – December 31, 2022

Attached are the budget results for the year ended December 31, 2022. 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 state funded 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 programs. **Attachment A** presents the available operating revenues and all operational and administrative expenses.

Revenues

Total operating revenues were budgeted at \$75.6 million. Total actual revenues amounted to \$82.1 million and exceeded the budget by \$6.5 million or 9%. The overage is due primarily to higher interest income from non-mortgage investments. Interest income from investments was \$7 million above the budget amount. Investment yields were at historically low levels for a number of years prior to 2022 and the budget amount was established accordingly. However, interest rates increased throughout 2022 and average yields from investments were significantly higher than the projected amount.

Expenses

Total operating and program administrative expenses were budgeted at \$71.6 million. Total actual expenses amounted to \$70.6 million and were under budget by \$1 million or 1%. The underage is due to lower operating and program administrative expenses, which are itemized on **Attachment B** and addressed in the section below.

Excess Revenues Over Expenses

Operating revenues exceeded expenses for the year by approximately \$11.5 million, which was \$7.5 million above the budget amount.

OPERATING & OTHER PROGRAM ADMINISTRATIVE EXPENSES BUDGET

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**.

Operating Expenses

Operating expenses were budgeted at approximately \$22.7 million for 2022. Total actual expenses amounted to \$22.1 million and were under budget by \$640,000 million or 3%. Operating expenses were under budget due primarily to the following:

- Salaries and employee benefits (lines 1-5) were below budget by a combined amount of \$420,000 as a result of fewer full-time equivalents (FTEs). Budget amounts were based on a staff level of 191 FTEs. Actual FTEs were under budget estimates by approximately four positions due to a number of position turnovers and internal position changes throughout the year. Many of these positions were vacant for extended periods of time due to the tight labor market.
- Staff education and trainings, Partner/Client trainings and meetings, and Staff events (lines 11-16) were under budget by a combined amount of \$138,000 due to COVID-19 and a continuation of restrictions on gatherings and travel during the early part of the year.
- Depreciation (line 23) was under budget by approximately \$35,000. Depreciation is based on capital expenditures and when capital items are acquired and placed into service. The budget included depreciation for the new multifamily loan housing system that was acquired in 2022. Although acquired in 2022, the system was not placed into service and there was no related depreciation expense.
- Professional services (line 32) were under budget by \$120,000 because amounts for outsourcing certain legal work and services for developing a State Fair Housing Plan and translating program materials were not needed to the extent budgeted.

The following are explanations for expenses with a larger overage variance:

- Leased vehicles (line 17) was over budget by \$22,000. Two additional vehicles were needed and acquired during the year. Additionally, several vehicles needed to be replaced and replacement costs were above the budget amounts.
- Computer licenses – SAAS (line 19) is cost for software that is provided as a service on a subscription basis and was over budget by \$73,000. The overage is due primarily to the following: 1) acquired new Microsoft network access management services, which was not included in the budget, 2) changed webhosting provider at a higher cost, and 3) acquired additional Adobe software licenses in excess of the budget amount.
- Computer maintenance contracts (line 20) was over budget by \$22,000. The overage occurred mainly because the annual contracts for the financial and loan servicing systems increased at a rate of 9%, which was above the historical rate of 5% used for the budget amounts.

Other Program Administrative Expenses

Other Program Administrative expenses were budgeted at \$9.1 million and actual expenses amounted to approximately \$8.3 million. Expenses were under budget by \$774,000 million or 9% due primarily to the following:

- Loan foreclosure and REO expenses and provisions for losses on loans and REO's (lines 1- 2) were under budget by a combined amount of \$206,000 because single-family loan defaults and foreclosures were below budget estimates due mainly to the continuation of COVID-19 and a moratorium on foreclosures for much of the year.
- Provisions for losses on loans and REO's (line 3) was under budget by \$585,000. The underage is primarily due to the elimination of a \$500,000 million specific loan loss allowance associated with a multi-family loan, which is no longer needed. The establishment and removal of allowances for loan losses are paper transactions for accounting purposes based on various factors and estimates.

- Mortgage servicing fees (line 4) were under budget by \$76,000. Fees paid to sub-servicers are based on the number of loans in their portfolio and the average number of loans outstanding for 2022 was overstated in the budget amount.
- Program advertising (line 8) costs were under budget by \$112,000. The budget included amounts for advertisements and outreach initiatives associated with some of the COVID-19 programs, which were not needed to the extent budgeted.
- Variable rate bond remarketing/liquidity facilities (line 10) expenses were under budget by \$191,000. 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 under budget by \$66,000. Legal costs associated with the restructuring Standby Purchase Agreements and the remarketing of Interest Rate Swap agreements and bonds were not needed to the extent budgeted.

The following are explanations for expenses with a significant overage variance:

- Loan origination expenses (line 5) were over budget by \$201,000 because single-family loan production exceeded budget projections by \$23 million.
- Bond issuance costs (line 6) were over budget by \$339,000. The budget was based on a total of six bond issues. A total of seven bonds were issued at a slightly higher average cost. An additional bond issue was needed due to a higher than projected volume of loan production.

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 2022 was \$556,000 and expenditures amounted to \$586,000 for the year.

Capital expenditures were mainly for the acquisition of the new multifamily loan system, grant management software, and modifications to the Hancock system, which is used to administer the federal LHEAP and Weatherization programs.

The A/C in the computer room and audio visual equipment in several conference rooms needed upgrades and modifications during the year, which were not included in the budget. The salesforce software, community outreach dashboard, and several other software items were not needed or acquired as originally planned.

**MAINE STATE HOUSING AUTHORITY
CONSOLIDATED OPERATING REVENUES AND EXPENSES BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2022**

(IN THOUSANDS OF DOLLARS)

	Total Budget	Total Actual	\$ Variance Over(Under)	% Variance Over(Under)
REVENUES:				
Interest from mortgages and notes	60,300	60,073	(227)	(0%)
Income from investments	1,235	8,216	6,981	565%
Fee income	14,046	13,753	(293)	(2%)
Other revenue	65	107	42	65%
	<u>75,646</u>	<u>82,149</u>	<u>6,503</u>	<u>9%</u>
EXPENSES:				
Operating expenses	22,708	22,067	(641)	(3%)
Other program administrative expenses	9,093	8,319	(774)	(9%)
Interest expense	39,800	40,217	417	1%
	<u>71,601</u>	<u>70,603</u>	<u>(998)</u>	<u>(1%)</u>
Excess Revenues Over Expenses	<u><u>4,045</u></u>	<u><u>11,546</u></u>	<u><u>7,501</u></u>	<u><u>185%</u></u>

MAINE STATE HOUSING AUTHORITY ATTACHMENT B
OPERATING AND OTHER PROGRAM ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

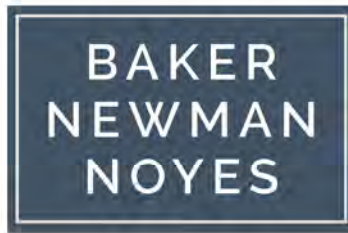
	Total Budget	Total Actual	\$ Variance Over(Under)	% Variance Over(Under)
Operating Expenses				
1. Salaries	12,989,264	12,758,537	(230,727)	(2%)
2. Payroll taxes	956,112	947,376	(8,736)	(1%)
3. Retirement	1,247,720	1,193,079	(54,641)	(4%)
4. Medical, dental and other insurance benefits	2,932,952	2,806,407	(126,545)	(4%)
5. Other fringe benefits	10,000	10,809	809	8%
6. Office supplies	51,700	51,708	8	0%
7. Printing	71,430	71,065	(365)	(1%)
8. Membership, dues and fees	65,554	56,932	(8,622)	(13%)
9. Subscriptions	26,440	18,225	(8,215)	(31%)
10. Sponsorships	17,000	16,100	(900)	(5%)
11. Staff Education/Training/Conferences	134,838	96,513	(38,325)	(28%)
12. Travel/Meals - Staff Educ/Train/Conferences	132,010	59,389	(72,621)	(55%)
13. Partner/Client Trainings/Meetings	58,500	42,619	(15,881)	(27%)
14. Travel/Meals - Partner/Client Trainings/Meetings	45,018	45,172	154	0%
15. Staff events	14,970	8,086	(6,884)	(46%)
16. Meals - staff events	16,499	12,143	(4,356)	(26%)
17. Leased vehicles	143,417	165,084	21,667	15%
18. Computer supplies	25,312	29,834	4,522	18%
19. Computer license SAAS	185,827	259,171	73,344	39%
20. Computer maintenance contracts	653,846	675,315	21,469	3%
21. Property expenses - office building	460,085	462,507	2,422	1%
22. Interest expense - office building	473,524	471,854	(1,670)	(0%)
23. Depreciation	1,020,000	985,319	(34,681)	(3%)
24. Rent	37,430	37,295	(135)	(0%)
25. Telephone	132,384	118,215	(14,169)	(11%)
26. Employment advertising	1,000	985	(15)	(2%)
27. Postage and shipping	115,650	107,796	(7,854)	(7%)
28. Insurance	93,010	92,922	(88)	(0%)
29. Recording fees	1,000	785	(215)	(22%)
30. Payroll services	44,365	45,948	1,583	4%
31. Audit services	169,800	158,800	(11,000)	(6%)
32. Professional services	380,886	261,414	(119,472)	(31%)
Total Operating Expenses	22,707,543	22,067,404	(640,139)	(3%)
Other Program Administrative Expenses				
1. Loan foreclosure expenses	200,000	34,284	(165,716)	(83%)
2. REO expenses	50,000	9,693	(40,307)	(81%)
3. Provision for losses on loans & REOs	125,000	(460,000)	(585,000)	(468%)
4. Mortgage servicing fees	1,860,000	1,784,006	(75,994)	(4%)
5. Loan origination expenses	3,020,000	3,221,276	201,276	7%
6. Bond issuance expenses	900,000	1,238,558	338,558	38%
7. Trustee/Bank fees	170,000	162,279	(7,721)	(5%)
8. Program advertising/printing	424,750	312,587	(112,163)	(26%)
9. Bond and mortgagee insurance	17,000	17,607	607	4%
10. Variable rate bond remarket/liquidity facilities	1,100,000	909,210	(190,790)	(17%)
11. Cash flow/arbitrage/swap consultants/legal	645,000	578,885	(66,115)	(10%)
12. Homebuyer education	120,000	118,950	(1,050)	(1%)
13. Program administrator fees	461,000	391,558	(69,442)	(15%)
Total Other Program Administration Expenses	9,092,750	8,318,893	(773,857)	(9%)

**MAINE STATE HOUSING AUTHORITY
CAPITAL BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2022**

ATTACHMENT C

Description	Total Budget	Total Actual	\$ Variance Over(Under)	\$ Variance Over(Under)
Computer Hardware:				
Network backup hardware - Data Domain	15,000	0	(15,000)	
Laptop replacements	30,000	29,747	(253)	
Total computer hardware	<u>45,000</u>	<u>29,747</u>	<u>(15,253)</u>	<u>(34%)</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	15,431	(21,569)	
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	171,375	51,891	
Community Outreach Dashboard	25,000	0	(25,000)	
Salesforce software upgrades	122,000	0	(122,000)	
AmpliFund grant management software	0	79,100	79,100	
Total computer software	<u>511,484</u>	<u>501,581</u>	<u>(9,903)</u>	<u>(2%)</u>
Office Building:				
Audio visual equipment modifications	0	23,709	23,709	
Computer room A/C modifications	0	24,390	24,390	
Workstations & furniture	0	6,975	6,975	
	<u>0</u>	<u>55,074</u>	<u>55,074</u>	<u>N/A</u>
Total	<u>556,484</u>	<u>586,402</u>	<u>29,918</u>	<u>5%</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, 2022
With Independent Auditors' Report

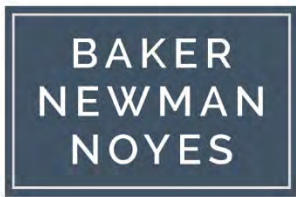
MAINE STATE HOUSING AUTHORITY

FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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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, and each major fund of Maine State Housing Authority (MaineHousing), a component unit of the State of Maine, as of and for the year ended December 31, 2022, 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, 2022, 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 Liability (Asset) 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 29, 2023 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 29, 2023

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2022**

Management's discussion and analysis provides an overview of the Maine State Housing Authority's (MaineHousing) financial activities for the year ended December 31, 2022. It should be read in conjunction with the audited financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- MaineHousing's net position increased by \$8.6 million to \$414.9 million as a result of program operations and financing activities. The net position of the proprietary funds, which present MaineHousing's business-type activities, decreased \$4 million while the net position of governmental activities increased \$12.6 million.
- The Government Accounting Standards Board (GASB) require investment securities be reported at their fair value. The reduction in the proprietary funds net position is attributed to a significant change in the fair value of investments and the recognition of a \$15.2 million unrealized loss in 2022. Excluding the unrealized loss, the proprietary funds net position increased by \$11.2 million due mainly to higher income from investments.
- MaineHousing's loan portfolio increased by \$160.6 million in 2022. The increase was driven by an all-time high volume of loan production and a substantial reduction in loan prepayments. Single-family loan purchases and multi-family loan originations both reached record levels in 2022. Single-family loan purchases amounted to \$177.5 million, while multi-family loan originations totaled \$113.1 million. Loan prepayment activity declined from an historic high in 2021 and decreased by \$72 million or 44.9%.
- Total revenues from governmental activities increased by \$121.1 million or 32.3% to \$495.9 million, which was an all-time high for MaineHousing. The increase is due largely to 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 \$261.9 million in 2022, which is an increase of \$92.3 million or 54.4% over 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. MaineHousing also receives federal subawards through the State of Maine and is a subrecipient for various federal 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, 2022**

- 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 six major 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, 2022**

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, 2022 and 2021 based on the information included in the financial statements.

Statement of Net Position
(in millions of dollars)

	Business-type Activities		Governmental Activities		Total		Total Percentage Change
	2022	2021	2022	2021	2022	2021	
Cash and investments	\$530.4	\$466.9	\$74.8	\$90.9	\$605.2	\$557.8	8.5%
Mortgage and other notes receivable	1,519.9	1,371.9	51.2	38.6	1,571.1	1,410.5	11.4%
Other assets	4.1	14.7	70.2	56.6	74.3	71.3	4.2%
Total Assets	2,054.4	1,853.5	196.2	186.1	2,250.6	2,039.6	10.3%
Total Deferred Outflows of Resources	2.9	13.5	0.3	0.4	3.2	13.9	(77.0%)
Bonds and notes payable	1,688.6	1,513.6	54.3	58.0	1,742.9	1,571.6	10.9%
Other Liabilities	22.0	19.7	54.7	52.7	76.7	72.4	5.9%
Total Liabilities	1,710.6	1,533.3	109.0	110.7	1,819.6	1,644.0	10.7%
Total Deferred Inflows of Resources	19.0	2.0	0.3	1.2	19.3	3.2	503.1%
Investment in capital assets	2.7	2.7	0.0	0.0	2.7	2.7	0.0%
Restricted	287.8	293.6	87.2	74.6	375.0	368.2	1.8%
Unrestricted	37.2	35.4	0.0	0.0	37.2	35.4	5.1%
Total Net Position	\$327.7	\$331.7	\$87.2	\$74.6	\$414.9	\$406.3	2.1%

Total assets at December 31, 2022 were \$2.25 billion, an increase of \$211 million or 10.3% from December 31, 2021. The change in assets consisted primarily of a \$47.4 million increase in cash and investments and a \$160.6 million net increase to mortgage notes receivables.

Total deferred outflows of resources decreased \$10.7 million or 77% and consist of deferred amounts associated with debt refundings and pension expenses at December 31, 2022. At December 31, 2021, the interest rate swap agreements had an aggregate negative fair value and the deferred outflows of resources included a \$10.1 million accumulated decrease in the fair value of hedging derivatives. In 2022, the fair value of the swaps increased by \$28.7 million and have an aggregate positive fair value of \$18.6 million at December 31, 2022. The accumulated increase in fair value of hedging derivatives is recorded as a deferred inflow of resources.

Total liabilities at December 31, 2022 were \$1.82 billion, an increase of \$175.6 million or 10.7% from December 31, 2021. The increase in liabilities is due to higher outstanding bonds and notes payable, which increased by \$171.3 million to \$1.74 billion at December 31, 2022.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2022**

Cash and Investments

Total cash and investments increased by \$47.4 million or 8.5% due primarily to higher unexpended bond proceeds and program awards at December 31, 2022. 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 2022, the fair value of investments decreased significantly and \$15.2 million of unrealized losses were recorded compared with \$1 million of unrealized losses in 2021.

Mortgage and Other Notes Receivable

Total net mortgages and other notes receivable increased \$160.6 million or 11.4% in 2022. Total mortgage purchases and originations amounted to \$290.6 million, which is an increase of \$121 million or 71.3% compared with 2021. Single-family loan purchases amounted to \$177.5 million, which is an increase of \$63.6 million or 55.8% from 2021. Multi-family loan originations totaled \$113.1 million; an increase of \$57.4 million or 103.1% from 2021.

Scheduled loan repayments in 2022 amounted to \$40.7 million, which is a decrease of \$16.9 million or 29.3% from the previous year's level of \$57.6 million. Scheduled repayments from multi-family loans with short-terms were lower in 2022. Loan prepayments decreased substantially in 2022 by \$72 million or 44.9% to a total of \$88.2 million. The decrease was due to an increase in market interest rates during the year, which reduced the volume of single-family loans that were refinanced outside MaineHousing.

Loan foreclosures totaled \$1.6 million in 2022 and \$1 million in 2021. The allowance for loan losses at December 31, 2022 amounted to \$8.1 million, which is a decrease of \$0.7 million from December 31, 2021.

Bonds and Notes Payable

Bonds and notes payable increased \$171.3 million or 10.9% to \$1.74 billion at December 31, 2022. 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.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2022**

Net Position

MaineHousing's net position increased by \$8.6 million or 2.1% to \$414.9 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.

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, 2022 and 2021:

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

	<u>2022</u>	<u>2021</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percentage</u>
Revenues:				
Interest from mortgages and notes	\$60.2	\$60.1	\$0.1	0.2%
Income from investments	9.2	1.2	8.0	667.0%
Net decrease in fair value of investments	(15.2)	(1.0)	(14.2)	1,420.0%
Fee income	13.8	12.4	1.4	11.3%
Grants and subsidies	483.8	364.7	119.1	32.7%
Other	0.7	1.2	(0.5)	(41.7%)
Total revenues	<u>552.5</u>	<u>438.6</u>	<u>113.9</u>	<u>26.0%</u>
Expenses:				
Operating and other program expenses	30.1	26.5	3.6	13.6%
Interest expense	41.8	42.1	(0.3)	(0.7%)
Grants and subsidies	<u>472.0</u>	<u>343.9</u>	<u>128.1</u>	<u>37.3%</u>
Total expenses	<u>543.9</u>	<u>412.5</u>	<u>131.4</u>	<u>31.9%</u>
Increase in net position	8.6	26.1	(17.5)	(67.1%)
Net position at beginning of year	<u>406.3</u>	<u>380.2</u>	<u>26.1</u>	<u>6.9%</u>
Net position at end of year	<u><u>\$414.9</u></u>	<u><u>\$406.3</u></u>	<u><u>\$8.6</u></u>	<u><u>2.1%</u></u>

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

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Management's Discussion and Analysis
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RESULTS OF OPERATIONS

Proprietary Funds Results

The net position of MaineHousing's proprietary funds decreased by \$4 million or 1.2% and totaled \$327.7 million at December 31, 2022. 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, 2022 and December 31, 2021:

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position (in millions of dollars)				
	<u>2022</u>	<u>2021</u>	<u>Increase/(Decrease)</u> <u>Amount</u>	<u>Percentage</u>
Operating revenues:				
Interest from mortgages and notes	\$60.1	\$60.0	\$0.1	0.2%
Income from investments	8.1	1.2	6.9	575.0%
Net decrease in fair value of investments	(15.2)	(1.0)	(14.2)	1,420.0%
Fee income	2.9	2.5	0.4	16.0%
Other revenue	0.7	1.1	(0.4)	(36.4%)
Total revenues	<u>56.6</u>	<u>63.8</u>	<u>(7.2)</u>	<u>(11.3%)</u>
Operating expenses:				
Operating and other program expenses	21.6	18.2	3.4	18.7%
Interest expense	<u>40.8</u>	<u>41.3</u>	<u>(0.5)</u>	<u>(1.2%)</u>
Total expenses	<u>62.4</u>	<u>59.5</u>	<u>2.9</u>	<u>4.9%</u>
Net Operating (loss) income	(5.8)	4.3	(10.1)	(234.9%)
Transfers in	<u>1.8</u>	<u>1.4</u>	<u>0.4</u>	<u>28.6%</u>
Change in net position	<u>(4.0)</u>	<u>5.7</u>	<u>(9.7)</u>	<u>(170.2%)</u>
Net position at beginning of year	<u>331.7</u>	<u>326.0</u>	<u>5.7</u>	<u>1.7%</u>
Net position at end of year	<u><u>\$327.7</u></u>	<u><u>\$331.7</u></u>	<u><u>(\$4.0)</u></u>	<u><u>(1.2%)</u></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 \$7.2 million or 11.3% in 2022 and amounted to \$56.6 million. 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 \$62.4 million in 2022, which is an increase of \$2.9 million or 4.9%.

The 2022 operating results and net position of MaineHousing's proprietary funds were significantly affected by the following:

- The net operating loss of \$5.8 million in 2022 is due to a net decrease in fair value of investments. Interest rate increases during the year generated an unrealized loss on investments of \$15.2 million. This is a \$14.2 million decrease compared with the unrealized loss of \$1 million in 2021.
- Income from investments increased by \$6.9 million or 575%. Average investment yields were substantially higher in 2022 due to interest rate increases throughout the year.

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Management's Discussion and Analysis
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- Operating and other program administrative expenses increased by \$3.4 million or 18.7%. The increase in operating expenses was due to additional staff and personnel expenses as a result of an increase in program activities in 2022. Program administrative expenses for single-family loan origination fees and costs associated with the issuance of bonds increased by \$1.1 million and \$0.6 million, respectively, due to an increase in loan originations and new bond issuances.

Governmental Fund Results

The net position of MaineHousing's governmental funds increased by \$12.6 million or 16.9% and totaled \$87.2 million at December 31, 2022. 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, 2022 and December 31, 2021:

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (in millions of dollars)				
	<u>2022</u>	<u>2021</u>	<u>Increase/(Decrease) Amount</u>	<u>Percentage</u>
Revenues:				
Income from mortgages and notes	\$0.1	\$0.1	\$0.0	0.0%
Income from investments	1.1	0.0	1.1	n/a
Fee income	10.9	9.9	1.0	10.1%
Grant income	373.2	255.0	118.2	46.4%
Federal rent subsidy income	110.6	109.7	0.9	0.8%
Other revenue	0.0	0.1	(0.1)	(100.0%)
Total revenues	<u>495.9</u>	<u>374.8</u>	<u>121.1</u>	<u>32.3%</u>
Expenditures:				
Program administrative expenditures	8.5	8.3	0.2	2.4%
Interest expenditures	1.0	0.8	0.2	25.0%
Grant expenditures	360.6	234.8	125.8	53.6%
Federal rent subsidy expenditures	111.4	109.1	2.3	2.1%
Total expenditures	<u>481.5</u>	<u>353.0</u>	<u>128.5</u>	<u>36.4%</u>
Revenues in excess of expenditures	14.4	21.8	(7.4)	(33.9%)
Transfers out	<u>(1.8)</u>	<u>(1.4)</u>	<u>(0.4)</u>	<u>28.6%</u>
Change in fund balances	12.6	20.4	(7.8)	(38.2%)
Fund balances at beginning of year	<u>74.6</u>	<u>54.2</u>	<u>20.4</u>	<u>37.6%</u>
Fund balances at end of year	<u><u>\$87.2</u></u>	<u><u>\$74.6</u></u>	<u><u>\$12.6</u></u>	<u><u>16.9%</u></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 \$495.9 million in 2022, which is an increase of \$121.1 million or 32.3%.

MaineHousing's governmental activities expenditures consist primarily of federal grants and rent subsidies payments. Total expenditures increased \$128.5 million or 36.4% to \$481.5 million for 2022.

MaineHousing earns fees for administering federal programs, which amounted to \$10.9 million in 2022. 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, 2022**

The 2022 operating results and net position of MaineHousing's governmental funds were significantly affected by the following:

- Revenues exceeded expenditures in 2022 by \$14.4 million, which is \$7.4 million or 33.9% lower than the \$21.8 million for 2021. The decrease is attributed primarily to higher grant expenditures in the HOME Fund. Grant revenues in the HOME Fund are principally from real estate transfer taxes collected by the State. Although revenues from real estate transfer taxes in 2022 were comparable to 2021, related grant expenditures were \$8.9 million higher in 2022.
- Income from investments increased by \$1.1 million due to higher average investment yields in 2022.
- Administrative fee income increased by \$1 million or 10.1% as a result of the additional federal program funds in 2022.
- Grant income increased by \$118.2 million or 46.4% due largely to additional federal program funds provided in response to the COVID-19 pandemic. A total of \$261.9 million was received in 2022 for COVID-19 relief programs, which is an increase of \$92.3 million or 54.4% over 2021. Total grant expenditures also increased in 2022 as a result of higher available federal grant receipts.
- Federal rent subsidy expenditures, which are expenditures associated with various HUD Section 8 programs, increased \$2.3 million or 2.1% due to higher available income for the Section 8 Housing Choice Voucher and Performance Based Contract Administration programs.

DEBT ACTIVITY

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, 2022 amounted to \$1.72 billion; an increase of \$173.3 million or 11.2% from 2021. Bond issuances in 2022 totaled \$393.3 million, while principal payments on bonds totaled \$220 million. MaineHousing redeemed prior to maturity \$207.4 million of its outstanding bonds in 2022 from reserve funds, mortgage prepayments, surplus revenues, and the proceeds of bond refundings. Scheduled principal payments on bonds totaled \$12.6 million in 2022.

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, 2022, the total amount of variable rate debt outstanding was \$282.9 million and represented 16.4% of the \$1.72 billion total bond portfolio. Thirteen interest rate swap agreements have been executed with four counterparties in connection with \$207.6 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 2022.

MaineHousing may enter into loan agreements for program and capital funding purposes. At December 31, 2022, MaineHousing had \$14.3 million of outstanding notes payable in its General Administrative Fund. Notes payable decreased by \$0.6 million from 2022 as a result of principal payments. All proceeds from the loan associated with the outstanding balance at December 31, 2022 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 6, 7, 9, 14, and 16 to the financial statements.

**Maine State Housing Authority
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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, as occurred in 2022, mortgage and investment income should increase as new loans are originated and new investments are purchased at higher rates. If interest rates decrease, mortgage and investment income should decrease as new loans are originated and new investments are purchased at lower rates. Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages. In 2022, MaineHousing experienced a substantial reduction of prepayments in its single-family loan portfolio due to increases in market interest rates throughout the year.

Federal and state funded grants and subsidies are subject to appropriations by those governments. In recent years, the federal government has provided significant program funds in response to the COVID-19 pandemic. MaineHousing has 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 significantly increased MaineHousing program activities in 2022 and is 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, 2022. 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, 2022
(IN THOUSANDS OF DOLLARS)

	Business-type Activities	Governmental Activities	Total
ASSETS:			
Current Assets:			
Cash, principally time deposits (note 3)	\$82,922	\$6,226	\$89,148
Investments (notes 3, 9, and 11)	338,448	68,528	406,976
Accounts receivable - government	0	28,032	28,032
Mortgage notes receivable, net (note 4)	34,620	3	34,623
Other notes receivable, net (note 4)	29	0	29
Other assets (notes 5 and 12)	9,898	542	10,440
Internal balances (note 13)	(41,687)	41,687	0
Total Current Assets	<u>424,230</u>	<u>145,018</u>	<u>569,248</u>
Noncurrent Assets:			
Investments (notes 3, 9, and 11)	109,035	0	109,035
Mortgage notes receivable, net (note 4)	1,485,266	51,163	1,536,429
Other notes receivable, net (note 4)	8	0	8
Capital assets	17,176	0	17,176
Other real estate owned	145	0	145
Derivative instrument - interest rate swaps (note 7)	18,560	0	18,560
Total Noncurrent Assets	<u>1,630,190</u>	<u>51,163</u>	<u>1,681,353</u>
Total Assets	<u>2,054,420</u>	<u>196,181</u>	<u>2,250,601</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension expense (note 8)	614	345	959
Deferred amount on debt refundings	2,324	0	2,324
Total Deferred Outflows of Resources	<u>2,938</u>	<u>345</u>	<u>3,283</u>
LIABILITIES:			
Current Liabilities:			
Accrued interest payable	6,133	58	6,191
Accounts payable - federal government	0	329	329
Accounts payable and accrued liabilities	14,582	9,895	24,477
Unearned income	0	43,812	43,812
Bonds and notes payable (notes 6, 9, 14, and 16)	52,696	3,020	55,716
Total Current Liabilities	<u>73,411</u>	<u>57,114</u>	<u>130,525</u>
Noncurrent Liabilities:			
Subscription Liability (note 5)	128	0	128
Pension liability (note 8)	1,139	641	1,780
Bonds and notes payable (notes 6, 9, 14, and 16)	1,635,914	51,287	1,687,201
Total Noncurrent Liabilities	<u>1,637,181</u>	<u>51,928</u>	<u>1,689,109</u>
Total Liabilities	<u>1,710,592</u>	<u>109,042</u>	<u>1,819,634</u>
DEFERRED INFLOWS OF RESOURCES:			
Accumulated increase in fair value of hedging derivatives (note 7)	18,560	0	18,560
Deferred loan origination points	19	0	19
Deferred pension credit (note 8)	511	287	798
Total Deferred Inflows of Resources	<u>19,090</u>	<u>287</u>	<u>19,377</u>
NET POSITION:			
Net investment in capital assets	2,746	0	2,746
Restricted for bond resolutions	287,774	0	287,774
Restricted for grants and programs	0	87,197	87,197
Unrestricted	37,156	0	37,156
Total Net Position	<u>\$327,676</u>	<u>\$87,197</u>	<u>\$414,873</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS OF DOLLARS)

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Investment (Loss) Income	Grants and Contributions	Business-type Activities	Governmental Activities	Total
Business-type activities:							
Mortgage Purchase Fund	\$60,676	\$62,230	(\$7,469)	\$0	(\$5,915)	\$0	(\$5,915)
Bondholder Reserve Fund	68	0	126	0	58	0	58
General Administrative Fund	1,685	1,416	0	0	(269)	0	(269)
Total business-type activities	62,429	63,646	(7,343)	0	(6,126)	0	(6,126)
Governmental activities:							
HOME Fund	23,794	113	429	31,512	0	8,260	8,260
Section 8 Housing Programs	115,726	6,371	3	110,586	0	1,234	1,234
Low Income Home Energy Assistance Program	73,928	1,245	2	72,887	0	206	206
Emergency Rental Assistance Programs	205,116	516	0	204,600	0	0	0
Maine Energy, Housing and Economic Recovery Program	1,179	42	597	4,319	0	3,779	3,779
Other Federal and State Programs	61,782	2,712	113	59,837	0	880	880
Total governmental activities	481,525	10,999	1,144	483,741	0	14,359	14,359
Total Agency-wide	\$543,954	\$74,645	(\$6,199)	\$483,741	(6,126)	14,359	8,233
General Revenues:							
Unrestricted investment income					281	0	281
Transfers					1,779	(1,779)	0
Total general revenues and transfers					2,060	(1,779)	281
Change in Net Position					(4,066)	12,580	8,514
Net Position at beginning of year					331,742	74,617	406,359
Net Position at end of year					\$327,676	\$87,197	\$414,873

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
ASSETS:				
Current Assets:				
Cash, principally time deposits (note 3)	\$ 15,708	\$ 1	\$ 67,213	\$ 82,922
Investments (notes 3, 9, and 11)	311,911	8,038	18,499	338,448
Mortgage notes receivable, net (note 4)	34,465	0	155	34,620
Other notes receivable, net (note 4)	0	0	29	29
Other assets (notes 5 and 12)	9,570	16	312	9,898
Interfund (note 13)	0	0	9,857	9,857
Total Current Assets	<u>371,654</u>	<u>8,055</u>	<u>96,065</u>	<u>475,774</u>
Noncurrent Assets:				
Investments (notes 3, 9, and 11)	109,035	0	0	109,035
Mortgage notes receivable, net (note 4)	1,481,113	0	4,153	1,485,266
Other notes receivable, net (note 4)	0	0	8	8
Capital assets	22	0	17,154	17,176
Other real estate owned	145	0	0	145
Derivative instrument - interest rate swaps (note 7)	18,560	0	0	18,560
Total Noncurrent Assets	<u>1,608,875</u>	<u>0</u>	<u>21,315</u>	<u>1,630,190</u>
Total Assets	<u>1,980,529</u>	<u>8,055</u>	<u>117,380</u>	<u>2,105,964</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred pension expense (note 8)	509	3	102	614
Deferred amount on debt refundings	2,324	0	0	2,324
Total Deferred Outflows of Resources	<u>2,833</u>	<u>3</u>	<u>102</u>	<u>2,938</u>
LIABILITIES:				
Current Liabilities:				
Accrued interest payable	6,133	0	0	6,133
Accounts payable and accrued liabilities	274	7	14,301	14,582
Interfund (note 13)	2,895	10	48,639	51,544
Bonds and notes payable (notes 6, 9, 14, and 16)	52,060	0	636	52,696
Total Current Liabilities	<u>61,362</u>	<u>17</u>	<u>63,576</u>	<u>124,955</u>
Noncurrent Liabilities:				
Subscription Liability (note 5)	0	0	128	128
Pension liability (note 8)	945	5	189	1,139
Bonds and notes payable (notes 6, 9, 14, and 16)	1,622,289	0	13,625	1,635,914
Total Noncurrent Liabilities	<u>1,623,234</u>	<u>5</u>	<u>13,942</u>	<u>1,637,181</u>
Total Liabilities	<u>1,684,596</u>	<u>22</u>	<u>77,518</u>	<u>1,762,136</u>
DEFERRED INFLOWS OF RESOURCES:				
Accumulated increase in fair value of hedging derivatives (note 7)	18,560	0	0	18,560
Deferred loan origination points	19	0	0	19
Deferred pension credit (note 8)	424	3	84	511
Total Deferred Inflows of Resources	<u>19,003</u>	<u>3</u>	<u>84</u>	<u>19,090</u>
NET POSITION:				
Net investment in capital assets	22	0	2,724	2,746
Restricted for bond resolutions	279,741	8,033	0	287,774
Unrestricted	0	0	37,156	37,156
Total Net Position	<u>\$279,763</u>	<u>\$8,033</u>	<u>\$39,880</u>	<u>\$327,676</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, 2022
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
OPERATING REVENUES:				
Interest from mortgages and notes	\$59,798	\$0	\$275	\$60,073
Income from investments	7,691	126	281	8,098
Net decrease in the fair value of investments	(15,160)	0	0	(15,160)
Fee income	1,875	0	1,035	2,910
Other revenue	0	0	106	106
Gain on bond redemption (note 14)	557	0	0	557
Total Revenues	54,761	126	1,697	56,584
OPERATING EXPENSES:				
Operating expenses	11,654	68	2,167	13,889
Other program administrative expenses	6,437	0	5	6,442
Mortgage servicing fees	1,771	0	13	1,784
Provision for losses on loans (note 4)	0	0	(500)	(500)
Losses on foreclosed real estate	40	0	0	40
Interest expense	40,774	0	0	40,774
Total Expenses	60,676	68	1,685	62,429
Operating (Loss) Income	(5,915)	58	12	(5,845)
Transfers between funds, net (note 13)	0	0	1,779	1,779
Change in Net Position	(5,915)	58	1,791	(4,066)
Net Position at beginning of year	285,678	7,975	38,089	331,742
Net Position at end of year	<u>\$279,763</u>	<u>\$8,033</u>	<u>\$39,880</u>	<u>\$327,676</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Interest receipts from borrowers	\$59,384	\$0	\$285	\$59,669
Principal receipts on mortgages and notes - scheduled	40,573	0	182	40,755
Principal receipts on mortgages and notes - prepayments	87,491	0	727	88,218
Payments for operating expenses	(10,160)	(11)	(591)	(10,762)
Payments for personnel expenses	(9,702)	(57)	(1,576)	(11,335)
Investment in mortgages and other notes	(278,036)	0	0	(278,036)
Other	3,615	5	11,903	15,523
Net cash (used for) provided by operating activities	<u>(106,835)</u>	<u>(63)</u>	<u>10,930</u>	<u>(95,968)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	0	0	(274)	(274)
Principal paid on capital debt	0	0	(615)	(615)
Interest paid on capital debt	0	0	(474)	(474)
Payment of subscription liability	0	0	(79)	(79)
Net cash used for capital and related financing activities	<u>0</u>	<u>0</u>	<u>(1,442)</u>	<u>(1,442)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Proceeds from sale of bonds	392,676	0	0	392,676
Principal payments on bonds	(216,555)	0	0	(216,555)
Interest payments on bonds	(39,019)	0	0	(39,019)
Payments (to) from other funds	(808)	(7)	31,398	30,583
Net cash provided by (used for) non-capital financing activities	<u>136,294</u>	<u>(7)</u>	<u>31,398</u>	<u>167,685</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from disposition of foreclosed real estate	1,047	0	41	1,088
Purchase of investments	(1,095,226)	(40)	(10,118)	(1,105,384)
Sales and maturity of investments	1,052,700	0	0	1,052,700
Interest received on investments	4,482	110	270	4,862
Net cash (used for) provided by investing activities	<u>(36,997)</u>	<u>70</u>	<u>(9,807)</u>	<u>(46,734)</u>
Net (decrease) increase in cash	(7,538)	0	31,079	23,541
Cash at beginning of year	23,246	1	36,134	59,381
Cash at end of year	<u>\$15,708</u>	<u>\$1</u>	<u>\$67,213</u>	<u>\$82,922</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating (loss) income	(\$5,915)	\$58	\$12	(\$5,845)
Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities:				
Depreciation and amortization	382	0	978	1,360
Interest on bonds and notes	40,392	0	474	40,866
Provision for losses on loans	0	0	(500)	(500)
Losses on foreclosed real estate	40	0	0	40
Gain on bond redemption	(557)	0	0	(557)
Pension expense	180	1	36	217
Interest income on investments	(7,691)	(126)	(281)	(8,098)
Net decrease in fair value of investments	15,160	0	0	15,160
Changes in operating assets and liabilities:				
Other assets	1,680	0	(218)	1,462
Pension contributions	(437)	0	(90)	(527)
Mortgage note interest receivable	(414)	0	10	(404)
Accounts payable and accrued liabilities	317	4	9,600	9,921
Investment in mortgage and other notes	(278,036)	0	0	(278,036)
Mortgage & other note principal repayments	128,064	0	909	128,973
Net cash (used for) provided by operating activities	<u>(\$106,835)</u>	<u>(\$63)</u>	<u>\$10,930</u>	<u>(\$95,968)</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION:				
Transfer from mortgage notes receivable to other assets and other real estate owned	\$1,607	\$0	\$0	\$1,607

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022
(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	\$3,811	\$1,530	\$0	\$0	\$884	\$6,226
Investments (notes 3, 9, and 11)	26,954	0	0	0	35,312	6,262	68,528
Accounts receivable - government	2,394	274	3,848	6,358	0	15,158	28,032
Mortgage notes receivable, net (note 4)	3	0	0	0	0	0	3
Other assets	135	144	0	0	105	158	542
Interfund (note 13)	24,586	61	0	0	0	32,973	57,620
Total Current Assets	<u>54,073</u>	<u>4,290</u>	<u>5,378</u>	<u>6,358</u>	<u>35,417</u>	<u>55,435</u>	<u>160,951</u>
Noncurrent Assets:							
Mortgage notes receivable, net (note 4)	33,092	0	0	0	17,354	717	51,163
Total Noncurrent Assets	<u>33,092</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,354</u>	<u>717</u>	<u>51,163</u>
Total Assets	<u>\$87,165</u>	<u>\$4,290</u>	<u>\$5,378</u>	<u>\$6,358</u>	<u>\$52,771</u>	<u>\$56,152</u>	<u>\$212,114</u>
LIABILITIES:							
Current Liabilities:							
Accrued interest payable	\$0	\$0	\$0	\$0	\$58	\$0	\$58
Accounts payable - federal government	0	329	0	0	0	0	329
Accounts payable and accrued liabilities	2,627	107	2,511	1,055	0	3,595	9,895
Unearned income	0	0	1,470	0	0	42,342	43,812
Interfund (note 13)	61	358	1,288	5,303	3	7,779	14,792
Bonds payable (note 6, 9, and 14)	0	0	0	0	3,020	0	3,020
Total Current Liabilities	<u>2,688</u>	<u>794</u>	<u>5,269</u>	<u>6,358</u>	<u>3,081</u>	<u>53,716</u>	<u>71,906</u>
Noncurrent Liabilities:							
Bonds payable (note 6, 9, and 14)	0	0	0	0	51,287	0	51,287
Total Non Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>51,287</u>	<u>0</u>	<u>51,287</u>
Total Liabilities	<u>2,688</u>	<u>794</u>	<u>5,269</u>	<u>6,358</u>	<u>54,368</u>	<u>53,716</u>	<u>123,193</u>
FUND BALANCES:							
Restricted by program requirements	84,477	3,496	109	0	0	2,436	90,518
Nonspendable	0	0	0	0	17,354	0	17,354
Unassigned	0	0	0	0	(18,951)	0	(18,951)
Total Fund Balances	<u>84,477</u>	<u>3,496</u>	<u>109</u>	<u>0</u>	<u>(1,597)</u>	<u>2,436</u>	<u>88,921</u>
Total Liabilities and Fund Balances	<u>\$87,165</u>	<u>\$4,290</u>	<u>\$5,378</u>	<u>\$6,358</u>	<u>\$52,771</u>	<u>\$56,152</u>	<u>\$212,114</u>

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

Total fund balances in governmental funds	\$88,921
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.	345
Pension liabilities reported in governmental activities are not due and payable in the current period and therefore are not reported in the governmental funds.	(641)
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.	(287)
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.	(1,141)
Net Position of governmental activities	<u>\$87,197</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, 2022
(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	\$76	\$0	\$0	\$0	\$42	\$0	\$118
Income from investments	429	3	2	0	597	113	1,144
Fee income	0	6,371	1,245	516	0	2,711	10,843
Other revenue	37	0	0	0	0	1	38
Grant income	2,616	0	72,887	204,600	0	59,837	339,940
Income from State	28,896	0	0	0	4,319	0	33,215
Federal rent subsidy income	0	110,586	0	0	0	0	110,586
Total Revenues	32,054	116,960	74,134	205,116	4,958	62,662	495,884
EXPENDITURES:							
Operating expenditures	0	4,008	955	486	0	2,401	7,850
Other program administrative expenditures	0	144	70	30	28	280	552
Grant expenditures	23,794	100	72,887	204,600	123	59,061	360,565
Federal rent subsidy	0	111,408	0	0	0	0	111,408
Interest	0	0	0	0	1,028	0	1,028
Total Expenditures	23,794	115,660	73,912	205,116	1,179	61,742	481,403
Revenues in Excess of Expenditures	8,260	1,300	222	0	3,779	920	14,481
Transfers between funds, net (note 13)	100	(1,628)	(221)	0	0	(30)	(1,779)
Change in Fund Balances	8,360	(328)	1	0	3,779	890	12,702
Fund Balances at beginning of year	76,117	3,824	108	0	(5,376)	1,546	76,219
Fund Balances at end of year	<u>\$84,477</u>	<u>\$3,496</u>	<u>\$109</u>	<u>\$0</u>	<u>(\$1,597)</u>	<u>\$2,436</u>	<u>\$88,921</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	\$12,702
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>(122)</u>
Change in Net Position of governmental activities	<u>\$12,580</u>

See accompanying notes to the financial statements

Maine State Housing Authority
Notes to Financial Statements – December 31, 2022
(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, 2022
(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:

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
- Section 811 Project Rental Assistance
- Housing Choice Voucher
- Performance Based Contract Administration
- Family Self-Sufficiency
- Mainstream Vouchers
- Section 8 Emergency Housing Voucher – *American Rescue Plan Act*

Maine State Housing Authority
Notes to Financial Statements – December 31, 2022
(IN THOUSANDS OF DOLLARS)

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. 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 \$352 million for these programs. Funding for the ERA1 expired on September 30, 2022 and ERA2 will expire on September 30, 2025. 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:

U.S. Department of Housing and Urban Development

Emergency Solutions Grants

Emergency Solutions Grants – *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

Community Development Block Grant - *Coronavirus Aid, Relief, and Economic Security Act* (via State of Maine)

Older Adult Home Modification Program

Recovery Housing Program

Maine State Housing Authority
Notes to Financial Statements – December 31, 2022
(IN THOUSANDS OF DOLLARS)

U.S. Department of Energy

Weatherization Assistance Program
Weatherization Assistance Program - Training Centers and Programs

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

Grants for Homeless Shelters – *American Rescue Plan Act* (via State of Maine)
Housing Navigators Pilot Program – *American Rescue Plan 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
Well Water Treatment Program
Natural Disaster Housing Assistance Fund
Consumer Residential Opportunities Program
Indian Housing Mortgage Insurance Program
Lead Abatement Program
State General Obligation Bonds
Emergency Housing Relief Fund
Maine Association of Recovery Residences

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.

Maine State Housing Authority
Notes to Financial Statements – December 31, 2022
(IN THOUSANDS OF DOLLARS)

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.

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. Intangible assets from subscription-based information technology arrangements are recorded as capital assets and amortized using the straight line method over the subscription term.

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.

Maine State Housing Authority
Notes to Financial Statements – December 31, 2022
(IN THOUSANDS OF DOLLARS)

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.

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, 2022.

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 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.

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, the fair value of interest rate swaps and the net pension liability for MaineHousing's participation in the MainePERS PLD Consolidated Retirement Plan. 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. 93, *Replacement of Interbank Offered Rates*; and GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* are effective for the year ending December 31, 2023 as amended by GASB Statement No. 99, *Omnibus 2022*.
- GASB Statement No. 100, *Compensated Absences* and GASB Statement No. 101, *Accounting Changes and Error Corrections* are effective for the year ending December 31, 2024.

MaineHousing has not adopted these standards and is evaluating the impact they may have on its financial statements.

Implementation of New Accounting Standards

In 2022, MaineHousing implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This statement defines SBITAs and provides guidance on the accounting and financial reporting for such arrangements. An SBITA is defined as a contract that conveys control of the right to use another party's information technology software for a period of time. The requirements of the standard are effective for fiscal year 2023 and MaineHousing has adopted the standard early. The adoption of this standard changed how SBITAs are reported in financial statements and require the recognition of a right-to-use asset and a corresponding subscription liability. See Note 5.

(3.) CASH AND INVESTMENTS

At December 31, 2022, the carrying amount of MaineHousing's bank deposits was \$89,148 and the bank balance was \$89,739. The difference between the carrying amount and the bank balance is a result of transactions in transit. Of the bank balance, \$479 was covered by federal depository insurance and \$89,260 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.

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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.

MaineHousing's investment balances and stated maturities as of December 31, 2022 are presented in the following table. Actual maturities may differ due to investments being called by the issuer.

Investment Type	Investment Maturities in Years					Moody's Credit Rating
	Carrying Amount	Less than 1	1-5	6-10	More than 10	
PROPRIETARY FUNDS						
MORTGAGE PURCHASE FUND						
Repurchase Agreements	\$108,782	\$108,782	\$0	\$0	\$0	NR
Money Market Funds	1,914	1,914	0	0	0	NR
Federal Farm Credit Bank (FFCB)	55,507	0	0	32,229	23,278	P-1/Aaa
Federal National Mortgage Association (FNMA)	114,711	114,711	0	0	0	P-1/Aaa
Federal Home Loan Bank (FHLB)	55,178	1,650	2,000	25,181	26,347	P-1/Aaa
U.S. Treasury Securities	84,854	84,854	0	0	0	P-1/Aaa
Total - Mortgage Purchase Fund	420,946	311,911	2,000	57,410	49,625	
BONDHOLDER RESERVE FUND						
Repurchase Agreements	8,038	8,038	0	0	0	NR
GENERAL ADMINISTRATIVE FUND						
Repurchase Agreements	5,911	5,911	0	0	0	NR
Money Market Funds	10,154	10,154	0	0	0	NR
Certificates of Deposit	2,434	2,434	0	0	0	NR
Total - General Administrative Fund	18,499	18,499	0	0	0	
Total - Proprietary Funds	\$447,483	\$338,448	\$2,000	\$57,410	\$49,625	
GOVERNMENTAL FUNDS						
HOME FUND						
Repurchase Agreements	\$26,954	\$26,954	\$0	\$0	\$0	NR
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND						
Repurchase Agreements	35,312	35,312	0	0	0	NR
OTHER FEDERAL AND STATE PROGRAMS						
Repurchase Agreements	6,262	6,262	0	0	0	NR
Total - Governmental Funds	\$68,528	\$68,528	\$0	\$0	\$0	

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, 2022, \$404,542 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 4.16%. 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), Federal National Mortgage Association (FNMA), and Federal Home Loan Bank (FHLB) make up 13%, 27%, and 13% of total investments, respectively, in the Mortgage Purchase Fund.

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At December 31, 2022, \$2,434 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 4.00% and will mature in March 2023. The certificate is not credit rated and is being held by its bank trustee in MaineHousing's name.

(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, 2022 is as follows:

	<u>Number of Notes</u>	<u>Principal Balance</u>	<u>Percent of Portfolio</u>
PROPRIETARY FUNDS			
MORTGAGE PURCHASE FUND - SINGLE-FAMILY:			
VA guaranteed	422	\$47,997	5.0%
FHA insured	1,533	159,650	16.7%
USDA/RD guaranteed	5,041	557,538	58.2%
Privately insured	184	33,970	3.6%
Non-insured	<u>2,506</u>	<u>158,467</u>	<u>16.5%</u>
Total Mortgage Purchase Fund - single-family	<u>9,686</u>	<u>957,622</u>	<u>100.0%</u>
MORTGAGE PURCHASE FUND - MULTI-FAMILY:			
Section 8	180	175,959	31.1%
Conventional	330	355,322	62.9%
Supportive Housing	<u>161</u>	<u>33,787</u>	<u>6.0%</u>
Total Mortgage Purchase Fund - multi-family	671	565,068	<u>100.0%</u>
Less: Allowance for losses on loans		<u>(7,112)</u>	
Total Mortgage Purchase Fund	<u>10,357</u>	<u>1,515,578</u>	
GENERAL ADMINISTRATIVE FUND - SINGLE-FAMILY:			
Non-insured	53	1,362	<u>100.0%</u>
GENERAL ADMINISTRATIVE FUND - MULTI-FAMILY:			
Section 8	1	553	18.2%
Conventional	<u>3</u>	<u>2,481</u>	<u>81.8%</u>
Total General Administrative Fund - multi-family	4	3,034	<u>100.0%</u>
GENERAL ADMINISTRATIVE FUND - HOME IMPROVEMENT LOANS:			
Non-insured	<u>7</u>	<u>10</u>	<u>100.0%</u>
Less: Allowance for losses on loans		<u>(98)</u>	
Total General Administrative Fund	<u>64</u>	<u>4,308</u>	
Total Proprietary Funds	<u>10,421</u>	<u>\$1,519,886</u>	
GOVERNMENTAL FUNDS			
HOME FUND - SINGLE-FAMILY:			
Non-insured	275	\$2,962	<u>100.0%</u>
HOME FUND - MULTI-FAMILY:			
Non-insured	<u>120</u>	<u>31,038</u>	<u>100.0%</u>
Total HOME Fund	395	34,000	
Less: Allowance for losses on loans		<u>(905)</u>	
Total HOME Fund	<u>395</u>	<u>33,095</u>	
OTHER FEDERAL AND STATE PROGRAMS - MULTI-FAMILY:			
Non-insured	<u>1</u>	<u>717</u>	<u>100.0%</u>
MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND - MULTI-FAMILY			
Non-insured	<u>23</u>	<u>17,354</u>	<u>100.0%</u>
Total Governmental Funds	<u>419</u>	<u>\$51,166</u>	

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A summary of other notes receivable at December 31, 2022 is as follows:

	Number of Notes	Principal Balance	Percent of Portfolio
PROPRIETARY FUNDS			
GENERAL ADMINISTRATIVE FUND			
Non-insured	3	\$37	100.0%
Total Proprietary Funds	3	\$37	

A summary of the activity in the allowance for losses on loans is as follows:

	PROPRIETARY FUNDS		GOVERNMENTAL FUNDS	
	Mortgage Purchase Fund Group	General Administrative Fund	HOME Fund	Other Federal and State Programs
Balance – December 31, 2021	\$7,182	\$624	\$947	\$1
Provision (Recovery)	0	(500)	0	0
Loans charged off	(78)	(44)	(42)	(1)
Recoveries	8	18	0	0
Balance – December 31, 2022	\$7,112	\$98	\$905	\$0

(5.) SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

MaineHousing uses subscription-based information technology arrangements (SBITA) for certain information technology cloud software. In 2022, MaineHousing entered into two SBITA arrangements. One arrangement provides software for its multi-family housing programs and one arrangement is for grant management.

The term for the multi-family SBITA is for an initial three year period at an annual fee of \$167, which increases by 3% per annum. Renewal options are available for two additional years at the same terms and conditions, and it is reasonably certain that these options will be exercised. This SBITA arrangement also has an implementation fee of \$138. Half of the implementation fee was paid in 2022 and the balance is due within twelve months of the agreement date. At December 31, 2022, the initial implementation stage has not been completed and the commencement of this SBITA has not occurred. Payments of \$236 are recorded as prepaid expense in Other Assets at December 31, 2022.

The term for the grant management SBITA is for an initial three year period at an annual fee of \$46 and implementation fees of \$34. Renewal options are available for two additional years at the same terms and conditions. It is reasonably certain that these options will be exercised and they have been included in the determination of the right-to-use asset and subscription liability.

At December 31, 2022, MaineHousing has a net right-to-use SBITA asset, an intangible asset, of \$228 and a \$169 subscription liability, the current portion of which is included in accounts payable and accrued liabilities. In 2022, \$21 of amortization expense and \$2 of interest expense on the subscription liability was recorded. The following table provides a summary of principal and interest requirements for the subscription liability through December 31, 2026:

Year	Principal	Interest	Total
2023	\$41	\$5	\$46
2024	41	4	45
2025	43	2	45
2026	44	1	45
Total	\$169	\$12	\$181

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(6.) 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, 2022. The Single-Family (S/F) and Multi-Family (M/F) Mortgage Bonds Payable outstanding at December 31, 2022 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							
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	16,275	3.45%	2031-2032	7,995	-	8,280
Term Bonds	28,880	27,600	3.60%	2033-2036	2,230	-	9,205
Term Bonds	27,000	0	4.00%				
	106,000	49,485					
2014 SERIES C BONDS (S/F):							
2014 Series C-1 (AMT)							
Serial Bonds	14,860	3,105	3.00%	2023		3,105	
Term Bonds	2,000	0	3.63%				
Term Bonds	7,620	0	4.00%				
Term Bonds	17,465	1,625	3.50%	2034-2041	90	-	400
	41,945	4,730					
2015 SERIES A BONDS (M/F)							
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	9,135	3.50%	2031-2034	2,160	-	2,410
Term Bonds	13,505	11,000	3.63%	2036-2039	2,590	-	2,905
Term Bonds	16,225	16,225	3.75%	2040-2044	2,995	-	3,500
	55,555	37,485					
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	490	3.50%	2035-2040	70	-	90
	32,000	12,185					
2015 SERIES C BONDS (M/F)							
2015 Series C (Federally Taxable)							
Serial Bonds	9,480	0	2.74% - 3.04%				
Term Bonds	18,000	0	3.59%				
Term Bonds	12,520	7,800	3.95%	2038-2040	2,500	-	2,700
	40,000	7,800					

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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	0	2.80% - 3.13%				
Term Bonds	3,340	0	3.75%				
Term Bonds	4,890	0	4.00%				
Term Bonds	7,585	0	4.25%				
Term Bonds	<u>7,080</u>	<u>725</u>	4.00%	2041-2045	115	-	185
	<u>30,000</u>	<u>725</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	3,370	3.50%	2031-2034	410	-	1,170
2015 Series E-3 (AMT)							
Term Bonds	<u>30,000</u>	<u>30,000</u>	Variable - 3.73%	2035-2038	5,455	-	8,975
	<u>113,130</u>	<u>35,950</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	<u>11,840</u>	<u>0</u>	3.95%				
	<u>45,200</u>	<u>7,155</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	0	3.65%				
Term Bonds	12,060	7,420	3.85%	2038-2040	2,410	-	2,535
Term Bonds	<u>5,900</u>	<u>845</u>	3.50%	2041-2045	130	-	185
	<u>30,000</u>	<u>16,900</u>					
2016 SERIES A BONDS (S/F)							
2016 Series A (Non-AMT)							
Serial Bonds	6,065	3,245	1.95% - 2.45%	2023-2026	770	-	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>1,010</u>	4.00%	2041-2045	195	-	215
	<u>35,000</u>	<u>26,305</u>					
2016 SERIES B BONDS (S/F)							
2016 Series B-1 (Non-AMT)							
Serial Bonds	19,260	11,135	1.90% - 2.55%	2023-2027	2,045	-	2,410
Term Bonds	3,885	1,205	2.70%	2028		1,205	
Term Bonds	18,855	1,805	3.50%	2040-2046	110	-	295
2016 Series B-2 (AMT)							
Term Bonds	<u>28,000</u>	<u>28,000</u>	Variable - 3.73%	2029-2037	2,720	-	3,420
	<u>70,000</u>	<u>42,145</u>					
2016 SERIES C BONDS (S/F)							
2016 Series C (Non-AMT)							
Serial Bonds	13,620	10,865	1.75% - 2.50%	2023-2028	1,080	-	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>1,780</u>	3.50%	2042-2046	340	-	375
	<u>40,000</u>	<u>30,645</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	<u>8,000</u>	<u>8,000</u>	3.29%	2030-2031		4,000	
	<u>40,000</u>	<u>40,000</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		
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	0	3.63%				
Term Bonds	10,385	0	3.90%				
Term Bonds	<u>8,315</u>	<u>2,170</u>	4.00%	2037-2046	195	-	240
	<u>28,000</u>	<u>5,885</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	0	3.65%				
Term Bonds	6,315	0	4.00%				
Term Bonds	7,625	0	4.05%				
Term Bonds	<u>6,780</u>	<u>1,965</u>	4.00%	2043-2047	325	-	595
	<u>30,000</u>	<u>6,145</u>					
2017 SERIES B BONDS (S/F)							
2017 Series B (Non-AMT)							
Serial Bonds	8,680	6,685	1.90% - 3.00%	2023-2030	710	-	1,010
Term Bonds	4,215	4,215	3.25%	2031-2032	2,090	-	2,125
Term Bonds	6,170	2,605	3.65%	2036-2037	1,280	-	1,325
Term Bonds	8,745	8,745	3.75%	2038-2044	1,115	-	1,355
Term Bonds	<u>7,190</u>	<u>2,340</u>	4.00%	2045-2047	770	-	795
	<u>35,000</u>	<u>24,590</u>					
2017 SERIES D BONDS (M/F)							
2017 Series D-1 (Non-AMT)							
Serial Bonds	13,175	7,000	1.90% - 2.95%	2023-2029		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	<u>7,810</u>	<u>7,810</u>	3.75%	2043-2047	1,445	-	1,680
	<u>41,175</u>	<u>35,000</u>					
2017 SERIES E BONDS (S/F)							
2017 Series E (Federally Taxable)							
Term Bonds	<u>60,000</u>	<u>60,000</u>	Variable - 4.35%	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>4,345</u>	3.50%	2043-2047	680	-	1,465
	<u>40,000</u>	<u>30,750</u>					
2017 SERIES G BONDS (S/F - M/F)							
2017 Series G-1 (Federally Taxable)							
Term Bonds	<u>55,000</u>	<u>55,000</u>	Variable - 4.30%	2045-2050	8,290	-	10,090
	<u>55,000</u>	<u>55,000</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	5,495	3.55%	2036-2037	2,700	-	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>33,370</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	2,465	3.50%	2032-2033	1,220	-	1,245
Term Bonds	8,630	5,240	3.75%	2036-2038	1,725	-	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>26,220</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	2,445	3.50%	2032-2033	1,215	-	1,230
Term Bonds	11,270	6,850	3.75%	2036-2038	2,245	-	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>28,660</u>					

Maine State Housing Authority
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(IN THOUSANDS OF DOLLARS)

	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 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	0	3.55%				
Term Bonds	7,195	1,485	3.85%	2038		1,485	
Term Bonds	9,595	0	3.95%				
Term Bonds	9,930	5,035	4.00%	2044-2048	175	-	2,290
	45,000	16,830					
2018 SERIES D BONDS (S/F - M/F)							
2018 Series D-1 (Federally Taxable)							
Term Bonds	40,000	40,000	Variable - 4.66%	2043-2053	2,965	-	4,395
2018 Series D-2 (Federally Taxable)							
Term Bonds	3,150	3,150	0.00%	2023		3,150	
	43,150	43,150					
2018 SERIES F BONDS (S/F)							
2018 Series F (Non-AMT)							
Serial Bonds	7,710	405	2.65%	2023		405	
Term Bonds	3,745	0	3.85%				
Term Bonds	6,450	0	4.13%				
Term Bonds	6,225	0	4.20%				
Term Bonds	10,300	5,490	4.25%	2044-2048	220	-	2,475
	34,430	5,895					
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	2,130	3.80%	2036-2039	495	-	570
Term Bonds	10,880	0					
Term Bonds	9,005	5,100	4.00%	2046-2049	750	-	1,935
	39,465	22,450					
2019 SERIES B BONDS (S/F)							
2019 Series B (Non-AMT)							
Serial Bonds	18,075	14,650	1.85% - 2.80%	2023-2032	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
	40,000	36,575					
2019 SERIES C BONDS (S/F)							
2019 Series C (Non-AMT)							
Serial Bonds	8,415	6,385	1.50% - 2.45%	2023-2031	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	5,720	4.00%	2047-2050	1,030	-	1,620
	39,110	33,975					
2019 SERIES D BONDS (M/F)							
2019 Series D (Federally Taxable)							
Term Bonds	4,220	4,220	0.00%	2024		4,220	
	4,220	4,220					
2019 SERIES E BONDS (S/F)							
2019 Series E (Non-AMT)							
Serial Bonds	15,540	13,890	1.55% - 2.35%	2023-2031	680	-	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	4,370	3.75%	2047-2049	395	-	2,030
	34,445	30,765					
2020 SERIES A BONDS (S/F)							
2020 Series A (Non-AMT)							
Serial Bonds	9,800	8,205	1.30% - 2.40%	2023-2032	700	-	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	4,825	3.75%	2047-2049	685	-	2,975
	34,350	30,865					

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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 B BONDS (M/F)							
2020 Series B (Non-AMT)							
Serial Bonds	12,000	8,000	1.05% - 1.10%	2023-2024	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>46,000</u>					
2020 SERIES C BONDS (S/F)							
2020 Series C (Non-AMT)							
Serial Bonds	12,765	11,800	1.45% - 2.50%	2023-2032	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	8,425	4.00%	2044-2050	290	-	1,690
	<u>38,955</u>	<u>35,180</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	10,070	0.45% - 1.75%	2023-2032	870	-	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>39,605</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	9,375	0.25% - 1.85%	2023-2032	825	-	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>39,225</u>					
2021 SERIES C BONDS (S/F)							
2021 Series C (Non-AMT)							
Serial Bonds	10,755	10,255	0.30% - 1.80%	2023-2033	795	-	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>39,500</u>					

Maine State Housing Authority
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(IN THOUSANDS OF DOLLARS)

	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
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	8,235	3.00%	2049-2051	1,615	-	4,640
	<u>39,330</u>	<u>39,110</u>					
2022 SERIES A BONDS (M/F)							
2022 Series A (Non-AMT)							
Serial Bonds	19,000	19,000	0.40% -0.85%	2023-2026	3,500	-	6,500
Term Bonds	10,180	10,180	2.40%	2037-2041	1,945	-	2,120
Term Bonds	19,570	19,570	2.60%	2042-2046	3,720	-	4,125
Term Bonds	1,250	1,250	2.65%	2047-2051	235	-	265
	<u>50,000</u>	<u>50,000</u>					
2022 SERIES B BONDS (M/F)							
2022 Series B (Federally Taxable)							
Serial Bonds	40,000	40,000	1.50% -2.58%	2025-2032	2,780	-	6,440
Term Bonds	10,000	10,000	2.98%	2033-2036	2,395	-	2,610
	<u>50,000</u>	<u>50,000</u>					
2022 SERIES C BONDS (MF)							
2022 Series C (AMT)							
Term Bonds	69,865	69,865	Variable - 3.70%	2041-2051	1,280	-	12,230
	<u>69,865</u>	<u>69,865</u>					
2022 SERIES D BONDS (S/F)							
2022 Series D (Non-AMT)							
Serial Bonds	14,000	14,000	1.80% - 3.80%	2023-2034	715	-	2,840
Term Bonds	5,520	5,520	3.88%	2035-2037	1,750	-	1,930
Term Bonds	16,975	16,975	4.00%	2038-2042	2,070	-	6,555
Term Bonds	2,450	2,450	4.13%	2043-2047	450	-	525
Term Bonds	10,300	10,215	5.00%	2049-2052	660	-	3,965
	<u>49,245</u>	<u>49,160</u>					
2022 SERIES E BONDS (S/F)							
2022 Series E (Non-AMT)							
Serial Bonds	11,935	11,935	1.70% - 3.88%	2023-2034	515	-	1,320
Term Bonds	4,400	4,400	4.00%	2035-2037	1,395	-	1,540
Term Bonds	11,925	11,925	4.15%	2038-2042	2,145	-	2,630
Term Bonds	15,325	15,325	4.25%	2043-2047	2,775	-	3,340
Term Bonds	10,595	10,595	5.00%	2050-2052	1,775	-	5,685
	<u>54,180</u>	<u>54,180</u>					
2022 SERIES F BONDS (M/F)							
2022 Series F (Non-AMT)							
Serial Bonds	24,000	24,000	3.10% - 3.40%	2025-2027		8,000	
Term Bonds	16,000	16,000	4.85%	2038-2042	3,010	-	3,410
Term Bonds	20,000	20,000	4.95%	2043-2047	3,765	-	4,245
	<u>60,000</u>	<u>60,000</u>					
2022 SERIES G BONDS (S/F)							
2022 Series G-1 (Non-AMT)							
Serial Bonds	7,000	7,000	3.45% - 4.10%	2025-2029	1,000	-	3,000
Term Bonds	8,000	8,000	5.15%	2038-2042	1,425	-	1,785
Term Bonds	9,000	9,000	5.30%	2043-2047	1,605	-	2,005
Term Bonds	12,000	12,000	5.40%	2048-2052	2,160	-	2,590
2022 Series G-2 (Non-AMT)							
Term Bonds	24,000	24,000	4.21%	2033-2037	4,410	-	5,205
	<u>60,000</u>	<u>60,000</u>					
		1,674,325					
Plus: Net Unamortized Bond Premium		24					
Total Mortgage Purchase Fund	<u>2,237,895</u>	<u>1,674,349</u>					
Total Proprietary Funds	<u>\$2,237,895</u>	<u>\$1,674,349</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	<u>\$15,020</u>	<u>\$15,020</u>	5.00%	2034-2037	3,265	-	4,110
2021 Series 2 (Taxable)							
Serial Bonds	<u>38,930</u>	<u>35,485</u>	0.42% - 2.42%	2023-2034	295	-	3,480
		50,505					
Plus: Net Unamortized Bond Premium		<u>3,802</u>					
Total Maine Energy, Housing & Recovery Fund Group							
	<u>53,950</u>	<u>54,307</u>					
Total Governmental Funds							
	<u>\$53,950</u>	<u>\$54,307</u>					

The following table summarizes bond debt activity for the year ended December 31, 2022:

Fund	Outstanding at December 31, 2021	Issues	Retirement	Outstanding at December 31, 2022
Mortgage Purchase Fund	\$1,497,590	\$393,290	(\$216,555)	\$1,674,325
Maine Energy, Housing & Economic Recovery Fund	53,950	0	(3,445)	50,505
Total	<u><u>\$1,551,540</u></u>	<u><u>\$393,290</u></u>	<u><u>(\$220,000)</u></u>	<u><u>\$1,724,830</u></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, 2022 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 2027 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
2023	\$52,060	\$43,906	\$0	\$7,992	(\$3,547)	\$3,020	\$1,289
2024	57,765	43,070	0	8,194	(3,628)	3,035	1,272
2025	66,915	42,160	0	8,189	(3,617)	3,055	1,247
2026	69,135	40,858	0	8,191	(3,522)	3,085	1,214
2027	64,850	39,428	0	8,191	(2,732)	3,120	1,174
2028-2032	271,960	175,115	11,880	40,318	(12,539)	16,395	5,031
2033-2037	270,350	135,624	40,665	36,636	(3,278)	18,795	2,372
2038-2042	258,376	93,274	8,814	30,297	-	0	0
2043-2047	219,310	50,251	57,310	27,101	0	0	0
2048-2052	131,599	16,880	88,941	8,771	0	0	0
2053-2057	4,395	208	0	0	0	0	0
Total	<u><u>\$1,466,715</u></u>	<u><u>\$680,774</u></u>	<u><u>\$207,610</u></u>	<u><u>\$183,880</u></u>	<u><u>(\$32,863)</u></u>	<u><u>\$50,505</u></u>	<u><u>\$13,599</u></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, 2022, MaineHousing has a \$14,261 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 Administrative Fund, has principal and interest payments due monthly based on a 20-year amortization schedule.

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 \$2,434 non-negotiable certificate of deposit held with the lender.

The following table provides a summary of note payment requirements through 2027 and in five-year increments thereafter to maturity:

Year(s)	Principal	Interest	Total
2023	\$636	\$453	\$1,089
2024	655	434	1,089
2025	678	411	1,089
2026	700	389	1,089
2027	723	365	1,088
2028-2032	3,988	1,455	5,443
2033	6,881	210	7,091
Total	<u>\$14,261</u>	<u>\$3,717</u>	<u>\$17,978</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, \$1,674,325 was outstanding at December 31, 2022.

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 \$26,943 outstanding at December 31, 2022. 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.

Maine State Housing Authority
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(7.) INTEREST RATE SWAP AGREEMENTS

MaineHousing has thirteen interest rate swap agreements (swaps) with four counterparties as of December 31, 2022. 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 positive fair value of \$18,560 at December 31, 2022. During 2022, the fair value of the swaps increased by \$28,673. 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, 2022 by using the regression analysis and synthetic instrument methods. The aggregate fair value is classified as a derivative instrument asset and a deferred inflow of resources, which represents the accumulated increase in fair value. Variable rate bonds outstanding at December 31, 2022 total \$282,865.

The following table contains the terms, fair values, and credit ratings of the swaps as of December 31, 2022. 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
2015 Series E-3	\$5,000	11/15/2016	1.15%	70% of 30 day LIBOR	\$249	11/15/2025	Aa1/AA-
2015 Series E-3	5,000	11/15/2019	1.40%	70% of 30 day LIBOR	367	11/15/2029	Aa3/A+
2015 Series E-3	20,000	5/15/2021	1.46%	67% of 30 day LIBOR	1,534	11/15/2032	A1/A
2016 Series B-2	8,000	5/15/2017	1.61%	70% of 30 day LIBOR	699	11/15/2031 ¹	Aa1/AA-
2016 Series B-2	20,000	11/15/2017	1.66%	70% of 30 day LIBOR	1,696	11/15/2031 ¹	Aa1/AA-
2017 Series E	25,000	11/15/2021	1.69%	100% of 30 day LIBOR	4,086	11/15/2032	Aa3/A+
2017 Series G-1	25,000	11/15/2019	1.90%	100% of 30 day LIBOR	1,845	11/15/2026	A1/A
2017 Series G-1	30,000	11/15/2020	0.88%	100% of 90 day LIBOR	8,717	11/15/2035	A1/A
2022 Series C	19,610	2/1/2006	3.59%	65% of 30 day LIBOR plus .20%	(2,001)	11/15/2037	Aa2/A+
2022 Series C	10,000	11/15/2019	1.87%	75% of 30 day LIBOR plus 0.46%	575	11/15/2026	Aa3/A+
2022 Series C	12,500	11/15/2018	2.57%	70% of 30 day LIBOR plus 0.45%	356	11/15/2028	Aa3/A+
2022 Series C	12,500	11/15/2018	2.59%	70% of 30 day LIBOR plus 0.45%	468	11/15/2033	Aa3/A+
2022 Series C	15,000	1/29/2008	3.71%	100% of SIFMA plus .06%	(31)	5/15/2023	Aa2/A+
Totals	<u>\$207,610</u>				<u>\$18,560</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, 2022. MaineHousing is not exposed to credit risk for the swaps that have negative fair values. At December 31, 2022, there are eleven swaps that have positive fair values totaling \$20,592. This amount represents MaineHousing's credit exposure to the related counterparties 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, 2022, the thirty day LIBOR rate and the ninety day LIBOR rate were 4.39% and 4.77%, respectively and the SIFMA rate was 3.66%.

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.

(8.) 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 3.2% 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 7.3% of annual salary. The employer match contribution is made to the 401(a) plan.

For the year ended December 31, 2022, employee contributions totaled \$874 and MaineHousing contributed and recognized expense of \$641. 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 1.52%.

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, 2022, the established MainePERS employer contribution rate is 10.2% and employee contribution rates are 7.60% for participants with a normal retirement age of 60 and 6.85% for participants with a normal retirement age of 65. MaineHousing pays on behalf of its employees 0.30% 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 \$552 for the year ended December 31, 2022.

Actuarial Methods and Assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2022, 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 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, 2022 and June 30, 2021 used the following actuarial assumptions:

Investment Rate of Return – 6.50% per annum, compounded annually.

Inflation Rate – 2.75%.

Annual Salary Increases, Including Inflation – 2.75% to 11.48%.

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.

The actuarial and demographic assumptions used in the June 30, 2022 valuations were based on the results of an actuarial experience study covering the period July 1, 2015 through June 30, 2020. The actuarial and demographic assumptions used in the June 30, 2021 actuarial valuations were based on the results of an actuarial experience study for the period of June 30, 2016 to June 30, 2020. The economic assumptions are based on this experience study along with advice of the MainePERS investment consultants for June 30, 2022 and June 30, 2021.

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, 2022 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	10.0%	2.3%
Private Equity	12.5%	7.6%
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	5.0%	3.2%
Alternative Credit	10.0%	7.4%
Risk Diversifiers	7.5%	5.9%

Discount Rate: The discount rate used to measure the collective total pension liability 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 liability.

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Net Pension Liability: At December 31, 2022, MaineHousing has a liability of \$1,780 for its proportionate share of the total collective net pension liability. The net pension liability was measured as of June 30, 2022 and the total collective pension liability used to calculate the proportionate share of 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, 2021 through June 30, 2022, relative to the total employer contributions received from all participating entities. MaineHousing's proportion was 0.669532% at December 31, 2022. The proportion was 0.674986% at December 31, 2021.

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 6.50%, 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> \$5,258	Current Discount Rate <u>@ 6.50%</u> \$1,780	1% Increase <u>@ 7.50%</u> (\$1,095)
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Changes in net pension liability are recognized in pension expense for the year ended December 31, 2022 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 2022 and 2021 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, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 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, 2022, MaineHousing recognized pension expense of \$340 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	\$331	\$0
Employer contributions subsequent to the measurement date	267	0
Net difference between projected and actual earnings on pension plan investments	0	747
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	51
Changes of assumptions	361	0
Total	<u>\$959</u>	<u>\$798</u>

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 Liability 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 as pension expense (benefit) through December 31, 2026 as follows:

Year ended December 31:	Pension Expense (Benefit) Amount
2023	\$179
2024	(\$171)
2025	(\$464)
2026	\$350

Payables to the Pension Plan: At December 31, 2022, MaineHousing's total payable to MainePERS for unremitted contributions is \$43.

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.maineopers.org

(9.) 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:

2019 Series D (M/F)	\$378
2020 Series B (M/F)	4,154
2020 Series H (S/F, M/F)	438
2021 Series A (M/F)	2,437
2021 Series D (S/F)	7,107
2022 Series A (M/F)	15,705
2022 Series B (M/F)	22,388
2022 Series E (S/F)	18,984
2022 Series F (M/F)	47,574
2022 Series G (S/F)	56,035
	<u>\$175,200</u>

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MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND

Bond proceeds in the amount of \$31,413 from the 2021 Series 2 are invested in accordance with the Maine Energy, Housing and Recovery General Indenture and are available for program activities.

(10.) 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, 2022, MaineHousing had outstanding commitments to originate multi-family mortgage loans of approximately \$307,794. MaineHousing, under its single-family program, enters into purchase agreements with lenders to purchase mortgage loans. At December 31, 2022, single-family loans being processed by lenders for MaineHousing totaled approximately \$45,409.

(11.) 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, 2022 was \$123,129. 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, 2022 was \$140,583.

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, 2022, 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 \$151,906.

MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND – RESERVE FUND

MaineHousing is not required to maintain a Reserve Fund for outstanding bonds.

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, 2022, the maximum debt service amount was \$4,319.

(12.) 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, 2022, 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, 2022.

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(13.) 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, 2022 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	\$251	\$0	\$0	(\$221)	(\$30)
Program Subsidies	(100)	100	0	0	0
Program Administrative Fees	1,628	0	(1,628)	0	0
	<u>\$1,779</u>	<u>\$100</u>	<u>(\$1,628)</u>	<u>(\$221)</u>	<u>(\$30)</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, 2022 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	\$2,895	\$0	\$0	\$0	\$0	\$0	\$0
General Administrative Fund	0	0	0	16,807	0	0	0	0	31,832
Other Federal And State Programs	0	0	6,949	7,779	61	0	0	0	0
Collectively, all other funds	0	0	13	0	0	0	0	0	0
	0	0	9,857	24,586	61	0	0	0	31,832
Payables	(2,895)	(10)	(48,639)	(61)	(358)	(1,288)	(5,303)	(3)	(7,779)
	<u>(\$2,895)</u>	<u>(\$10)</u>	<u>(\$38,782)</u>	<u>\$24,525</u>	<u>(\$297)</u>	<u>(\$1,288)</u>	<u>(\$5,303)</u>	<u>(\$3)</u>	<u>\$24,053</u>

The receivable amounts of the General Administrative Fund consist primarily of operating expenses owed from the Mortgage Purchase Fund, Section 8 Housing Programs, Low Income Home Energy Assistance Program, and Emergency Rental Assistance Programs. The General Administrative Fund payable amounts consist primarily of program funds received and due to the HOME Fund and Other Federal and State Programs. The receivable amount of the HOME fund includes advancements for program expenditures owed from Other Federal and State Programs.

(14.) REDEMPTION OF BONDS

For the year ended December 31, 2022, MaineHousing redeemed prior to maturity \$207,365 of its Mortgage Purchase Fund bonds from recoveries of principal and surplus and the proceeds of refunded bonds. Gains of \$557 were attributed to the recognition of related bond premium. The following is a summary of bonds redeemed:

	Interest Rate	Original Maturity	Amount	Redemption Price
2005 Series G Term Bonds	Variable	11/15/2037	\$19,865	100%
2013 Series B Term Bonds	3.45%	11/15/2032	20,825	100%
2013 Series B Term Bonds	4.00%	11/15/2043	340	100%
2014 Series C-1 Serial Bonds	3.10%	11/15/2024	1,370	100%
2014 Series C-1 Term Bonds	3.50%	11/15/2044	780	100%
2014 Series C-1 Term Bonds	3.50%	11/15/2044	745	100%
2014 Series C-2 Term Bonds	3.75%	11/15/2034	10,945	100%

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	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Amount</u>	<u>Redemption Price</u>
2015 Series A-1 Serial Bonds	2.88%	11/15/2023	1,745	100%
2015 Series A-1 Serial Bonds	2.95%	11/15/2024	1,790	100%
2015 Series A-1 Serial Bonds	3.05%	11/15/2025	1,855	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 B Term Bonds	3.50%	11/15/2040	565	100%
2015 Series B Term Bonds	3.50%	11/15/2040	540	100%
2015 Series C Term Bonds	3.59%	11/15/2030	4,100	100%
2015 Series D Serial Bonds	2.80%	11/15/2023	900	100%
2015 Series D Serial Bonds	2.95%	11/15/2024	930	100%
2015 Series D Serial Bonds	3.13%	11/15/2025	970	100%
2015 Series D Term Bonds	4.00%	11/15/2045	405	100%
2015 Series D Term Bonds	4.00%	11/15/2045	385	100%
2015 Series E-1 Term Bonds	3.50%	11/15/2035	1,290	100%
2015 Series E-1 Term Bonds	3.50%	11/15/2035	1,235	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%
2015 Series G Term Bonds	3.50%	11/15/2045	375	100%
2015 Series G Term Bonds	3.50%	11/15/2045	360	100%
2016 Series A Serial Bonds	1.70%	11/15/2022	745	100%
2016 Series A Term Bonds	4.00%	11/15/2045	480	100%
2016 Series A Term Bonds	4.00%	11/15/2045	460	100%
2016 Series B-1 Serial Bonds	1.70%	11/15/2022	1,970	100%
2016 Series B-1 Term Bonds	3.50%	11/15/2046	1,265	100%
2016 Series B-1 Term Bonds	3.50%	11/15/2046	1,205	100%
2016 Series C Serial Bonds	1.55%	11/15/2022	950	100%
2016 Series C Term Bonds	3.50%	11/15/2046	580	100%
2016 Series C Term Bonds	3.50%	11/15/2046	560	100%
2016 Series E Term Bonds	3.63%	11/15/2031	800	100%
2016 Series E Term Bonds	4.00%	11/15/2046	560	100%
2016 Series E Term Bonds	4.00%	11/15/2046	535	100%
2017 Series A Term Bonds	3.65%	11/15/2032	1,685	100%
2017 Series A Term Bonds	4.00%	11/15/2047	480	100%
2017 Series A Term Bonds	4.00%	11/15/2047	465	100%
2017 Series B Serial Bonds	1.65%	11/15/2022	690	100%
2017 Series B Term Bonds	3.65%	11/15/2037	3,565	100%
2017 Series B Term Bonds	4.00%	11/15/2047	530	100%
2017 Series B Term Bonds	4.00%	11/15/2047	510	100%
2017 Series D-1 Serial Bonds	1.70%	11/15/2022	1,000	100%
2017 Series D-2 Term Bonds	Variable	11/15/2046	50,000	100%
2017 Series F Term Bonds	3.50%	11/15/2047	835	100%
2017 Series F Term Bonds	3.50%	11/15/2047	805	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 C Term Bonds	4.00%	11/15/2048	805	100%
2018 Series C Term Bonds	4.00%	11/15/2048	780	100%

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Notes to Financial Statements – December 31, 2022
(IN THOUSANDS OF DOLLARS)

	Interest Rate	Original Maturity	Amount	Redemption Price
2018 Series F Serial Bonds	2.85%	11/15/2024	1,235	100%
2018 Series F Serial Bonds	3.00%	11/15/2025	565	100%
2018 Series F Serial Bonds	3.15%	11/15/2026	595	100%
2018 Series F Serial Bonds	3.40%	11/15/2028	765	100%
2018 Series F Serial Bonds	3.55%	11/15/2029	800	100%
2018 Series F Term Bonds	4.25%	11/15/2048	810	100%
2018 Series F Term Bonds	4.25%	11/15/2048	780	100%
2019 Series A Term Bonds	3.80%	11/15/2039	475	100%
2019 Series A Term Bonds	4.00%	11/15/2049	730	100%
2019 Series A Term Bonds	4.00%	11/15/2049	705	100%
2019 Series B Serial Bonds	1.80%	11/15/2022	1,480	100%
2019 Series C Serial Bonds	1.45%	11/15/2022	755	100%
2019 Series C Term Bonds	4.00%	11/15/2050	745	100%
2019 Series C Term Bonds	4.00%	11/15/2050	740	100%
2019 Series E Serial Bonds	1.50%	11/15/2022	660	100%
2019 Series E Term Bonds	3.75%	11/15/2049	515	100%
2019 Series E Term Bonds	3.75%	11/15/2049	550	100%
2020 Series A Serial Bonds	1.25%	11/15/2022	680	100%
2020 Series A Term Bonds	3.75%	11/15/2049	490	100%
2020 Series A Term Bonds	3.75%	11/15/2049	565	100%
2020 Series C Serial Bonds	1.35%	11/15/2022	965	100%
2020 Series C Term Bonds	4.00%	11/15/2050	755	100%
2020 Series C Term Bonds	4.00%	11/15/2050	910	100%
2021 Series D Term Bonds	3.00%	11/15/2051	35	100%
2021 Series D Term Bonds	3.00%	11/15/2051	185	100%
2022 Series D Term Bonds	5.00%	11/15/2052	85	100%
			<u>\$207,365</u>	

(15.) 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.

(16.) SUBSEQUENT EVENTS

Subsequent to December 31, 2022, MaineHousing issued bonds. The following is a summary of subsequent event transactions.

On February 22, 2023, MaineHousing issued, at par, \$115,000 of bonds in the General Mortgage Purchase Bond Resolution as follows:

	Interest Rate	Maturity	Amount	Issued Price
2023 Series A Serial Bonds	2.70%-3.75%	2024-2034	\$7,670	100%
2023 Series A Term Bonds	4.15%	2038	5,135	100%
2023 Series A Term Bonds	4.40%	2043	5,085	100%
2023 Series A Term Bonds	4.60%	2048	12,350	100%
2023 Series A Term Bonds	4.70%	2053	9,760	100%
2023 Series B Term Bonds	3.13%	2054	75,000	100%
			<u>\$115,000</u>	

**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, 2022
(IN THOUSANDS OF DOLLARS)**

**Schedule of MaineHousing's Proportionate Share of Net Pension Liability (Asset)
Last Ten Fiscal Years
As of Measurement Date of June 30:**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.669532%	0.674986%	0.709590%	0.746717%	0.834117%	0.906494%	0.922203%	1.181151%	1.420739%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$1,780	(\$217)	\$2,819	\$2,282	\$2,823	\$3,712	\$4,899	\$3,768	\$2,186
Employer's Covered-Employee Payroll	\$5,516	\$4,972	\$4,567	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598	\$4,691
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	32.3%	(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	93.3%	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:**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$552	\$504	\$480	\$477	\$490	\$513	\$505	\$483	\$492
Contributions in Relation to Contractually Required Contribution	\$552	\$504	\$480	\$477	\$490	\$513	\$505	\$483	\$492
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Employer's Covered Employee Payroll	\$5,516	\$4,972	\$4,567	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598	\$4,691
Contributions as a Percentage of Covered Employee Payroll	10.0%	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, 2022.

Changes of Assumptions:

There were no changes of assumptions for the measurement period ended June 30, 2022.



**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, and each major fund of Maine State Housing Authority (MaineHousing), as of and for the year ended December 31, 2022, 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 29, 2023.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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 financial statements. 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 29, 2023

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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 basic financial statements of the Maine State Housing Authority (MaineHousing) as of and for the year ended December 31, 2022. 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 29, 2023

Required Communications

Auditing standards generally accepted in the United States of America (GAAS) (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	<p>Our responsibilities under GAAS 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 7, 2022. Our audit of the basic financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.</p>
Overview of the Planned Scope and Timing of the Financial Statement Audit	<p>We have issued a separate communication dated November 7, 2022, regarding the planned scope and timing of our audit and identified significant risks.</p>
Accounting Policies and Practices	<p>Preferability of Accounting Policies and Practices Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by MaineHousing. The following is a description of significant accounting policies or their application that were either initially selected or changed during the year:</p> <p>In 2022, MaineHousing early adopted Governmental Accounting Standards Board (GASB) Statement No. 96, <i>Subscription-Based Information Technology Arrangements</i> (SBITA). A SBITA is defined as a contract that conveys control of the right to use another party's information technology software for a period of time. The adoption of this standard changed how SBITAs are reported in financial statements and require the recognition of a right-to-use asset and a corresponding subscription liability.</p> <p>MaineHousing did not adopt any other significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p>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.</p>

Required Communications (Continued)

Area	Comments
Accounting Policies and Practices (Continued)	<p>Significant Unusual Transactions We did not identify any significant unusual transactions.</p> <p>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.</p>
Audit Adjustments and Uncorrected Misstatements	<p>There were no audit adjustments made to the original trial balance presented to us to begin our audit.</p> <p>We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.</p>
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 basic 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>

Required Communications (Continued)

Area	Comments
Shared Responsibilities for Independence	<p>Independence is a joint responsibility and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with AICPA and Government Accountability Office (GAO) independence rules. For Baker Newman & Noyes LLC (BNN) to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and BNN each play an important role.</p> <p>Our Responsibilities</p> <ul style="list-style-type: none"> • AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. BNN is to ensure that the AICPA's and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement. • Maintain a system of quality control over compliance with independence rules and firm policies. <p>MaineHousing's Responsibilities</p> <ul style="list-style-type: none"> • Timely inform BNN, before the effective date of transactions or other business changes, of the following: <ul style="list-style-type: none"> ◦ New affiliates, directors, officers, or persons in financial reporting and compliance oversight roles. ◦ Changes in MaineHousing impacting affiliates such as partnerships, related entities, investments, joint ventures, component units, and jointly governed organizations. • Provide necessary affiliate information such as new or updated investment structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations. • Understand and conclude on the permissibility, prior to MaineHousing and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with BNN. • Not entering into arrangements of nonaudit services resulting in BNN being involved in making management decisions on behalf of MaineHousing. • Not entering into relationships resulting in BNN, BNN covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at MaineHousing.
Significant Written Communications Between Management and Our Firm	<p>Copies of significant written communications between our firm and the management of MaineHousing, including the representation letter provided to us by management, are attached.</p>

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, 2022 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 is recognized as either an asset or liability on their 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 Status of MaineHousing's Participation in the Maine Public Employees Retirement System's (MainePERS) Participating Local District (PLD) Consolidated Retirement Plan

Accounting Policy

Management provides funding for the retirement plan at a level that will sufficiently cover future beneficiary obligations. MaineHousing measures the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, using information about the fiduciary net position of the MainePERS PLD Consolidated Plan on the same basis 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.



November 7, 2022

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, 2022, 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 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. 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, 2022 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 report 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 report 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 the U.S. Department of Housing and Urban Development (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, 2022;
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;

4. An accompanying schedule of findings and questioned costs; and
5. Report on Financial Data Schedule for Certain HUD Programs.

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 required supplementary information 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 \$99,000 for the financial statement audit and \$46,000 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.

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.

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.

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.

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.

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.

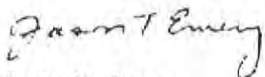
Please sign and return a copy of this Arrangement Letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

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:


Chair of the Audit Committee

2/28/23
Date

Dan Brennan, Executive Director

Date

Thomas Cary, Treasurer

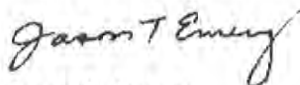
Date

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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:

Chair of the Audit Committee

Date



Dan Brennan, Executive Director

3/1/2023

Date

Thomas Cary, Treasurer

Date

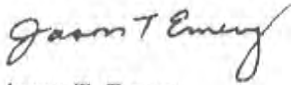
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The Audit Committee
Maine State Housing Authority
c/o Ms. Linda Grotton, Internal Auditor
November 7, 2022

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:

Chair of the Audit Committee

Date

Dan Brennan, Executive Director

Date



Thomas Cary, Treasurer



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, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
January 12, 2021

March 29, 2023

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 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, 2022 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, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, 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 7, 2022, 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 American Institute of Certified Public Accountants' (AICPA) 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. The effect on the financial statements of GASB Accounting Statements No. 93, 94, 99, 100 and 101, which have been issued, but which we have not yet adopted;
 - r. Special and extraordinary items;
 - s. Deposits and investment categories of risk;
 - t. Arbitrage rebate liabilities;
 - u. Impairment of capital assets;
 - v. Net positions and fund balance classifications; and
 - w. The effect of GASB Accounting Statement No. 87, *Leases*, which we determined was not significant to the financial statements.
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, 2022 and/or for expected retroactive insurance premium adjustments applicable to periods through December 31, 2022;
- d. For pension obligations, post-retirement benefits other than pensions and deferred compensation agreements attributable to employee services rendered through December 31, 2022;
- 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 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 financial statements.
24. We have disclosed to you the results of our assessment of risk that the 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 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 are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect MaineHousing'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;
 - 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 have reviewed, approved, and are responsible for overseeing the preparation and completion of the 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 the Required Supplementary Information presented as required by GASB to supplement the 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.
44. With respect to the final formatting of the financial statements service performed in the course of the audit:
 - a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;
 - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
 - d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.

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. Is not aware of any 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, if applicable;
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 auditors' 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,

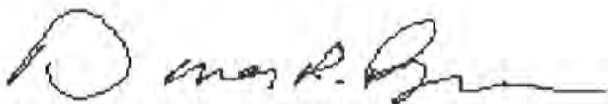
Maine State Housing Authority



Dan Brennan, Executive Director

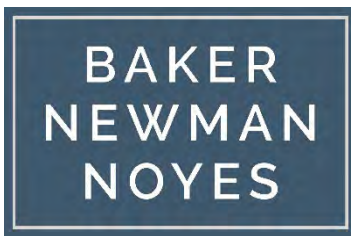


Thomas Cary, Treasurer



Darren Brown, Director of Finance

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Presentation to the Board of Commissioners



Jason Emery, Managing Director

April 18, 2023

Overview of Our Engagement

We were engaged to perform the following audits:

- MaineHousing's December 31, 2022 financial statements
- MaineHousing's Federal Financial Assistance Programs in accordance with the Single Audit Act and Subpart F of Title 2 U.S. CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) for the year ended December 31, 2022

Annual Report

The annual report consists of four main sections:

- Auditors' report
- Management's Discussion & Analysis
- Financial statements, including footnotes
- Required Supplementary Information –
Schedules of Selected Pension
Information

Auditors' Report

- Auditor's opinion is presented first
- Financial statements are management's responsibility
- Management also has responsibility for evaluating whether there are conditions or events that would impact MaineHousing's ability to continue as a going concern from one year beyond the financial statement date
- Under auditing standards, our objective is to obtain reasonable assurance that the financial statements are free from material misstatement
 - Said another way: free of a misstatement that would change the judgment of a reasonable person, such as a bond investor, relying on the financial statements

Auditors' Report (Continued)

- We also:
 - Exercise professional judgment and skepticism;
 - Identify and assess risks of material misstatement;
 - Obtain an understanding of internal control;
 - Evaluate the appropriateness of accounting policies used; and
 - Conclude if there are any events that cast substantial doubt about MaineHousing's ability to continue as a going concern
- There is a separate opinion on internal control over financial reporting under Government Auditing Standards
- We examine audit evidence on a test basis
- We review the accounting principles used (footnote 2) and test whether they are being followed
 - We compare principles used to generally accepted accounting principles (GAAP) as a benchmark

Auditors' Report (Continued)

- In our opinion, the financial statements are presented fairly, in all material respects
 - A “clean opinion”
- We performed limited procedures over Management's Discussion & Analysis and the Schedules of Selected Pension Information

Auditors' Report (Continued)

- If we noted a material weakness or a significant deficiency in internal control over financial reporting, we would be required to report them
 - We noted none
- If we noted noncompliance that would have a direct and material effect on the financial statements, we would be required to report it
 - We noted none

Other Sections of the Annual Report

- **Management's Discussion and Analysis**
 - Provides a good overview of MaineHousing's financial operations, including significant changes and why they occurred
- **Financial statements**
 - Provides information about the financial position and results of operations of the major funds
 - Footnotes provide information about accounting policies followed and details of financial statement amounts
- **Required Supplementary Information**
 - Provides information about MaineHousing's participation in the Maine Public Employees Retirement System

Audit Discussion

- There are three significant estimates made in the financial statements
 - Allowance for loan losses
 - Review of current problem loans and past trends
 - Fair value of interest rate swap contracts
 - Third party valuation firm
 - Funded status of pension plan
 - Review pension plan audited financial statements
- Other significant audit areas
 - Cash and investments
 - Loans
 - Bonds
 - Accruals related to federal programs
 - Revenues and expenses related to the above areas
- Looking ahead
 - Continued receipt of COVID-19 related federal funding will result in additional accounting and compliance considerations for MaineHousing

Audit Discussion (Continued)

- Federal programs audit
 - To determine whether the federal programs have been administered materially in compliance with federal guidelines
 - Programs to be audited for 2022 cover roughly 50% federal expenditures
 - ❖ Grants for Homeless Shelters – American Rescue Plan Act
 - ❖ Emergency Rental Assistance Program
 - ❖ Emergency Solutions Grant Program
 - To review the following as they pertain to federal programs:
 - Administrative controls
 - Accounting controls
 - Compliance with federal guidelines, as determined by the Compliance Supplement published by the Federal Government and/or grant agreements
 - REAC filings with HUD
 - The 2022 audit is in process
 - The 2021 audit had one finding related to the Emergency Rental Assistance Program (subrecipient monitoring)
 - MaineHousing management drafted and implemented corrective action related to the finding

Engagement Team

- Jason Emery– Lead Director
- Al Duhaime – Quality Control Reviewer
- Mike Trahan - Manager

Team was supported by other audit staff

Thanks to Darren, Tom and all of the
MaineHousing staff for ensuring the audit
went smoothly

Audit and Compliance Department Memorandum

To: Board of Commissioners
From: Linda L. Grotton, Director of Audit and Compliance
Date: April 18, 2023
Subject: Audit Committee Report

The MaineHousing Audit Committee held their quarterly meeting on April 3, 2023. Laura Buxbaum (Chair of the Audit Committee) and Audit Committee members Betty Dietz and Nancy Harrison met with Linda Grotton.

The Information Security Committee (ISC) provided the Audit Committee with the annual data security update. All members of the ISC were present, including Craig Given, Director of IT; Jason Bullock, Information Security Engineer; Rob Morrison, Systems Engineer; Amanda Ouellette, Webmaster; and Linda Grotton, Chair of the ISC. Jamie Johnson, Senior Director of Operations was also present.

- Craig presented an overview of the IT Department functions and staffing, MaineHousing's general approach to IT security, and provided a description of the recent external penetration test completed by Illumant (a third party data security vendor) at the end of 2022.
- Rob explained the results of the penetration test and vulnerability assessment. As test results were published, IT immediately remediated any critical findings and investigated all high severity findings. As part of the engagement, Illumant will be re-testing those areas over the next couple of months. Overall however, we are pleased to have maintained our goal of a "reasonably secure" rating.
- Jason discussed current and on-going security-related initiatives, including the Data Breach Response Plan tabletop exercise conducted last October. In conclusion, IT shared a fun video starring MaineHousing employees created for the last All Staff Day to emphasize key data security training themes.

Following the IT presentation, Linda provided the Audit Committee with a brief update in the areas of internal audits, external audits, and fraud. Linda will be presenting MaineHousing's experience with fighting fraud in the Rent Relief Program at the IIA (Institute of Internal Auditors) Northeast Regional Conference in Connecticut in May.

The next quarterly Audit Committee meeting is scheduled for July 25.

Asset Management Department Memorandum

To: MaineHousing Board of Commissioners
From: Robert Conroy – Director, Asset Management
Date: April 11, 2023
Subject: April Board Report - Asset Management

Inspection Protocol Changes

Asset Management inspects the MaineHousing Multifamily portfolio annually using several different inspection protocols depending on the program type, sources of funds and when the property was first placed in service. The National standards include the Uniform Physical Condition Standards (UPCS), Housing Quality Standards (HQS) and Real Estate Assessment (REAC).

Over the past few years HUD has been working on consolidating the various standards into one inspection type that they have named 'NSPIRE'. The purpose of NSPIRE is to reduce the regulatory burden and improve oversight through the alignment and consolidation of the inspection regulations used to evaluate housing across multiple programs, which are currently evaluating housing quality through differing standards, protocols, and frequencies.

In the past months Asset Management staff have participated in multiple training and conference sessions in an effort to be fully engaged in the NSPIRE protocol by the time it takes effect in October 2023.

We are pleased to have this improvement made to the very important inspection function and believe that the consistency it will provide will benefit the tenants, owners and lenders.

NEAHMA Tri-State Agency Forum

On April 27 I will be joining HUD Staff and other Regional State Agency Staff on a housing panel sponsored by the New England Affordable Housing Management Association (NEAHMA). This is an annual event that is focused on housing issues and activities that affect the three northern New England states.



Communications & Planning Department Memorandum

To: Board of Commissioners

From: Erik C. Jorgensen, Senior Director of Government Relations and Communication

Date: April 11 2023

Subject: April 2023 Board Report

The Communications and Planning Department is pleased to report on selected activities during late March and early April of 2023.

THANK YOU, CLYDE BARR!

I am sorry to report that Clyde Barr, CPD's policy analyst, has taken a job as the director of the voucher program at the Portland Housing Authority. He will be leaving MaineHousing later this month.

The author of innumerable reports and the cruncher of numbers big and small, Clyde's departure will leave a large hole in our department. We will miss both his collegiality and his bulletproof approach to the sort of work that often erupts without warning. I wanted to formally acknowledge his many contributions over the years, while wishing him the best of luck in his new position.

NCSHA LEGCON & FEDERAL FUNDS REPORT

As we do around this time every year, MaineHousing attended the annual NCSHA Legislative Conference, "LegCon" in Washington. Dan and Erik and Adam, along with board Chair Frank O'Hara were there. This annual event provides housing finance agencies from around the country with an opportunity to discuss policy priorities, meet with representatives from federal funding agencies and with members of Congress and their staffs. We were able to meet with all four offices and three of the four delegation members. We are fortunate to have a delegation that strongly supports affordable housing in general, and MaineHousing's work in particular. The event provided a chance both to talk about our current work, while also having discussions on various pressing issues, from asylum seeker housing, to RD preservation, to homelessness in general, along with various issues around housing production.

Every year this department prepares a report on its use of federal funds during the previous year. In 2022, the agency invested **\$855.7 million** of Federal resources in areas including our home purchase programs, development programs, energy assistance, home improvement, homeless

assistance and COVID-19 Response Assistance. This figure also includes over \$110 million in rental assistance. These last two items do distort the numbers a little bit but, even without them it was an impressive year for the amount and various uses of these resources. I am including this report as an appendix and hope, like me, you'll be surprised and impressed by the sheer size of MaineHousing's footprint. Leading the effort on getting this report completed was Linnea Rogers.

ADVERTISING AGENCY SELECTED

After conducting a thorough search that included proposal reviews from six applicant agencies from Maine and around the country, we have awarded our next advertising contract to Rink Advertising, our current vendor. We have been very happy with their work over the past five years, which has measured up. Thanks in large part to them, we have had excellent years in our home ownership program (setting a record this past year in terms of financing dollars); and our various pandemic era programs have resulted in large and apparently long-term increases in web traffic. Programs like the ERA, Maine Water Assistance, and now the Homeowner Assistance fund have been very successful and have been well branded to reflect the look and feel of MaineHousing.

In addition to their awareness of the organization, Rinck brings other skills to the table, including knowledge of banking regulation, deep knowledge of Maine's media landscape, and shop that is larger and offers more services than any of the other agencies who responded to the RFP. Special thanks to Webmaster Amanda Ouellette for organizing and shepherding the review process.

HOUSING STUDY

Maine's legislatively funded study of housing supply and production targets is now in its second month and appears to be on schedule. Consultants HR&A Advisors have been working to complete the research plan that will guide their work between now and midsummer, when the report is due.

WEBSITE

Attached are the web stats for March 2023. As Webmaster Amanda Ouellette puts it, "Now that it's been a couple months I can definitely say we're starting to see a dip in visitation numbers, which I'm attributing to the end of COVID funds. That said, although we're down compared to this time last year, we're up from last month. We're down in visits 18% from March of 2022, however we're up 11% from February of 2023."

HEAP is still pulling in a large number of visitors, although that fell 3% in March. We noticed that ERA is still drawing a substantial number of hits, at almost 4.5k per month, even with the content on that page boiled down to basically nothing.

Unfortunately we don't yet have a way to fully analyze HAF since the page lives off site and we don't have the Google tag hooked up yet. We can see that the HAF Income Eligibility page garnered about 2500 hits this month though.



**Building Opportunity through
Quality Affordable Housing**

MaineHousing Federal Funds Report 2022

MaineHousing

26 Edison Drive, Augusta, Maine 04330

1-800-452-4668, Maine Relay 711

mainehousing.org

For more information, contact

Erik Jorgensen, Senior Director of Government Relations & Communications

207-626-4640

MaineHousing Administration

Board of Commissioners

- Chair Frank O'Hara, independent public policy consultant
- Henry Beck, Treasurer of the State of Maine
- Daniel Brennan, Director of MaineHousing
- Noël Bonam, AARP Maine's State Director
- Laura Buxbaum, Senior Vice President, Public Policy and Resource Development for Coastal Enterprises, Inc.
- Elizabeth Dietz, former Finance Manager for the Bangor Area Homeless Shelter
- Nancy Harrison, Vice President and Regional Sales Manager for Bangor Savings Bank
- Deb Ibonwa, attorney and a housing and legal advocate for Maine Equal Justice
- Renee Lewis, Principal and Managing Partner of Bloomfield Capital
- Paul Shepherd, co-owner of Penobscot Home Performance

Director

Daniel Brennan

(207) 626-4611

dbrennan@mainehousing.org

Senior Directors

Lauren Bustard

Senior Director of Homeless Initiatives

(207) 626-4613

lbustard@mainehousing.org

Jamie Johnson

Senior Director of Operations

(207) 501-5840

jjohnson@mainehousing.org

Erik Jorgensen

Senior Director of Government Relations & Communications

(207) 626-4640

ejorgensen@mainehousing.org

Adam Krea

Senior Director of Finance & Lending

(207) 626-4674

akrea@mainehousing.org

Mission

The mission of MaineHousing is to assist Maine people in obtaining and maintaining quality affordable housing and services suitable to their housing needs.

Vision of Success

All Maine people have the opportunity to live in quality affordable housing.

Maine State Housing Authority ("MaineHousing") does not discriminate on the basis of race, color, religion, sex, sexual orientation, gender identity or expression, national origin, ancestry, physical or mental disability, age, familial 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, sexual orientation, gender identity or expression, national origin, ancestry, age, physical or mental 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, Telephone Number 1-800-452-4668 (voice in state only), (207) 626-4600 (voice) or Maine Relay 711.





MaineHousing
MAINE STATE HOUSING AUTHORITY

Total 2022 Federal Housing Investment

\$855.7 million

\$177.7 million in Home Purchase

\$295.8 million in Rental Housing Development

\$110 million in Rental Assistance

\$55.8 million in Energy Assistance

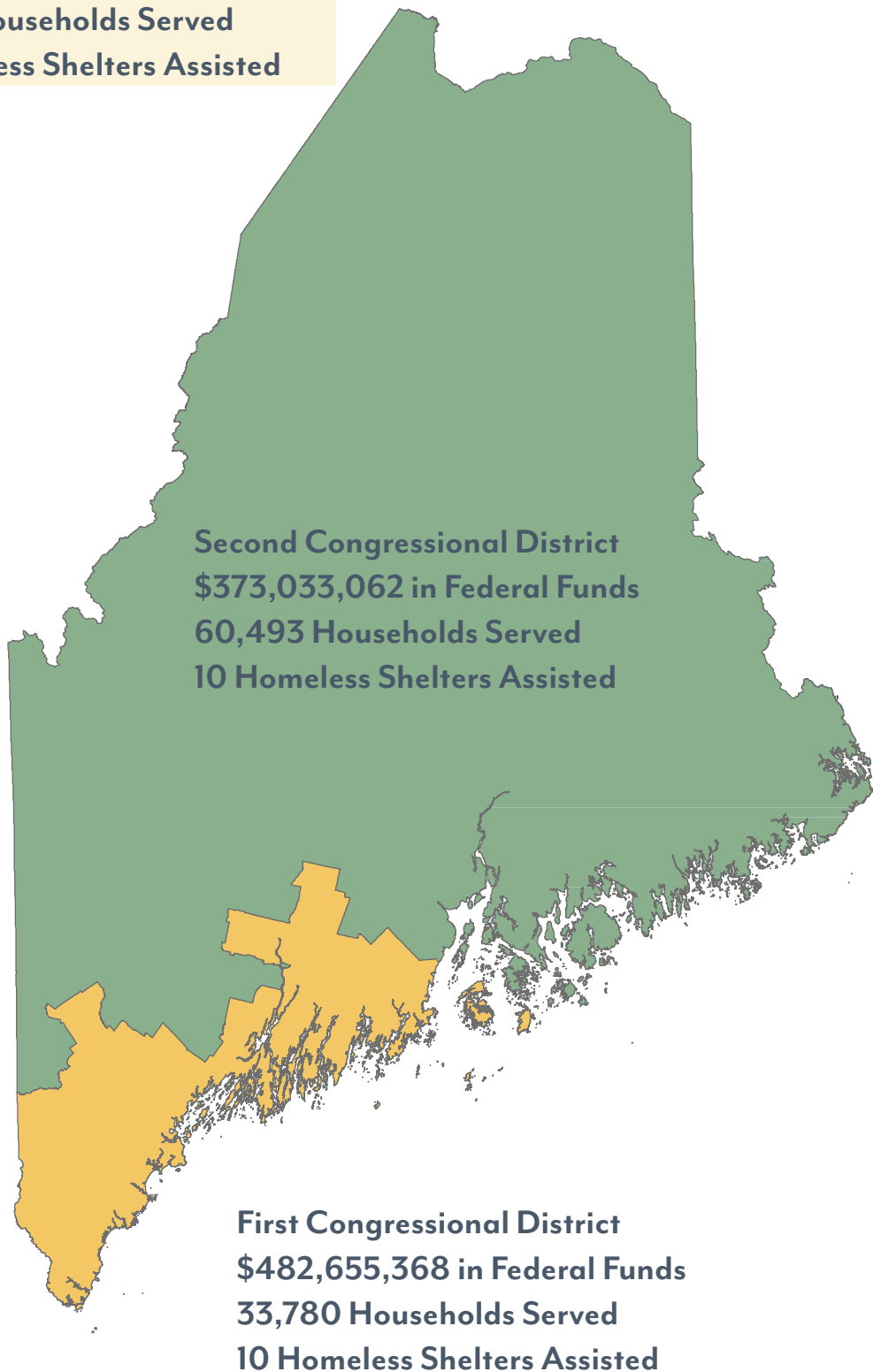
\$2.9 million in Home Improvement

\$7.5 million in Homeless Assistance

\$206 million in COVID-19 Response Assistance

Maine 2022 Federal Funds

\$855,688,431 in Federal Funds
94,273 Households Served
20 Homeless Shelters Assisted



How MaineHousing Uses Federal Resources

(2022 federal funding amounts and outcomes in italics)

Expand Affordable Housing Opportunities

Home Purchase

Tax Exempt Bonds

\$177,711,924 *918 households*

Sales of tax exempt bonds provide the funding for mortgage loan purchases originated and closed by our lender partners who offer our First Home Loan. This program is for first-time homebuyers. The mortgage payments made on these loans are used to pay a majority of MaineHousing’s annual operating expenses. In 2022, 918 Maine households utilized the First Home Loan program to purchase their first home.

Rental Housing Development

Low Income Housing Tax Credits, HOME Partnership, and Housing Trust Fund

Completed: \$22,564,288; Financed: \$273,266,522 *181 units completed; 2,212 units financed*

Low Income Housing Tax Credits, the HOME Partnership, and the Housing Trust Fund are our primary sources of funding for new affordable rental housing. MaineHousing uses a competitive scoring process to allocate tax credits among proposed affordable housing developments to ensure we are serving areas with the greatest needs. In 2021, these funding sources provided over \$22 million for the construction of 181 new units, and over \$273 million for the financing of 2,212 units.

Improve and Preserve the Quality of Housing

Energy Assistance

Central Heating Improvement Program (HEAP grant funded)

\$6,388,901 *2,074 households*

The Central Heating Improvement Program (CHIP) provides grants for home heating systems repair and replacement. In 2022, MaineHousing improved heating in 2,074 households.

Home Energy Assistance Program (HEAP)

\$35,969,118 *39,643 households*

MaineHousing uses HEAP funds to provide heating assistance to low-income households, including emergency funds for lower-income households experiencing an energy emergency. In 2022, MaineHousing assisted 39,643 homes with their energy expenses.

Weatherization Assistance Program

\$8,975,692 *568 households*

MaineHousing’s Weatherization Program provides grants to low-income homeowners and renters to reduce energy costs by improving home energy efficiency. Weatherization improvements may include insulation, weather-stripping, caulking, and some safety-related repairs. HEAP Weatherization funding is used in conjunction with the Department of Energy (DOE) Weatherization Assistance Program funding. In 2022, over \$8.9 million of HEAP and DOE funding weatherized 568 Maine households.

Heat Pump Program

\$4,430,257

991 households

MaineHousing's Heat Pump Program provides grants to low-income homeowners for the purchase and installation of heat pumps to reduce energy costs by improving heating efficiency. In 2022, MaineHousing provided funding to install heat pumps in 991 Maine households.

Home Improvement

Lead Hazard Control Grant

\$2,911,976

179 households

MaineHousing offers programs that provide grant opportunities to single-family households and owners of rental properties in Maine to help make their homes and rental properties lead safe. Priority for program funds are granted to abatement projects for housing in which a child resides and who has been determined to have an elevated blood lead level. In 2022, MaineHousing remediated lead problems in 179 Maine homes.

Help Maine People Attain Housing Stability

Rental Assistance

Section 8 Project Based Rental Assistance (PBCA)

\$78,683,262

8,007 households

This rental assistance is committed to properties developed in the 1970s and early 1980s before Congress terminated the housing program. This assistance maintains the developments' affordability for low-income older adults and families. They pay no more than 30% of their adjusted income to rent in these properties. In 2022, MaineHousing administered rental assistance to 8,000 renter households statewide.

Section 8 Voucher Program

\$31,299,470

3,625 households

MaineHousing provides rental assistance to individuals and families who can rent a privately owned apartment that meets our program standards. These standards include passing a HUD quality inspection and signing a Housing Assistance Contract. MaineHousing prioritizes specific populations. These populations include veterans, people who are homeless, and households who participate in our self-sufficiency program. In some instances, vouchers can be used to help finance a home mortgage. MaineHousing administers 35% of Maine vouchers, and in 2022, we provided 3,625 renters with vouchers.

Homeless Assistance

Funding Emergency Shelters and Navigators

\$1,387,536

38 shelters

MaineHousing allocates these funds to 38 of Maine's emergency homeless shelters. Shelters use these funds for operating expenses, as well as housing relocation and stabilization services to rapidly re-house and stabilize individuals and families who are living in shelters and on the streets across Maine. This funding also supports Housing Navigators employed by the shelters to conduct comprehensive assessments of clients, create housing stability plans, assist with housing search and placement, and support clients beyond shelter to ensure housing stability. In 2022, MaineHousing provided funds to 38 shelters.

Stability Through Engagement Program (STEP)

\$787,824 in Federal HOME Funds and McKinney-Vento Grant Funds

82 households

MaineHousing's STEP program uses vouchers to rapidly re-houses individuals and families experiencing homelessness for up to 24 months. In 2021, the vouchers were allocated to Maine's shelters who served 82 households in Maine.

Continuum of Care (CoC) Planning Grant

\$402,654

MaineHousing applies for this funding on behalf of the Maine Continuum of Care (CoC) which supports and improves the Continuum's operations. This includes a number of tasks, including monitoring CoC and Emergency Solutions Grant-funded projects. This support significantly benefits agencies and programs that provide housing services for those experiencing homelessness in Maine.

Homeless Management Information System (HMIS) Grant

\$344,888

The Maine CoC designated MaineHousing as the State's HMIS lead. MaineHousing receives the funds from the HMIS Grant to fund the system that collects HUD-required data and helps inform our understanding of shelter use in Maine. In 2022, HMIS funds were used to record and report data on people sheltered through Emergency Shelter, Rapid Rehousing, Permanent Housing, Permanent Supportive Housing, and Veterans Affairs Supportive Housing (VASH) programs. Data was also recorded for people participating in Street Outreach, Runaway and Homeless Youth, and Veterans' programs. This data is part of a range of information used to help us making policy decisions to best serve Maine's homeless population.

ESG-CV (Emergency Solutions Grant Coronavirus Allocation)

\$4,601,865

This funding is additional ESG funding allocated through the CARES Act to prevent, prepare for, and respond to COVID-19 among individuals and families who are homeless or receiving homeless assistance.

COVID-19 Response Assistance

Federal Emergency Management Agency (FEMA)

\$20,901,535

MaineHousing has kept Mainers sheltered throughout the COVID-19 pandemic. Our multifaceted response began with securing FEMA Public Assistance program funding to house homeless individuals in hotels, and to launch wellness shelters. With the Maine Department of Health and Human Services, we expanded the population served by our hotel program to include immigrant families, agricultural workers, healthcare workers, and other individuals in congregate living situations.

Emergency Rental Assistance (ERA)

\$185,060,719

28,344 renter households

We launched the Emergency Rental Assistance program in March 2021 with the receipt of an initial \$200 million in stimulus funding, and an additional \$152 million later that year. Combined with MaineHousing's StateHOME funds, CDBG funding, and the Coronavirus Relief Fund, \$185.1 million in rental assistance was available to over 28,000 renter households in 2022.

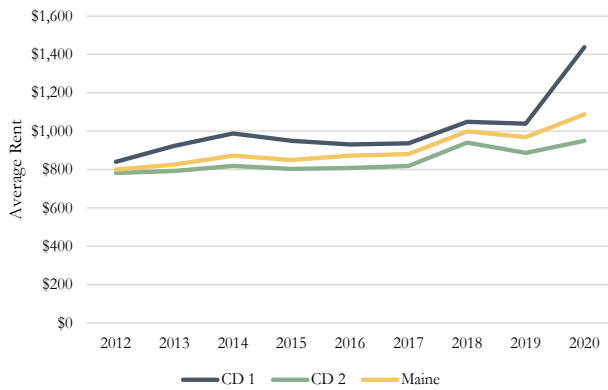
Housing Demographics for Maine

Maine People in Need							
		1st District		2nd District		Maine	
Households with Income:		Owners	Renters	Owners	Renters	Owners	Renters
<= 30% Area Median Income (AMI)		16,401	19,067	16,583	16,727	32,984	35,793
> 30% to <= 50% AMI		19,470	13,501	19,825	13,030	39,295	26,532
> 50% to <= 80% AMI		31,938	16,664	31,794	15,362	63,732	32,026
> 80% to <= 100% AMI		21,355	9,381	20,179	7,730	41,533	17,112
> 100% AMI		119,028	28,692	117,452	24,063	236,480	52,755
Total		208,191	87,305	205,834	76,913	414,025	164,218
Source: Claritas 2022 Household Income							

Housing, Affordability Varies by Region	1st District*	2nd District*	Maine*	United States**
Median Home Price	\$425,000	\$250,000	\$334,000	\$381,400 (value)
Median Household Income	\$77,832	\$58,195	\$68,316	\$69,021
Income Needed to Afford Median Home Price*	\$133,122	\$80,484	\$106,225	\$121,951
Households Unable to Afford Median Home Price	77%	65%	72%	78%
Average 2-Bedroom Rent	\$1,438	\$950	\$1,088	\$1,163 (median gross) ¹
Renter Households Unable to Afford Average 2-Bedroom Rent	60%	57%	55%	51%
Source: *2022 MaineHousing Facts (rental data from 2020 MaineHousing Facts), **National Association of Realtors, 2021 American Community Survey (5 Year Estimates) Tables DP-03,04, & B25118				
¹ Median gross rent is the median contract rent, plus the average monthly cost of utilities.				

Improving Incomes, Rising Home Prices and Rent

Average Rent

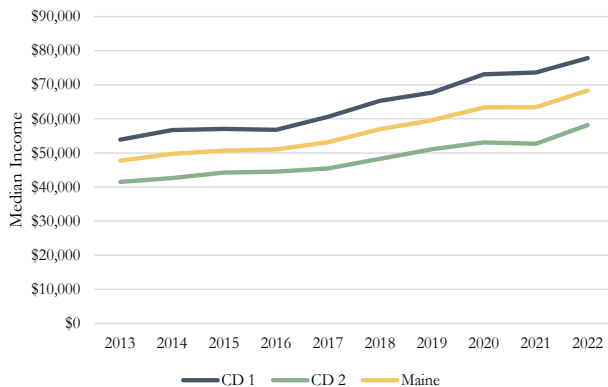


Rental data is not available for 2021 or 2022, although we expect prices to continue to increase. In 2020, Congressional District (CD) 1 saw the greatest increase at 67%. The CD 2 increase was 23%; the statewide increase was 34%.

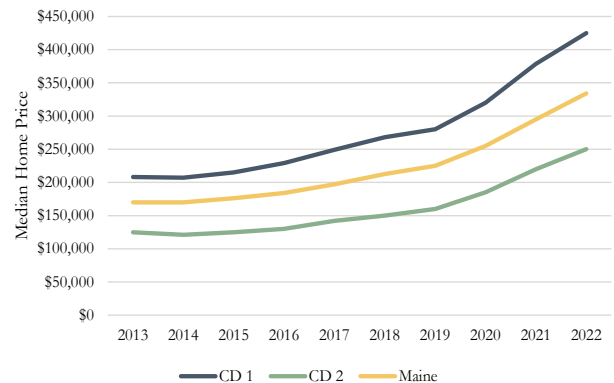
Median income increased statewide and in both CDs. The median incomes in CD 1 improved by 44%; the median incomes in CD 2 improved by 40%. The state's increase in median income was 43%.

Median home prices have doubled in the last 10 years. CD 1 increased by 104%; CD 2 by 100%. statewide median home prices increased by 97%.

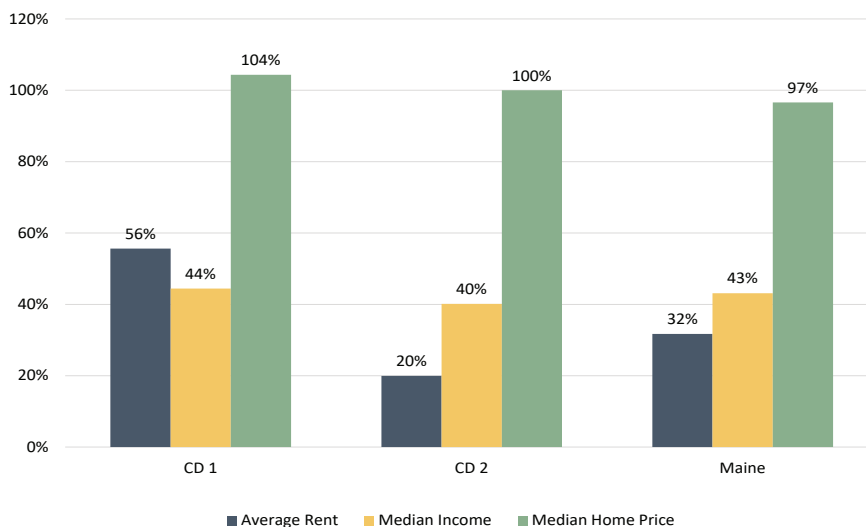
Median Income



Median Home Price



Percent Change in Rents, Home Prices, and Incomes 2013-2022 for Maine and the two Congressional Districts



CD 1 and CD 2 median home price increases outpaced median income by 60 percentage points from 2013-2022. This is higher than the state (54 percentage points). Buying a home in CD 1 is less affordable than CD 2 and the state as a whole.

While rental data is not available for 2021 and 2022, rents are expected to continue to increase, and renting continues to be unaffordable across the state.

The challenges Mainers face in buying and renting homes is forecast to see little change.

Sources: The home price data in these charts is derived from the Maine Real Estate Information System (MREIS). Income data is from Claritas. The pre-2019 rental data comes from MaineHousing's quarterly survey of rental costs and data received from MaineHousingSearch.org. 2019 rents were calculated using a forecast tool. 2020 rents come from a 3-month survey conducted by SocialServ. 2021 and 2022 rental data is not available.

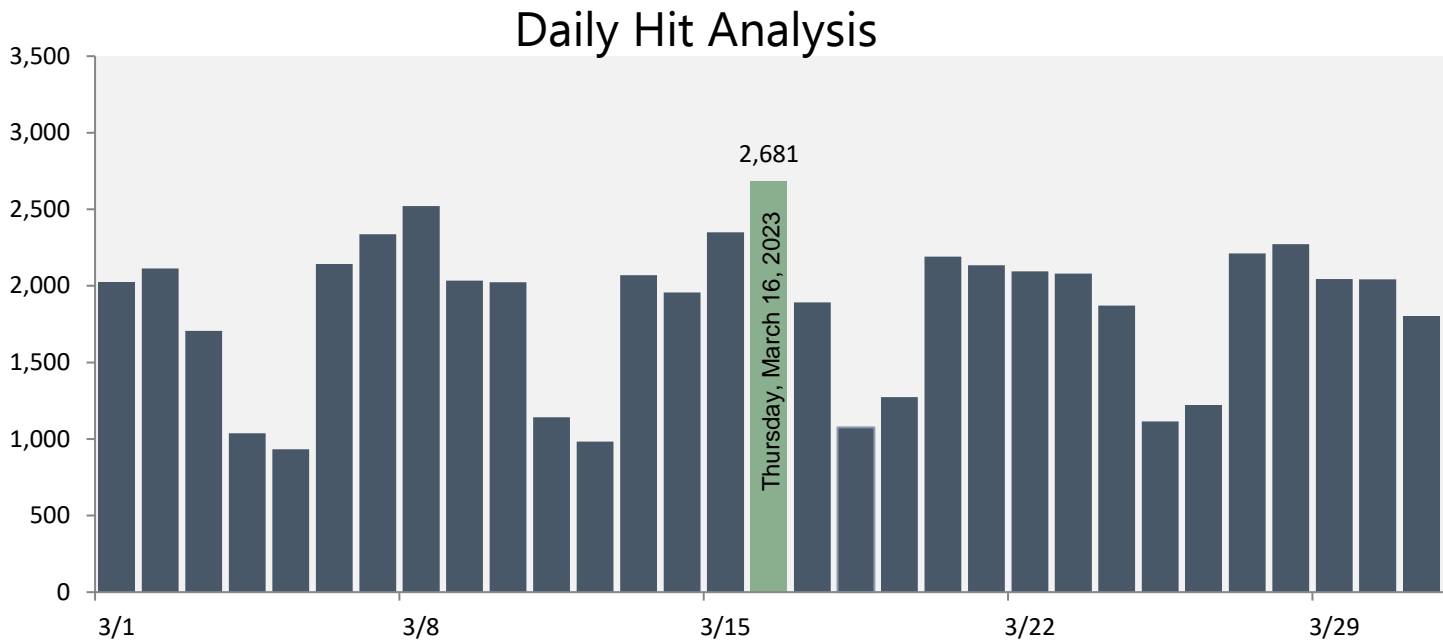
2022 Funding and Federal Sources by Congressional District

Program Area	Federal Funding Source(s)	CD1		CD2		Maine		Income Eligibility Limit ¹
		Households / Units	Funding Amount	Households / Units	Funding Amount	Households / Units	Funding Amount	
Home Purchase								
First Time Homebuyers	Tax-Exempt Housing Bonds	308	\$73,158,279	610	\$104,553,645	918	\$177,771,924	115% of AMI, or 100% of AMI for households < 3 individuals
Rental Housing Development								
Tax Credit Units Completed	Low Income Housing Tax Credits, HOME Partnership Grant, and Housing Trust Fund	82	\$6,186,943	99	\$16,377,345	181	\$22,564,288	<40% - <60% of AMI (Varies Based on Subsidy)
Tax Credit Units Financed/ Under Construction	Low Income Housing Tax Credits, HOME Partnership Grant, and Housing Trust Fund	1661	\$203,489,485	551	\$69,777,037	2212	\$273,266,522	<40% - <60% of AMI (Varies Based on Subsidy)
Energy Assistance								
CHIP (Central Heating Improvement Program)	Home Energy Assistance Program (HEAP) Funds	683	\$1,826,760	1,391	\$4,562,141	2,074	\$6,388,901	greater of <170% of the Federal Poverty Guidelines or <60% State Median Income
Fuel Assistance	Home Energy Assistance Program (HEAP) Funds	10,506	\$7,249,674	29,137	\$22,604,621	39,643	\$29,854,295	greater of <170% of the Federal Poverty Guidelines or <60% State Median Income
	Home Energy Assistance Program (ECIP) Funds	1,438	\$1,191,828	4,854	\$4,316,590	6,292	\$5,508,419	greater of <170% of the Federal Poverty Guidelines or <60% State Median Income
HEAP Assurance 16 Program	DHHS - Home Energy Assistance Program (ECIP)	257	\$114,190	982	\$492,214	1,239	\$606,404	
Home Weatherization	Department of Energy (HEAP and Weatherization Assistance Program (WAP))	166	\$2,176,961	402	\$6,798,731	568	\$8,975,692	<200% of the Federal Poverty Guidelines
Heat Pump Program	DHHS - Home Energy Assistance Program (ECIP)	145	\$862,742	846	\$3,567,514	991	\$4,430,257	greater of <170% of the Federal Poverty Guidelines or <60% State Median Income
Home Improvement								
Lead Hazard Control Grant	HUD - Lead Hazard Abatement	37	\$538,313	142	\$2,373,663	179	\$2,911,976	
Rental Assistance								
Section 8 Rental Units	Section 8 Project-Based Assistance	4,718	\$48,871,774	3,289	\$29,811,488	8,007	\$78,683,262	<50% of AMI
Section 8 Vouchers	Section 8 Housing Choice Vouchers	1,717	\$16,526,191	1,908	\$14,773,279	3,625	\$31,299,470	<30% of AMI
Homeless Assistance								
Funding Emergency Shelters & Navigators	Emergency Solutions Grant	15 Shelters	\$979,173	23 Shelters	\$408,363	38 Shelters	\$1,387,536	NA
Homeless Programs & Projects	Continuum of Care Grant		\$201,327		\$201,327	Maine Continuum	\$402,654	NA
Homeless Management Information System (HMIS) Grant	HMS Grant	\$172,444		\$172,444	Maine Continuum	\$344,888		NA
Homeless Provider Grants	Emergency Solutions Grant Coronavirus Allocation (ESG-CV)	10 shelters	\$931,151	10 shelters	\$361,016	20 Shelters	\$1,292,167	N/A
Temporary Rapid Rehousing Program	ESG-CV	4 Shelters	\$570,645	2 Shelters	\$19,543	6 Shelters	\$590,188	30% AMI with ability to approve up to 50% AMI
Street Outreach Services	ESG-CV	1 shelter	\$4,037			1 Shelter	\$4,037	N/A
Shelter Renovations Program	ESG-CV	1 shelter	\$1,578,767	1 shelter	\$766,219	2 Shelters	\$2,344,986	N/A
Homeless Diversion Program	ESG-CV	6 providers	\$132,652	9 providers	\$237,835	15 Providers	\$370,487	30% AMI
COVID-19 Response Assistance								
Hotels/Shelters	Federal Emergency Management Agency (FEMA)	5 Hotels	\$191,677,706	2 Hotels	\$1,733,829	7 Hotels	\$20,901,535	NA
Rental Assistance	Emergency Rental Assistance (ERA)	12,062	\$96,125,580	16,282	\$88,935,139	28,344	\$185,060,719	NA

¹Program eligibility depends on household size, income, and other criteria. Program eligibility details available at www.mainehousing.org. AMI is Area Median Income.

March 2023 - MaineHousing Website Statistics

Hit Summary

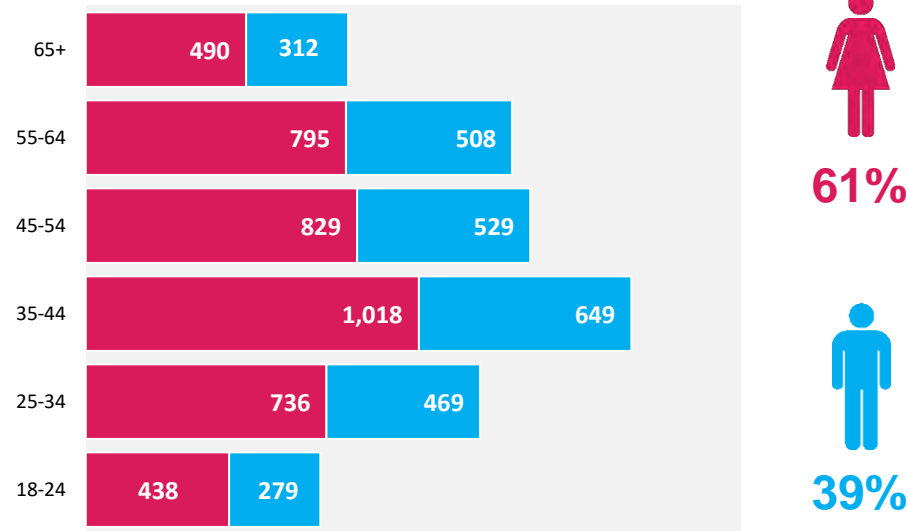


Hits	Unique Visitors	Page Loads	Avg Page Views	Avg Duration	Avg Engagement Rate
57,376	32,501	216,896	3.73	0:03:10	88.0%

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, browser history, and other factors. Users must have previously allow this information to be collected through browser or app settings.

AGE & GENDER



TOP CITIES

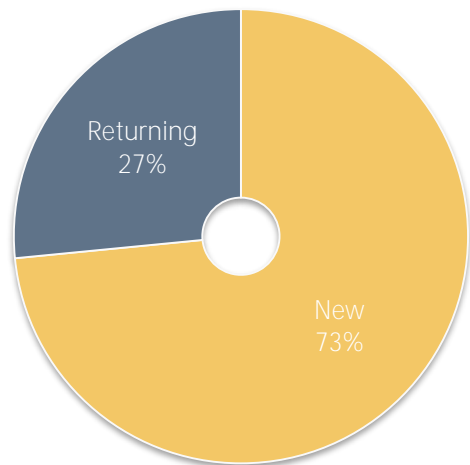
Boston, Massachusetts	2,842
Portland, Maine	2,688
New York, New York	2,654
Hallowell, Maine	1,796
Augusta, Maine	1,732
Bangor, Maine	1,703
Lewiston, Maine	1,533
Ashburn, Virginia	938
Sanford, Maine	873
Waterville, Maine	861

Top Cities account for 30.71% of all website traffic.

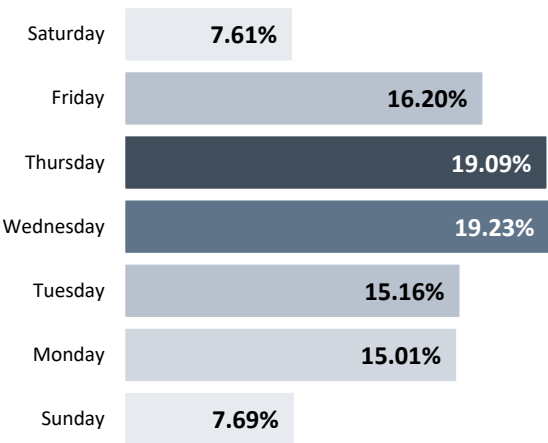
Visitor Engagement

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, browser history, and other factors.

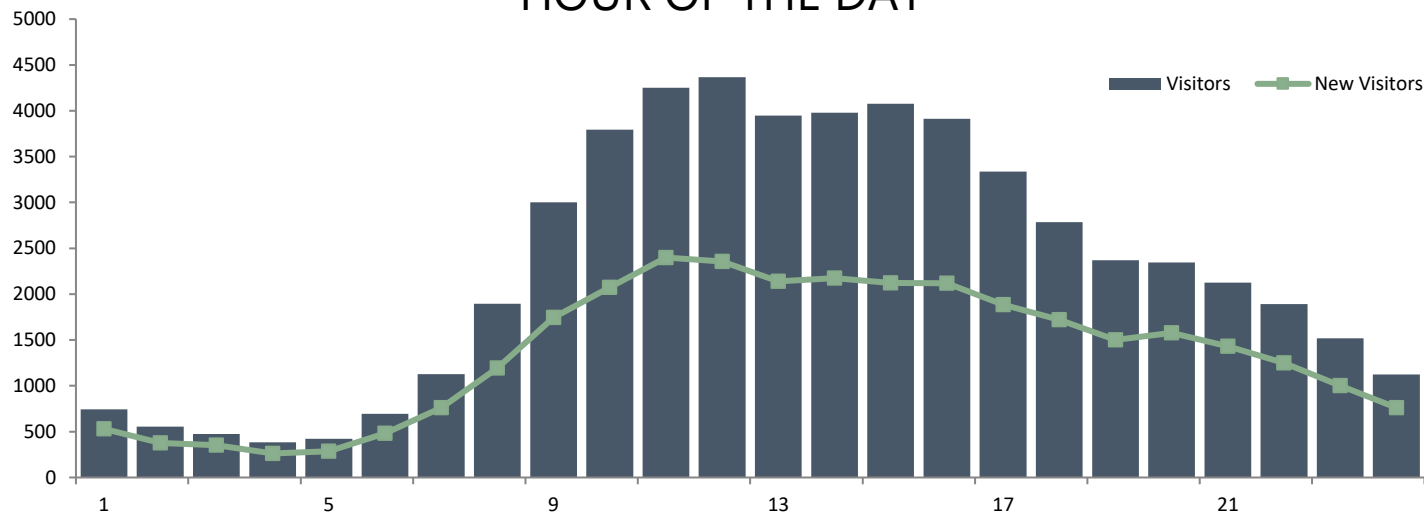
NEW & RETURNING VISITORS



DAYS OF THE WEEK

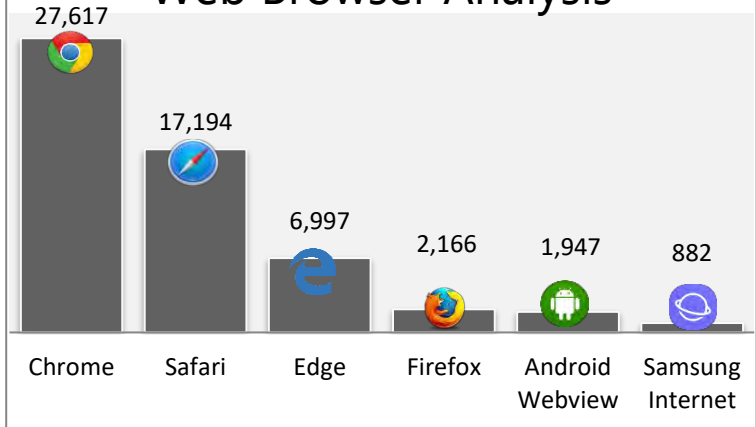


HOUR OF THE DAY

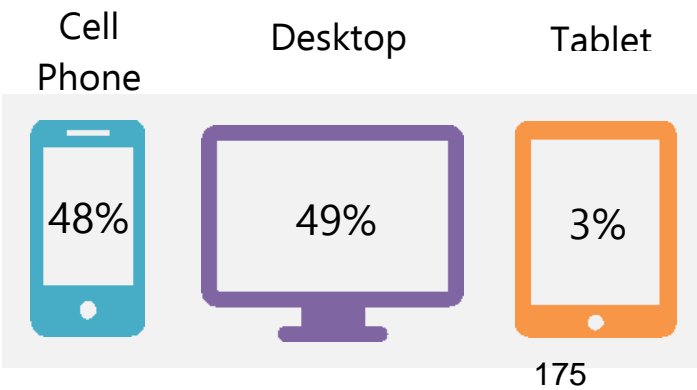


Visitor Technology Summary

Web Browser Analysis



DEVICE ANALYSIS

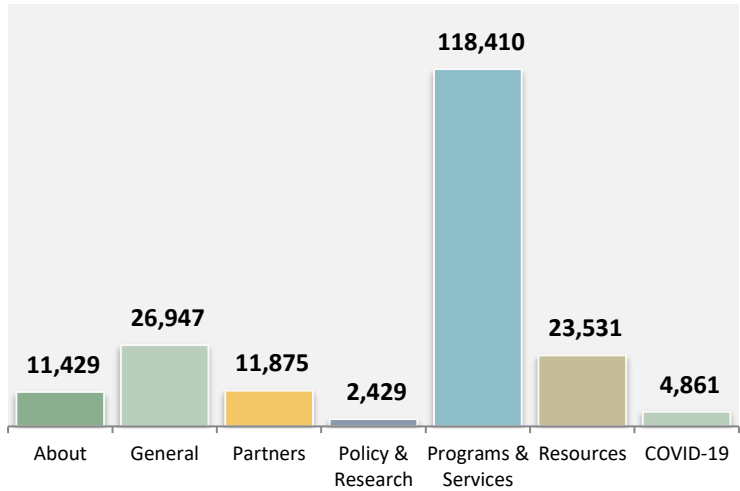


Popular Content

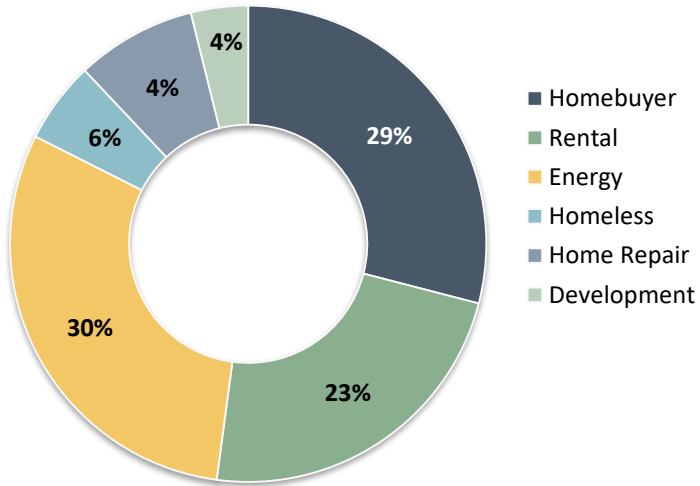
Popular content on our site is defined by pages and or sections of our site that have the highest visits. Below content has been categorized by page, program area and content sections. COVID-19 was added in March of 2020.

Page Title	Hits
Home	24,812
HEAP Program	13,792
First Home Loan Detail Page	11,311
Rental Assistance Programs	9,056
Housing Choice Vouchers	7,870
HEAP Income Eligibility	6,844
Subsidized Housing	6,802
Home Energy Assistance Program	5,888
Programs & Services	5,509
MaineHousing Lenders	5,126
Emergency Rental Assistance Program	4,861
First Home Loan Landing Page	4,726
Homebuyer Income & Purchase Limits	4,658
hoMEworks Homebuyer Education Classes	3,587
Home Repair Programs	3,546
Maine Water Assistance Program	3,443
Contact MaineHousing	3,184
Emergency Shelters	2,894
Homebuyer Programs	2,766
HEAP Agency Contacts	2,737
Current Interest Rates	2,662
Rent - Income Charts	2,564
HAF Income Eligibility	2,486
Homeless Initiatives	2,439
Home Energy Assistance Program	2,175

Popular Content By Program

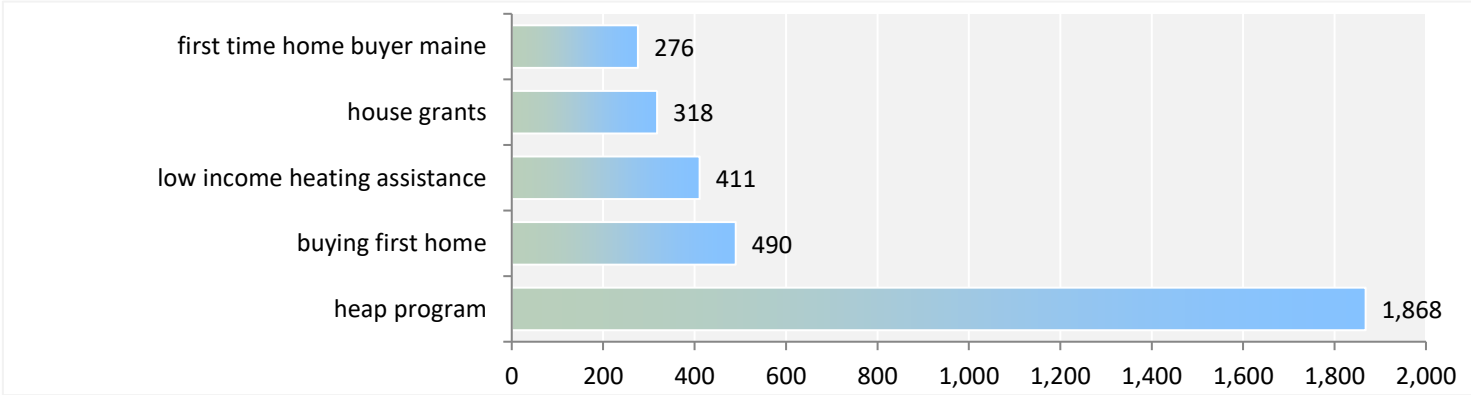


Popular Content By Section



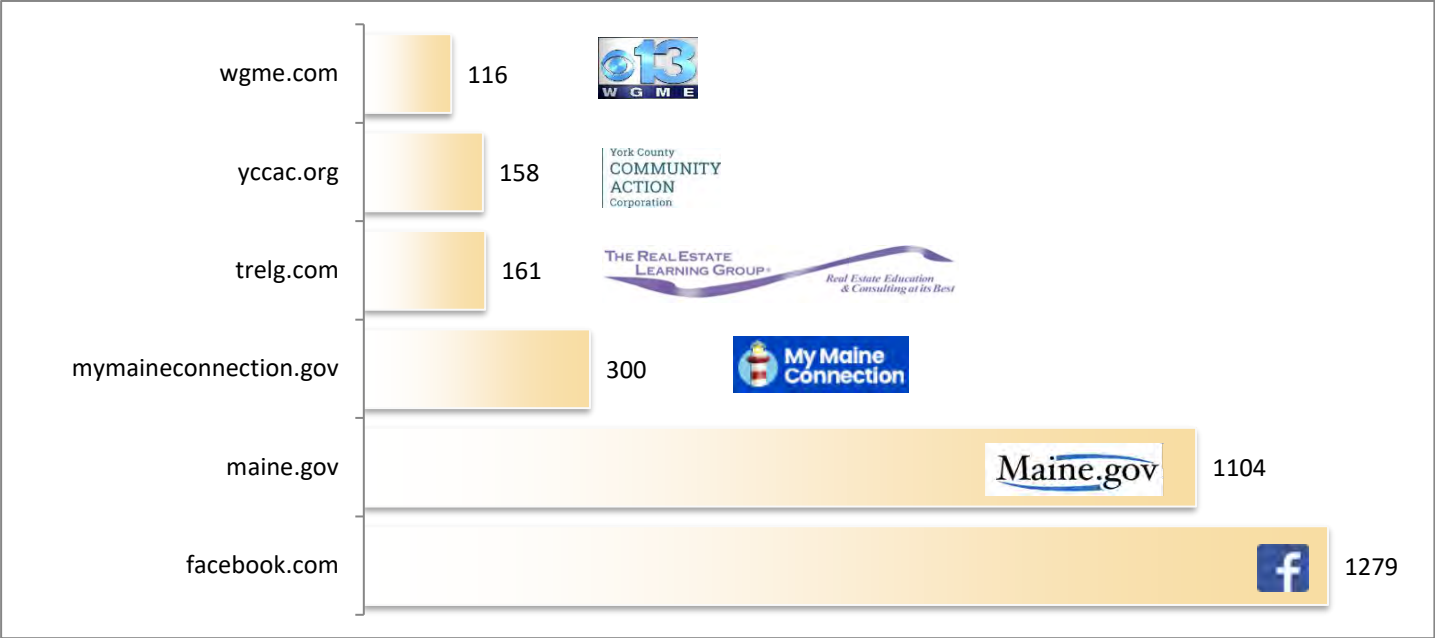
Search Keywords

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.



Development Department Memorandum

To: MaineHousing Board of Commissioners

From: Mark C. Wiesendanger, Director of Development

Date: April 18, 2023

Subject: Monthly Report

Supportive Housing Program

The deadline to submit Full Applications for the 2023 Supportive Housing Program was March 16.

Four of the seven Pre-Applications submitted a Full Application:

Project Name	Developer	Location	# of Units
Charles Jordan House	Maine Prisoner Advocacy Coalition	Auburn	11
Lupine Landing	Safe Voices	Farmington	6
Seavey House	Biddeford Housing Authority	Saco	8
Western Maine Village	WMCA	Wilton	4

The winning project(s) will be announced within the next week.

Development Pipeline

Below you will find the Development Pipeline updated as of April 11. We expect that a small number of these projects will not see completion, and that predicted construction starts and completions will change as projects move forward.

Project Name	Developer	Program	City	Family/ Senior	Total Units
Completed in 2023					
Milliken Heights	Szanton	4%	OOB	Senior	55
The Uplands II	Developers Collaborative	4%	Scarborough	Senior	39
Sr. Living at the Marketplace	Tim Gooch	9%	Augusta	Senior	42
Washington Gardens	Portland HA	9%	Portland	Senior	100
West End Apts. Phase II	Avesta	9%	So. Portland	Family	52

89 Olive Street	Penquis CAP	HTF	Bangor	Family	6
Tucker's House	LB Dev Part.	RHP	Bridgton	Supportive	4
Total Projects	7			Total Units	298
Under Construction - likely completed in 2023					
Brunswick Landing	Developers Collaborative		Brunswick	Family	36
155 Danforth	Developers Collaborative	4%	Portland	Family	30
Blake & Walnut	Raise-Op	4%	Lewiston	Family	18
Blueberry Ridge	Bangor HA	4%	Bangor	Senior	32
Jocelyn Place	SoPo HA	4%	Scarborough	Senior	60
Millbrook Estates	Westbrook HA/EBM	4%	Westbrook	Senior	100
Mountain View Apartments	Bateman	4%	Fairfield	Senior	28
The Schoolhouse	CHOM	4%	Bangor	Family	66
Mary Street Apartment	KVCAP	4%+State	Skowhegan	Family	40
Phoenix Flats (Middle St Apts)	CHOM	4%+State	Portland	Senior	45
Porter Station	Avesta	4%+State	Portland	Family	60
Front Street Re-Dev Phase 1	Portland HA	9%	Portland	Family	60
Theresa Bray Knowles Place	Penquis CAP	HOME-ARP	Bangor	Family	36
100 Ohio Street	CHOM	SHP	Bangor	Family	4
Total Projects	14			Total Units	615
Under Construction - likely completed in 2024					
Harrison Ridge	Developers Collaborative	4%	Bridgton	Senior	48
Hartland II	KVCAP	4%	Hartland	Senior	30
Snow School Apartments	Avesta	4%+HTF	Fryeburg	Senior	28
Front Street Re-Dev Phase 2	Portland HA	9%	Portland	Senior	45
The Uptown	Szanton	9%	Bath	Senior	60
Village Commons	Avesta	9%	Scarborough	Senior	31
Total Projects	6			Total Units	242
Starting Construction in 2023					
99 Western Ave	Mastway Development LLC	4%	Augusta	Family	38
Berry Park Apartments	Northland Enterprises	4%	Biddeford	Family	46
Betsy Ross Crossing	SoPo HA	4%	So. Portland	Senior	52
Edgewater Village	Avesta	4%	Farmington	Senior	25
Fairview Commons	Brunswick HA	4%	Topsham	Family	38
Harbor Terrace	Portland HA	4%	Portland	Senior	120
Lambert Woods North	ME Coop. Dev. Partners	4%	Portland	Family	74
Lockwood Mill	North River Co.	4%	Waterville	Family	65
Meadowview II	Avesta	4%	Gray	Senior	27
North Deering Gardens	Wingate Dev.	4%	Portland	Family	164
Stacy M. Symbol Apts	Westbrook HA	4%	Westbrook	Senior	60

Stroudwater Apartments	Westbrook HA	4%	Westbrook	Senior	55
Wedgewood	Lewiston HA/Avesta	4%	Lewiston	Family	82
The Equinox	CHOM	4%+State	Portland	Family	43
Winter Landing	CHOM	4%+State	Portland	Senior	52
115 Congress St	Developers Collaborative	9%	Belfast	Family	36
Adams Point	Biddeford HA	9%	Biddeford	Family	39
Landry Woods	South Portland Housing	9%	So. Portland	Senior	43
Milford Place	Penquis CAP	9%	Bangor	Senior	40
Oak Grove Commons	Realty Resources	9%	Bath	Family	34
Peasley Park	Developers Collaborative	9%	Rockland	Senior	49
Picker House Lofts	Szanton	9%	Lewiston	Family	72
Rumford Senior Living	Developers Collaborative	9%	Rumford	Senior	33
Sturgeon Landing	Augusta Housing	9%	Augusta	Family	32
Highpines Village Condos	Highpine Properties LLC	AHOP	Wells	Family	20
Stearns Farm	S.E. MacMillan Co, INC	AHOP	Hampden	Family	23
Wildlands	Greater Portland Habitat	AHOP	Standish	Family	12
22 Shapleigh Road	Fairtide	Home ARP	Kittery	Family	6
Colonial Valley & Mt Blue	WMCA	Home ARP	Farmington	Family	33
18 Green Street	Motivational Svs	HTF	Augusta	Family	8
55 Weston Ave	55 Weston Avenue LLC	Rural	Madison	Family	18
One Edgemont Drive	ACAP	SHP	Presque Isle	Family	13

Total Projects 32

Total Units 1452

Preliminary Underwriting

45 Dougherty	Szanton	4%	Portland	Family	63
Farwell Mill	Realty Resources	4%	Lisbon Falls	Family	96
Munjoy South	Avesta	4%	Portland	Family	106
Place St. Marie	Brisa Dev with Andy J	4%	Lewiston	Family	40
Riverton Park	Portland HA	4%	Portland	Family	182
Seton Tower	Mattson with Andy J	4%	Waterville	Family	68
Summer Block	Bateman	4%	Saco	Senior	32
89 Elm Apartments	Tom Watson & CO LLC	4% PLA	Portland	Family	201
19 Bodwell Street	Androscoggin Homes	AHOP	Sanford	Family	9
Beals Ave Workforce Housing	LB Dev Partners	AHOP	Ellsworth	Family	23
Clarks Bridge Crossing	Patco	AHOP	Waterboro	Family	9
Windward Estates	Penquis CAP	AHOP	Searsport	Family	7
Great Cranberry Island	Cranberry Isles Realty	Islands	Cranberry	Family	2
NHSH Affordable	NH Sustainable Housing	Islands	New Haven	Family	4
16 Waterford RD	LB Dev Partners	Recovery	Harrison	Supportive	5
380 Main Street	Archer Properties LLC	Rural	Norway	Family	13
404/408 Main Street	Lake City Investments	Rural	Rockland	Family	9
520 Centre Street	Bath HA	Rural	Bath	Family	18
55 Elm Street	East Town Rentals	Rural	Presque Isle	Family	18

5-7 Mechanic Street	WLR Properties	Rural	Houlton	Family	18
Firefly Fields	Midcoast Habitat	Rural	Rockland	Family	10
Total Projects	25			Total Units	933
Total Projects All Stages	77			Total Units	3242



Energy & Housing Services Department Memorandum

To: MaineHousing Board of Commissioners
From: Genevieve Soucy, Director Energy and Housing Services
Date: April 10, 2023
Subject: EHS Monthly Report – April 2023

HEAP Grant and Programs– The EHS team and Leadership have been meeting to discuss available HEAP funding and the expenditure rate. The number of applications taken have been increasing while denial rates have decreased. Average benefits paid out have also increased from the projected \$928 to \$1,120.

While these are all directions that are positive for the HEAP Fuel Assistance program, it is resulting in the program not being funding for the entire planned program year. Applications will be stopping on Wednesday April 12th and Maine Housing will continue to make payments on the approved applications until funding is exhausted.

Community Action Agencies have approximately \$8million remaining in their LD-3 Winter Energy Relief funding. With this, they will be able to serve clients that are in need of Fuel Assistance. As a result, we are planning to start the next Program Year earlier than the intended date of July 19th.

The HEAP grant also funds the HEAP Weatherization, Central Heating Improvement Program as well as the Heat Pump Program. Some CAA's have funding remaining from prior program years and will be able to continue to serve clients, other CAA's are running low for all three components. We have reallocated \$2million of State Home funding to be used for CHIP services to bridge the program until federal funding is available.

HOME ENERGY ASSISTANCE PROGRAM (HEAP)

Number of Applications (program start July 18,2022)	PY 2023 (Week 38) THRU 4/11/2023	PY 2022 (Week 38) THRU 5/17/2022	% Change	PY 2022 Total Program Year
Total Applications Taken	58,668	48,505	+ 21.0%	60,784
Confirmed Eligible/Paid	45,429	34,996	+ 29.8%	48,752
Pending (in process)	4,801	6,118	- 21.5%	0
Other (ineligible, denied, void, etc.)	8,438	7,391	+ 10.1%	11,502
Amount Distributed	\$49,470,486	\$26,338,042		\$32,023,529
Applicants new to Program	18,938			
** Above table addition to reflect 2022 Complete Program Year				

Additional information:

- **End of HEAP applications** – This HEAP program year has been incredibly successful with the program starting 5 weeks early, clients being served faster and denial rates lower than prior years. Because of the success of the program we have gone through funding at an expedient rate and, for the first time in recent history, we will need to close the applications for this program early. The last day for new applications will be Wednesday April 12th.
- **HEAP Advisory Group** - The third meeting of the HEAP Advisory Group is scheduled for May 3rd. This meeting will focus on current planned program changes as well as suggestions from the Advisory group regarding changes they would like to see.

TANF Heating Supplemental

Maine DHHS makes available \$3,000,000 of TANF (Temporary Assistance for Needy Families) block grant funds to MaineHousing to provide a supplemental heating assistance benefit for low-income families with children. Each HEAP eligible household with a child 17 years of age or under receives a \$350 credit for their fuel vendor.

Program Year 2022 has provided 7,895 households with an additional \$2,689,731.82 in heating assistance. Credit notification for Program Year 2022 may be redeemed until April 30, 2023.

Program Year 2023 will commence upon the finalization of the new contract, the contract for the PY2023 program year was submitted in November and is going through the contract review process. For Program Year 2023, we are currently working on determining the benefit level for TANF Supplemental benefits. With the high number of eligible households, the benefit level of \$350 would exceed the amount of funding available.

Home Accessibility and Repair Program (HARP)

The Home Accessibility and Repair Program (HARP) provides grants to income eligible homeowners for professional home repairs and accessibility modifications. The HARP is delivered statewide through the network of Community Action Agencies (CAAs).

PROJECT PROGRESS BY CAA						
Reporting Period: January 1, 2023 – December 31, 2023						
Agency	Home Repair		Emergency		Weatherization Readiness	
ACAP	0	\$0	2	\$1,800	1	\$2,520
CCI-ANDROSCOGGIN	2	\$52,681	1	\$18,000	0	\$0
CCI-CUMBERLAND	0	\$0	1	\$18,000	0	\$0
DCP	0	\$0	0	\$0	0	\$0
KVCAP	2	\$70,807	3	\$28,932	2	\$19,709
PCAP	0	\$0	2	\$1,635	0	\$0
WCAP	0	\$0	0	\$0	0	\$0
WMCA	1	\$14,208	1	\$15,900	0	\$0
YCCAC	1	\$32,760	4	\$69,924	0	\$0
TOTAL	6	\$170,456	14	\$154,191	3	\$22,229
2022 Program	117	\$2,070,223	121	\$2,092,903		

Low Income Water Assistance Program (MEWAP)

MaineHousing's Low Income Water Assistance Program launched in September. The funding for this program comes from HHS and is currently considered a one-time program set to run through September 30, 2023. The MEWAP is being administered in-house, and to date there have been over 1,200 applicants. An applicant may have any arrears for a water or waste water provider paid in full as well as be provided a benefit to cover future expenditures for water or waste water.

During a check-in call with the Water Assistance Program staff at HHS, Maine's Program Specialist reviewed Maine's spend down plan to determine the amount of funding needed for the program completion. After this call, MH explored program changes that will enable Maine to spend the majority of the funding provided. Effective April 1st, a second benefit will be provided on behalf of households to their waste water or water provider.

Water Assistance Program		
Reporting Period: September 1, 2022 – April 10, 2023		
Type of Benefit	Households	Amount Provided
Arrears paid	823	\$ 447,670.00
Benefit Provided	1,089	\$ 996,700.00
		\$ 1,444,370.00

Weatherization Assistance Programs (WAP)

PROJECT PROGRESS BY CAA				
Reporting Period: January 1, 2023 – February 28, 2023				
Agency	Projects	Total Cost	DOE Funded	HEAP Funded
ACAP	9	\$119,480.72	\$59,117.05	\$60,363.67
CCI-ANDROSCOGGIN	9	\$245,992.56	\$99,575.53	\$146,417.03
CCI-CUMBERLAND	5	\$63,854.35	\$22,646.30	\$41,208.05
DCP	5	\$54,237.30	\$36,245.40	\$17,991.90
KVCAP	18	\$225,555.44	\$136,021.66	\$89,533.78
PCAP	8	\$95,363.34	\$62,863.38	\$32,499.96
WCAP	1	\$7,255.90	\$4,793.00	\$2,462.90
WMCA	4	\$51,755.04	\$24,560.05	\$27,194.99
YCCAC	10	\$204,827.12	\$110,032.44	\$94,794.68
TOTAL	69	\$1,068,321.77	\$555,854.81	\$512,466.96
2022 TOTAL	316	\$6,442,853.00	\$2,973,800.00	\$3,469,053.00

Additional information:

- **HEAP Wx** - Each year, a portion of the HEAP grant is budgeted to the HEAP Weatherization program. This program braids funding with the DOE Weatherization program to be able perform Weatherization services on clients homes. DOE has a Per Unit average of \$8,009 for this current program year, the Per Unit average for a home to be weatherized is \$12,000-\$16,000

and projects exceeding the DOE Per Unit average must have a different funding source cover the remaining expenses. CAA and Maine Housing staff are working on re-budgeting prior program year funding for the CAA's to be able to continue to use HEAP funding to braid with DOE in order to complete units.

- **DOE-BIL State Plan** – Maine Housing's BIL plan has been **approved** by Department of Energy. Planning for the production component of DOE-BIL program is being finalized and allocations will be going to the CAA's shortly. We are beginning discussions with various groups regarding the Workforce Development component as well as the proposed Training program.
- **DOE Annual State Plan** - Maine Housing has received our allocation for the 2023 program year. We will be receiving \$4,302,290.00 with \$403,527 allocated to the Weatherization Readiness component and \$693,510 for Training and Technical Assistance. The 2023 Annual program will commence 4/1/2023. DOE has not fully approved our Annual State Plan but any outstanding questions from DOE staff were answered the week of March 27th.

Heat Pump Program

The MaineHousing Heat Pump Program (HPP) production has had incremental success since its creation. The production goal for calendar year 2023 is 1,800 units installed. As of March 31, the total number of installations was 262, 15% of the goal set.

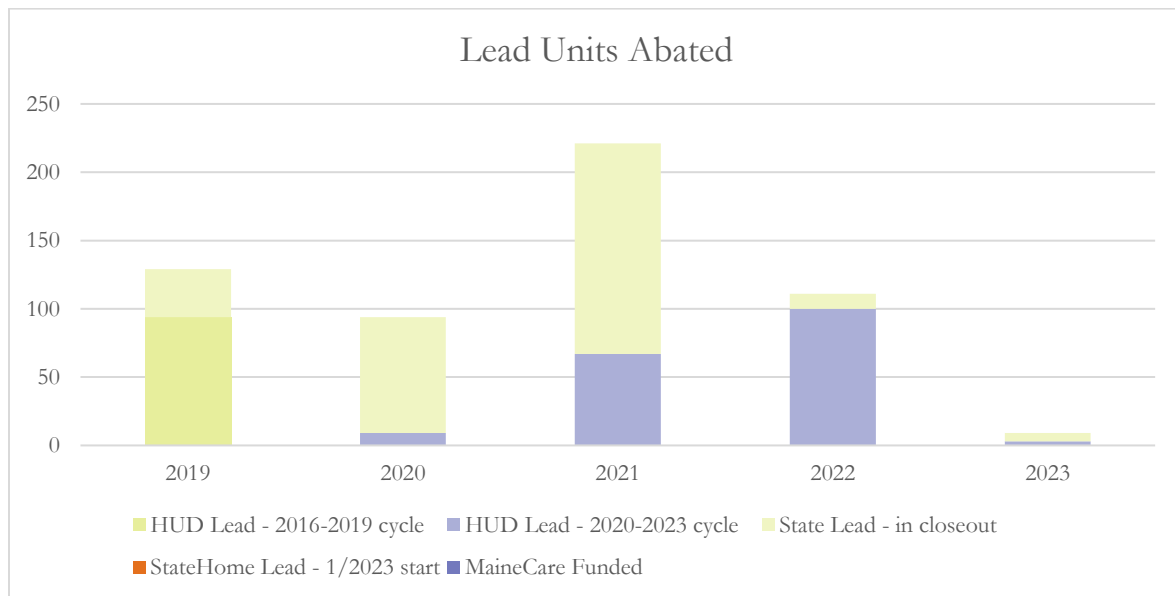
Funding for the Heat Pump Program is from the DHHS LIHEAP grant. This Program Year, due to the increase in Heating Assistance applications and expenses, Maine Housing is actively searching for an alternate funding source to continue with the Heat Pump installs for use as secondary heating units. On March 24th, EHS submitted a grant application for a DOE SERC (Sustainable Energy Resources for Consumers) grant for use in continuing this program for low to moderate income Mainers.

PROJECT PROGRESS BY CAA				
Reporting Period: January 1, 2023 – March 31, 2023				
Agency	Projects	Total Cost	DOE Funded	HEAP Funded
ACAP	10	\$208,971.29	\$69,703.92	\$139,267.37
CCI-ANDROSCOGGIN	9	\$148,987.64	\$68,643.29	\$80,344.35
CCI-CUMBERLAND	3	\$52,409.92	\$15,798.10	\$36,611.82
DCP	5	\$73,715.72	\$42,066.64	\$31,649.08
KVCAP	12	\$218,867.98	\$108,295.14	\$110,572.84
PCAP	6	\$138,482.90	\$86,082.63	\$52,400.27
WCAP	1	\$57,968.58	\$29,684.29	\$28,284.29
WMCA	2	\$74,909.28	\$7473.06	\$67,436.22
YCCAC	8	\$291,665.49	\$96,247.06	\$195,418.43
TOTAL	56	\$1,265,978.80	\$523,994.13	\$741,984.67
2022 TOTAL	316	\$6,442,853.00	\$2,973,800.00	\$3,469,053.00

Lead Abatement Program

Maine Housing works with two Community Action Agencies to deliver the Lead Abatement Programs across the State. Currently there are two funding sources used to abate units, HUD's three year Lead Abatement Program and the State Home funded Lead Abatement Program. There is currently \$3million available in State Home funded Lead to abate units, the HUD Program is fully earmarked and will be closing out August 2023. HUD has published a Notice of Funding Opportunity for the next grant funded cycle. EHS will be applying for this grant with the intention of asking for an additional \$4million over four years, the application deadline has been extended to May 2023.

Maine CDC is in process of negotiating a final contract with the State of Maine to utilize excess MaineCare funds to abate units in which a MaineCare eligible child resides. The anticipated funding for this will be \$900,000 per year. The most recent update is that this program is still in contract review process at the State.





MaineHousing

MAINE STATE HOUSING AUTHORITY

Finance Department Memorandum

To: Board of Commissioners

From: Darren R. Brown

Date: April 11, 2023

Subject: Monthly Report – Finance Department

ACCOUNTING AND FINANCIAL REPORTING:

- The audited financial statements for the year ended December 31, 2022 were issued on March 29th and are included in this packet. The 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 2022 Uniform Grant Guidance (A-133) federal compliance audit is in progress. This is an annual audit of MaineHousing’s federal funded programs to determine whether programs have been administered in compliance with federal requirements. For the year ended December 31, 2022, MaineHousing administered and disbursed approximately \$450 million through thirty-four 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.

- On March 6th MaineHousing relaunched the Homeowner Assistance Fund (HAF) program, which was previously administered by the State’s Bureau of Consumer Credit Protection. The HAF program is designed to provide homeowners impacted by COVID-19 with financial support to address delinquent housing payments, property taxes, sewage or water bills, utility charges, condo and co-op fees, and manufactured home loan payments. Since the program’s restart date, a total of 284 benefit payments totaling \$1.2 million have been made.

LOAN ADMINISTRATION:

- Recruitment activities to fill the vacant Financial Reporting Specialist and Loan Administrative Assistant positions were completed in March. The Financial Reporting Specialist is responsible for performing financial reporting and loan purchasing functions for MaineHousing’s residential loan portfolio and the Loan Administrative Assistant position performs a variety of duties associated with loan defaults, which includes maintaining files and financial records and responding to customers and partner inquiries.

Palwasha Siddiqi will be joining MaineHousing on May 5, 2023 as the new Financial Reporting Specialist. Palwasha holds a Master’s degree in Commerce (Accounting) from Peshawar University and has worked for Jackson & Hewitt as a Tax Preparer, served as a Voucher Examiner for the Department of State, Finance Controller for IDS International, and Accountant for Society Skill Training & Development. Rita Fraser will be joining MaineHousing as the new Loan Administration Assistant on April 10, 2023. Rita comes to MaineHousing with experience from Aging with Excellence.

Finance Department Memorandum

To: Board of Commissioners

From: Darren R. Brown

Date: April 11, 2023

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, 2023.

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 \$2.4 billion and total combined liabilities approximate \$1.98 billion. Total net assets amount to approximately \$418 million. Total combined revenues approximate \$112.7 million and total expenses amount to approximately \$109.8 million, which results in net operating income of \$2.9 million. Total combined net operating income for this period in 2022 was \$1.8 million. Net operating income is \$1.1 million higher in 2023 due primarily to the activities and operating results of the Mortgage Purchase Fund (MPP), MaineHousing's largest fund group.

The MPP has net operating income of approximately \$1.4 million. This is a \$2.4 million increase compared to the net operating loss of \$1 million in 2022. The increase attributed in part to the recognition of a smaller paper loss associated with adjusting the carrying values of non-mortgage investments. A paper loss of \$0.4 million has been recorded for 2023, which is a \$0.9 million increase over the paper loss of \$1.3 million recorded in 2022. The increase 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 net operating income is \$1.8 million at the end of February 2023, which is an increase of \$1.5 million compared to \$0.3 million in 2022. This net operating income improvement is due mainly to higher interest yields and income from non-mortgage investments.

BUDGET RESULTS

Also attached are the budget variance results for the period ended February 28, 2023. 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 state funded 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 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 2023 are \$92.1 million and total expenses are budgeted at \$83.5 million. Total actual revenues as of February 28, 2023 amount to \$16.1 million, while total expenses amount to \$14 million. For the two-month period ended February 28, 2023, revenues exceed expenses by approximately \$2.1 million. Total revenues and expenses are in line with amounts anticipated for the period.

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 2023 operating expenses are budgeted at approximately \$24.3 million. As of February 28, 2023, approximately \$4.7 million or 19% of the total operating budget has been used. Total other program administrative expenses are budgeted at \$8.9 million and actual expenses amount to \$1.2 million as of February 28, 2023. Overall, expenditures in these areas are consistent with amounts expected 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 2023 is \$1.3 million. Expenditures amounted to approximately \$10,000 as of February 28, 2022

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, 2023.

MAINE STATE HOUSING AUTHORITY
BALANCE SHEETS
FEBRUARY 28, 2023
(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
	2022	2023							
ASSETS:									
Cash, principally time deposits	65,644	110,740	13,890	1	88,299	1	6,716	1,833	0
Investments	534,302	619,035	519,554	8,097	18,593	29,609	0	7,613	35,569
Accounts receivable - Government	49,090	15,950	0	0	0	3,321	12,364	265	0
Accrued interest and other assets	7,784	13,763	13,085	15	301	89	178	20	75
Mortgage notes receivable, net	1,415,188	1,599,485	1,542,984	0	4,280	33,786	0	1,050	17,385
Other notes receivable, net	61	32	0	0	32	0	0	0	0
Land, equipment and improvements, net	17,776	17,997	22	0	17,975	0	0	0	0
Other real estate owned	73	0	0	0	0	0	0	0	0
Derivative instrument - interest rate swaps	10,113	18,560	18,560	0	0	0	0	0	0
Net pension asset	217	0	0	0	0	0	0	0	0
Deferred pension expense	1,123	959	509	3	102	0	0	345	0
Deferred amount on debt refundings	2,597	2,272	2,272	0	0	0	0	0	0
Total Assets	2,103,968	2,398,793	2,110,876	8,116	129,582	66,806	19,258	11,126	53,029
LIABILITIES AND NET ASSETS:									
Accrued interest payable	10,729	15,337	15,064	0	0	0	0	0	273
Accounts payable - Federal	435	355	0	0	0	0	355	0	0
Accounts payable & accrued liabilities	9,763	19,047	321	2	17,530	184	1,010	0	0
Unearned income	58,326	67,824	0	0	0	625	21,179	46,020	0
Net pension liability	0	1,780	945	5	189	0	0	641	0
Deferred pension credit	3,159	798	424	3	84	0	0	287	0
Accumulated increase in fair value of hedging derivatives	10,113	18,560	18,560	0	0	0	0	0	0
Interfund	0	0	5,481	32	57,803	(19,205)	(8,160)	(35,951)	0
Mortgage bonds and notes payable, net	1,603,270	1,857,301	1,788,881	0	14,158	0	0	0	54,262
Deferred grant income	0	0	0	0	0	0	0	0	0
Deferred loan origination points	15	19	19	0	0	0	0	0	0
Total Liabilities	1,695,810	1,981,021	1,829,695	42	89,764	(18,396)	14,384	10,997	54,535
NET ASSETS:									
Restricted Net Assets	370,174	377,954	281,181	8,074	0	85,202	4,874	129	(1,506)
Unrestricted Net Assets	37,984	39,818	0	0	39,818	0	0	0	0
Total Net Assets	408,158	417,772	281,181	8,074	39,818	85,202	4,874	129	(1,506)
Total Liabilities and Net Assets	2,103,968	2,398,793	2,110,876	8,116	129,582	66,806	19,258	11,126	53,029

MAINE STATE HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED FEBRUARY 28, 2023
(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
	2022	2023							
REVENUES:									
Interest from mortgages and notes	9,707	10,790	10,721	0	42	20	0	0	7
Income from investments	254	3,626	2,921	58	142	194	4	53	254
Net increase (decrease) in the fair value of investments	(1,300)	(381)	(381)	0	0	0	0	0	0
Fee income	2,257	2,138	254	0	285	0	1,580	19	0
Other revenue	0	0	0	0	0	0	0	0	0
Grant income	41,636	74,510	0	0	0	3	22,955	51,552	0
Income from State	5,072	3,321	0	0	0	3,321	0	0	0
Federal rent subsidy income	18,302	18,659	0	0	0	0	18,659	0	0
Gain on bond redemption	4	0	0	0	0	0	0	0	0
Total Revenues	75,932	112,663	13,515	58	469	3,538	43,198	51,624	261
EXPENSES:									
Operating expenses	4,377	4,732	0	0	4,732	0	0	0	0
Other program administrative expenses	856	889	865	0	2	0	22	0	0
Mortgage servicing fees	286	315	313	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	6,614	8,225	8,055	0	0	0	0	0	170
Grant expense	43,797	76,989	0	0	0	2,813	22,957	51,219	0
Federal rent subsidy expense	18,203	18,614	0	0	0	0	18,614	0	0
Allocated operating costs	0	0	2,864	17	(4,205)	0	1,305	19	0
Total Expenses	74,133	109,764	12,097	17	531	2,813	42,898	51,238	170
Net Operating Income (Loss)	1,799	2,899	1,418	41	(62)	725	300	386	91
Transfers between funds, net	0	0	0	0	0	0	0	0	0
Change in net assets	1,799	2,899	1,418	41	(62)	725	300	386	91
Net assets at beginning of year	406,359	414,873	279,763	8,033	39,880	84,477	4,574	(257)	(1,597)
Net assets at end of period	408,158	417,772	281,181	8,074	39,818	85,202	4,874	129	(1,506)

**MAINE STATE HOUSING AUTHORITY
OPERATING REVENUES AND EXPENSES BUDGET VARIANCE REPORT
FOR THE PERIOD ENDED FEBRUARY 28, 2023**

(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	10,763	0	10,763	66,400	55,637	84%
Income from investments	3,121	57	3,178	11,390	8,212	72%
Fee income	539	1,599	2,138	14,153	12,015	85%
Other revenue	0	0	0	160	160	100%
Total Revenues	14,423	1,656	16,079	92,103	76,024	83%
EXPENSES:						
Operating expenses	3,408	1,324	4,732	24,294	19,562	81%
Other program administrative expenses	1,182	22	1,204	8,864	7,660	86%
Interest expense	8,055	0	8,055	50,325	42,270	84%
Total Expenses	12,645	1,346	13,991	83,483	69,492	83%
Excess Revenues Over Expenses	1,778	310	2,088	8,620	6,532	76%

**MAINE STATE HOUSING AUTHORITY
OPERATING AND OTHER PROGRAM ADMINISTRATIVE EXPENSES
FOR THE PERIOD ENDED FEBRUARY 28, 2023**

ATTACHMENT B

	Total Annual Budget	Total Year to Date Actual	Budget Available	Percentage of Budget Available
Operating Expenses				
Salaries	13,517,480	2,990,138	10,527,342	78%
Payroll Taxes	994,335	225,341	768,994	77%
Retirement	1,273,244	198,043	1,075,201	84%
Medical and Life Insurance	3,116,854	489,133	2,627,721	84%
Other Fringe Benefits	10,000	1,305	8,695	87%
Office Supplies	51,365	8,329	43,036	84%
Printing	75,560	10,407	65,153	86%
Membership and Dues	63,811	14,671	49,140	77%
Subscriptions	32,077	3,788	28,289	88%
Sponsorships	14,600	2,500	12,100	83%
Staff Educ/Train/Conf	180,131	25,370	154,761	86%
Travel/Meals - Staff Educ/Train/Conf	197,859	25,419	172,440	87%
Partner/Client Train/Meetings	138,510	13,100	125,410	91%
Travel/Meals - Partner/Client Training	112,546	3,910	108,636	97%
Staff Events	28,580	9,268	19,312	68%
Meals - Staff Events	33,130	7,761	25,369	77%
Leased Vehicles	177,773	28,446	149,327	84%
Computer Supplies	39,812	3,558	36,254	91%
Computer License SAAS	254,048	41,737	212,311	84%
Rent-Other	39,430	5,758	33,672	85%
Computer Maintenance	789,721	112,435	677,286	86%
Depreciation	1,200,000	181,832	1,018,168	85%
Telephone	125,584	20,332	105,252	84%
Employment Advertising	1,000	0	1,000	100%
Postage and Shipping	141,022	22,470	118,552	84%
Insurance	105,748	368	105,380	100%
Recording Fees	1,000	99	901	90%
Payroll Services	49,418	8,826	40,592	82%
Audit Services	172,000	50,000	122,000	71%
Property Expenses	522,435	119,112	403,323	77%
Professional Services	376,108	33,466	342,642	91%
Building Interest Expense	458,669	74,401	384,268	84%
Total Operating Expenses	24,293,851	4,731,323	19,562,528	81%
Other Program Administrative Expenses				
Loan foreclosure expenses	200,000	12,147	187,853	94%
REO expenses	50,000	6,386	43,614	87%
Mortgage Servicing fees	1,850,000	314,753	1,535,247	83%
Provision for losses on loans & REOs	125,000	0	125,000	100%
Loan Origination expenses	3,230,000	479,354	2,750,646	85%
Bond Issuance Costs	900,000	76,254	823,746	92%
Trustee/Bank fees	170,000	26,026	143,974	85%
Program advertising/printing	343,450	0	343,450	100%
Bond and mortgagee insurance	19,550	0	19,550	100%
Variable rate bond remarket/liquidity facilities	710,000	138,247	571,753	81%
Cash flow/arbitrage/swap consultants/legal	675,000	125,699	549,301	81%
Homebuyer education	135,000	3,600	131,400	97%
Program administrator fees	455,610	21,805	433,805	95%
Total Other Program Administration Expenses	8,863,610	1,204,271	7,659,339	86%

**MAINE STATE HOUSING AUTHORITY
CAPITAL BUDGET
FOR THE PERIOD ENDED FEBRUARY 28, 2023**

ATTACHMENT C

Description	2023 Budget	2023 Actual	Budget Available	% Expended
Computer Hardware:				
Network backup hardware - Data Domain	15,000	0	15,000	
Laptop replacements	55,000	0	55,000	
Total computer hardware	<u>70,000</u>	<u>0</u>	<u>70,000</u>	<u>0%</u>
Computer Software:				
Enterprise multi-family housing system	240,679	0	240,679	
Amplifund grant management software	45,600	0	45,600	
Mobile device management software	8,000	0	8,000	
Website redesign	7,000	0	7,000	
Single Family loan servicing system modifications	10,000	3,885	6,115	
Single Family lender & loan tracking systems mods	10,000	0	10,000	
Hancock systems mods (LIHEAP & Wx Programs)	100,442	0	100,442	
Salesforce software upgrades	120,000	0	120,000	
New LIHEAP & Wx system	575,000	0	575,000	
Total computer software	<u>1,116,721</u>	<u>3,885</u>	<u>1,112,836</u>	<u>0%</u>
Office Building:				
Additional workstations & furnitures	24,460	0	24,460	
Patio repair/resurface	46,000	0	46,000	
Employee stairwell repair	0	6,290	(6,290)	
	<u>70,460</u>	<u>6,290</u>	<u>64,170</u>	<u>9%</u>
Total	<u><u>1,257,181</u></u>	<u><u>10,175</u></u>	<u><u>1,247,006</u></u>	<u><u>1%</u></u>

**MAINE STATE HOUSING AUTHORITY
MEMBERSHIPS, DUES, AND SPONSORSHIPS
FOR THE PERIOD ENDED FEBRUARY 28, 2023**

	Description	Amount
Memberships and Dues		
	Urban Land Institute - employee annual membership	264
	Maine Real Estate & Development Association - annual membership	1,200
	Maine Public Relations Council - employee annual membership	75
	Project management Institute - employee membership	164
	Information Systems Audit and Control Association - employee annual membership	45
	American College of Mortgage Attorneys - employee dues	225
	Maine Bankers Association - annual affiliate membership	950
	Kennebec Board of Realtors - employee dues	196
	Maine Association of Mortgage Professional - employee annual membership	395
	Construction Specifications Institute - employee annual membership	375
	NCHM Accounting Office Employee Certification dues	125
	Maine Real Estate Management Association - annual membership	125
	National Energy & Utility Affordability Coalition - annual membership	500
	National Energy Assistance Directors' Association - annual membership	6,817
	National Energy Assistance Directors' Association - annual LIHWAA membership	1,088
	National Association for State Community Services Programs - annual membership	1,627
	Maine Indoor Air Quality Council - annual membership	500
	Total	<u>\$ 14,671</u>
Sponsorships		
	Maine Resident Service Coordinator Association - annual sponsor	2,500
	Total	<u>\$ 2,500</u>



Finance Department Memorandum

To: Board of Commissioners
From: Darren Brown
Date: April 3, 2023
Subject: Monthly Delinquencies Report

MULTI-FAMILY DELINQUENCIES

The Multi-Family portfolio totals \$819 million with 1,271 loans as of March 31, 2023. There is one loan that is 60+ days delinquent, 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 \$974 million with 9,788 loans as of February 28, 2023. The over 60-day delinquencies decreased from 2.52% to 2.30%, and the in-foreclosures remained at 0.59%. The over 60-day delinquencies amount to \$22 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 delinquency rate by loan dollars is 2.30% and the delinquency rate by loan count is 2.61%. As presented in *Exhibit 5*, the overall delinquency rate by loan count is below the delinquency rate for all Maine Loans.

Servicer Delinquencies – As of February 2023, Bank of America (BOA) had the highest overall delinquency rate of 11.52%, with an in-foreclosure rate of 3.38%. BOA no longer originates loans for MaineHousing and they're servicing an old portfolio of loans. The average age of the loans in their portfolio is 16 years. There have been no new loans added to this portfolio since 2011 and the high delinquency rate is attributed mainly the decreasing portfolio balance and its small size.

The BOA portfolio consists of 100 loans totaling \$5.8 million. There were no 60-day delinquent accounts reported during the month of February. The 90+day delinquencies consisted of 12 loans in the amount of \$666,000; of which three loans in the amount of \$196,000 are in-foreclosure; four loans in the amount of \$267,000 are in an active COVID-19 forbearance, and three loans in the amount of \$87,000 have right to cure notices issued. BOA has not consistently issued right to cure notices in a timely manner, which has contributed to their high delinquent rates.

Delinquencies for our largest servicer, Mortgage Servicing Solutions, decreased from 2.92% to 2.72%, while the in-foreclosure rate decreased from 0.65% to 0.63%. Bangor Savings Bank QS portfolio had a rate of 0.00%, which was the lowest rate for the month. Delinquency rates for each servicer are shown in *Exhibit 3*.

Delinquencies by Insurance Type – In February 2023, FHA insured loans had the highest delinquency rate by total insurance type of 3.43%, with in-foreclosures at 1.05%. When compared to the total loan portfolio, RD insured loans had the highest delinquency rate of 1.37%, with in-foreclosures at 0.32%. Delinquencies by insurance type and the portfolio as a whole are shown in *Exhibit 6*.

FHA insured loans comprise 17% of the Single-Family portfolio and 25% of delinquencies, while RD insured loans comprise 57% of the portfolio and represent 60% 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 2023, we have assisted 187 borrowers with various foreclosure prevention options.

Multi-Family Delinquent Loans

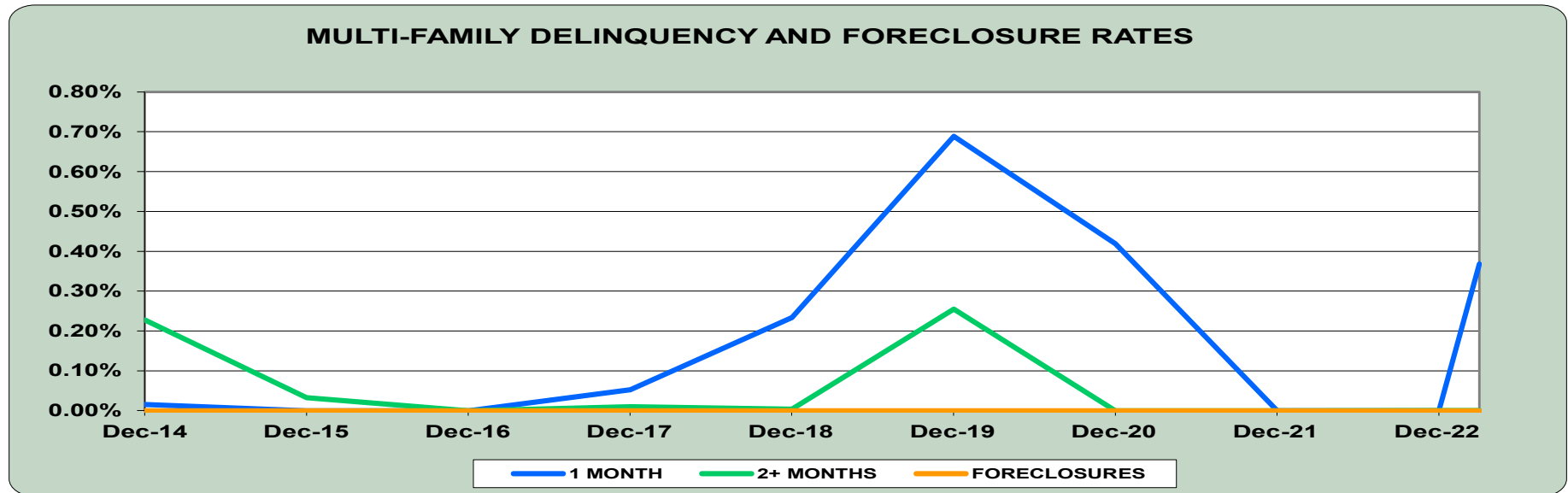
MAINE STATE HOUSING AUTHORITY MULTI-FAMILY DELINQUENCIES 3/31/2023

Section 8					ORIGINATION	DELINQUENT		
BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	DATE	1 MONTH	2 MONTHS	3+ MONTHS
AVIGNON APARTMENTS	2,024.97	02/01/23	BIDDEFORD	COMMONS HOUSING CORP	06/07/19	401,647.00	0.00	0.00
						401,647.00	0.00	0.00
Rental Housing					ORIGINATION	DELINQUENT		
BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	DATE	1 MONTH	2 MONTHS	3+ MONTHS
WEST END APTS PHASE II *	7,749.54	03/05/23	SOUTH PORTLAND	AVESTA WESTBROOK STREET TWO	05/05/21	2,590,089.77	0.00	0.00
						2,590,089.77	0.00	0.00
Supportive Housing & Other					ORIGINATION	DELINQUENT		
BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	DATE	1 MONTH	2 MONTHS	3+ MONTHS
MOUSAM ST, 5*	761.20	02/01/23	SANFORD	YORK COUNTY SHELTER PROGRAM	02/20/92	0.00	0.00	2,279.00
OHIO ST, 112	820.68	02/01/23	BANGOR	PENOBSCOT AREA HSG DEV CORP	10/01/09	20,901.00	0.00	0.00
						20,901.00	0.00	2,279.00
Grand Total						3,012,637.77	0.00	2,279.00
% of Portfolio Delq 60+ days								
Total Number of Loans								

*past maturity date.



Multi-Family Delinquency & Foreclosure Trends



	OUTSTANDING PRINCIPAL	1 MONTH		2+ MONTHS		FORECLOSURES	
		DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE
Mar-23	\$ 818,691,636	\$ 3,012,638	0.37%	\$ 2,279	0.00%	\$ -	0.00%
Dec-22	\$ 796,448,381	\$ -	0.00%	\$ 4,553	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%



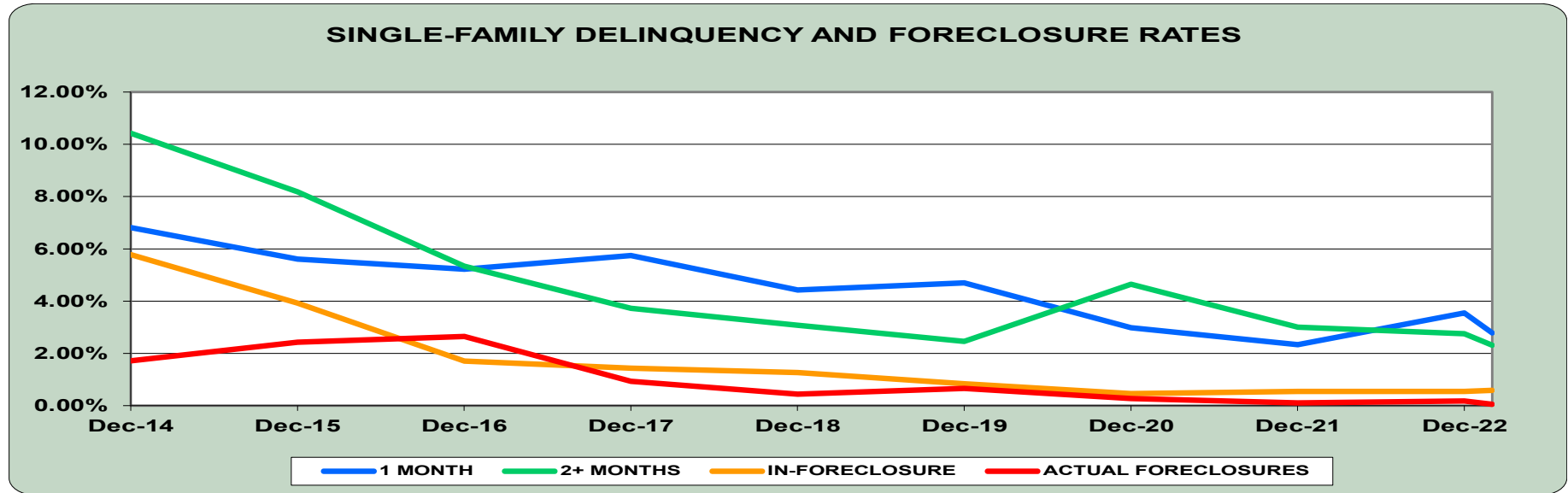
Single-Family Delinquent Loans

Maine State Housing Authority Single-Family Delinquencies by Servicer 2/28/2023

SERVICER	% OF PORTFOLIO	% of Portfolio Delq 60 + days	OUTSTANDING PRINCIPAL	----- 1 MONTH	DELINQUENT 2 MONTHS	----- 3+ MONTHS	IN- FORECLOSURE
MORTGAGE SERVICING SOLUTIONS	66.66%	2.72%	649,041,470.70	20,161,989.67	4,921,371.26	8,639,258.27	4,069,215.78
BANGOR SAVINGS BANK	12.28%	0.58%	119,569,327.26	2,435,446.64	355,017.21	186,289.67	157,805.67
CAMDEN NATIONAL BANK UK	8.46%	1.38%	82,352,928.72	2,402,499.37	173,855.85	533,422.25	425,486.18
MACHIAS SAVINGS BANK	6.98%	3.38%	67,978,239.60	1,370,197.91	476,056.71	943,516.42	876,235.45
BANGOR SAVINGS BANK QS	4.99%	0.00%	48,587,586.99	203,290.78	0.00	0.00	0.00
BANK OF AMERICA NA	0.59%	11.52%	5,785,588.40	570,288.45	0.00	470,616.80	195,697.99
SALEM FIVE MORTGAGE CORP	0.04%	3.66%	392,291.87	0.00	0.00	14,373.60	0.00
TOTAL	100.00%	2.30%	973,707,433.54	27,143,712.82	5,926,301.03	10,787,477.01	5,724,441.07



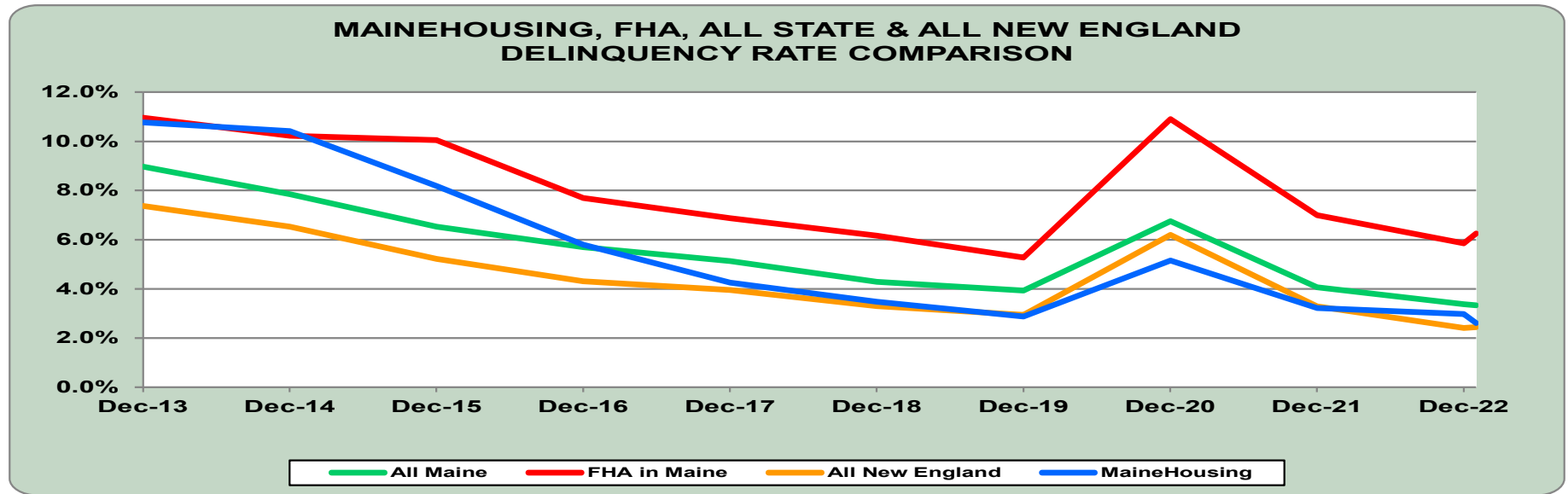
Single-Family Delinquency & Foreclosure Trends



	OUTSTANDING PRINCIPAL	1 MONTH		2+ MONTHS		IN-FORECLOSURE		ACTUAL FORECLOSURES	
		DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE
Feb-23	\$ 973,707,434	\$ 27,143,713	2.79%	\$ 22,438,219	2.30%	\$ 5,724,441	0.59%	\$ 438,057	0.04%
Dec-22	\$ 958,984,521	\$ 33,996,366	3.55%	\$ 26,378,301	2.75%	\$ 5,183,906	0.54%	\$ 1,733,447	0.18%
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%



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*	121,505	0.57%	1.54%	1.22%	3.33%
FHA for State*	16,459	1.53%	3.09%	1.63%	6.25%
All New England*	1,717,967	0.57%	1.25%	0.62%	2.44%
MaineHousing**	9,788	0.70%	1.17%	0.74%	2.61%

*This information is obtained from MBA's National Delinquency Survey for the fourth quarter of 2022.

**MaineHousing's overall delinquency rate based on loan dollars is 2.30%, whereas rates in this exhibit are based on loan count.



Single-Family Delinquencies by Mortgage Insurer

As A Percent of Total Insurance Type

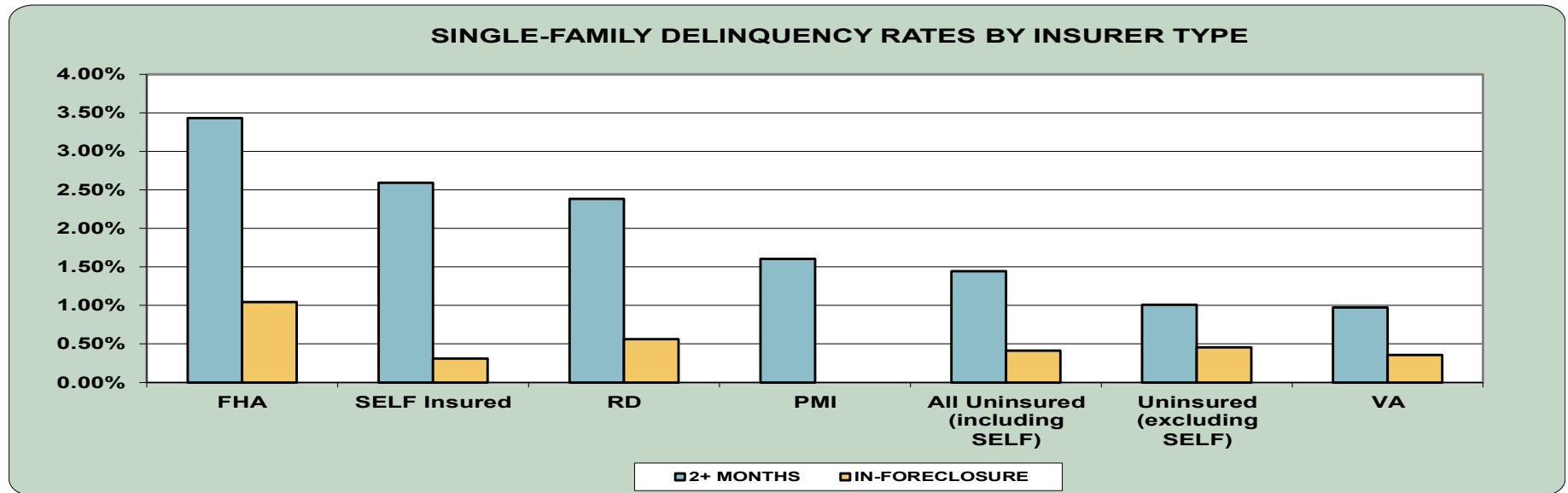
2/28/2023

TYPE	2+ MONTHS	IN-FORECLOSURE
FHA	3.43%	1.05%
SELF Insured	2.59%	0.31%
RD	2.38%	0.56%
PMI	1.60%	0.00%
All Uninsured (including SELF)	1.45%	0.42%
Uninsured (excluding SELF)	1.01%	0.46%
VA	0.97%	0.36%

As A Percent of Total Loan Portfolio

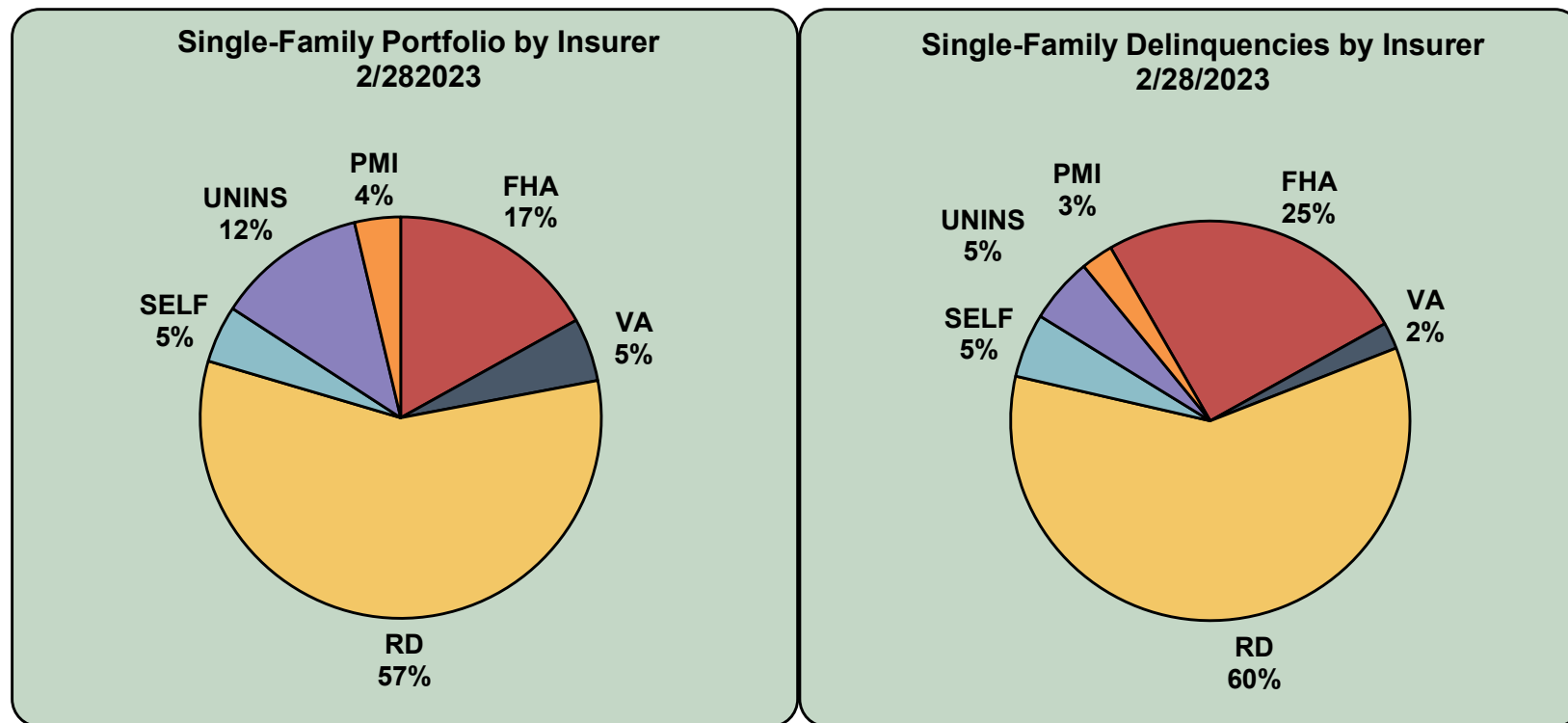
2/28/2023

TYPE	2+ MONTHS	IN-FORECLOSURE
RD	1.37%	0.32%
FHA	0.58%	0.18%
All Uninsured (including SELF)	0.24%	0.07%
Uninsured (excluding SELF)	0.12%	0.06%
SELF Insured	0.12%	0.01%
PMI	0.06%	0.00%
VA	0.05%	0.02%

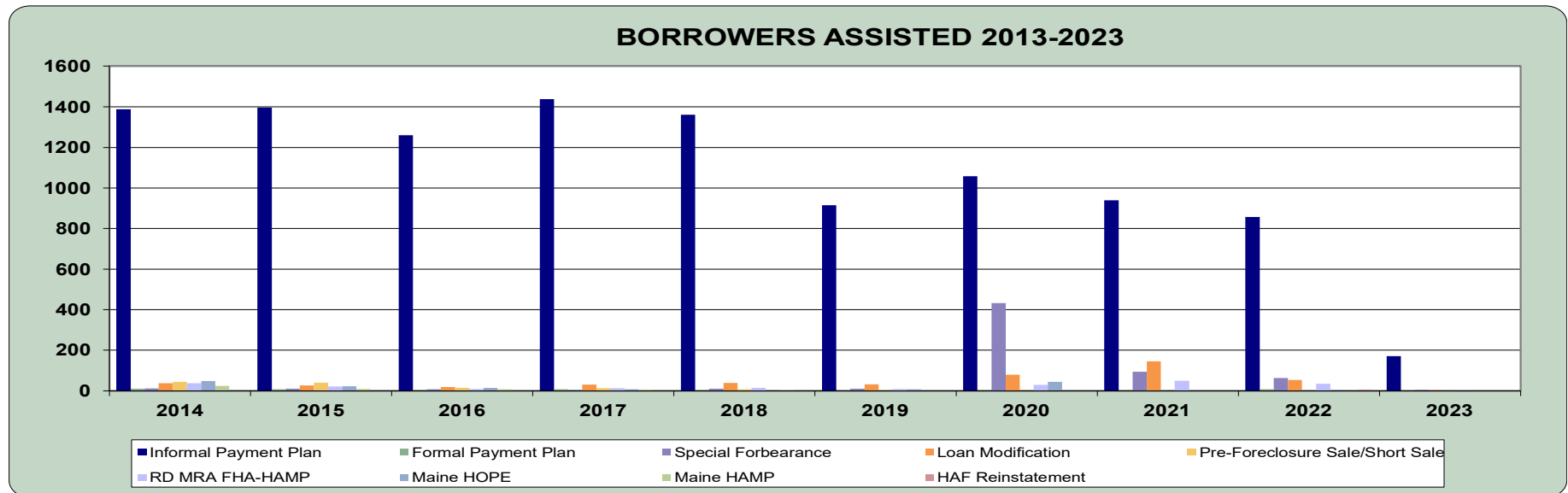


Single-Family Delinquencies by Mortgage Insurer

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.



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	RD MRA FHA-HAMP	Maine HOPE	Maine HAMP	HAF Reinstatement	Total Workouts
Feb-23	171	2	6	4	0	3	0	0	1	187
Dec-22	857	8	63	54	0	35	4	0	7	1028
Dec-21	939	5	94	146	2	50	2	0	0	1238
Dec-20	1058	5	432	79	3	29	44	2	0	1652
Dec-19	914	3	12	32	4	10	8	0	0	983
Dec-18	1361	4	12	39	8	15	3	6	0	1448
Dec-17	1437	8	4	31	14	14	8	7	0	1523
Dec-16	1259	6	8	19	15	10	16	9	0	1342
Dec-15	1397	8	11	26	40	21	22	10	0	1535
Dec-14	1388	12	13	38	44	38	48	24	0	1605

Actual Foreclosures

	Number of Foreclosures	Number of Loans in Portfolio	Percentage of Portfolio
Feb-23	5	9,788	0.05%
Dec-22	21	9,739	0.22%
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%



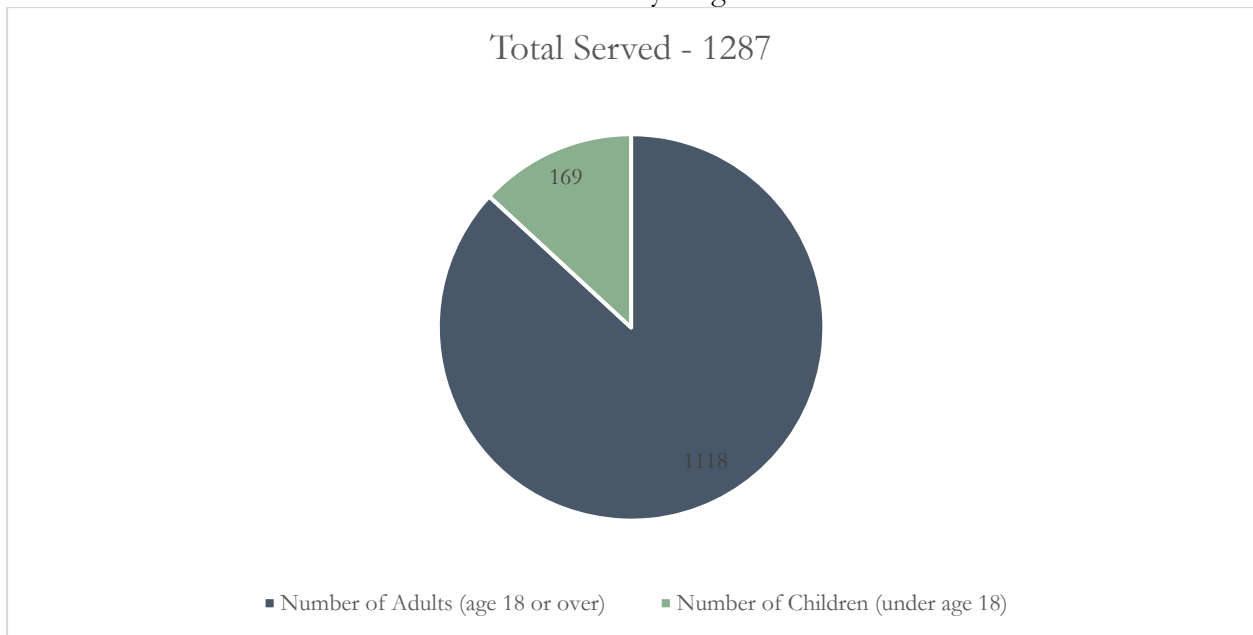
Homeless Initiatives Department Memorandum

To: Board of Commissioners
From: Lauren Bustard, Senior Director of Homeless Initiatives
Date: April 11, 2023
Subject: Homeless Initiatives Report

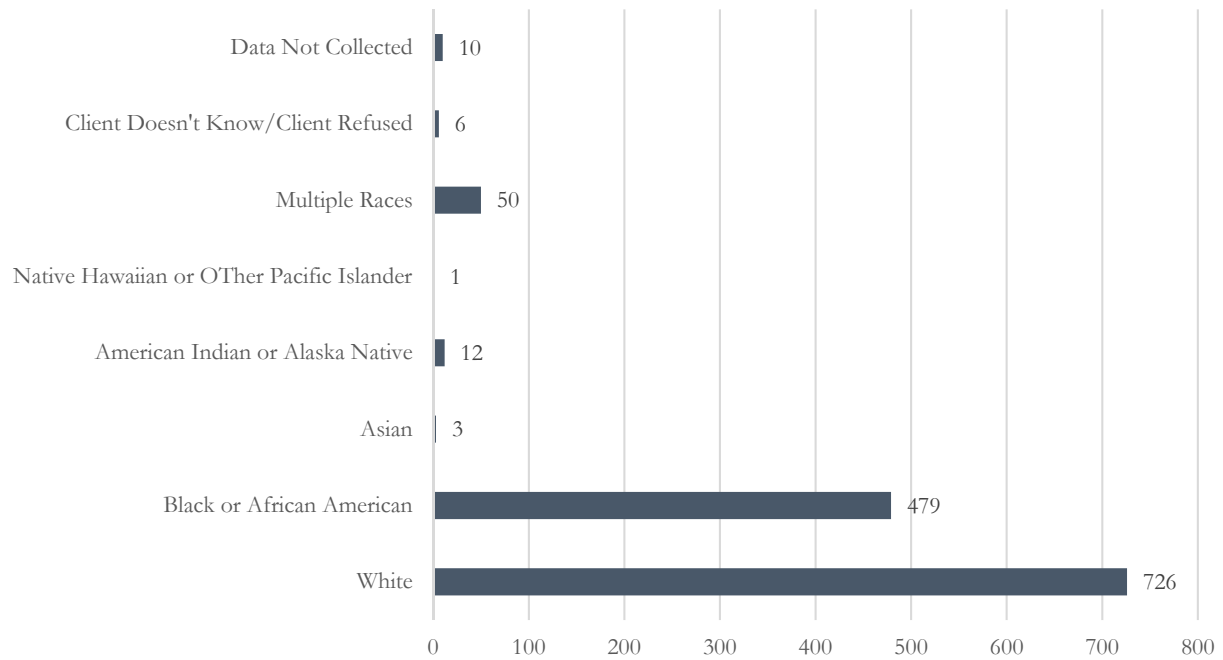
Homeless Data – March 2023

The following are the monthly statistics for March:

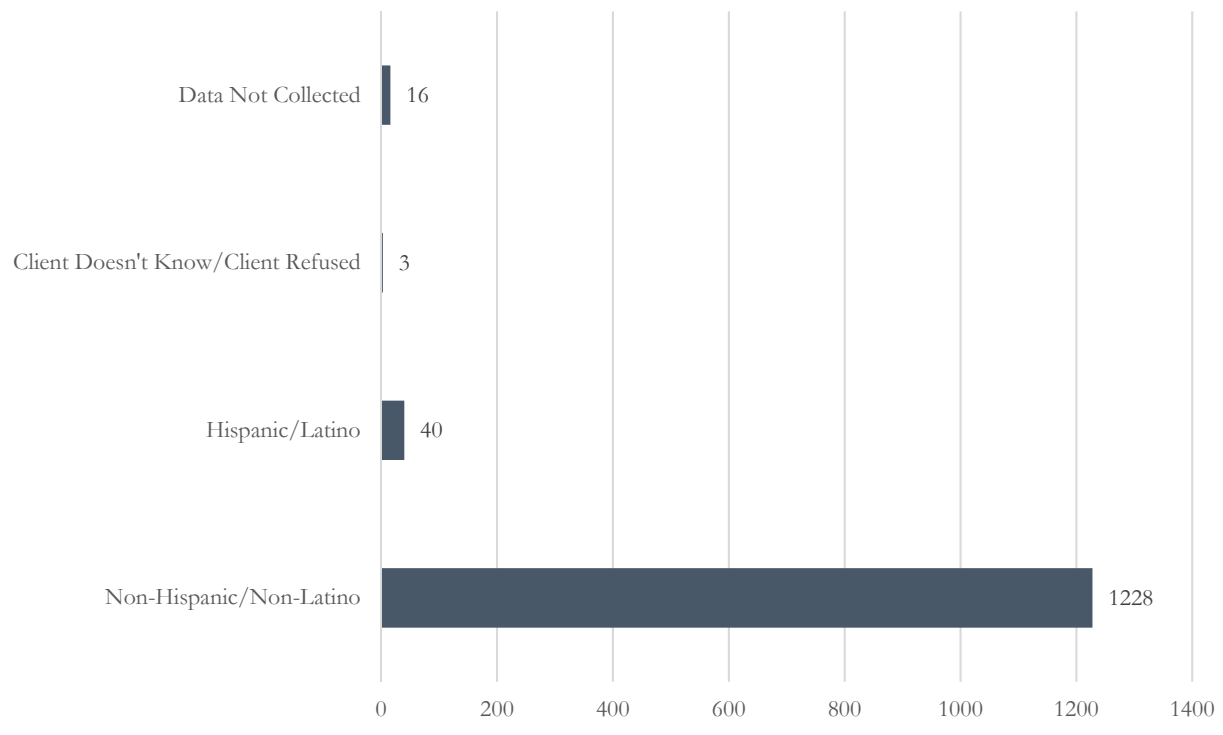
1. Total number of people served (1287) decreased by 77 individuals. The caveat here is that these are only the individuals that are being served by homeless service providers around the state who are mandated to record data in the HMIS (Homeless Management Information System) database. It does not include people sheltered through GA, ERA or faith-based shelters that do not participate in the ESHAP program.
2. Racial equity – the percentage of people of color served increased again - from 41.8% in February to 42.9% in March. The Greater Portland Area has seen a significant increase in people from African countries seeking asylum since December, however many are not being recorded in the Homeless Management Information System (HMIS). The number for those who identify as Hispanic/Latino remained stable.
3. The great news on the number of Exits to Permanent Housing is that they more than doubled – to 130 – for the first time in a very long time!



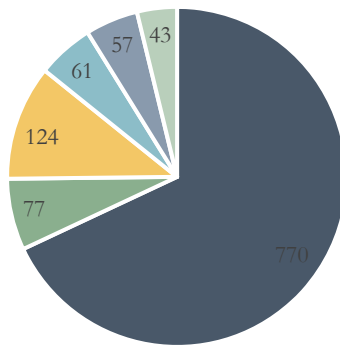
Number of People Served by Race



Number People Served by Ethnicity

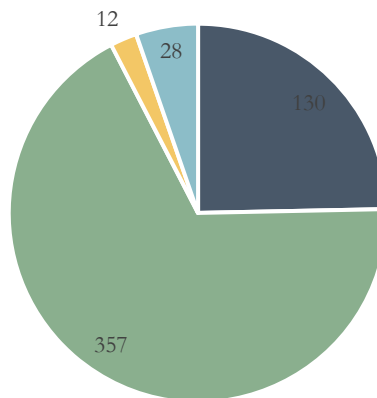


Residence of Clients Prior to Entry



- 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

As of March 31st there is only one remaining hotel in South Portland that will be funded by FEMA through the end of April. The new Homeless Services Center opened in March in Portland and all remaining guests at the Days Inn were relocated to the shelter. Those remaining at the Comfort Inn were transferred to the Days Inn and will have to relocate by April 30th.

All hotel stays through ERA, GA and shelters that have been funded through LD3 will also end on April 30th as it stands today.

Service Hub Implementation – Built for Zero Initiative

Hub coordinators convened in person in Augusta on March 28th for the first time as a group. We took the opportunity to review data quality needs and facilitated training on conducting process mapping sessions and how to address challenges/barriers with a Plan, Do, Study, Act (PDSA) cycle. The Coordinated Entry Pilot expansion officially kicks off this week and work is underway to prepare for upcoming case conferencing meetings at the end of the month in Hubs 8, 6 and 3. Hub 2 providers will continue to focus on assessments.

The State Strategy Team met and reviewed progress on the action teams for System Improvement, supporting the Veterans Housing Surge, and Racial Equity and Lived Experience work. The Racial Equity team will align with Diversity, Equity, and Inclusion work underway in the Maine Continuum of Care. The System Improvement Team continues to work on ways to streamline the housing process and will be informed by hub level process mapping exercises that will be happening soon. The Veterans Surge team is well on their way, led by Dan Hodgkins, Preble Street and Amy Morin, Veterans Administration. Subcommittees have been identified and teams are beginning to meet - Data, Landlord Engagement, and Community Relations. There was also discussion on how the State Strategy Team work will move forward when the Community Solutions contract ends in June. This discussion will continue at the Statewide Homeless Council on April 11th.

Response to NOFA for Long-Term Solutions to Address Homelessness

Thirty seven organizations applied for the funding and after careful consideration 17 entities were included in the final funding announcement. These funds have been distributed across eight of the nine Statewide Homeless Service Hubs.

The proposals that were awarded funding include:

- \$4 million to the Center for Regional Prosperity for a new 280-bed shelter in Portland.
- \$3.7 million to the Lewiston Housing Authority for a new 25-bed shelter in Lewiston.
- \$2 million to Community Housing of Maine for a 12-bed supportive housing project in Portland for pregnant women experiencing homelessness.
- \$1.2 million to Healthy Acadia for up to 14 units of permanent housing in Hancock and Washington counties.
- \$916,000 to Amistad to create 12 units of permanent housing in Wiscasset.

- \$696,000 to the Mid-Maine Shelter in Waterville to create an additional 18 emergency shelter beds.
- \$602,000 to the Midcoast Community Alliance in Bath for 4 to 8 permanent supportive housing units for at-risk youth, and a new warming shelter with space for up to 35 people.
- \$571,000 to Through These Doors to expand shelter space in Portland to serve up to 20 survivors of domestic violence.
- \$555,000 to Homeless Services of Aroostook County to add 9 family shelter beds and provide permanent space for 20 warming shelter beds in Presque Isle.
- \$436,000 to York County Shelter Programs for a 20-bed shelter in Sanford.
- \$393,000 to South Parish Congregational Church in Augusta for facility upgrades to allow the Augusta warming shelter to continue future winter operations.
- \$376,000 to the First Parish Church in Gorham to create new shelter space for four families with up to 16 total people.
- \$348,000 to Preble Street to create transitional housing units in Biddeford for up to 12 at-risk youth.
- \$145,000 to Greater Portland Peer Services to provide outreach and housing guidance to unsheltered individuals in Portland.
- \$100,000 to the Bangor Area Homeless Shelter to add seven new beds in Bangor for individuals in recovery.
- \$76,000 to Bridging the Gap in Augusta to create additional day shelter space for people accessing the overnight warming shelter.
- \$60,000 to Freeport Community Services to provide housing navigation and stability services to 75 families.

Homeownership Department Memorandum

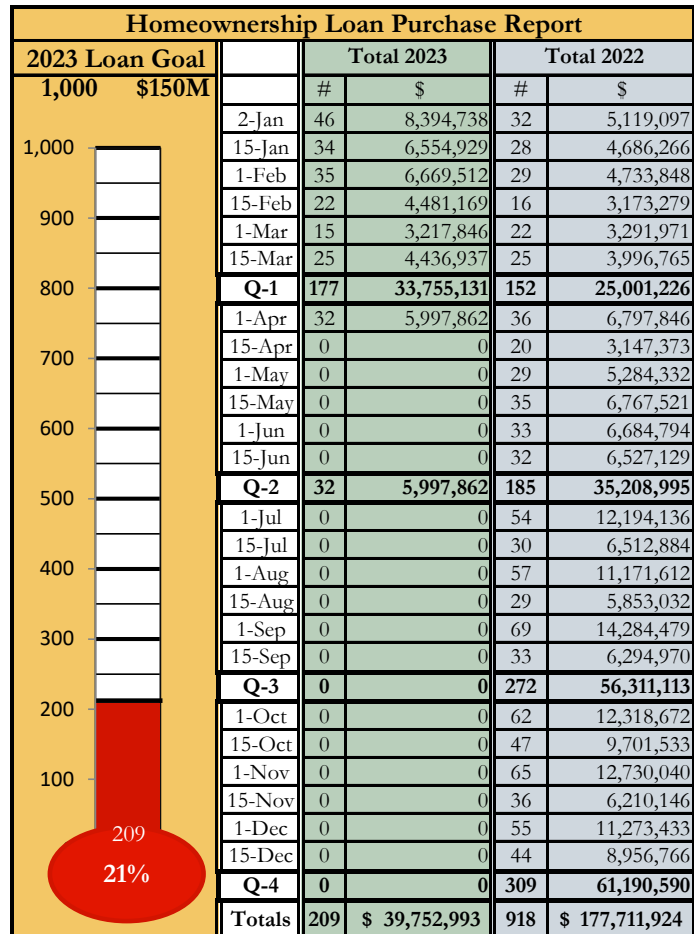
To: MaineHousing Board of Commissioners

From: Craig Reynolds, Director of Homeownership

Date: April 10, 2023

Subject: Monthly Report – Homeownership Department

PRODUCTION UPDATE



Monthly Loan Reservations: 04/03/23	
#	\$ Volume
61	\$ 11,943,444

Loan Pipeline as of: 04/03/23	
#	\$ Volume
149	\$ 28,379,058

Loan Reservation Comparison					
March 2022		March 2023		2022 vs 2023	
#	\$ Volume	#	\$ Volume	#	\$ Volume
223	\$40,153,617	149	\$ 28,379,058	-33%	-29%

PROGRAM HIGHLIGHTS

Loan Production & Market Update

Loan purchases for Q1 in 2023 are running ahead of the same time in 2022, with loan volume much higher at nearly \$40M. However, new loan reservations at this point are tracking lower than last year which reflects the continued high home sales prices and inventory shortage, but also now includes the impact of much higher mortgage interest rates and the ongoing issues caused by inflation that were not as problematic one year ago.

We are approaching the start of the traditional “spring market” for real estate activity in Maine to find signs of stabilizing home prices in many areas and some modest decreases in others. As previously stated, the shortage in the inventory of homes for sale continues to hamper the success of would be home buyers as it has for the past several years, however buyer demand appears to remain strong. Another recent .25% increase in the lending interest rate by the Fed does not appear to have pushed mortgage rates significantly higher, at least at this time. Market rates in Maine are averaging in the mid 6% range for a 30 year fixed rate mortgage. MaineHousing’s First Home Loan program continues to offer its well below market rate of 5.50%.

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®.

HOME SALES DECLINE IN FEBRUARY DUE TO LACK OF AVAILABLE PROPERTIES FOR BUYERS

AUGUSTA (March 21, 2023)—Availability of properties for sale continues to be an issue for buyers of single-family existing homes across Maine. According to Maine Listings, Realtors sold 708 homes last month—a dip of 19.4 percent from February 2022. Prices increased 10.7 percent in the past year, with data indicating a median sales price (MSP) of \$329,250. The MSP indicates that half of the homes were sold for more and half sold for less.

“Conversations with REALTORS® across Maine indicate that buyer demand remains steady,” says Carmen McPhail, 2023 President of the Maine Association of REALTORS® and Associate Broker at family-owned United Country Lifestyle Properties of Maine with offices in Lincoln, Bangor and Lubec.

“The shortage of move-in ready homes for sale continues to be the challenge for buyers in today’s market. Homeowners who purchased in recent years with record-low mortgage interest rates are staying put and, like the rest of the country, new home construction in Maine has not kept pace with demand,” added McPhail.

Nationally, home sales declined 21.4 percent in February 2023 compared to February 2022. The National Association of Realtors today reported that the national MSP eased nationwide 0.7 percent to \$367,500. Sales in the regional Northeast decreased 25.7 percent and the regional MSP declined 4.5 percent to \$366,100 comparing February 2023 to February 2022.

“In some areas of Maine, sellers are responding to the higher mortgage interest rate environment, which has impacted affordability,” said McPhail. “We’re beginning to see a softening of prices in some counties, a welcome sign for buyers coming into spring.”

Lender Partner Trainings

Mortgage Lending Team Leader, Lisa McKenna conducted two training sessions for several of our lender partners in March. ‘MaineHousing Basics’ offered an overview of our First Home Loan (FHL) program and was geared toward new lender staff or those just coming into positions that would require knowledge of the program. Attendees were introduced to the core elements of our First Home Loan program, which included an overview of the Advantage, Salute ME, and Mobile Home Replacement program options. There were 24 attendees for this two-hour informational session.

Lisa also presented a more advanced informational class specifically created for loan underwriters and processors of our First Home Loans. There were 55 attendees in the class representing a number of our FHL network lender partners.

First Generation Pilot Program Launched

Homeownership has launched the First Generation Pilot Program (First Gen) effective April 3, 2023. Borrowers who have never lived in a home owned by their biological parents or legal guardians, or who have been in foster care at some point during their childhood can receive a 1% discount to our already low First Home Loan rate and \$10,000 in grant funds toward cash needed for closing. Eligible applicants must take a MaineHousing approved Financial Literacy class and a Homebuyer Education class prior to closing, and must make a minimum borrower contribution of 1% of the loan amount.

Education is an extremely important component of the First Gen program, therefore Homeownership has and will continue to explore and incorporate a variety of Financial Literacy class options being offered statewide that will best serve the needs of First Generation borrowers. Led by Consumer Education Coordinator, Jessica Gurney, there have been planning discussions with many of the existing providers of Financial Literacy classes with the goal of creating multiple class options, coordinating class schedules and developing borrower specific curriculums.

Jessica has had discussions with the New Ventures organization, which offers a free course completed over 5 weeks entitled “My Money Works”. It is offered virtually via Zoom with a live-instructor based in Maine. Other sessions include topics such as money attitude, current situations, credit/debit, income/expenses, saving for emergencies and creating an action plan for the future.

Prosperity ME is offering a course that is completed over 5 weeks and is entitled “Basic Money Management”. Prosperity ME is able to offer this class in a variety of languages and is able to meet translation needs onsite. Clients who take this free course, will learn how to set financial goals/establish wise spending habits, open and maintain a bank account, create and follow a budget; and build good credit among many other useful topics.

eHome America offers “Money Management”. This is a self-paced, online course completed in segments with helpful quizzes throughout. Money Management is comprehensive in teaching consumers how to improve cash flow, decrease debt, improve their credit scores and the importance of planning for unexpected expenses. The client fee for this course is \$50.

Jessica has also met with Community Credit Union, which offers a 16 week program focused on the fundamentals of Financial Literacy.

MaineHousing recognizes that education is a key component of the journey toward homeownership, however there is a need for varying approaches to its content and presentation that allow flexibility and customization to address different levels of understanding and cultural diversity found among First Gen homebuyers. Any language barriers to learning must also be addressed to ensure the full value of the education is realized by those entering the home buying process. In that pursuit, Consumer Education Coordinator, Jessica Gurney, Homeownership Manager, Tina Partridge and Homeownership Director, Craig Reynolds met with Amy Smith, founder of Healthy Homeworks and Todd Bachelder, President of Healthy Homeworks and VP at Mascoma Bank. Healthy Homeworks is a non-profit community organization based in Lewiston, Maine dedicated to engaging with and supporting its residents and creating city-wide collaborations to help Lewiston thrive. Among its many activities, Healthy Homeworks has established a unique approach to homebuyer education focused primarily on the Somali population found in Lewiston. By creating small student cohorts and involving already established and respected Somali community leaders, the program begins with very basic information regarding the concept of owning a home versus renting, and continues to build knowledge from there ranging from an understanding of the mechanical systems of a home, up to how the U.S. banking system works and what securing a mortgage involves. MaineHousing is interested in Healthy Homeworks’ approach and looks forward to partnering with them to provide Financial Literacy classes that incorporate many of the features that have proven to be successful.

The Maine Home Show

The Maine Home Show was held on March 18-19th at the Norway Savings Bank Arena in Auburn, Maine. Consumer Education Coordinator, Jessica Gurney, Mortgage Lending Coordinator, Dawn Libby-Lynch, and Mortgage Lending Officer, Matt Berube attended the event and staffed the MaineHousing display table. This event was open to the public and it is estimated that over 4,000 people attended over the course of the two days. Homeownership staffers were extremely busy talking with people stopping by the MaineHousing table to learn more about the benefits of our First Home Loan program and hoMEworks Homebuyer Education classes.



Lending Officer, Mathieu Berube speaks with Maine Home Show attendees.



Lending Coordinator, Dawn Libby Lynch (l) and Consumer Education Coordinator, Jessica Gurney (r) at the MaineHousing display booth.

Wabanaki Listening Session

Consumer Education Coordinator, Jessica Gurney attended a Wabanaki Listening Session in Bangor which provided the opportunity for members of the Wabanaki tribe to express their challenges and concerns regarding housing costs and availability. The event was also attended by Lauren Bustard and Melissa Lizotte from MaineHousing, Matt Lewis with Four Directions Development Corp. and hosted by Sharon Tomah Jordan, LCSW, MSW, Co-CEO of Wabanaki Public Health and Wellness. Housing concerns that were discussed included the high cost of homes and rental units, the shortage of housing inventory, competition for housing from out of state buyers and the problem of properties being turned into Airbnb style rentals.

Realtor Licensing Credit Course

Mortgage Lending Team Leader, Lisa McKenna recently conducted MaineHousing's Affordable Home Financing course at an in-person event attended by 36 local real estate licensees, and hosted by Bangor Savings Bank at their Augusta office on Western Avenue. Lisa was assisted by Homeownership's Consumer Education Coordinator, Jessica Gurney and Lending Officer, Mathieu Berube during the comprehensive presentation of MaineHousing's First Home Loan program and its options. The course has been approved for 3 hours of continuing education credit by the Maine Real Estate Commission, which count toward the hourly license renewal requirement for Maine real estate licensees. Course evaluations submitted by attendees proved Lisa's engaging teaching style and vast program knowledge resulted in an entertaining and beneficial experience for all.



Mortgage Lending Team Leader, Lisa McKenna at work.



Attentive Realtors...

HoMEworks Sponsorship Campaign

Each year the hoMEworks organization conducts an annual sponsorship campaign to help support the operational expenses and special projects of the all-volunteer organization. The hoMEworks mission is to promote a standardized, comprehensive homebuyer education program delivered by a state-wide network of certified educators in a neutral, non-sales environment. MaineHousing requires MaineHousing's First Home Loan borrowers who utilize the Advantage down payment and closing cost assistance option must complete a hoMEworks approved homebuyer education class prior to closing.

MaineHousing's Consumer Education Coordinator, Jessica Gurney also serves as a member of the hoMEworks Board of Directors.

The hoMEworks campaign raised an impressive \$14,000 in sponsor contributions. Certificates of appreciation were issued to the many organizations that participated as sponsors. The special recognition of an inscribed glass plaque was awarded to the four "gold" sponsors who each contributed \$2,500 to the campaign. The sponsors receiving this award were Bangor Savings Bank, Bath Savings Bank, Norway Savings Bank and University Credit Union. Jessica Gurney personally presented the plaques to representatives of all four institutions.



Jessica (l) presents to Sharon Brobst- Bath Savings



Dan Walsh and Darci Hamm - Norway Savings



April Gleason – University Credit Union



Chris Bolduc – Bangor Savings Bank

Housing Choice Vouchers Department Memorandum

To: MaineHousing Board of Commissioners

From: Allison Gallagher - Director of HCV Programs

Date: April 18, 2023

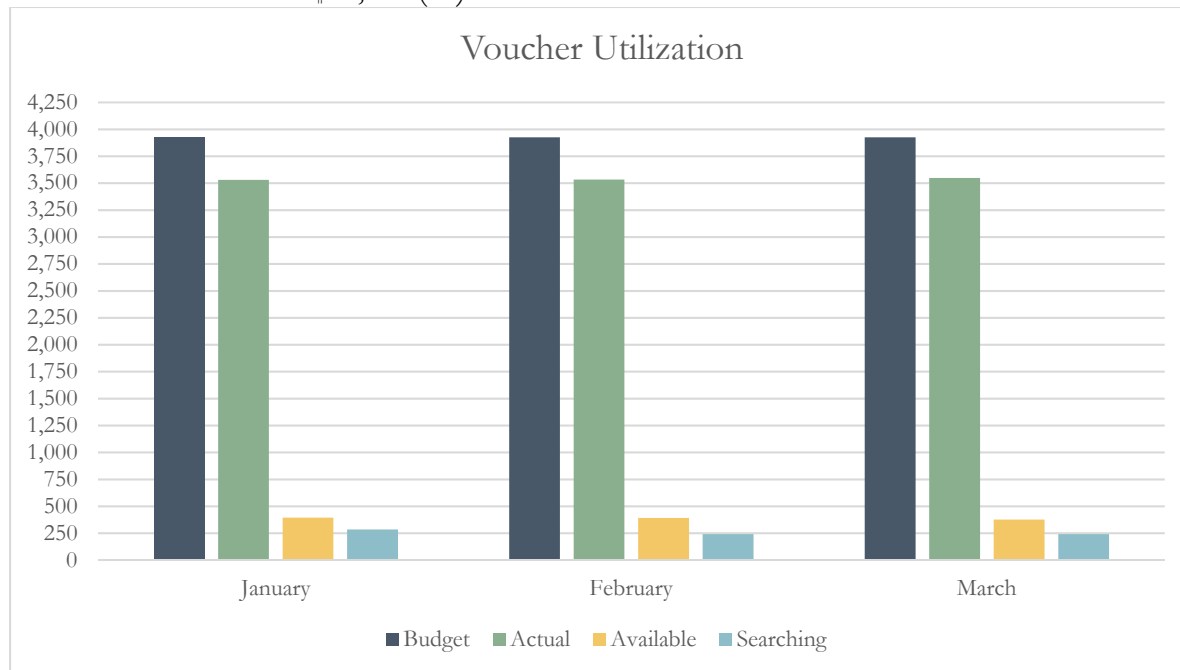
Subject: Monthly Report – Housing Choice Voucher Program

Program Updates:

Waitlist offers as of 3/31/2023:

	<u>Statewide Centralized waitlist</u>	<u>Homeless Priority</u>
Total drawn	152	83
Verifying eligibility	84%	10%
Voucher Issued	<1%	60%
Leased	0%	16%
Ineligible	16%	14%

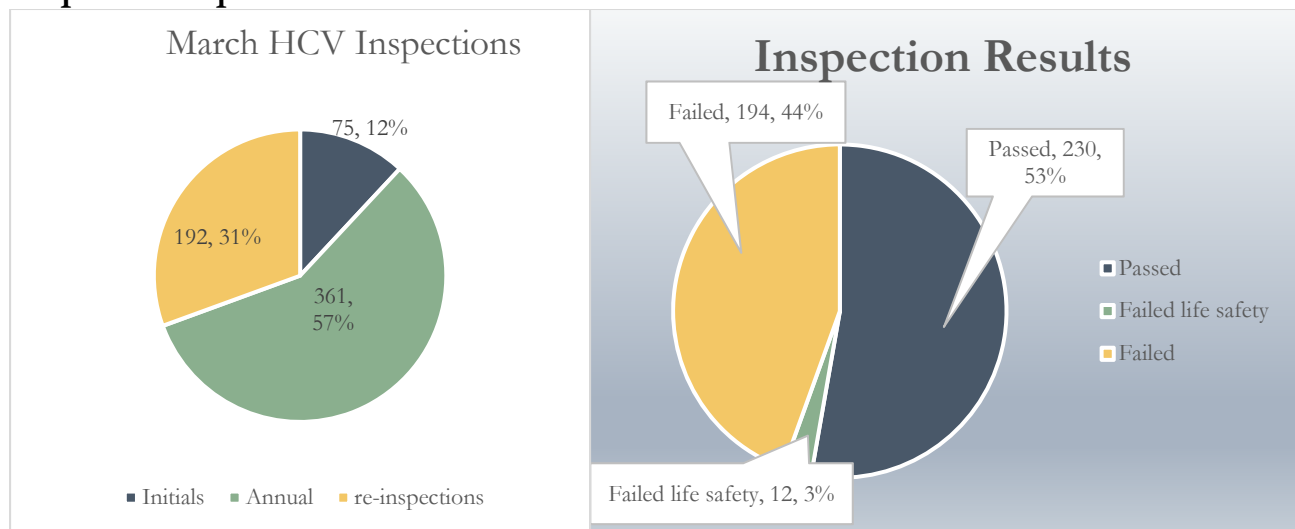
March Lease Incentives-\$39,750 (52)



HCV (homeless initiatives)

	Leased	Searching
STEP	92	45
Home to Stay	194	70
Homeless Priority	289	73
EHV	53	31

Inspection Updates:



Landlord Repair Program: \$70,189.77/Damage Reimbursement Program: \$18,343.79



Emergency Rental Assistance:

Administrators of Maine's ERA program are processing final payments on behalf of eligible ERA applicants staying in hotels through April 30, 2023. The program stopped accepting new applications effective September 29, 2022.

Human Resources and Facilities Department Memorandum

To: Board of Commissioners

From: Jane Whitley, Director of Human Resources & Facilities

Date: April 2023

Subject: Board Report

Human Resources – as of April 10

Headcount ⓘ	Hired ⓘ	Departures ⓘ	Growth Rate ⓘ	Turnover Rate ⓘ	Average Tenure ⓘ
187 As of April 2023	6	2	2.2%	1.1%	9.8 (Years)

Fair Housing Training for Partners

MaineHousing is offering a free Understanding of Fair Housing training program. This program is on demand and self-paced. It is available through our online learning portal. To register for the training, please visit our website: <https://www.mainehousing.org/education/fair-housing-education>

Facilities Updates

- ✓ Campus spring clean-up has begun!

Information Technology Department Memorandum

To: Board of Commissioners

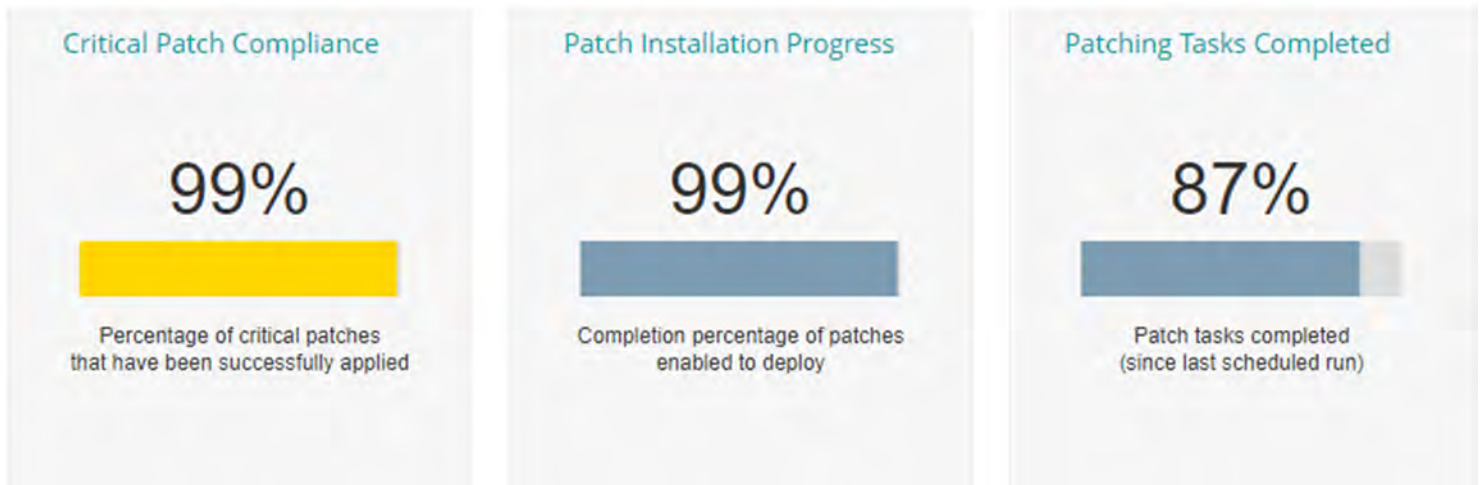
From: Craig Given, Director of IT

Date: April 11, 2023

Subject: Monthly Report

April Spotlight:

MaineHousing IT maintains an asset management system to track inventory and ensure that all systems have the latest security patches and software updates. We have seen an improvement in patching tasks thanks to changes in our patch system and related processes.



Information Technology Updates:

- Presented 2022 Security and Vulnerability Assessment to the Audit Committee. MaineHousing maintained a “reasonable secure” rating across assessment components, and implemented mitigation of critical and high findings.
- Launched a digital spring cleaning initiative to improve file management practices and address file storage and retention needs. A goal of 15% space savings was set, with education and team efforts to across the organization.

- Quarterly security trainings, using new theme based training videos, sent to all staff in preparation for quarterly anti-phishing campaign.
- Continued testing of the Microsoft365 environment including data migration and security requirements.
- Expanded Single Sign On capabilities, including enhanced Multi-Factor Authentication systems.
- Added new Cell Phone Policy and updated Information Security Program for Cell Phone requirements.
- Participated in preparations for RFP for software to support Heating and Weatherization programs.
- Attended meetings as part of the Maine Broadband Working Group initiative addressing digital inclusion.
- Applied security patches to critical systems to address identified vulnerabilities.
- Technology and application team members involved in software implementations, including grant management software, housing assistance fund, and development & asset management software.

Board Calendar 2023

JANUARY 17 <u>Board Business:</u> <ul style="list-style-type: none"> QAP discussion (30 minutes) Legislative Preview <u>Program Presentations:</u> <ul style="list-style-type: none"> HUB Coordinator update <p>NCSHA HFA Institute Washington, DC (Jan 8 – Jan 13)</p>	FEBRUARY 21 <u>Board Business:</u> <ul style="list-style-type: none"> Introduce HEAP Rule Legislative Update <u>Program Presentations:</u> <ul style="list-style-type: none"> QAP (if needed) Homeownership – 2022 Review, 2023 Preview
MARCH 21 <u>Board Business:</u> <ul style="list-style-type: none"> HEAP Rule Discussion Legislative update Updates from the Governor’s office (Greg Payne) Executive Session – Personnel <u>Program Presentations:</u> <ul style="list-style-type: none"> QAP (if needed) <p>NCSHA Legislative Conf. Washington, DC (March 27- March 29)</p>	APRIL 18 <u>Board Business:</u> <ul style="list-style-type: none"> Commence Rulemaking HEAP Rule (VOTE) Legislative Update Executive Session – Personnel followed by a (VOTE) <u>Program Presentations:</u> <ul style="list-style-type: none"> 2022 Budget and Audit results
MAY 16 <u>Board Business:</u> <ul style="list-style-type: none"> HEAP Rule Public Hearing Legislative Final Report <u>Program Presentations:</u> <ul style="list-style-type: none"> 2022 Financial Overview 	JUNE 20 <u>Board Business:</u> <ul style="list-style-type: none"> Updates from the Governor’s office (Greg Payne) Adopt HEAP Rule (VOTE) <u>Program Presentations:</u> <ul style="list-style-type: none"> Housing Choice Voucher Dept. presentation <p>NCSHA Housing Credit Connect Seattle, WA (June 13 – June 16)</p>
JULY 18 <p style="text-align: center;">If necessary</p> <p>NCSHA Exe Directors Workshop Nashville, TN (July 16-July 19)</p>	AUGUST 15 <u>Board Business:</u> <ul style="list-style-type: none"> 2024 Goal Setting <u>Program Presentations:</u> <ul style="list-style-type: none">
SEPTEMBER 19 <u>Board Business:</u> <ul style="list-style-type: none"> Updates from the Governor’s office (Greg Payne) Commence Homeless Rule Revision PHA Plan Public Hearing 2024 Goal Setting <u>Program Presentations:</u> <ul style="list-style-type: none"> 	OCTOBER 17 <u>Board Business:</u> <ul style="list-style-type: none"> Homeless Rule Public Hearing Adopt PHA Plan (VOTE) 2024 Goal Setting <u>Program Presentations:</u> <ul style="list-style-type: none"> <p>NCSHA Annual Conference & Showplace Boston, MA (Oct 14 – Oct 17)</p>
NOVEMBER 21 <u>Board Business:</u> <ul style="list-style-type: none"> Review Preliminary 2024 Budget Resource Allocation Adopt Homeless Rule (VOTE) 2024 Goal Setting <u>Program Presentations:</u> <ul style="list-style-type: none"> 	DECEMBER 19 <u>Board Business:</u> <ul style="list-style-type: none"> Updates from the Governor’s office (Greg Payne) Approve 2024 Budget (VOTE) Elect Officers (VOTE) MPP Series Resolution (VOTE) <u>Program Presentations:</u> <p>NCSHA Special Board of Directors Meeting and Executive Directors Forum New Orleans, LA (Dec 3 – Dec 5)</p>