

December 15, 2020 Board Meeting

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Board of Commissioners Meeting – December 15, 2020 9:00 A.M. – 11:00 A.M.

MEMBERS OF THE BOARD: Lincoln Merrill, Jr. (Chair), Donna Talarico (Secretary), Thomas Davis, Daniel Brennan, Laurence Gross, Henry Beck, Bonita Usher (Vice Chair), Kevin P. Joseph, Laura Buxbaum

9:00	Adopt Agenda (VOTE)	Lincoln Merrill
	Approve minutes of November 17, 2020 meeting (VOTE)	All
	Communications and Conflicts	All
	Chair of the Board Updates	Lincoln Merrill
	Elect Officers of the Board (VOTE)	Lincoln Merrill
	Director Updates	Dan Brennan
9:30	2021 DOE Weatherization State Plan Public Hearing	Linda Uhl/Kyme Ferenc
9:45	Adopt HCV Annual PHA Plan (VOTE)	Allison Gallagher
10:00	Final Review & Adoption of the 2021 Budget (VOTE)	Darren Brown
10:30	New Series Resolution (VOTE)	Tom Cary
	<u>Department Reports:</u>	All
	Asset Management	
	Audit and Compliance	
	Communications and Planning	
	Development	
	Energy and Housing Services	
	Finance Monthly Report	
	Financial & Budget Report	
	Finance Delinquency Report & Charts	
	Homeless Initiatives	
	Homeownership	
	Housing Choice Voucher	
	Information Technology	
	2021 Board Calendar	
	Adjourn (VOTE)	All

*The next meeting of the Board is scheduled January 19, 2021
via teleconference*



Minutes of the Board of Commissioners Meeting November 17, 2020

MEETING CONVENED

A regular meeting of the Board of Commissioners for MaineHousing convened on November 17, 2020 virtually. Notice of the meeting was published on November 6, 2020 in Central Maine newspapers.

Chair Lincoln Merrill called the meeting to order at 9:00 a.m. Director Dan Brennan and Commissioners Bonita Usher, Donna Talarico, Larry Gross, Laura Buxbaum, Tom Davis, Kevin Joseph, and State Treasurer Henry Beck all attended via video conference because of COVID-19. There was a quorum present.

PUBLIC ATTENDANCE

Peter Merrill, Deputy Director; Linda Uhl, Chief Counsel; Karen Lawlor, Executive Administrator; Daniel Drost, Director of Energy and Housing Services; Craig Reynolds, Director of Homeownership; Denise Lord, Senior Director of Communications and Planning; Troy Fuller, Manager of HEAP; Darren Brown, Director of Finance; Jane Whitley, Director of Human Resources and Facilities; Mark Wiesendanger, Director of Development; Tom Cary, Treasurer; Allison Gallagher, Director of Housing Choice Voucher; Kyme Ferenc, Manager of Housing Services; Brenda Sylvester, Community Housing of Maine, Inc.; and Gerrylynn Ricker, Paralegal and note taker.

ADOPT AGENDA

Director Dan Brennan added Deputy Director Peter Merrill to the Agenda to present a post-election report. *Commissioner Usher made a motion seconded by Commissioner Joseph to adopt the November 17, 2020 agenda with that one addition. The vote carried unanimously.*

APPROVE MINUTES OF OCTOBER 20, 2020 MEETING

Commissioner Buxbaum made a motion seconded by Commissioner Gross to accept the October 20, 2020 minutes with one correction. 6 members voted in favor of the motion and 1 member abstained.

COMMUNICATIONS AND CONFLICTS

Chair Lincoln Merrill reported he received a follow-up telephone call regarding the potential fraud he reported last month. He reported that the complaint has been forwarded to the appropriate party. Chair Merrill also received correspondence regarding the Plant Home in Bath. Chair Merrill also reported he spoke with Dan regarding the impact on MaineHousing resulting from the Portland referendums.

DIRECTOR UPDATES

Director Brennan reported his activities and upcoming matters as follows:

- Updated the Board members on the Plant Home in Bath, which is an assisted living facility with thirty-two residences subject to affordability covenants.
- With the COVID-19 numbers increasing statewide, we are implementing new safety protocols within the office. Masks are now a requirement throughout the building; we're working on reducing the number of staff in office; and we've reduced the number of people allowed in conference rooms.

- Finances through the third quarter have stabilized and Director of Finance Darren Brown will report on that later.
- Rent Relief program has been extended into December. The benefit is up to \$1,000 per month for the months of October, November and December.
- We've been meeting with municipal leaders in regards to homelessness, particularly in the areas of Portland, Bangor and Lewiston. We've had telephone conferences with the Governor's office and the Department of Health and Human Services. Work continues with the Statewide Homeless Council and their work with Corporation for Supportive Housing; we meet weekly if not more with DHHS and their work with an organization called Community Solutions. This past week Director Brennan served on a panel with the Portland City Manager, Jon Jennings, and Avesta President, Dana Totman, for the Greater Portland Council of Governments.
- We're very involved with the Maine Climate Council. They have finished the majority of their work and the next event is their final report due to the Governor's office on December 1.
- The federal Department of Health and Human Services has released about 90% of the \$38 million dollar heating assistance grant and around \$6 million dollars will be going out to about 7,000 people this week.
- Last month Director Brennan reported he was attending the Stephen B. Mooers Village ribbon cutting in Bangor, a 39-unit residential rental project for seniors developed by Penquis CAP. Dan took that opportunity to give the Stephen B. Mooers award created by John Gallagher to Penquis.
- The NCSHA conference was held virtually and the highlight was MaineHousing receiving the national communication award for our 50th anniversary celebration.

HOUSING CHOICE VOUCHER ANNUAL PLAN PUBLIC HEARING

Chief Counsel Linda Uhl welcomed the public and explained the public hearing process. She introduced the Commissioners and Housing Choice Voucher Director Allison Gallagher. Allison explained our stakeholder and input process. We are in the first year of our five-year plan and we have to process an annual PHA plan that goes over our accomplishments towards our five-year plan. That draft was published on our website September 29, 2020. Notice of this public hearing was published in newspapers statewide on September 29, 2020. Comments received today as well as from our Resident Advisory Board will be taken into consideration. The comment period expires at end of business today. A final draft will be presented to the Board for adoption at the December Board meeting. There being no members of the public participating in the public hearing, the public hearing was adjourned at 9:35 a.m.

2021 DOE WEATHERIZATION STATE PLAN INTENT TO PROCEED

Manager of Housing Services, Kim Ferenc, gave an overview of the 2021 Department of Energy's (DOE) Weatherization State Plan using the guidance received from DOE. Ms. Ferenc reviewed the changes in the plan and presented a slide show. A public hearing will be held at the December Board meeting.

PRELIMINARY 2021 BUDGET

Director of Finance Darren Brown presented the 2021 preliminary budget. Darren explained that this year's profitability will be lower than expected due to a very low interest rate environment that has had an impact on the mortgage lending segment of operations. A continuation of the lower interest rates is anticipated for 2021. In spite of economic challenges caused by COVID-19, MaineHousing is expected to generate a sufficient amount of net operating income this year. A slightly higher amount is projected for 2021 and total revenues are budgeted to exceed expenses by \$4.5 million. Darren reviewed the major components of the two primary business segments –

mortgage lending activities and the program administration activities. The Commissioners had the opportunity to ask questions and provide input prior to the final budget presentation and vote at the December 15th meeting.

LOW INCOME HOUSING TAX CREDIT PROGRAM/SCORING

Director of Development Mark Wiesendanger reported that this year Development did things a little differently with regard to announcing the results of the scoring committee. The scoring committee met several times and scored each project, then presented those scores to the applicants advising them to review the scores and come back to us with any discrepancies. There were half a dozen or so disputes with our scores with few requiring a change in the score. The final scores will be shared with the Board and the public very soon. Mark anticipates that we will be able to fund four or five projects with 9% tax credits. We hope to fund some additional projects that don't get funded with the 9% round by using a combination of the state tax credit and the 4% tax credit. Mark anticipates eight to ten projects will be funded.

POST ELECTION REPORT

Deputy Director Peter Merrill discussed the referendums in Portland and the impact they could have on MaineHousing. Peter also reported on the federal election and the state election. The presidential election will be decided on December 14 when the Electoral College meets. Maine has four Electoral College votes. Other results include: U.S. House, Pingree and Golden; the U.S. Senate is likely to stay with the Republicans. The State House of Representatives will stay controlled by the Democrats. Ryan Fecteau will be Speaker. The Majority Leader is Michelle Dunphy and Rachelle Talbot Ross is the whip on the democratic side. On the republican side, Kathleen Dillingham is the minority leader and the whip will be Joel Stetkis. In the Senate, Troy Jackson will be the president of the Senate; Nathan Libby from Lewiston and Eloise Vitelli from the mid-coast are the democratic leaders; Jeffery Timberlake and Matt Pouliot will be the minority leaders in the senate. The legislators will meet again on December 2nd, they will formally elect their leaders.

ADJOURN

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

Respectfully submitted,

Donna Talarico, Secretary

U.S. Department of Energy
WEATHERIZATION ASSISTANCE PROGRAM
STATE PLAN MASTER FILE

(Grant Number: _____, State: ME, Program Year: 2021)

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V.1 Eligibility

V.1.1 Approach to Determining Client Eligibility

1. ***Provide a description of the definition of income used to determine eligibility***

Definition of Low Income. Grantee has chosen to use the definition of household income, as described in the Home Energy Assistance Program Rule. Incomes calculated using this definition are adjusted as needed to align with WPN 21-1 PY 2021 *Poverty Income Guidelines and Definition of Income*¹, and any related DOE guidance thereafter, to determine household energy burden and eligibility.

Income Verification. Subgrantees obtain required income documentation and verify income eligibility as part of the intake process to certify households eligible to receive fuel assistance benefits from the Department of Health and Human Services' Low-Income Home Energy Assistance Program (HEAP). Only those households whose income has been verified within the previous 12 months to be at or below 200 percent poverty level are considered for weatherization services. Subgrantees will re-verify income eligibility prior to commencing an energy audit for households whose application eligibility certification has expired.

2. ***Describe what household eligibility basis will be used in the Program***

Grantee has chosen the following definition of low income for the basis of eligibility for the Weatherization Assistance Program (WAP): Low income means that income in relation to household/family size is at or below 200 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget.

3. ***Describe the process for ensuring qualified aliens are eligible for weatherization benefits***

A household may include:

- a. An alien who has 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 (SAWS) who perform seasonal agricultural work during a specified period of time; or
- b. An alien who has obtained the status of an alien lawfully admitted for temporary residence under Section 245A and 210A of the Immigration and Nationality Act by approval of an application and who is aged, blind and/or disabled as defined in Section 1414 (a)(1) of the Social Security Act (Public Law 74271); or
- (c) Cuban or Haitian aliens as defined in Public Law 96422, Section 501(e).

Households are considered eligible if alien members have a "Green Card" or show permanent residence (I-551 Alien Registration Card, Passport, I-688 Employment Authorization Card, I-766 Employment Authorization Document, I-94 with R-1 or R-2 status designation).

V.1.2 Approach to Determining Building Eligibility

1. ***Procedure to determine that units weatherized have eligibility documentation***

Eligible Dwellings: Household members must meet one of the following eligibility criteria to be considered for weatherization services and to assure compliance with the requirements of 10 CFR 440.22:

- a. A dwelling unit shall be eligible for weatherization assistance if it is occupied by a household that meets the eligibility for assistance under the Low Income Home Energy Assistance Act of 1981 as determined in accordance with criteria established by the Director of the Office of Management and Budget; or
- b. Prior to weatherizing entire rental dwellings of 2-4 units, a specific eligibility test will be applied. Not less than 66 percent (or 50 percent in the case of rental dwellings of two (2) or four (4) dwelling units), must be eligible or must become eligible dwelling units within 180 days under a federal, state or local program for rehabilitating the building or making similar improvements to the building.

Eligibility Documentation. Subgrantee files and records contain authorized HEAP applications with verified income documentation, as well as *Consent Form*, *Proof of Ownership* and *Landlord/Tenant Agreement* (if applicable). All documents are available for review by state or federal staff as needed.

¹ The final version of WPN 21-1, PY 2021 is expected to be released by DOE on November 30, 2020.

Undue or Excessive Enhancements. Grantee conducts desk reviews on weatherization jobs to confirm that no undue or excessive enhancements occurred to the value of the dwelling unit. If costs are questionable, an "Open Item Report" is issued to the Subgrantee. Dialog and documentation determines whether the cost is allowable. If not, it is removed from the DOE billing and the Grantee uses non-WAP funding.

2. Describe re-weatherization compliance

Grantee allows units weatherized prior to September 30, 1994 to receive further financial assistance for weatherization under DOE funds. Grantee requires that these units be reported separately. Each dwelling unit served must receive a completely new energy audit that takes into account any previous energy conservation improvements to the dwelling. Subgrantees are allowed to count these homes as completions for the purposes of compliance with the per-home expenditure limit in 10 CFR 440.18

The Maine State Housing Authority (Grantee) maintains available data of previously weatherized homes and assists Community Action Agencies (Subgrantee) in determining compliance with the re-weatherization requirements. For weatherization jobs completed 1994-1997 Grantee and Subgrantee rely primarily on records maintained by the Subgrantee. Weatherization jobs completed between 1998-2008 are tracked in Grantee's Central Heating Improvement Program and Weatherization Jobs SIR database. Weatherization jobs completed 2009-September 2016 are tracked in Grantee's ECOS database. Weatherization jobs completed October 2016 to present are tracked in Hancock Software's web-based energy audit software system referred to as HEAT Enterprise (HEAT Enterprise).

3. Describe what structures are eligible for weatherization

Grantee defines an eligible structure as a dwelling unit, including a stationary manufactured home, stick built house, and buildings with up to four rental units. An eligible dwelling does not include a camper, or other structures designed and constructed to provide temporary living quarters.

Maine WAP includes the following components:

- a. An individual audit for each dwelling unit;
- b. Energy savings calculations based on the American Society of Heating and Refrigerating and Air Conditioning Engineers (ASHRAE) fundamentals; and
- c. A comprehensive health and safety protocol. Prior to initiating any weatherization activities, Subgrantees are required to evaluate the physical condition of the home, the mechanical systems, and building tightness.

If the structure fails to meet minimum standards as to Structural Integrity and Health & Safety, weatherization must be deferred until the issue is resolved. See V.1.2.5 Deferral Process and V.5.2 Energy Audit Procedures.

Grantee complies with its State Historic Preservation Office (SHPO) Programmatic Agreement (PA) to satisfy DOE's Section 106 requirement for all structures eligible for weatherization.

4. Describe how rental units/multifamily buildings will be addressed

Grantee does not intend to weatherize multi-family properties of five (5) and more units and/or more than three (3) stories.

Eligible Dwelling Units. Grantee intends to weatherize rental dwellings containing 1-4 units occupied by income eligible (low-income) tenant(s), providing a direct benefit to the low-income tenant(s). Rental unit properties include structures with four (4) or less units, and three (3) stories or less. In the event of 2-4 unit buildings, one of the units may be occupied by the owner. Grantee, consistent with Department of Energy guidance, requires the weatherization of the entire building not just the low-income units.

Prioritization. 2-4 rental unit buildings will be prioritized similar to single unit buildings: tenants with the highest energy use and highest energy burden (as a percentage of income) will receive priority. DOE funding is used to weatherize 2-4 unit buildings provided at least 66 percent of residents in a three (3) unit property and 50 percent in a two (2) or four (4) unit property (determined on a building-by-building basis in a multi-building property) meet WAP income guidelines.

Written Permission. Prior to conducting the energy audit, the Subgrantee must verify the ownership of the unit/building and secure landlord's/owner's and tenant's consent, in writing, to proceed with weatherization measures. In addition, the landlord and tenant are required to sign a Weatherization Rental Agreement before the Subgrantee can proceed with weatherization. The provisions of this Agreement include:

- a. *Rent Increases*: Secure landlord's/owner's and tenant's signature on a *Weatherization Rental Agreement* that prohibits an increase for twelve (12) months because of any increase in the value of the property due solely to the weatherization work.
- b. *Sale of Property*: If the property is sold within one (1) year of the completion of weatherization work, the owner may be required to reimburse the Grantee for the cost of the weatherization material installed.

Tenant Complaints. Customer survey cards, client phone calls, and client comments during site monitoring are tracked by Grantee. Grantee technicians, program and management staff engage with clients and Subgrantees as needed to address issues. Closure is documented in applicable Grantee databases.

5. Describe the deferral process

Some dwelling conditions or client circumstances may require deferral of weatherization until the issues are resolved. Documentation of all activities in the client's file is required. "Deferral" does not necessarily mean that the home will not receive weatherization services, but that until the conditions are rectified, the weatherization services are temporarily postponed.

Deferral of Services Policy. See Grantee's Weatherization Assistance Program Guidance, Section 6(I) for Grantee's *Deferral of Weatherization Services Policy*, which provides the guidelines for Subgrantees when a building should be deferred because the building is not a good candidate for weatherization.

Deferral Tracking. All deferred jobs, including the reason for deferral, are entered and track in Heat Enterprise.

Deferral Notification: Subgrantee provides a written *Notice of Deferral* to each deferred client with the reason for deferral. A copy of the *Notice of Deferral* is retained with the weatherization job in Heat Enterprise.

V.1.3 Definition of Children

Definition of children: younger than six (6) years of age.

V.1.4 Approach to Tribal Organizations

Grantee has five federally recognized Indian Tribes and each of them participate in the HEAP fuel assistance, as well as HEAP and DOE weatherization programs (WAP): Penobscot Indian Nation; Houlton Band of Maliseets; Aroostook Band of Mic Macs; Passamaquoddy Tribe, Pleasant Point; and Passamaquoddy Tribe, Indian Township. Grantee and the Indian Tribes maintain annual Memorandums of Understanding that outline the disbursement terms of WAP funds for these Tribal Entities.

The low-income members of an Indian tribe shall receive benefits equivalent to the assistance provided to other low-income persons within Maine. Grantee allocates funds to five (5) tribal organizations based upon the number of eligible HEAP clients. This has resulted in three percent of Grantee's DOE grant award being allocated to the five (5) tribes. Actual administration of the weatherization programs within tribal organizations' land is provided by Subgrantees that service areas include Counties in which Indian Tribes are located.

Process: Tribal organizations process HEAP fuel assistance applications for tribal members and verify eligibility for benefits. Subgrantees contact the local tribal organizations to obtain eligible HEAP fuel assistance applications, as well as contact information for tribal members that are at 200% or below poverty guidelines that do not meet HEAP fuel assistance income eligibility or who have not applied for fuel assistance. Upon receipt of the applications/information, audits and weatherization jobs will be scheduled.

V.2 Selection of Areas to Be Served

Selection Method. In the case of areas currently served by a Subgrantee established under Section 222(a)(12) of the Economic Opportunity Act of 1964, as amended, funds available under this program will be granted to that Subgrantee for the same geographic area. Any new or additional Subgrantees shall be selected at a hearing in accordance with 10 CFR Section 440.14(a), as amended, and upon the basis of the criteria set forth in 10 CFR 440.15(a), as amended.

Grantee's WAP serves all counties statewide through nine (9) Subgrantees. Each Subgrantee is, in fact, a Community Action Agency or other public or non-profit entity.

The Grantee ensures that each Subgrantee is selected on the basis of public comment received during a public hearing conducted pursuant to 440.14(a) and other appropriate findings regarding:

- a. The Subgrantee's experience and performance in weatherization or housing renovation activities;
- b. The Subgrantee's experience in assisting low-income persons in the area to be served; and

- c. The Subgrantee's capacity to undertake a timely and effective weatherization program.

In selecting a Subgrantee, preference is given to any Community Action Agency or other public or non-profit entity which has, or is currently administering, an effective program under this part or under Title II of the Economic Opportunity Act of 1964. Program effectiveness is evaluated by consideration of factors including, but not necessarily limited to the following:

- a. The extent to which the past or current program achieved or is achieving weatherization goals in a timely fashion;
- b. The quality of work performed by the Subgrantee;
- c. The number, qualifications, and experience of the staff members of the Subgrantee; and
- d. The ability of the Subgrantee to secure volunteers, training participants, public service employment workers, and other federal or state training programs.

Subgrantee Removal. In the event that a Subgrantee is unable to complete the terms of its Subgrantee Agreement, or if Grantee determines that the Subgrantee cannot fulfill its obligations under the Subgrantee Agreement, Grantee will reach out to other Subgrantees to fulfill the terms of their Subgrantee Agreement and work with the Subgrantees to extend their WAP services into the territory needing service coverage. Contracts would be amended as needed to accommodate the change in service area. This process ensures that WAP services are delivered with minimal interruption to clients if this type of situation was encountered.

V.3 Priorities

Prioritization. Priority for weatherization services is identified through HEAT Enterprise, based on household composition, annual energy consumption usage for heat (cost), and poverty level. Households with an elderly person, a person with disabilities, and/or families with children younger than six (6) years of age are given priority for weatherization services. Data from Grantee's fuel assistance database (referred to as LIHEAP Cloud) is uploaded annually into HEAT Enterprise and becomes the basis for determining priority and wait lists. HEAT Enterprise calculates a WAP ranking for each household by assigning points based on household income, home energy costs, and household composition. The maximum number of points allotted to a household is 20, which would result in the highest priority.

Wait Lists. CAAs are required to develop and maintain a wait list consisting of HEAP eligible households. Households on the CAA's wait list should be weatherized in order of ranking according to HEAT Enterprise. Households with the highest WAP ranking have the highest priority. A CAA may move up an eligible household's priority based on geographic considerations (e.g., if a high priority weatherization project is out of town, another dwelling with a lower priority ranking in the same area may also be weatherized during at the same time to save on travel costs) or because the CAA is funding the project with additional other resources.

V.4 Climatic Conditions

Grantee's heating requirements vary from south to north based on the District Heating Factors for the United States. Maine's 7500 to 9800 degree day environment mandates consideration of heating needs. In order to meet the additional heating needs of those in the northern and western portions of Maine, the Grantee uses a sliding scale of allocation based on recorded Heating Degree Days (HDD).

Maine's Hancock Software Energy Audit Tool (HEAT Enterprise) accounts for localized climatic variances by using climate data from the National Oceanic and Atmospheric Administration (NOAA). Heating degree hours are calculated using state climate data associated with each Maine zip code

V.5 Type of Weatherization Work to Be Done

V.5.1 Technical Guides and Materials

Technical Guides. Standards for the proper installation of materials and procedures are described in the *Maine Weatherization Standards*, the *Maine Weatherization Single-Family Field Guide* and/or the *Maine Weatherization Manufactured Housing Field Guide* (collectively referred to as Field Guides) which are located on the Grantee's website <https://www.mainehousing.org/partners/partner-type/community-agencies/maine-weatherization-programs>; printed copies are available to Subgrantees.

The *Maine Weatherization Standards* is aligned with the companion Field Guides, which embodies SWS applicable to the Maine weatherization program. While the *Maine Weatherization Standards* and the Field Guides are fully aligned, the documents are distinct. The *Maine Weatherization Standards* provides more overview and

detail on overarching goals and guidance for delivery of weatherization services. The Field Guides' format provides clear quality standards for specific measures and test procedures using concise SWS language and photographs, and is well suited for direct use in the field.

Notification/Distribution to Subgrantees. Grantee has created and maintains a dedicated web portal for Subgrantees which provides electronic access to current versions to technical guides, program updates, procedures manuals, standards documents, relevant client education brochures, and a link to all WAP Program Notices and Memoranda. See <http://www.mainehousing.org/partners/partner-type/community-agencies>.

Notifications of updates to program manuals or guidance are posted to the HEAT Enterprise Home/News page. This page is maintained as a "Bulletin Board" and includes highlights of updates, implementation dates and directions to guidance as applicable. Since all users view the Home/News page on log-in, this ensures that Subgrantee field staff are apprised of and directed to the details of important updates as they are implemented.

Program updates and notifications are emailed to Sugrantee Housing and Finance Directors

Required Language. All Subgrantee Agreements contain the following language: "Subgrantee agrees to ensure that the standard work specifications for work quality outlined in WPN 15-4, Section 2, will be met and that all contracts with vendors will contain the same requirement." The Subgrantee's signature on the Agreement confirms that all expectations contained in the Sugrantee Agreement, Work Plan, and Budget are understood. The Subgrantee must deliver the executed Agreement, with Work Plan and Budget to the Grantee for approval before WAP funds will be disseminated.

All weatherization work is performed in accordance to DOE approved energy audit procedures and 10 CFR 440 Appendix A.

NEPA Review. Subgrantees may only perform activities identified in the list of Categorical Exclusion identified in Appendices A and B to Subpart D of 10 CFR § 1021.

Field Guide type approval dates.

Maine Weatherization Single-Family Field Guide approved November 15, 2018

Maine Weatherization Manufactured Housing Field Guide approved January 14, 2020

Supplemental DOE Approval for Spray Foam as an Air Sealing (Infiltration) Material as well as Insulation Material approved November 27, 2018

V.5.2 Energy Audit Procedures

Audit Procedures and Dates Most Recently Approved by DOE

Audit Procedure: Single-Family

Audit Name: Other (specify) 12/5/2016 Hancock Software

Approval Date: 12/5/2016

Audit Procedure: Manufactured Housing

Audit Name: Other (specify) May 22, 2017 Hancock Software

Approval Date: 5/22/2017

Audit Procedure: Multi-Family

Audit Name: Other (specify) 12/5/2016 Hancock Software would be the system used to conduct multi-family audits. Grantee does not do multi-family units

Approval Date: Not applicable

Comments

1. Grantee's energy audits consists of the following components:
 - a. an individual audit for each dwelling unit,
 - b. energy savings calculations based on ASHRAE fundamentals, and
2. a comprehensive health and safety protocol. Prior to initiating any weatherization activities, Subgrantees are required to evaluate: the physical condition of the home, the mechanical systems, and building tightness. Evaluation of the physical condition of the home and its mechanical systems is accomplished using blower door tests, combustion efficiency analysis, ventilation assessment, fossil fuel appliance combustion safety testing, and moisture level evaluation. Results determine the necessity for various remedial actions, which

must be accomplished prior to weatherization, as well as whether investing program dollars in the structure is appropriate.

3. Grantee's health and safety procedures, as described in the *Maine Weatherization Standards* require a total assessment of the home. Briefly, and not all inclusive, the auditor is required to assess the home from basement to attic using HEAT Enterprise:
 - a. list possible pollutant sources;
 - b. record any observable pollutant indicators;
 - c. interview the client as to health problems and lifestyle;
 - d. test all combustion appliances to the degree allowed by law as to efficiency and safe operation;
 - e. perform zone pressure diagnostic testing if applicable;
 - f. determine combustion air requirements and assess the adequacy of the existing combustion air supply;
 - g. test for spillage, back-drafting, and venting capability of all combustion exhaust vents; and
 - h. check CO production of all combustion appliances.
1. Homes that fail combustion safety tests must be deferred until corrective action is taken. Homes with unvented fossil fuel heaters cannot be weatherized until such heaters are removed, except when ANSI approved and used as secondary heat only. In addition, no weatherization activity that will affect the drying capability of the home may be undertaken until all necessary moisture control activities have been completed. After the weatherization measures are completed, the home must be checked again to ascertain that all combustion appliances are operating safely. If homes fail to meet minimum standards as to Structural Integrity and Health & Safety, weatherization must be deferred until the issue is resolved. Once a deferred home becomes eligible for weatherization, any applicable energy audit assessments, such as blower door testing and combustion safety testing, must be redone to establish a new baseline for the building conditions. Documentation of all activities in the client file is required.
2. Grantee standard work specifications are embodied in the Field Guides and is posted on the Grantee's website. This measures selection system applies to all types of dwelling units and is based on instrumented audits interacted with ASHRAE 62.2–2016 based calculations for energy use, actual installation and energy costs and material lifetimes to produce a savings investment ratio (SIR)-driven work order. These calculations will be conducted using HEAT Enterprise.
3. Grantee requires Subgrantees to utilize, to the degree allowed by law, diagnostic equipment including blower doors, combustion analyzers, hygrometers, CO analyzers, digital manometers and infrared cameras. Mandated tests include blower door tests, combustion efficiency analysis, minimal ventilation assessment, fossil fuel appliance CO testing, and moisture level evaluation.
4. Grantee's HEAT Enterprise uses the basic heat loss equation for conductive heat loss, (BTU/hr times area times degrees Fahrenheit over "R") taken from the ASHRAE 62.2–2016 Fundamentals Handbook, for pre and post weatherization energy use. Included in the calculations are heating degree-day correction factors and a blower door "N" factor when necessary. The results are checked against actual consumption whenever possible (HEAP vendors are required to provide consumption data; clients are asked to provide fuel bills during the audit). As the database grows, any necessary adjustments to correction factors will be made. Grantee's energy audit calculates SIRs for each contemplated weatherization measure, which reflect local heating degree-day figures and a heating degree-day correction factor.
5. In HEAT Enterprise, material lifetimes were updated based on DOE input and are the most conservative generally accepted by the industry. Installation costs are established by using actual subcontractor and supplier bids as well as crew installation costs at each Subgrantee.
6. A SIR is calculated for each contemplated energy conservation measure (ECM). Measures are arranged in descending order of payback by HEAT Enterprise with any individual measure with a SIR of less than 1 being considered "unallowable" unless paid for with another funding source (non-DOE). It is possible for the Subgrantee to elect to do fewer measures than proposed on any given job as long as measures are accomplished in the order established by HEAT Enterprise. However, this is not the preferred practice considering that a home may only be weatherized with DOE funds once in a lifetime, unless weatherized prior to September 30, 1994.
7. Projected incidental repair costs are also calculated and added to the total cost. Incidental repair costs are capped at 15 percent of the total cost of weatherization tasks being completed (conductive + air infiltration + mechanical tasks) in a contract period. Overall calculated SIR for activities excluding health and safety must

be equal to or greater than 1. Grantee's audit system assigns an energy savings to air infiltration reduction as determined by reduction of the CFM50 figure from blower door testing. As there is no way to accurately predict a post weatherization CFM50 figure, Grantee may waive the SIR requirement for the aggregate of air infiltration reduction measures on a case-by-case basis if the overall payback requirement is not met by the post blower door test.

8. All weatherization work is performed in accordance to DOE approved energy audit procedures and 10 CFR 440 Appendix A.

V.5.3 Final Inspection

Every DOE WAP unit reported as a completed unit receives a final inspection by the Subgrantee's BPI certified Quality Control Inspector (QCI), to ensure that all work meets the minimum standard work specifications as outlined in the *Maine Weatherization Field Guide* in accordance with 10 CFR 440. The QCI must complete and provide an *Inspection Completion Form* to Grantee for every completed unit, certifying that the weatherization materials and measures were properly installed in accordance with the Grantee WAP standards.

Grantee monitors conduct desk reviews on up to 100 percent of completed jobs, based on Subgrantee performance. Grantee will only authorize payment to the Subgrantee when satisfied that all work is completed in accordance with the work quality requirements outlined in WPN 15-4, Section 1. The Subgrantee is notified of any jobs not in compliance and is required to take the steps necessary to complete the job. In addition, the Grantee will perform quality assurance reviews of at least 5 percent of completed units and 10 percent of all completed units of Subgrantees that allow the audit and inspection to be done by the same person.

Subgrantee Agreements outline disciplinary action for inadequate inspection practices, as well as other duties not performed in accordance with expectations contained in the Agreement. *To wit:* Grantee shall notify the Subgrantee of the respects in which the Subgrantee's performance is deficient and the time period Subgrantee has to conform its performance. In the event the Subgrantee fails to correct deficiencies in its performance within the specified time, Grantee may withhold Subgrantee's funding under the Agreement until Subgrantee is in compliance.

If a Subgrantee weatherizes without approved clearance and Grantee subsequently determines the project is financed/owned by a Subgrantee, or sufficient reserves are in place for the project to incur these costs, Grantee has the right to refuse to reimburse for weatherization costs incurred.

Maine Weatherization Standards, Subgrantee Agreements, and Grantee's Weatherization Assistance Program Guidance and Procedures (Section 6), provide policies and procedures that govern the inspection process.

V.6 Weatherization Analysis of Effectiveness

HEAT Enterprise system reports are used as tools by the Grantee to monitor Subgrantee WAP production. Additionally, the HEAT Enterprise system calculates an Energy Savings Report for each job that includes pre-R, post-R as well as annual and lifetime BTU savings for the dwelling. Grantee plans to implement the following procedures to analyze the effectiveness of weatherization projects:

1. Grantee reviews estimated energy savings calculations and reports produced by HEAT Enterprise, which also prioritizes all activities in all types of housing addressed by WAP.
2. Grantee surveys recipients of weatherization services and shares results with Subgrantees performing the work.
3. Grantee's Energy and Housing Services team (EHS) communicates regularly with Subgrantee weatherization technicians through telephone, email and onsite visits.
4. Grantee's EHS staff participates in monthly Housing Council meetings and Building Technician Committee (BTC) meetings hosted and attended by Subgrantees directors, managers and technical staff. These meetings provide a platform to receive and solicit feedback from Subgrantees regarding technical concerns, training and other areas that may need improvement. Grantee will implement training based on need.

Grantee conducts up to 100 percent desk review of all jobs and provides timely feedback to Subgrantees. Grantee's State Monitor Technical Review Checklist and State Monitor Compliance Review Checklist classifies common or problematic areas of work identified during desk audits of each weatherized unit. This checklist includes specific areas of the building model which prompts the monitor to require that the audit be restated if housing characteristics were not accurately entered into the initial audit. Grantee maintains a database which tracks jobs that have issues, follows-up with the Subgrantee, and documents resolutions.

V.7 Health and Safety

Purpose and scope. The primary goals for Grantee WAP are to implement cost effective weatherization procedures to conserve energy and to assess and correct related health and safety hazards. Materials used for the abatement of such hazards not listed in Appendix A of 10 CFR 440 must meet all standards incorporated by reference and made a part of Part 440.

1. Subgrantees will be allowed to expend program funds for the abatement of energy related health and safety hazards up to an average of \$1,200 per unit. Grantee health and safety related costs will be charged to either the administrative or training and technical assistance cost category. It is the responsibility of Subgrantees to manage health and safety expenditures, which Subgrantees report as part of the billing process. The health and safety costs excluded from the cost effective calculations are tracked separately.
2. The cost of eliminating health and safety hazards, which is necessary before or because of installation of weatherization materials, is an allowable expense. Definitions of “minor” or allowable Health & Safety related repairs, and at what point repairs are considered beyond the scope of weatherization are included in the applicable sections of Grantee’s 2021 Health and Safety Plan Template, (4.0, 7.6, 7.9, 7.14, 7.16), and are aligned with the *Maine Weatherization Standards*. Updates related to COVID 19 are in the updated 2021 Grantee Health and Safety Plan Template.
3. Grantee WAP has set parameters by defining allowable minor repairs versus unallowable major repairs for potentially out-of-scope repairs such as roof, structure, moisture, electrical, and worker/client safety. This has greatly reduced the call for case-by-case considerations. However, rigors will be applied to any case-by-case consideration, including cost, Health and Safety risk, SIRs, pursuit of non-WAP resources, and the extent of benefits to especially vulnerable low-income households and individuals per 10 CFR 440.
4. Subgrantees are encouraged to leverage other funds whenever possible when addressing non-cost effective tested items. Problems with the dwelling unit that have no connection with weatherization activities can only be addressed with other funding sources, such as Grantee’s *Lead Hazard Reduction Demonstration Grant*, or its *Home Repair Program*. Potential funding sources include, but are not limited to:
 - a. Central Heating Improvement Program (CHIP)
 - b. Community Development Block Grant (CDBG)
 - c. Maine State Housing Authority programs
 - d. City or Town assistance
 - e. USDA Rural Economic Development (formerly FHA)
 - f. Housing and Urban Development (HUD)
 - g. Local church and community groups
 - h. Building Materials Bank
 - i. Habitat for Humanity
 - j. Donations from local businesses
 - k. Landlords

Intake Procedures. Per the Maine Weatherization Standards, the auditor’s duties include an evaluation of available information starting with viewing the client application, interviewing the client, and assessing the dwelling. A series of tests as outlined in the Maine Weatherization Standards and the Field Guides are performed in order to identify potential health and safety hazards as well as energy conservation opportunities. The clients sign a WAP Consent Form that specifies “In consideration of any WAP services received, I have received a copy of the EPA publication *The Lead-Safe Certified Guide to Renovate Right* and have also been educated on weatherization and health and safety topics pertinent to my home.”

Client Education and Training. As outlined in WPN 17-7, the auditor makes the client aware of potential hazards and provides them with appropriate instructions and educational materials. The client also receives guidance and information on energy conservation tips, both verbally and through educational materials relating to the subject(s). In addition to various brochures and manuals available to clients, education is provided as the home is being weatherized. Crews, contractors, inspectors and other qualified personnel explain various related concepts as the work progresses. Clients are encouraged to contact appropriate Subgrantee after weatherization if they have any questions, concerns, or wish to report feedback on the conservation efforts.

Deferral of Services Policy: See Grantee's *Weatherization Assistance Program Guidance*, Section 6(l) for Maine's *Deferral of Weatherization Services Policy*.

Grantee Health and Safety Program: Grantee health and safety related costs will be charged to either the administrative or training and technical assistance cost category. Grantee will follow all Occupational Safety and Health Administration (OSHA) safety regulations, and national, state and local codes as further described under the Subgrantee/Contractor Safety section below.

Subgrantee/Contractor Safety: Subgrantees must comply with OSHA requirements in all weatherization activities. When contractors are employed by Subgrantees, those contractors are expected to comply with OSHA requirements as well. The contractors' costs to comply with OSHA, as applicable, are part of their bid price. Updates related to allowability of costs associated with COVID 19 safe work practices are in the updated 2021 Grantee Health and Safety Plan Template 7.5 Related costs for Subgrantees to comply with OSHA requirements may be charged under section 440.18 as health and safety, tools and equipment, incidental repairs, etc.

1. Grantee WAP expects the crews, contractors, and other field personnel to be able to work under conditions that do not jeopardize their own health and safety.
2. Weatherization personnel shall be properly trained in workplace safety and will be provided with necessary protective equipment by their employer. All weatherization workers must comply with EPA's Renovation, Repair and Painting Rule (RRP) and at least one (1) person on each weatherization crew (includes both subcontractor crews and Subgrantee direct hires) must be trained in Renovation, Repair and Painting (RRP). Updates related to COVID 19 safe work practices training are in the updated 2021 Grantee Health and Safety Plan Template, 7.5, 7.13, 7.23, 7.24.
3. Subgrantees and contractors are expected to follow the requirements of Construction Industry OSHA Safety and Health Standards (29 CFR 1926/1910). During COVID 19 pandemic conditions, additional guidance must be followed including but not limited to: Federal and State CDC, FEMA, Maine COVID 19 Prevention Checklist Industry Guidance, and DOE Memorandum 062.
4. Subgrantees must comply with the OSHA Hazard Communication "Right to Know Program." The program requires chemical manufacturers or importers to assess the hazards of chemicals that they produce or import. It also requires that all employers provide information to their employees about the hazardous chemicals to which they are exposed, by means of a hazard communication program, labels and other forms of warning, material safety data sheets, and information and training. Subgrantees must follow the record keeping requirements for Occupational Injuries and Illnesses.
5. Subgrantees are responsible for maintaining vehicles purchased with federal funds so that they are in safe and proper operating condition.
6. Subgrantees are responsible for ensuring all work performed in client homes abides by federal, state, and local codes and regulations.
7. Grantee verifies contractor and Subgrantee compliance with OSHA 10, Safety Data Sheets (SDS), and RRP requirements as follows:
 - a. As part of the annual bid process, contractors are required to submit RRP certifications. Grantee reviews this documentation to ensure compliance.
 - b. Grantee conducts in-progress monitoring inspections to verify compliance with OSHA 1910 and 1926, RRP, and reviews/compares SDS information to actual products being installed.
 - c. Grantee conducts client interviews to confirm that they received SDS information prior to the installation of WAP measures.

Client Health and Safety. Client health and safety is a priority for Grantee WAP. Through DOE trainings, related trainings at Maine Safety Works, and field training, Grantee has developed a comprehensive plan to ensure safety in energy related areas. Updates related to COVID 19 safe work practices are in the updated 2021 Grantee Health and Safety Plan Template, 7.20. Subgrantees are required to have the proper equipment to perform the necessary weatherization tests. Subgrantee personnel are required to attend trainings as determined necessary. Homes constructed prior to 1978 are presumed to contain lead paint. All weatherization clients residing in homes constructed prior to 1978 will receive the EPA publication *The Lead-Safe Certified Guide to Renovate Right* prior to the commencement of any weatherization activities.

1. Maine's Community Action Agency Building Technology Committee (BTC) meets on a monthly basis to discuss all technical aspects of the weatherization program. The committee consists of a technical representative from each Subgrantee. Through this venue Subgrantees are continually updated with

information and techniques regarding energy conservation and health and safety issues. This system ensures that all Subgrantees are receiving the same information and creates consistency for a quality program statewide.

2. The Weatherization and CHIP programs work in unison to guarantee "A House as a System" approach when conducting an audit.
3. All Subgrantees have blower doors, digital manometers, CO testers, heating system efficiency testers, and hygrometers, as well as other test equipment. All weatherization personnel are required to be trained in energy related health and safety issues and indoor air quality problems. Testing and corrective procedures requiring special licensing on a state level will be referred to the appropriate authority.

Health and Safety Guidance Grantee uses the Table of Issues (adopted in DOE WPN 17-7) as a reference of a majority of conditions that Grantee regards as hazardous. In all cases these conditions will determine the course that weatherization will take. The chart outlines the hazard, the importance of correction, if postponement of weatherization services is necessary, types of testing, and corrective procedures for each hazard. In addition to the prescribed guidance in the Table of Issues, the following will be assessed and addressed, as applicable:

1. Air Conditioning and Heating Systems. Because of Maine's high heating degree-day environment, cooling needs are considered insignificant for Maine dwellings. Therefore, Maine climate conditions do not warrant defining at-risk occupants or the repair or replacement of air conditioning systems under DOE WAP.
2. Asbestos. According to the EPA's *Building Air Quality Guide*, the mere presence of asbestos in a building does not mean that the health of a building occupant is endangered. Asbestos-containing material in good condition, not damaged or disturbed, is not likely to release asbestos into the air.
3. Biologicals/Mold. Updates related to COVID 19 are in the updated 2021 Grantee Health and Safety Plan Template 7.5, 7.20.
4. Combustion Appliances and Combustion Gases. Grantee recognizes that combustion gases in homes pose the most serious hazard. As a result, Grantee has adopted a comprehensive plan to ensure safe operation of combustion appliances and to make sure that weatherization procedures do not contribute to a problem.
5. Per the SWS, (2.02 Combustion Safety) CO in the appliance vent, ambient CO and spillage testing must occur as part of a weatherization job. If the mandatory testing results are outside of the allowable limits, a clean, tune & evaluate (CTE) of the heating system must occur as part of a weatherization job.
6. Energy auditors must comply with the rules of the Maine Fuel Board: Prior to performing a combustion safety and efficiency test, a limited energy auditor technician shall obtain the manufacturer's installation and operating instructions for the specific equipment to be tested. Energy auditors must make every effort to obtain an equipment manual on site or on line. When a manual is not obtainable, the energy auditor must order a CTE by a licensed Heating Technician. This CTE must be performed prior to invoicing the job. A visual inspection, CAZ pressure test, spillage test, and ambient CO measurement must still be conducted as part of the energy audit.
7. In addition, CTEs should also be conducted as part of routine maintenance and safety practices. Subgrantees must provide in their Work Plan established internal policies that describe how CTEs will be addressed for clients of the weatherization program. Of all the by-products of fuel combustion, carbon monoxide (CO) is deadly. Grantee views any ambient level of CO as potentially dangerous and will be considered a warning signal that a problem exists. According to ASHRAE standards, the maximum allowable concentration for short-term exposure is 9 ppm in residential settings. Corrective procedures requiring special licensing will be referred to the appropriate authority.
8. Mold and Moisture. A thorough moisture assessment of the home is done during the audit process and conditions are noted in HEAT Enterprise. The assessment process includes a client interview, visual inspection, measuring humidity levels and blower door testing. Corrective procedures include client education, eliminating/reducing source of moisture, and providing mechanical ventilation as prescribed by ASHRAE standards.
9. Occupant Pre-existing or Potential Health Conditions. Updates related to COVID 19 safe work practices are in the updated 2021 Grantee Health and Safety Plan Template, 7.20

10. Worker Safety. Updates related to COVID 19 safe work practices are in the updated 2021 Grantee Health and Safety Plan Template, 7.5, 7.13, 7.23.
11. Diagnostic Equipment. Diagnostic equipment, such as blower doors, will not be used on units where such equipment could exacerbate existing problems (e.g., vermiculite in open floored attics).
12. Spray Polyurethane. Grantee must follow EPA recommendations (available online at <http://www.epa.gov/saferchoice/spray-polyurethane-foam-spf-insulation-and-how-use-it-more-safely>)

V.8 Program Management

V.8.1 Overview and Organization

Organization Overview. The Maine State Housing Authority (MaineHousing), created in 1969, is Maine's housing finance agency. MaineHousing administers the DOE Weatherization Assistance Program. MaineHousing's mission statement reads, "The mission of MaineHousing is to assist Maine people to obtain and maintain decent, safe, affordable housing and services suitable to their unique housing needs." In carrying out this mission, MaineHousing provides leadership, maximizes resources, and promotes partnerships to develop and implement sound housing policy.

Since its inception, MaineHousing has provided housing for low and very low-income renters and the opportunity for low and moderate-income Maine families to purchase their own homes. In the more recent past, MaineHousing has expanded its programs to meet new challenges posed by various housing needs: people who are homeless; people with special housing needs (such as mental health consumers); the elderly; low income homeowners who cannot afford basic home repairs; and others.

The State of Maine developed the nation's first Weatherization Program in 1973 in response to the energy crisis that gripped the northeast and caused economic hardship across the country. Maine WAP became the model used in developing funding for a program in every state in the nation. The program was originally administered by the Division of Community Services, an executive department agency. It was re-assigned to MaineHousing in 1991.

By its nature, MaineHousing rarely serves its customers directly. It places a heavy reliance on its partners to deliver its programs and services to the households that it serves. These partners include real estate professionals and lenders, non-profit organizations, other government agencies (in particular, Maine Department of Economic and Community Development, and Health and Human Services) municipalities, for-profit corporations, private developers, private property owners, management corporations, and Community Action Agencies. With offices located throughout Maine, nine (9) of Maine's Community Action Agencies serve as Subgrantees for the DOE Weatherization and Low Income Home Energy Assistance Programs (HEAP).

In addition to WAP, MaineHousing serves as Grantee for HEAP, Central Heating Improvement Program and other home repair programs. Weatherization serves as MaineHousing's cornerstone to providing thousands of Maine homeowners and renters with funds to repair and improve their homes. CDBG and other state and federal sources of funds will be used in conjunction with WAP funds to address this home repair crisis. In addition, MaineHousing consistently designates 15 percent of its HEAP grant to weatherization and heating system repair programs.

Review of Subgrantee Work Plans, Budgets, and Reported Results. Grantee requires Subgrantees to provide a Work Plan and Budget for the 2021 DOE program as part of the Subgrantee Agreement. Grantee will review the Work Plan and Budget and request any updates, if necessary, for the program year. No funds will be advanced to Subgrantees until the Work Plan and Budget is reviewed and approved by Grantee. Grantee's EHS staff will perform comparisons of Subgrantees monthly billings versus their approved budgets to identify financial or compliance variances. EHS staff will work with Subgrantees to correct/understand variances as they are identified during this process.

Allocation of Funding to Subgrantees. Grantee will allocate program funding to Subgrantees based on the percentage of HEAP applications approved. Grantee reserves the right to re-allocate funding among Subgrantees during the program year based on program performance and need statewide. WAP is currently operating under a Continuing Resolution for Fiscal Year (FY) 2021 (WAP Memorandum 069). For planning purposes, until a final full year FY 2021 budget is passed and signed by the President, Grantees have been advised to develop their Grantee Plans using the same funding level as the DOE 2020 Appropriated Funds outlined in WPN 20-2. While WPN 20-2 allocations will suffice for FY 2021 planning purposes, DOE will adjust these allocations to Grantees based on final FY 2021 appropriations. Once a FY 2021 budget is passed and signed by the President, DOE will issue WPN 20-2, Program Year 2021 Grantee Allocations.

V.8.2 Administrative Expenditure Limits

Allocation of the funds for the current Program Year show all Subgrantees at five percent administration. (See Annual File - Part A) Once all Subgrantee budgets are reviewed and approved, the Grantee will file an amendment to this State Plan, reflecting actual budgeted administrative costs.

Grantee WAP may allow up to an additional five percent administrative funding for Subgrantees that qualify based on the following criteria:

1. As required by federal regulations, the Subgrantees must receive less than \$350,000 for their total annual sub-granted amount.
2. Subgrantee budgets must reflect reasonably expected administrative costs for the new grant period, which are in excess of the five percent. These expected costs should be based on the best information currently available.
3. The Subgrantees must have no uncorrected audit or monitoring findings regarding the allocation of costs to the DOE sub-grant for the most current period available.

Any Subgrantee meeting criteria defined in 10 CFR 440.18(d) may receive increased administrative funding, not to exceed an additional five percent (10 percent total), based on actual costs incurred. The Grantee will require the Subgrantees to submit a letter of application for additional administrative funding. This letter must address the impact on production and the need for the additional administrative funds as well as the three (3) criteria shown above.

V.8.3 Monitoring Activities

Programmatic/Subgrantee Monitoring. The monitoring approach under the Grantee WAP is to work closely with Subgrantee personnel to ensure continued quality workmanship and to ensure adequate financial systems and procedures. Grantee WAP will administer Quality Control Inspections (QCI) in accordance with SWS outlined in the Field Guides and 10 CFR 440 using both the independent QCI and independent auditor/QCI. This will enable Subgrantees with fewer staff to utilize the process. In all cases QCIs will be Subgrantee employees or hired contractors and the Grantee will perform quality assurance reviews of at least 5 percent of completed units and 10 percent of all completed units of Subgrantees that allow the audit and inspection to be done by the same person.

Comprehensive coverage of all Subgrantee WAP activities is achieved by a combination of regularly scheduled Grantee efforts:

1. Administrative and fiscal monitoring – annually.
2. Onsite inspection of completed units – monthly.
3. Client file review – monthly.
4. Review of Subgrantee work plans, budgets, and reported results – ongoing.
5. Review of independent Subgrantee annual audits – annually.

Grantee has developed its own monitoring tool that includes reviews of the Subgrantee Uniform Grant Guidance Audit prescribed by 2 CFR 200. Among other things, Grantee has determined that the DOE monitoring tool duplicates many financial and compliance audit requirements under 2 CFR 200 which all Subgrantees must have their independent auditors perform annually. Subgrantees are required to submit their annual independent audit report to Grantee as soon as the report is available.

Financial Monitoring. Grantee staff will perform comprehensive administrative and fiscal monitoring of each Subgrantee on an annual basis using the Compliance Review Administrative Monitoring Tool. During the annual administrative and fiscal audit, Grantee conducts a 10 percent file review of Subgrantee's production. If a significant issue is cited Grantee will expand the sample size.

The EHS Fiscal Compliance Specialist addresses the following areas of performance under DOE Weatherization:

1. Annual Financial Monitoring review
 - a. Financial/Fiscal Accountability
 - b. Uniform Grant Guidance Audit prescribed by 2 CFR 200
 - c. General ledger
 - d. Payroll/Personnel/Timecards

- e. Vehicles and equipment purchases
 - f. Indirect rate review to make sure it is being calculated correctly
 - g. Invoicing
 - h. Record retention
 - i. Corrective action plans
 - j. Contractor payments
2. Annual Production File Review
- a. Procurement process
 - b. Energy audits
 - c. Eligibility
 - d. Proof of ownership
 - e. In progress and final inspections
 - f. Contractor invoices
 - g. Release of liens
 - h. Scope of work
3. Each comprehensive monitoring visit includes an exit interview during which the EHS Fiscal Compliance Specialist apprises Subgrantee personnel of pertinent findings and recommended improvements, as applicable. Within 30 days of the administrative/fiscal monitoring visit, the EHS Fiscal Compliance Specialist will prepare and deliver a report to the Subgrantee summarizing these findings and requesting corrective actions. Additionally, the Fiscal Compliance Specialist will perform a six (6) month follow-up review of corrective action plans, if applicable.
4. If significant issues are identified, Grantee requires the Subgrantee to submit a corrective action plan for Grantee's review/approval. Grantee will conduct a six (6) month follow-up review to ensure the plan was executed and effective in addressing the issues.

Grantee Monitoring Personnel:

TITLE/GROUP CATEGORY	HRS /YR	TIME %	ADMIN %	T&TA %	DESCRIPTION OF DUTIES
Fiscal Compliance Specialist	624	30.00%	30.00%	0.00%	Performs fiscal reviews of Subgrantees to ensure fiscal compliance to federal rules and regulations; provides Programmatic Guidance to Sub-Grantees.
Technical Services Specialists #1 & #2	1,456	35.00%	5.00%	30.00%	Primary responsibility for field inspections and monitoring of completed weatherized units to ensure quality and compliance with program regulations. Assists in technical training, such as conducting energy audits, contractor relations, including contractor bids
WAP Program Officers #1 & #2	520	25.00%	10.00%	15.00%	Performs compliance desk review of completed jobs and onsite Grantee compliance monitoring. Provide Subgrantee training to address administrative requirements, compliance issues, Heat Enterprise, and other areas as needed and/or requested by Subgrantee. Provides Programmatic Guidance to WAP Subgrantee

Independent QCI Monitoring: QCI monitoring has three components: Desk Review, Unit Inspections, and On-site Subgrantee Monitoring Visits.

1. Grantee State Monitors conduct a minimum of 10 percent and up to 100 percent desk/file review of the completed units submitted by each Subgrantee. The percentage of desk review depends on Subgrantees' performance, which is captured on Grantee's internal tracking sheet. This practice allows the Grantee to monitor best practices, identify concerns, and select/prioritize units for onsite inspections for each Subgrantee. *State Monitor Desk Review Checklists* provide Subgrantee with the desk review results for jobs reviewed, including job deficiencies. Deficiencies are tracked by number and level of concern of reviewed jobs on Grantee's internal tracking sheet. *State Monitor Review Checklists* are made available to the Subgrantee in HEAT Enterprise. Any deficiencies identified on the checklists must be addressed in the job file before payment can be issued.
2. EHS Technical Service Specialists will perform onsite unit inspections of completed and in-progress units statewide on a monthly basis. They will inspect a minimum of five percent of completed units and 10 percent of all completed units of Subgrantees that allow the audit and inspection to be done by the same person.
3. If significant issues are identified, the Technical Services Specialists will expand the percentage of inspected units. Technical Guides and Materials (V.5.1) establishes the criteria for inspection procedures.
4. Capture and reporting of inspection data will be accomplished using the *Maine WAP QCI Field Form*, which provides a comprehensive checklist that includes:
 - a. Assessment of auditors' pre-existing R-values and accurate building model
 - b. Evaluation of auditors' approach for each distinct area of the structure, attic, walls, basement, site specifics, etc.
 - c. Verification and evaluation of each installed measure
 - d. Combustion appliance inspection and combustion safety testing data
 - e. Blower door, pressure pan and other applicable building diagnostics data
 - f. Exhaust device cfm measurement and confirmation of correct ASHRAE ventilation requirement
 - g. Confirmation of on-site documentation required by SWS such as Insulation Certificates
 - h. Client comments, concerns and positive remarks
5. Within 30 days of the site inspection, the Grantee monitor submits a Unit Inspection Report to the Subgrantee. These reports include findings and any required corrective actions, communications with the client/owner and contractor, observations and an assessment of the auditor's performance. If a rework is ordered, the Subgrantee will have 30 days to complete the rework and notify EHS, in writing, of its completion. The Subgrantee may also contact the Director of EHS in writing during this 30-day period to appeal a rework finding. The unit will be revisited by the Director of EHS, a representative of the Maine Community Action Agency Housing Council, the Grantee monitor, and a Subgrantee representative to resolve the dispute through actual onsite observations and discussion of discrepancies.
 - a. If the rework ordered is not rescinded following this appeal process, the Subgrantee will have 30 days from the date of the appeal resolution to complete the rework.
 - b. If reworks are not completed within 30 days, and the Subgrantee has not demonstrated reasonable cause for delay, a billing adjustment will be made for the entire dwelling unit. The unit will not be reinstated until the rework has been completed.
 - c. If there are significant deficiencies identified, the Grantee monitor will increase the number of units reviewed and frequency of monitoring visits to the Subgrantee until there are assurances that all deficiencies have been resolved.
6. Subgrantees are required to submit corrective action plans when there are indications that the Subgrantee has significant compliance issues.
7. EHS Technical Service Specialists conduct multi-day focused technical monitoring at each Subgrantee office on an annual basis. This includes face-to-face meetings and interviews with Subgrantee weatherization managers, field staff and contractors to evaluate processes and training needs. A written summary of the site visit is provided to the Subgrantee within 30 days. The Subgrantee must respond to any requests, concerns or findings within 30 days.

Independent Subgrantee Audit: Each Subgrantee will have an audit of their financial statements and a Uniform Grant Guidance Audit prescribed by 2 CFR 200 compliance audit conducted by an independent CPA firm following the close of the Subgrantee fiscal year. These audits will comply with all regulations pertaining to DOE WAP and will be made available to Grantee management. Grantee's Fiscal Compliance Specialist evaluates/reviews the results of these audits on an annual basis.

Subgrantee must provide written assurance that corrective action has been taken or present a plan to correct any noted deficiencies within 60 days. During and following this 60-day corrective action period, Grantee staff will offer and be available for training and technical assistance as needed by the Subgrantee.

V.8.4 Training and Technical Assistance Approach and Activities

Grantee will continue to support Subgrantees by providing training opportunities for crews and contractors, as well as providing guidance regarding the allowable use of DOE Training and Technical Assistance (T&TA) funds for training weatherization contractors, as well as Subgrantee technicians and weatherization crews.

Grantee uses monitoring methods and tools to evaluate each Subgrantee's performance and develops T&TA activities to address areas in need of improvement. Grantee intends to work with the approved energy audit software provider to develop expanded reporting methods to track and compare production and energy savings between Subgrantees. This enhancement of identifying training needs by comparing Subgrantees' performance will be initiated over the coming year, to be implemented when development is completed at a future date.

Grantee's WAP T&TA plan provides a variety of activities to support developing and enhancing skills of personnel at the Grantee and Subgrantee levels. The desired result of all T&TA activities is to maximize energy savings, ensure health and safety of clients and WAP personnel, minimize operating costs, improve management and administrative procedures, and prevent waste, fraud and abuse. New WAP staffs who do not have all required training and certifications needed for their positions receive necessary training as soon as possible and no more than within 6 months of being hired. WAP staffs work under supervision as needed until they have received required training and certifications.

The T&TA plan incorporates results and information made available through EHS field monitoring visits and input from Subgrantees, weatherization contractors, and WPNs. All Comprehensive Training will be conducted by Interstate Renewable Energy Council (IREC) accredited training organizations. Specific trainings will be administered by qualified personnel as needed.

Grantee/Subgrantee Training. Grantee supports the professional development and training needs of Grantee and Subgrantee weatherization staff and contractors. Subgrantees are provided T&TA funds that allow them flexibility in meeting training needs for their WAP staffs and contractors.

1. ***BPI (HEP) Comprehensive Training.*** Grantee will coordinate and fund mandatory accredited certifications for Grantee and Subgrantee staff as required by Weatherization Program Notices.
 - a. During the 2021 DOE plan year, Grantee anticipates coordinating and funding accredited trainings and testing for Grantee, Subgrantee technicians, Contractors, and Subgrantee Crew workers as detailed on Grantee's 2021 DOE T&TA Planning and Reporting Template.
 - b. Grantee will coordinate and fund Crew Leader (CL) and Retrofit Installer (RIT) Comprehensive Training and certification for Subgrantee crew workers and weatherization contractors as needed. Grantee makes training opportunities available annually. These Comprehensive Trainings will be provided to Grantee's weatherization network to ensure continuity and best practices across the work force for weatherization contractors and Subgrantee crews performing weatherization work. IREC accredited training will align with the NREL Job Task Analysis (JTAs) for the scope of work performed by the WAP professional.
2. ***Grantee, Subgrantee and Contractor Training.*** Grantee will coordinate and fund training to address the top training topics/needs identified by Subgrantees including: HEAT Enterprise software, monitoring and technical best practices, WPN guidance, and training needs identified through Grantee monitoring activities. Training topics will be addressed through Comprehensive or Specific training avenues as needed.
3. ***National and Regional Conferences.*** Grantee will send Grantee staff, and encourage Subgrantee technical and fiscal personnel and weatherization contractors to attend NASCSP and DOE approved training conferences, as well as other conferences relating to health and safety, air quality, energy audits and weatherization specific measures.
4. ***In-House Training.*** Grantee staff will provide training on-site as needed in technical and fiscal matters and to address acute deficiencies in the field such as combustion safety training, audit training, ASHRAE, etc..

5. *Online Training Modules.* Grantee intends to develop online training modules geared toward new staff orientations for Subgrantees and/or weatherization contractors, as well as modules focusing on technical, fiscal and overall program management to provide support for weatherization installation and standards on an as needed basis.

All Subgrantees are required to submit a T&TA work plan with their budget for Grantee approval. These work plans will identify and address T&TA needs at Subgrantee agencies. A standard outline is provided to all Subgrantees setting forth the areas required in their work plans.

The Grantee will review the Work Plans and Budgets to determine whether the Subgrantees are complying with the outline as well as the standards stated above. The Grantee will also coordinate and provide all Subgrantees with current developments in technical procedures and DOE guidance on technical issues. Through these procedures, the Grantee will ensure consistency in the Subgrantees' procedures as well as identifying needs of individual Subgrantees. The Grantee will expend every effort, through monitoring and management activities, to ensure that Grantee continues to operate a quality WAP.

In addition, Subgrantees submit semi-annual activity reports to Grantee identifying agency staff and/or contractor employees benefiting from the use of DOE T&TA funds for training.

The Housing Director of each Subgrantee will notify the Grantee and the Housing Council of any and all planned training sessions so that common needs are coordinated and duplication is avoided.

The Grantee will continue to conduct surveys of all Subgrantees and solicit input from Grantee staff to identify training needs. This information is utilized to determine which topics the Grantee and Subgrantees will schedule for trainings during this and future grant periods. The results of the survey will be shared with the Housing Council to assist with their employee and subcontractor trainings and meetings.

Grantee also relies heavily on information gathered during the monitoring process to determine and prioritize training needs. There will continue to be training such as EPA Certified Lead Renovator training which requires EPA certified trainers and other specialized training as it becomes available (i.e. Maine Indoor Air Quality, Building Performance Association, etc.). Grantee is notified of these external training opportunities and informs Subgrantees/contractors of them.

Grantee tracks applicable Grantee and Subgrantee credentials to ensure maintenance of these credentials.

The effectiveness of T&TA activities is gauged by:

1. review of session evaluation forms;
2. feedback from Building Technical Committee and contractor meetings;
3. comparison of pre & post training on-site results; and
4. analysis of responses to annual Subgrantee training needs surveys.

Contractor Training. Grantee requires that contractors receiving DOE T&TA funds for training events sign a retention agreement confirming that the contractor will provide weatherization services for a period of not less than the current weatherization contract period the Contractor has with the Grantee and/or Subgrantee.

Client Education. Per the *Maine Weatherization Standards*, energy auditors and inspectors are required to provide the client/owner education during all phases of the weatherization process. This includes, but is not limited to:

1. how the weatherization process will address health and safety issues;
2. explanation of energy-conserving measures that will be installed;
3. recommendations on how the client can conserve energy; and
4. explanation of required maintenance for existing equipment, including equipment calibration requirements, added equipment, or energy-saving measures.

V.9 Energy Crisis and Disaster Plan

In the event that an energy crisis or disaster plan is triggered by state or federal declarations, Grantee will ensure that use of WAP funds adhere to procedures outlined in WPN 12-7.



DOE 2021 Estimated Budget Summary

		Program Year 2021 Funding	Program Year 2020 Carry-Over	Total Budget
MSHA	Administrative Funding	\$196,458	\$0	\$196,458
MSHA	Training & Technical Assistance	\$349,458	\$0	\$349,458
CAA	Administrative Funding	\$189,277	\$0	\$189,277
CAA	Training & Technical Assistance	\$349,458	\$0	\$349,458
CAA	Tribal Allocation	\$93,852	\$0	\$93,852
CAA	POI & Liability Insurance	\$70,000	\$0	\$70,000
CAA	Financial Audits	\$10,000	\$0	\$10,000
CAA	Health & Safety	\$583,200	\$219,600	\$802,800
CAA	Program Operations	\$2,307,062	\$1,209,100	\$3,516,162
TOTAL FUNDING		\$4,148,765	\$1,428,700	\$5,577,465

CAA	Total DOE 2021 Units Budgeted
ACAP	53
CCI	63
DCP	40
KVCAP	96
PCAP	101
TOA	43
WCAP	24
WMCA	24
YCCAC	42
TOTAL UNITS	486

Carryover is an estimate as of 11.17.2020

U.S. Department of Energy
WEATHERIZATION ANNUAL FILE WORKSHEET
 (Grant Number: _____, State: ME, Program Year: 2021)

II.3 Subgrantees

Subgrantee	City	Tentative	
		Funding	Units
Aroostook County Action Program	Presque Isle	\$577,713.00	53
Community Concepts, Inc.	South Paris	\$626,828.00	63
Downeast Community Partners	Ellsworth	\$503,296.00	40
Kennebec Valley Community Action Program	Waterville	\$960,859.00	96
Penquis Community Action Program	Bangor	\$1,031,918.00	101
Opportunity Alliance	Portland	\$435,606.00	43
Waldo Community Action Partners	Belfast	\$241,964.00	24
Western Maine Community Action	East Wilton	\$241,964.00	24
York County Community Action Corporation	Sanford	\$411,401.00	42
Total:		\$ 5,031,549.00	486

II.4 Production Schedule

Weatherization Plans	Units
Total Units (excluding reweatherized units)	486
Rewatherized Units	0

Average Unit Costs, Units subject to DOE Project Rules		
VEHICLE & EQUIPMENT AVERAGE COST PER DWELLING UNIT (DOE RULES)		
A	Total Vehicles & Equipment (\$5,000 or more) Budget	\$0.00
B	Total Units Weatherized	486
C	Total Units Reweatherized	00
D	Total Dwelling Units to be Weatherized and Reweatherized (B + C)	486
E	Average Vehicles & Equipment Acquisition Cost per Unit (A divided by D)	\$0.00
AVERAGE COST PER DWELLING UNIT (DOE RULES)		
F	Total Funds for Program Operations	\$3,516,162
G	Total Dwelling Units to be Weatherized and Reweatherized (from line D)	486
H	Average Program Operations Costs per Unit (F divided by G)	\$7,234.90
I	Average Vehicles & Equipment Acquisition Cost per Unit (from line E)	\$0.00
J	Total Average Cost per Dwelling (H plus I)	\$7,234.90

II.5 Energy Savings

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Method used to calculate energy savings: MaineHousing will be using the DOE WAP algorithm to calculate energy savings. Other (describe below)

Estimated energy savings (Mbtus): \$14,904

This year estimated energy savings: 14,904

Prior year estimated energy savings: 12,013

II.6 Training, Technical Assistance and Monitoring Activities

See Maine 2021 DOE State Plan Master File.

11.7 DOE-Funded Leveraging Activities

See Maine 2021 DOE State Plan Master File.

II.8 Policy Advisory Council Members

Al Hodson, Chair	Type of organization: Efficiency Maine Trust, Board of Directors Phone: (866) 376-2463 Email: efficiencymaine@efficiencymaine.com
Suzanne MacDonald, Vice Chair	Type of organization: Efficiency Maine Trust, Board of Directors Phone: (866) 376-2463 Email: efficiencymaine@efficiencymaine.com
Glenn Poole, Treasurer	Type of organization: Efficiency Maine Trust, Board of Directors Phone: (866) 376-2463 Email: efficiencymaine@efficiencymaine.com
Kenneth Fletcher, Secretary	Type of organization: Efficiency Maine Trust, Board of Directors Phone: (866) 376-2463 Email: efficiencymaine@efficiencymaine.com
James Boyle	Type of organization: Efficiency Maine Trust, Board of Directors Phone: (207) 376-2463 Email: efficiency@efficiencymaine.com
David Stapp	Type of organization: Efficiency Maine Trust, Board of Directors Phone: (866) 376-2463 Email: efficiencymaine@efficiencymaine.com

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Joan Welsh	Type of organization: Efficiency Maine Trust, Board of Directors Phone: (866) 376-2463 Email: efficiencymaine@efficiencymaine.com
Daniel Brennan (Maine State Housing Authority Ex Officio)	Type of organization: Unit of State Government, Maine State Housing Authority Phone: (207) 626-4600 Email: dbrennan@mainehousing.org
Dan Burgess (Governor's Energy Office Ex Officio)	Type of organization: Unit of State Government, Governor's Energy Office Phone: (207) 624-7446 Email: daniel.burgess@maine.gov

II.9 State Plan Hearings

Date Held	Newspapers that publicized the hearings and the dates the notice ran
December 15, 2020	<p><i>Notice of Public Hearing was published on November 25, 2019 in the following daily newspapers:</i></p> <p>Kennebec Journal Waterville Morning Sentinel Brunswick Times Record Portland Press Herald Lewiston Sun-Journal Bangor Daily News</p> <p><i>The public hearing transcript will be sent to the DOE Regional Office as part of Maine's 2021 DOE Application.</i></p>

II.10 Adjustments to On-File Information

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II.11 Miscellaneous

Daniel Drost is named as MaineHousing's Recipient Business Officer and is the representative authorized to act on behalf of MaineHousing to negotiate the award. All DOE official correspondence related to the award will be addressed to the Recipient Business Officer.

Daniel Drost is named as MaineHousing's Recipient Principal Investigator and is the technical representative authorized to act on behalf of MaineHousing as project manager for the award. The Recipient Principal Investigator is the prime point of contact for the DOE Project Officer during the project period of performance and will receive a copy of all DOE official correspondence related to the award.

U.S. Department of Energy
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(Grant Number: _____, State: ME, Program Year: 2021)

.Policy Advisory Council: 2009 Public Law Chapter 372, An Act Regarding Maine's Energy Future, repeals 5 MRSA §3327, which established the Energy Resources Council, and places oversight of energy-related programs under the jurisdiction of the Efficiency Maine Trust as of July 1, 2010. The new law requires that "after July 1, 2010, the Maine State Housing Authority, prior to applying for federal funds on behalf of the State...for weatherization, energy conservation and fuel assistance pursuant to the Weatherization Assistance for Low-Income Persons Program administered through the United States Department of Energy and the Low-Income Home Energy Assistance Program administered through the United States Department of Health and Human Services, shall submit to the board for its review and input the authority's implementation plans for the use of such funds. The plans must provide for coordination by the Maine State Housing Authority in its use of such funds with the programs administered by the trust.... The Maine State Housing Authority shall include in its plans any recommendations of the board to the extent the recommendations are consistent with the applicable federal guidelines governing the use of the funds." The Efficiency Maine Trust is controlled by a board of nine voting members. The statutory membership includes the Director of the Maine State Housing Authority, the Director of the Governor's Office of Energy Independence and Security and seven members appointed by the Governor that adequately represent the interests of commercial energy consumers, industrial energy consumers, small business energy consumers, residential energy consumers, and low-income energy consumers. The body as a whole must include persons with knowledge and experience in financial matters, consumer advocacy, conservation fund programs, carbon reduction programs, and climate change policy.

The Efficiency Maine Trust reviewed MaineHousing's draft plans for the 2020 DOE WAP program at its November 16, 2019 meeting.

Finance Department Memorandum

To: Board of Commissioners

From: Darren R. Brown

Date: December 8, 2020

Subject: Proposed 2021 Budgets

We will be requesting your approval of the 2021 budgets at this month's meeting. At the November meeting, preliminary budget information was presented and reviewed. The majority of the preliminary information provided last month has not changed. However, a few changes have been made based on your input. The changes made and the impact on the 2021 budgets are summarized as follows:

1. Total operating expenses in the preliminary budgets amounted to \$19.8 million, which represented an increase of \$0.9 million or 5% over expenses for 2020. A large part of the increase was due to higher expenses for staff education, trainings and conferences, staff events, and partner and client trainings and meetings. These expenses were significantly curtailed this year due to COVID-19 and will be well below budget amounts. The preliminary budgets reflected a resumption of these activities to approximately pre-COVID levels.

Based on the current situation with the pandemic, it is unlikely that these activities will return to pre-COVID levels for all of 2021. As such, adjustment amounts to reduce expenses in these areas have been included. The reduction adjustments (shown in red on Attachment B) are as follows:

Staff Education/Trainings/Conferences	\$149,000
Partner/Client Trainings/Meeting	\$103,600
Staff Events	\$22,400

The adjustment amounts represent an approximate 50% reduction for each of these three expense categories and the total combined reduction is \$275,000.

2. The preliminary budgets included \$415,000 for merit adjustments, which was based on an adjustment factor used the past two years. Based on a research of market projections for 2021, the factor has been reduced by .50%. This change reduced salaries and related expenses by approximately \$61,000.
3. Grant income and expense amounts forecasted for this year have been increased by \$6.2 million for the additional allotment of CARES Act funds from the State. This allotment increased the total from \$15 million to \$21.2 million for the Rent Relief Program.
4. The preliminary budgets assumed that grant income received this year for COVID-19 program initiatives was nonrecurring and that there would be no new COVID-19 grants in 2021. Based on the current state of the pandemic and political changes at the federal level, it is more likely than not that there will be federal funding for COVID-19 in 2021. Although a precise amount cannot be quantified at this time, an estimate of \$25 million (shown in red on Attachment D) has been included.

As result of the changes made, total operating expenses for 2021 have been lowered by \$336,000 and amount to \$19.5 million. This represents an increase of approximately \$0.6 million or 3% over forecasted expenses for this year. This is a reduction from the 5% increase presented in the preliminary budgets. Total net operating income increased from \$4.5 million to \$4.8 million. Additionally, grant income and expense amounts for 2021 now reflect a decrease of \$2.8 million or 2% compared to current year amounts. The preliminary budgets presented a decrease of \$21.5 million or 18%.

Except for the changes noted, the following presents the same information provided and reviewed at the November meeting.

The attachments include information on Fiscal Year 2019 (actual results), Fiscal Year 2020 (approved budget and forecasted results), and the proposed Fiscal Year 2021 budget. The 2020 forecasted amounts take into account the first nine months of actual results and three months of projections using current trends and expected activities through the end of the year, and serve as the basis for the 2020 to 2021 comparisons on the attachments.

This year's profitability will be lower than expected due to a very low interest rate environment that has had an impact on the mortgage lending segment of operations. A continuation of lower interest rates is anticipated for 2021. The COVID-19 pandemic generated new program funding from federal and state sources and substantially increased this year's grant income.

In spite of some economic challenges caused by COVID-19, MaineHousing is expected to generate a sufficient amount of net operating income this year. A slightly higher amount is projected for 2021 and total revenues are budgeted to exceed expenses by \$4.8 million.

MaineHousing's two primary business segments consist of mortgage lending activities and the administration of various federal and other programs. An overview of projected activities for each segment is presented below.

Mortgage Lending Activities

MaineHousing's mortgage lending activities are dependent on demand for its loan products and the ability to supply the demand by selling bonds at favorable interest rates. Net interest income, which is the difference between income from mortgage and non-mortgage investments and the interest paid on bonds, is generated from lending activities and is used to pay for related operating and program administrative expenses.

Low interest rates have impacted this year's activities by lowering interest income from investments and increasing prepayments on higher rate single-family loans, which moderated the growth of the portfolio. A similar rate environment is assumed for 2021. The current interest rate environment has also lowered borrowing costs on new bonds and provided opportunities to refinance and redeem higher rate outstanding bonds, which will reduce future interest expense.

The following are the major components and factors used in the development of the 2021 budgets for mortgage lending activities:

- Interest income from mortgages is projected to increase by approximately \$1.5 million. The loan portfolio is expected to increase by a net amount of \$50 million in 2021, which is consistent with current year activity. New loan production is projected at approximately \$185 million and loan reductions from scheduled repayments, prepayments, and foreclosures are estimated at \$135 million.
- Interest income from investments is projected to decrease by approximately \$0.8 million due to a continuation of low interest rates.

- Interest expense is projected to decrease by \$1.6 million due to lower average rates and outstanding bonds. To mitigate and offset the impact of lower income from investments, higher rate bonds have been aggressively retired and restructured this year. This action will reduce interest expense in 2021.

Program Administration Activities

MaineHousing administers numerous federal and state funded programs and the agency's ability to expand or continue these programs is subject to the budget appropriations of those governments. MaineHousing receives fee income for the administration of these programs, which is used to pay related operating and program administrative costs.

The following are the major factors associated with federal and state funded programs for 2021:

- Grant income is projected to decrease by a net amount of approximately \$2.8 to \$120.5 million. The net reduction is due primarily to the following:
 1. COVID-19 related income from the State's CARES Act allotment (\$21.2 million) and FEMA (\$3 million) is nonrecurring. However, a \$25 million estimate has been included for new COVID-19 related grants in 2021.
 2. Income from State general obligation bonds for senior housing initiatives (\$14.5 million) received in 2020 is nonrecurring.
 3. Income of \$3.3 million from HUD for a Youth Homelessness Demonstration program is new for 2021.
 4. COVID-19 funds for the Emergency Solutions Grant (\$13 million) will be expended over a two-year period. The recognition of income for this grant will be \$6.6 million higher in 2021.
- Federal rent subsidy income from six Section 8 programs is projected to increase by \$2.5 million to \$108.8 million. The increase is primarily due to higher funding from HUD for the Performance Based Contract Administration program, which increases annually based on a HUD adjustment factor.

BUDGET ATTACHMENTS

MaineHousing's 2021 budgets consist of the following attachments:

- Consolidated Revenues and Expenses Budget (**Attachment A**)
- Operating and Direct Program Administrative Expenses Budget (**Attachment B**)
- Capital Budget (**Attachment C**)
- Itemization of Certain Revenues (**Attachment D**)
- Revenues and Expenses Budget by Fund Group (**Attachment E**)

The following presents a brief summary and the major components for each attachment.

Consolidated Revenues and Expenses Budget – Attachment A

This attachment provides a macro view of the agency's budget and it presents total consolidated revenues and expenses for all activities. Total combined revenues and expenses are budgeted at \$305.9 million and \$301.1 million, respectively. The total budget amounts for both revenues and expenses are consistent with the forecasted actual amounts for this year.

Total revenues are projected to sufficiently cover all expenses and profitability is expected to slightly improve in 2021, with revenues exceeding expenses by approximately \$4.8 million.

Operating Expenses Budget – Attachment B (Top Section)

The Operating Expenses Budget presents the agency's overhead and operational costs. The total 2021 budget amount is \$19.5 million, which is an increase of approximately \$0.1 million or 0.5% over the approved 2020 budget. However, total actual expenses for this year are projected to be below budget by approximately \$0.5 million or 2.5% and the 2021 budget is an increase of \$0.6 million or 3% over forecasted actual expenses.

The following provides a description of each expense and a summary of the major components and assumptions used for the 2021 budget:

1. Salaries – Based on a staff level of 173 full-time equivalent (FTE) positions, which is a net increase of three FTEs. Actual salary expenses are expected to be over budget this year by approximately \$65,000 because less vacation time was used due to COVID-19, which increased the related liability. The proposed budget includes approximately \$363,000 for merit adjustments. A 1.5% general vacancy factor has also been included, which is the same factor used for prior year budgets.
2. Payroll Taxes – Employer portion of Federal Insurance Contribution Act (FICA) taxes.
3. Health, Dental and Other Insurance Benefits – Includes costs for health, dental, life, long-term care and disability insurance benefits. Includes the following for 2021:
 - A. Health insurance – a 9% premium decrease, which includes the elimination of a 3% fee for the Affordable Care Act. There are no coverage changes and no change with the provider, Anthem BC/BS.
 - B. Dental insurance – a 3% premium decrease due to the elimination of the Affordable Care Act fee. There are no coverage changes and no change with the provider, Delta Dental.
4. Retirement – Employees have an option to participate in one of two retirement plans offered: (1) a defined contribution plan (Lincoln Financial Group) or (2) a defined benefit plan (MEPERS). There are no changes to the benefits or employer contribution rates for either plan.
5. Other Fringe Benefits – Costs associated with the Employee Wellness Program, which provides employees a maximum annual amount of \$280 for wellness activities like exercise, weight loss and smoking cessation programs. Payments to employees under this program are a taxable fringe benefit.
6. Office Supplies – Costs for standard small expendable office supplies as well as office equipment and furnishings.
7. Printing – Printing costs for various items including: informational pamphlets, program brochures, consumer education and outreach materials, legal and public notices, envelopes, checks and other business forms.
8. Memberships, Dues and Fees – Membership fees to professional associations for the agency and employees, as well as professional licensing dues. Approximately \$29,000 of the total is for the agency's annual membership fee to the National Council of State Housing Agencies (NCSHA).
9. Subscriptions – Trade, legal and other technical periodicals and publications for staff to stay current on industry requirements and trends.
10. Sponsorships – Expenses associated with sponsoring housing or program-related events for the purpose of promoting MaineHousing and its programs. Includes the following for 2021:
 - \$1,500 - GrowSmart Maine Annual Summit

- \$1,000 - Maine Real Estate and Development Association Annual Conference
- \$3,000 - New England Resident Services Coordinators Conference
- \$2,500 - Maine Resident Services Coordinators Conference
- \$1,500 – Northern New England Community Action Agencies (CAA) Conference
- \$3,000 - Maine Real Estate Managers Annual Conference
- \$1,000 - Maine Wisdom Summit/Council on Aging

11. Staff Education/Training/Conferences – All costs (e.g. registration fees and tuition) associated with necessary training for staff, except for the travel and meal costs. Related travel and meal costs are separated due to a law requirement (see next line).
12. Staff Education/Training/Conferences – Travel and Meals - Travel and meal costs associated with staff training (e.g. meals, lodging, mileage, airfare, and parking).

Including the COVID-19 adjustment, the combined increase for lines 11 and 12 is approximately \$60,000. The 2021 budget includes additional amounts for tuition reimbursements for college degree programs.

13. Partner and Client Trainings/Meetings – All costs associated with business partner or client trainings and meetings (e.g. lenders/homebuyers/agents/CAA agencies), other than travel and meals. Costs include things such as facility rental and material costs. Related travel and meal costs are separated due to a law requirement (see next line).
14. Partner and Client Trainings/Meetings – Travel and Meals - Travel and meal costs associated with partner/client trainings and meetings with outside partners and clients.

Including the COVID-19 adjustment, the combined increase for lines 13 and 14 is approximately \$63,000. The 2021 budget includes amounts for hosting a State Affordable Housing Conference and an Annual Regional Housing Finance Agencies Conference.

15. Staff Events –All costs, other than meals, associated with agency-sponsored employee recognition events or meetings. The cost for food associated with staff events are accounted for separately (see next line).
16. Staff Events - Meals - Meals associated with an agency-sponsored employee recognition event or meeting

Including the COVID-19 adjustment, the combined amounts for lines 15 and 16 is approximately the same as the forecasted 2020 expenses.

17. Leased Vehicles- Certain employees are provided with a leased vehicle to fulfill their job requirements. All vehicles are leased through the State of Maine Central Fleet Division. An additional leased vehicle for a new Construction Analyst position is included for 2021. There's also a variable cost associated with leased vehicles based on mileage, which were down in 2020 and are expected to be higher in 2021.
18. Computer Supplies – Includes desktop computers, laptops, monitors, as well as other computer-related items. This year's expense includes amounts for numerous desktop computer replacements, which will not be needed for 2021.
19. Software Licenses – Costs for software that is provided as a service on a subscription basis.
20. Computer Maintenance - MaineHousing maintains a significant computer network and numerous computer systems and applications have annual system maintenance and support agreements.
21. Building Rent and Utilities – Costs associated with leasing the Water Street office building, which expired on June 30, 2020.

22. Building Repairs and Maintenance – Costs for cleaning services and supplies, building maintenance such as office workstations setups, electrical wiring, etc. at the Water Street office building. Repairs and maintenance costs for the Edison Drive office building are included on line 24.
23. Interest Expense – Interest expense for the \$16 million loan used for the acquisition and rehabilitation of the Edison Drive building. The loan is an amortizing 15-year note with a fixed rate of 3.2%.
24. Office Building Property Expenses – Costs associated with owning and operating the Edison Drive office building, which includes: payments in lieu of taxes, services for cleaning and groundskeeping, utilities, and other maintenance. The increase is due to the building being occupied and operational for the entire year in 2021 versus a partial year in 2020.
25. Depreciation – Capital expenditures are recorded as assets and then depreciated (expensed) over their useful life. The budget amount is based on depreciation schedules for all existing assets and estimated additional depreciation expense based on projected capital expenditures for 2021 (see Capital Budget). The increase is attributed to a full year of depreciation for the office building and related equipment and furnishings in 2021 versus a partial year in 2020.
26. Rent-Other – Primarily rental of archive storage space and a disaster recovery backup facility.
27. Telephone - Costs for the new RingCentral phone system, wireless phones, land-lines, teleconferencing phone services, and internet connections. Parallel phone lines were in place for a part of 2020 due to the implementation of a new system and migrating to the new office facility. This is not necessary for 2021.
28. Employment Advertisements –Advertising cost associated with filling vacant positions. Employment advertisements are mainly handled online through jobsinme.com, which requires an annual fee for unlimited ads.
29. Postage and Shipping – Costs for postage as well as UPS overnight mailings and other shipments.
30. Insurance – Premiums for worker’s compensation, property, liability, crime, fidelity bond and auto insurance. Also, as a governmental agency, MaineHousing directly pays unemployment insurance claims.
31. Recording Fees – Fees paid for certain UCC and deed filings and discharge recordings.
32. Payroll Services – Costs associated with using Paylocity, which is an external payroll system and service provider. New modules for online employee benefits administration and compensation management are being added for 2021.
33. Audit Services – Costs associated with the annual independent audits, which include the financial statements audit and A-133 compliance audit of federal programs.
34. Professional Services – Includes amounts for various contract services and consultants. The increase is due primarily to new contract services for translating program materials, rent affordability data collection, and Davis Bacon monitoring. The following are the major items budgeted for 2021:

Legal services	\$75,000
Translation services	30,000
Davis Bacon monitoring	12,000
Rent affordability data collection	12,000
Internships	15,000
Defined contribution retirement plan advisors	30,000

Information Technology security and monitoring work	50,000
Temporary employment services	35,000

Direct Program Administrative Expenses Budget – Attachment B (Bottom Section)

Direct program administrative expenses are costs that are specifically related to the administration of a particular program. Budgeted expenses for 2021 amount to \$8.8 million, which is an increase of approximately \$0.5 million over projected actual expenses for this year. The increase is attributed primarily to higher costs associated with variable rate bonds and the continued growth of the single-family loan portfolio, which contributes to higher servicing fees. The following is a summary of each expense:

1. Loan foreclosure expenses – Costs associated with foreclosing on loans, which includes expenses for attorney fees, appraisals, property inspections, clean-ups and preservation work.
2. REO expenses – Real estate owned expenses are incurred when the property title associated with a foreclosed or defaulted loan is transferred to MaineHousing. Consist of property maintenance, taxes, marketing, and other disposition costs.
3. Provision for losses on loans and REOs – Expenses associated with writing-off uncollectible loans and REO assets and are based largely on delinquency rates and the volume of loans in foreclosure.
4. Mortgage servicing fees – Fees paid to six servicers to perform loan servicing work associated with the single-family and home improvement loan portfolios. The cost increase is due mainly to an increase in the number of loans in the portfolio.
5. Loan origination expenses – Origination fee of 1.5% and servicing release fee of 0.5% paid to lenders for underwriting and closing single-family loans.
6. Bond issuance expenses – Expenses associated with preparing and selling bonds, which includes legal, underwriting, commission, printing, and registration fees.
7. Trustee/Bank fees – Fee payments to U.S. Bank for trustee services associated with the Mortgage Purchase Bond Fund (MPP).
8. Program advertising/printing – Expenses associated with promoting the first-time homebuyer and other bond-funded loan programs. Costs may include print and online venues, broadcast time, radio time and direct mail advertising.
9. Bond and mortgagee insurance – Insurance costs associated with certain MPP bonds and mortgage loan programs.
10. Variable rate bond remarketing & liquidity facilities – Costs associated with variable rate demand notes (VRDN's). Includes fees payments to remarketing agents for resetting interest rates and liquidity facilities expenses. Facility banks provide VRDN-holders with liquidity guarantees should remarketing agents be unable to find buyers. The cost increase is due to the addition of a new Standby Purchase Agreement (SPA). The additional cost will be more than offset by lower interest expense associated with related bonds.
11. Cash flow/arbitrage/swap consultants/legal – Includes costs for bond cash flows and arbitrage tax services, consulting services associated with interest rate swap instruments, and legal cost associated with SPAs.

12. Homebuyer education – Home buying education is provided to consumers in connection with the first-time homebuyer program. This training covers all aspects of the home buying process and provides consumers with knowledge about homeownership costs and responsibilities. Trainings were down in 2020 and are expected to be higher in 2021.
13. Program administrator fees– Payments to outside agents to perform administrative work associated with several programs, which include portability fee payments for the Section 8 HCV program. When voucher recipients relocate and leave MaineHousing’s portfolio, the administration fees associated with the voucher are paid to the housing authority in the relocated area. The portability fee rate is increasing for 2021.
14. Section 8 security deposits and Building Family Futures incentives - In conjunction with the Section 8 HCV program, security deposits and building family futures payments are available to program participants. Payments are funded by the program’s administrative fee income.

Capital Budget – Attachment C

The Capital Budget presents items that provide the agency with an economic benefit over a period of time. Items are recorded as assets and then depreciated and expensed over their estimated useful life. The proposed Capital Budget for 2021 is approximately \$385,000, which is a significant decrease due to the completion of the new office building.

Most of the capital expenditures for 2021 are for computer software items. A large portion of the budget is for replacing and upgrading the multi-family housing system. This system links the various sources of multi-family loan data throughout the agency and provide for a centralized repository of related information.

Itemization of Certain Revenues – Attachment D

This attachment is for informational purposes and presents an itemized listing of the following revenues that are presented on Attachment A: Federal rent subsidy income, Grant income (grouped by federal and non-federal programs), Fee income, and Other income.

Revenues and Expenses Budget by Fund Group – Attachment E

This attachment presents projected revenues and expenses for each of MaineHousing’s seven Fund Groups, which from an accounting perspective represent separate and stand-alone entities. The purpose of this attachment is to illustrate how operating costs for 2021 will be allocated to the different internal entities and ultimately paid. Also, MaineHousing’s Bond Resolution requires that a budget be prepared for the Mortgage Purchase Fund Group (MPP) as part of the agency’s annual budget process. The MPP budget is presented in the second column from the left.

The total amounts presented in the left-hand column of this attachment are the same as the 2021 budget consolidated amounts presented on Attachment A.

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

(IN THOUSANDS OF DOLLARS)

	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	\$ Increase ¹ (Decrease)	% Increase ¹ (Decrease)
REVENUES:						
Interest from mortgages and notes	61,852	64,654	62,600	64,125	1,525	
Income from investments	8,497	8,760	2,295	1,545	(750)	
Federal rent subsidy income ²	100,983	103,615	106,267	108,780	2,513	
Grant income ²	76,676	100,911	123,314	120,533	(2,781)	
Fee income ²	9,608	10,399	10,818	10,764	(54)	
Other income ²	558	60	205	140	(65)	
Total Revenues	<u>258,174</u>	<u>288,399</u>	<u>305,499</u>	<u>305,887</u>	<u>388</u>	<u>0%</u>
EXPENSES:						
Operating expenses ³	17,952	19,413	18,900	19,510	610	
Direct program administrative expenses ³	8,336	8,558	8,316	8,811	495	
Interest expense	45,995	48,021	45,600	44,048	(1,552)	
Federal rent subsidy expense	100,983	103,615	106,267	108,780	2,513	
Grant expense	75,697	100,370	122,429	119,900	(2,529)	
Total Expenses	<u>248,963</u>	<u>279,977</u>	<u>301,512</u>	<u>301,049</u>	<u>(463)</u>	<u>(0%)</u>
Net Operating Income	<u><u>9,211</u></u>	<u><u>8,422</u></u>	<u><u>3,987</u></u>	<u><u>4,838</u></u>	<u><u>851</u></u>	<u><u>21%</u></u>

¹ 2020 Forecast Vs. 2021 Budget

² Amounts are itemized on Attachment D.

³ Amounts are itemized on Attachment B.

**MAINE STATE HOUSING AUTHORITY
OPERATING AND DIRECT PROGRAM ADMINISTRATIVE EXPENSES BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2020¹**

ATTACHMENT B

	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	\$ Increase ¹ (Decrease)	% Increase ¹ (Decrease)
Operating Expenses						
1. Salaries	9,894,378	10,258,267	10,322,516	10,777,009	454,493	
2. Payroll taxes	726,002	748,530	747,974	788,606	40,632	
3. Health, dental and other insurance benefits	2,640,917	2,839,935	2,730,581	2,619,299	(111,282)	
4. Retirement	933,019	997,726	991,827	1,065,276	73,449	
5. Other fringe benefits	13,575	12,000	6,188	10,000	3,812	
6. Office supplies	38,738	47,795	44,908	54,095	9,187	
7. Printing	116,595	128,980	112,666	118,044	5,378	
8. Membership, dues and fees	49,647	57,087	57,087	61,745	4,658	
9. Subscriptions	18,773	21,565	21,565	22,660	1,095	
10. Sponsorships	11,500	20,000	13,500	13,500	0	
11. Staff Education/Training/Conferences	125,208	193,918	76,964	188,374	111,410	
12. Travel/Meals - Staff Educ/Train/Conferences	118,353	163,363	52,080	149,603	97,523	
11./12. COVID-19 Adj-Staff Education/Training/Conferences	0	0	0	(149,000)	(149,000)	
13. Partner/Client Trainings/Meetings	143,881	49,950	11,244	113,947	102,703	
14. Travel/Meals - Partner/Client Train/Meetings	120,839	121,675	28,464	92,650	64,186	
13./14. COVID-19 Adj-Partner/Client Trainings/Meetings	0	0	0	(103,600)	(103,600)	
15. Staff events	23,706	22,100	11,462	20,450	8,988	
16. Meals - Staff events	19,872	27,475	14,692	28,350	13,658	
15./16. COVID-19 Adj-Staff Events	0	0	0	(22,400)	(22,400)	
17. Leased vehicles	126,353	134,500	121,228	141,429	20,201	
18. Computer supplies	63,542	66,000	66,000	19,300	(46,700)	
19. Software licenses SAAS	123,607	150,611	167,672	177,415	9,743	
20. Computer maintenance contracts	607,262	661,492	623,350	622,493	(857)	
21. Building rent & utilities	848,574	429,437	425,332	0	(425,332)	
22. Building repairs and maintenance	71,051	49,900	49,900	0	(49,900)	
23. Interest expense - new office building	0	511,944	511,944	491,495	(20,449)	
24. Property expenses - new office building	91,121	219,775	287,001	410,779	123,778	
25. Depreciation	233,841	600,000	610,828	940,000	329,172	
26. Rent - other	31,639	34,130	34,130	34,130	0	
27. Telephone	63,490	72,938	135,716	125,384	(10,332)	
28. Employment advertisements	3,144	3,900	3,900	3,400	(500)	
29. Postage and shipping	94,075	90,510	92,656	97,050	4,394	
30. Insurance	89,480	89,074	85,814	90,935	5,121	
31. Recording fees	1,920	1,000	1,000	1,300	300	
32. Payroll services	25,192	27,300	27,300	36,075	8,775	
33. Audit services	141,000	147,800	147,800	153,800	6,000	
34. Professional services	341,561	411,859	265,162	316,088	50,926	
Total Operating Expenses	17,951,855	19,412,536	18,900,451	19,509,681	609,230	3%
Direct Program Administrative Expenses						
1. Loan foreclosure expenses	307,122	400,000	160,000	200,000	40,000	
2. REO expenses	46,046	50,000	45,000	50,000	5,000	
3. Provision for losses on loans and REOs	61,041	225,000	150,000	175,000	25,000	
4. Mortgage servicing fees	1,672,156	1,738,500	1,725,000	1,820,000	95,000	
5. Loan origination expenses	3,035,311	3,000,000	3,010,000	3,000,000	(10,000)	
6. Bond issuance expenses	629,388	750,000	900,000	900,000	0	
7. Trustee/Bank fees	166,475	157,000	155,000	158,000	3,000	
8. Program advertising/printing	158,315	170,000	145,000	147,500	2,500	
9. Bond and mortgagee insurance	16,900	15,000	15,000	15,200	200	
10. Variable rate bond remarket/liquidity facilities	1,051,802	925,000	903,000	1,175,000	272,000	
11. Cash flow/arbitrage/swap consultants/legal	616,046	585,000	585,000	600,000	15,000	
12. Homebuyer education	91,050	110,000	90,000	110,000	20,000	
13. Program administrator fees	460,691	422,000	422,000	447,000	25,000	
14. Section 8 security deposits/landlord incentives	23,946	10,500	10,500	13,000	2,500	
Total Direct Program Administrative Expenses	8,336,289	8,558,000	8,315,500	8,810,700	495,200	6%

¹ 2020 Forecast vs. 2021 Budget

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

ATTACHMENT C

Description	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	\$ Increase' (Decrease)	% Increase' (Decrease)
Computer Hardware:						
New Office Building - network switches		200,000	183,301	0		
New Office Building - network data center equipment: (firewall/racks/storage/battery backup)		163,000	171,377	0		
Phone system replacement - hardware		27,000	21,641	0		
Network backup hardware - Data Domain		0	0	50,000		
Printer		7,000	1,775	0		
Laptop replacements		0	10,795	18,000		
Total computer hardware	84,634	397,000	388,889	68,000	(320,889)	(83%)
Computer Software:						
Enterprise multi-family housing system - initial costs		100,000	0	170,000		
Coordinated Entry Portal - client list software homeless programs		10,000	0	10,000		
Mobile device management software		0	0	5,000		
Phone system replacement - software/licensing		153,000	10,625	0		
Faxing software		5,000	0	0		
Website redesign		60,000	33,000	27,000		
Web filtering server replacement		5,000	0	0		
Single Family loan servicing system modifications		10,000	0	10,000		
Single Family lender & loan tracking systems mods		10,200	0	10,200		
Hancock systems upgrades (LIHEAP & Wx Programs)		0	0	50,000		
Community Outreach Dashboard		0	0	25,000		
Salesforce software upgrades (Lead Program)		0	0	10,000		
Total computer software	79,255	353,200	43,625	317,200	273,575	627%
Office Equipment:						
New office building - workstations & furniture		800,000	782,201	0		
New office building - security & life safety equipment		25,750	46,360	0		
New office building - audio visual equipment		320,600	320,599	0		
New office building - fitness equipment		21,000	20,470	0		
New office building - network fire suppression system		22,000	22,689	0		
New office building - window shades/blinds		0	8,000	0		
Stationary folding & stuffing machine (LIHEAP Program)		0	9,237	0		
Total office equipment	981,508	1,189,350	1,209,556	0	(1,209,556)	(100%)
New Office Building: - Acquisition/Rehab	9,274,408	1,850,000	3,806,820	0	(3,806,820)	(100%)
Total	10,419,805	3,789,550	5,448,890	385,200	(5,063,690)	(93%)

¹ 2020 Forecast Vs. 2021 Budget

**MAINE STATE HOUSING AUTHORITY
ITEMIZATION OF CERTAIN REVENUES
FOR THE YEAR ENDING DECEMBER 31, 2021**

ATTACHMENT D

(IN THOUSANDS OF DOLLARS)

	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	\$ Increase¹ (Decrease)	% Increase¹ (Decrease)
Federal rent subsidy income:						
HUD Section 8 Housing Choice Vouchers	26,125	27,885	29,021	29,086		
HUD Section 8 New Construction	21,503	15,378	13,470	6,915		
HUD Section 811 - Project Rental Assistance	0	84	30	120		
HUD Section 8 Performance Based Contract Admin	52,835	59,632	63,092	71,865		
HUD Section 8 Moderate Rehabilitation	520	636	560	634		
HUD Section 8 Mainstream Vouchers	0	0	94	160		
Total Federal rent subsidy income	100,983	103,615	106,267	108,780	2,513	2%
Grant Income - Federal:						
HUD Home Investment Partnership Program (HOME)	1,390	3,655	3,870	3,870		
HUD National Housing Trust Fund	0	2,700	2,700	2,700		
HUD Homeless Management Info System	100	102	101	132		
HUD Lead-Based Hazard Program	1,232	1,073	300	1,073		
HUD Emergency Solutions Grant	2,457	1,251	1,287	1,287		
HUD Emergency Solutions Grant/COVID-19	0	0	3,000	9,628		
HUD Housing Counseling Grant	15	21	15	14		
HUD Continuum of Care Planning Grant	124	111	111	50		
HUD Tenant-Based Rental Assistant	384	379	379	424		
HUD Coordinated Entry Grant	0	34	0	0		
HUD Youth Homeless Demonstration	0	1,675	0	3,250		
HUD COVID-19 Supplemental Payments	0	0	32	0		
DHHS Low Income Home Energy Assistance (LIHEAP)	35,815	38,338	38,338	38,564		
DHHS Maine Association of Recovery Residences	0	0	450	450		
DOE Weatherization	3,326	2,598	3,034	2,590		
DOE Weatherization Training Centers	0	238	350	308		
FEMA - COVID-19 Homeless Initiatives	0	0	2,830	0		
State - Federal TANF/LIHEAP Supplement	1,873	2,700	2,700	2,825		
State - Federal TANF/Family Unification Program	21	50	6	4		
State - Federal CARES Act/Rent Relief Program	0	0	21,200	0		
COVID-19 Adjustment	0	0	0	25,000		
Total Grant income - Federal	46,737	54,925	80,703	92,169		
Grant income - Non-Federal:						
State - Shelter Operating Subsidy	2,500	2,500	2,500	2,500		
Real Estate Transfer Taxes	20,603	18,500	18,500	19,000		
Maine Energy Housing & Economic Recovery	4,316	4,316	4,316	4,319		
Federal Home Loan Bank - Helping to House NE	0	0	500	0		
State - Home Repair Program (Arsenic)	165	190	100	90		
State - Revolving loan funds	12	0	0	0		
Utilities - Low Income Assistance Plan (LIAP)	850	1,200	1,100	1,105		
State - Lead Abatement Program	1,021	2,900	870	1,200		
State - Rapid Re-Housing Program	97	0	75	0		
State - Senior Housing G.O. Bonds	375	14,500	14,500	0		
State - Maine Association of Recovery Residences	0	1,880	150	150		
Total Grant income - Non-Federal	29,939	45,986	42,611	28,364		
Total Grant income	76,676	100,911	123,314	120,533	(2,781)	(2%)
Fee income:						
HUD Section 8 Vouchers	2,390	2,860	3,570	2,626		
HUD Section 8 FSS	56	56	56	62		
HUD Section 8 Mod Rehab.	77	68	56	65		
HUD Section 8 New Construction	376	93	130	63		
HUD Section 8 New Construction - MPP	198	48	100	54		
HUD Section 811 - Project Rental Assistance	26	14	4	14		
HUD Section 8 PBCA	1,657	1,574	1,831	1,848		
HUD Section 8 Mainstream Vouchers	0	0	2	2		
Total HUD Section 8 Programs (all programs)	4,780	4,713	5,749	4,734		
HUD Home Investment Partnership Program (HOME)	231	406	430	430		
HUD National Housing Trust Fund	198	300	300	300		
HUD Homeless Management Info System	239	220	244	213		
HUD Lead-Based Hazard Program	116	117	117	150		
HUD Emergency Solutions Grant	138	101	105	105		
HUD Housing Counseling Grant	19	8	5	10		
HUD Continuum of Care Planning Grant	226	258	258	321		
HUD Tenant-Based Rental Assistant	25	22	22	21		
HUD Coordinated Entry Grant	30	2	9	25		
HUD Youth Homeless Demonstration	0	0	28	72		
DHHS Low Income Home Energy Assistance (LIHEAP)	1,306	1,341	1,341	1,380		
DOE Weatherization	123	102	196	229		
DOE Weatherization Training Centers	102	75	75	103		
State - Federal TANF/LIHEAP Supplement	159	300	70	280		
Utilities - Low Income Assistance Plan (LIAP)	310	290	290	290		
State - Home Repair Program (Arsenic)	25	25	10	64		
Home Modification Certification Program	10	50	13	0		
State - Lead Abatement Program	87	345	97	215		
State - Recovery House Program	0	120	0	0		
Multi-family loan origination fees	576	650	500	600		
Low income housing tax credit fees	789	833	838	1,101		
Conduit bonds servicing fees - Princeton Properties	116	116	116	116		
Other fees	3	5	5	5		
Total Fee income	9,608	10,399	10,818	10,764	(54)	(0%)
Other Income						
Real estate owned income	193	25	95	50		
Affordable Housing Conference	83	0	0	85		
Gain on Bond Redemption	228	0	0	0		
Gain on Sale of Fixed Assets	0	0	10	0		
Miscellaneous	25	5	100	5		
Participation fees HMIS	29	30	0	0		
Total Other income	558	60	205	140	(65)	(32%)

¹ 2020 Forecast Vs. 2021 Budget

**MAINE STATE HOUSING AUTHORITY
REVENUES AND EXPENSES BUDGET BY FUND GROUP
FOR THE YEAR ENDING DECEMBER 31, 2021**

ATTACHMENT E

(IN THOUSANDS OF DOLLARS)

	Total Budget 2021	Mortgage Purchase Fund Group	Bondholder Reserve Fund	General Fund	HOME Fund	Federal Programs Fund	Other Funds	Maine Energy Housing & Economic Recovery Funds
REVENUES:								
Interest from mortgages and notes	64,125	63,705	0	320	60	0	0	40
Income from investments	1,545	1,350	55	90	35	0	5	10
Federal rent subsidy income	108,780	0	0	0	0	108,780	0	0
Grant income	120,533	0	0	0	21,500	92,169	2,545	4,319
Fee income	10,764	654	0	1,222	0	8,401	487	0
Other income	140	50	0	90	0	0	0	0
Total Revenues	305,887	65,759	55	1,722	21,595	209,350	3,037	4,369
EXPENSES								
Operating expenses	19,510	0	0	19,510	0	0	0	0
Direct program expenses	8,811	8,284	0	60	0	227	240	0
Interest expense	44,048	43,270	0	0	0	0	0	778
Federal rent subsidy expense	108,780	0	0	0	0	108,780	0	0
Grant expense	119,900	0	0	0	21,595	92,169	2,545	3,591
Allocated operating costs	0	10,482	50	(18,383)	0	7,601	250	0
Total Expenses	301,049	62,036	50	1,187	21,595	208,777	3,035	4,369
Net Operating Income	4,838	3,723	5	535	0	573	2	0

Operating Budget - Attachment B

Housing Choice Vouchers Department Memorandum

To: MaineHousing Board of Commissioners

From: Allison Gallagher

Date: December 15, 2020

Subject: Approve the HCV Annual Plan

September 30, 2020-Resident Advisory Board was provided a draft of the Annual PHA Plan by email along with a question relevant to the administration of the HCV program.

- One recipient responded and the comments are documented on the attached sheet.

September 29, 2020-A draft of the Annual PHA plan was available to the public on the MaineHousing website.

September 29, 2020-Notice of Public hearing scheduled for Nov 17th was published in the Bangor Daily News, Lewiston Sun Journal, Kennebec Journal and Portland Press Herald.

November 17th -Public Hearing held at 9:30 am at MaineHousing.

- No additional comments were received

The final draft of the Annual PHA plan is attached for your approval.

The 2021 PHA Annual Plan for the Housing Choice Voucher program will be submitted to HUD by January 16, 2021.

Streamlined Annual PHA Plan (HCV Only PHAs)	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires 02/29/2016
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Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families

Applicability. Form HUD-50075-HCV is to be completed annually by **HCV-Only PHAs**. PHAs that meet the definition of a Standard PHA, Troubled PHA, High Performer PHA, Small PHA, or Qualified PHA do not need to submit this form. Where applicable, separate Annual PHA Plan forms are available for each of these types of PHAs.

Definitions.

- (1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both of the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, or at risk of being designated as troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceeds 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment, and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceeds 550, and that was designated as a standard performer in the most recent PHAS and SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined, and is not PHAS or SEMAP troubled.

A.	PHA Information.																																			
A.1	<p>PHA Name: Maine State Housing Authority PHA Code: ME901 PHA Plan for Fiscal Year Beginning: (MM/YYYY): 2021 PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above) Number of Housing Choice Vouchers (HCVs) 4419 PHA Plan Submission Type: <input checked="" type="checkbox"/> Annual Submission <input type="checkbox"/> Revised Annual Submission</p> <p>Availability of Information. In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information of the PHA policies contained in the standard Annual Plan, but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at the main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website.</p> <p><input type="checkbox"/> PHA Consortia: (Check box if submitting a joint Plan and complete table below)</p> <table border="1" style="width: 100%;"> <thead> <tr> <th>Participating PHAs</th> <th>PHA Code</th> <th>Program(s) in the Consortia</th> <th>Program(s) not in the Consortia</th> <th>No. of Units in Each Program</th> </tr> </thead> <tbody> <tr> <td>Lead HA:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program	Lead HA:																													
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B.	Annual Plan.
B.1	<p>Revision of PHA Plan Elements.</p> <p>(a) Have the following PHA Plan elements been revised by the PHA since its last Annual Plan submission?</p> <p>Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Housing Needs and Strategy for Addressing Housing Needs.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Financial Resources.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Rent Determination.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Operation and Management.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Informal Review and Hearing Procedures.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Homeownership Programs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Self Sufficiency Programs and Treatment of Income Changes Resulting from Welfare Program Requirements.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Substantial Deviation.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Significant Amendment/Modification.</p> <p>(b) If the PHA answered yes for any element, describe the revisions for each element(s):</p>
B.2	<p>New Activities</p> <p>(a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?</p> <p>Y N</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Project Based Vouchers.</p> <p>(b) If this activity is planned for the current Fiscal Year, describe the activities. Provide the projected number of project-based units and general locations, and describe how project-basing would be consistent with the PHA Plan. Up to 25 PBV for homeless individuals and families with priority given for units located in HUD designated Opportunity Zones-Goal #3 Help Maine people attain housing stability</p>
B.3	<p>Most Recent Fiscal Year Audit.</p> <p>(a) Were there any findings in the most recent FY Audit?</p> <p>Y N N/A</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>(b) If yes, please describe:</p>
B.4	<p>Civil Rights Certification</p> <p>Form HUD-50077, <i>PHA Certifications of Compliance with the PHA Plans and Related Regulations</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
B.5	<p>Certification by State or Local Officials.</p> <p>Form HUD 50077-SL, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>

<p>B.6</p>	<p>Progress Report. Provide a description of the PHA's progress in meeting its Mission and Goals described in its 5-Year PHA Plan.</p> <ul style="list-style-type: none"> - Provided excellent customer service by hiring staff competent in customer service delivery - Awarded 9 Project-based vouchers to permanent supportive housing projects for homeless and or disabled families - Awarded 103 Project-based vouchers to housing projects for elderly and or disabled families - SEMAP score has been high performing - Ensure EHO and Fair Housing by reviewing requests for reasonable accommodations - Continue to administer and coordinate the Family Self Sufficiency Program, enrolled 52+ participants - Work with partners in providing services and outreach to low-income families via –Community Action Agencies, homeless shelters, domestic violence agencies, landlord associations, 211 site, statewide conferences, and other Public Housing Authorities - Offer MaineHousingSearch.org to tenants looking for housing in Maine. It is an on-line registry of available housing. Hired a Housing navigator. - Used administrative fee reserves and other state funding to provide security deposits, landlord repair money and damage reimbursement as needed - Provided staff and contractors with excellent tools to enable service (software, training, education and technical assistance) including updated HQS software to assist our inspectors in the field. - Utilize additional preferences to apply to applicants. The highest preferences are elderly/disabled/families and a preference for US military veterans. - 60% of available HCV vouchers are set aside for homeless applicants and those experiencing domestic violence - Set aside 20 Non-Elderly Disabled Vouchers to assist families that participate in the Money-follows-the-person grant through the Maine DHHS Homeward Bound program. (9 currently housed) -Set aside 33 Non-Elderly Disabled Vouchers to assist families that qualify under the 811 waiver program (26 currently housed) -Set aside 42 vouchers for a pilot program for working families who may be interested in joining the FSS program (working with Community Action agencies to deliver program throughout the state) - Set aside 115 Family Unification vouchers for families and youth (93 currently leased) - Awarded 5 year mainstream vouchers (approx. 22 available) 17 currently leased - Published 2 Landlord newsletters per year - Regularly hold Landlord forums and PHA inspector forums- virtually - Staff attend industry meetings, conferences, and trainings- virtually
<p>B.7</p>	<p>Resident Advisory Board (RAB) Comments.</p> <p>(a) Did the RAB(s) provide comments to the PHA Plan?</p> <p>Y N <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>(a) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p>

Instructions for Preparation of Form HUD-50075-HCV Annual PHA Plan for HCV Only PHAs

A. PHA Information. All PHAs must complete this section. ([24 CFR §903.23\(4\)\(e\)](#))

A.1 Include the full PHA Name, PHA Code, PHA Type, PHA Fiscal Year Beginning (MM/YYYY), Number of Housing Choice Vouchers (HCVs), PHA Plan Submission Type, and the Availability of Information, specific location(s) of all information relevant to the public hearing and proposed PHA Plan.

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table. ([24 CFR §943.128\(a\)](#))

B. Annual Plan. All PHAs must complete this section. ([24 CFR §903.11\(c\)\(3\)](#))

B.1 Revision of PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the "yes" box. If an element has not been revised, mark "no."

☐ **Housing Needs and Strategy for Addressing Housing Needs.** Provide a statement addressing the housing needs of low-income, very low-income families who reside in the PHA's jurisdiction and other families who are on the Section 8 tenant-based waiting list. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income), (ii) elderly families and families with disabilities, and (iii) households of various races and ethnic groups residing in the jurisdiction or on the waiting list based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. ([24 CFR §903.7\(a\)\(1\)](#) and [24 CFR §903.7\(a\)\(2\)\(i\)](#)). Provide a description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. [24 CFR §903.7\(a\)\(2\)\(ii\)](#)

☒ **Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.** A statement of the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for HCV. (24 CFR §903.7(b))

RFP for PBV offers points for projects located in HUD Opportunity Zones

☐ **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA HCV funding and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources. (24 CFR §903.7(c))

☐ **Rent Determination.** A statement of the policies of the PHA governing rental contributions of families receiving tenant-based assistance, discretionary minimum tenant rents, and payment standard policies. (24 CFR §903.7(d))

☐ **Operation and Management.** A statement that includes a description of PHA management organization, and a listing of the programs administered by the PHA. (24 CFR §903.7(e)(3)(4)).

☐ **Informal Review and Hearing Procedures.** A description of the informal hearing and review procedures that the PHA makes available to its applicants. (24 CFR §903.7(f))

☐ **Homeownership Programs.** A statement describing any homeownership programs (including project number and unit count) administered by the agency under section 8y of the 1937 Act, or for which the PHA has applied or will apply for approval. (24 CFR §903.7(k))

☐ **Self Sufficiency Programs and Treatment of Income Changes Resulting from Welfare Program Requirements.** A description of any PHA programs relating to services and amenities coordinated, promoted, or provided by the PHA for assisted families, including those resulting from the PHA's partnership with other entities, for the enhancement of the economic and social self-sufficiency of assisted families, including programs provided or offered as a result of the PHA's partnerships with other entities, and activities under section 3 of the Housing and Community Development Act of 1968 and under requirements for the Family Self-Sufficiency Program and others. Include the program's size (including required and actual size of the FSS program) and means of allocating assistance to households. (24 CFR §903.7(l)(i)) Describe how the PHA will comply with the requirements of section 12(c) and (d) of the 1937 Act that relate to treatment of income changes resulting from welfare program requirements. (24 CFR §903.7(l)(iii)).

☐ **Substantial Deviation.** PHA must provide its criteria for determining a "substantial deviation" to its 5-Year Plan. (24 CFR §903.7(r)(2)(i))

☐ **Significant Amendment/Modification.** PHA must provide its criteria for determining a "Significant Amendment or Modification" to its 5-Year and Annual Plan. Should the PHA fail to define 'significant amendment/modification', HUD will consider the following to be 'significant amendments or modifications': a) changes to rent or admissions policies or organization of the waiting list; or b) any change with regard to homeownership programs. See guidance on HUD's website at: [Notice PIH 1999-51](#). (24 CFR §903.7(r)(2)(ii))

If any boxes are marked "yes", describe the revision(s) to those element(s) in the space provided.

B.2 New Activity. If the PHA intends to undertake new activity using Housing Choice Vouchers (HCVs) for new Project-Based Vouchers (PBVs) in the current Fiscal Year, mark "yes" for this element, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake this activity, mark "no." (24 CFR §983.57(b)(1) and Section 8(13)(C) of the United States Housing Act of 1937.

☒ **Project-Based Vouchers (PBV).** Describe any plans to use HCVs for new project-based vouchers. If using PBVs, provide the projected number of project-based units and general locations, and describe how project-basing would be consistent with the PHA Plan.

Accepting responses to a RFP for project based vouchers to house homeless individuals and families.

B.3 Most Recent Fiscal Year Audit. If the results of the most recent fiscal year audit for the PHA included any findings, mark "yes" and describe those findings in the space provided. (24 CFR §903.11(c)(3), 24 CFR §903.7(pp))

B.4 Civil Rights Certification. Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulation*, must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction. (24 CFR §903.7(o))

B.5 Certification by State or Local Officials. Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, including the manner in which the applicable plan contents are consistent with the Consolidated Plans, must be submitted by the PHA as an electronic attachment to the PHA Plan. (24 CFR §903.15)

B.6 Progress Report. For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year PHA Plan. (24 CFR §903.11(c)(3), 24 CFR §903.7(r)(1))

B.7 Resident Advisory Board (RAB) comments. If the RAB provided comments to the annual plan, mark "yes," submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations. (24 CFR §903.13(c), 24 CFR §903.19)

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the Annual PHA Plan. The Annual PHA Plan provides a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public for serving the needs of low- income, very low- income, and extremely low- income families.

Public reporting burden for this information collection is estimated to average 4.5 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality

Resident Advisory Board comments and Narrative for 2021 PHA plan (annual)

An email was sent on September 30, 2020 to 8 HCV participants who have served on the Resident Advisory Board for the past three years. A draft of the Annual PHA plan was attached along with the questions below.

We would also like to know your thoughts on what impact if any do you feel the pandemic has had on housing in your community? **No specific comments regarding the pandemic received**

Do you have any specific comments about the 5 Year plan attached to this email?

Response received-

Good morning,

I would like to start off by thanking Maine Housing for the help that all of you have provided my wife and I. Maine housing has been more helpful than any other organization I have had to deal with in the past 12 years since I hurt my back.

I have read the documents you sent me and have had time to ponder on it, especially the progress report section. I see a lot of good thing being done for people in need. I see there are a lot of vouchers being distributed to people from all walks of life and different sets of needs. The programs designed to help people gain a better quality of life are very helpful and they give people the self-esteem needed to thrive in today's society.

There are some areas that need to have the policies and procedures altered to eliminate discrimination and to teach people that accountability and responsibility are necessary to be reintegrated into society. There should be other programs to help addicts recover from their addiction before being put back into housing, for example; my wife and I had an extremely difficult time finding an apartment while still in the shelter because of the stigma that comes with being homeless. We were totally drug free before, during and after being homeless but we were labeled as addicts because of where we were in life. All disabilities are impairments and just because someone isn't getting a SSI or SSDI check does not mean they are not disabled in some way. I personally feel that the systems have discriminated against me because of the severity of my impairment or disability. I have a hard time walking long distances and cannot walk up and down stairs easily so we had a hard time finding a place that would accommodate my ailments without having a government check to say I was disabled. I feel that type of stuff is discrimination because we live in a complex full of "disabled" people who can do way more than I can but because they have the "check" to prove their disability they get special treatment.

I feel that times are changing and some things need to change to fit the future not the past. Housing is becoming unaffordable to the majority of people because landlords keep raising the rents as minimum wage increases. I have been looking to move from our apartment to something with a little more privacy and it is impossible because either the price is too high for the voucher or the landlord is using unacceptable rental practices. Housing should be looked at as a basic need not a way to make instant wealth for the rich. Most places we looked at would not pass inspection for a voucher and should have been condemned.

To make a long story short, Maine Housing is doing a great job helping people get the resources they need to live a better life. We just need to adjust to the changing times and rewrite some rules to better help people overcome addiction and in turn it will make reintegration into society easier on everyone.

Thank you,
Dan Blais

Narrative-

MaineHousing did not make any changes to the FSS Action Plan since the last revision in 2018. MaineHousing considered these comments along with comments received through the consultation process of our agency Consolidated Plan when completing our Annual PHA Plan.

- We will continue to give preferences to elderly and disabled families and veterans.
- We will continue to work with and give priority to the homeless shelters and domestic violence providers to serve this population.
- We will continue to give preference to applicants living or working in our jurisdiction to ensure that we help people in all parts of the State.
- We have hired a Housing Navigator to build landlord relationships and encourage them to participate in the HCV Program. They will also help people find and maintain housing.
- We are committed to working with social service agencies to provide housing resources to Mainstream voucher holders.
- We will support the development of new affordable units by offering project based vouchers to projects serving priority populations and those selected as part of a MaineHousing competitive process.

Treasury Department Memorandum

To: MaineHousing Commissioners

From: Tom Cary, Treasurer

Date: December 8, 2020

Subject: Approval of the Mortgage Purchase Program Series Resolution, dated December 15, 2020

At the December 15, 2020 meeting you will be asked to approve the attached Series Resolution, which authorizes the issuance of up to \$400 million of Bonds and Notes in the Mortgage Purchase Program for a period of approximately 14 months, commencing on the date of your approval through February 28, 2022. The Bonds and Notes may be either fixed or variable rate and may be either taxable or tax exempt. The proceeds of the debt may be used to fund multi-family or single family first lien mortgages, refund outstanding Mortgage Purchase Program Bonds, fund the debt service reserve fund and pay the costs of issuing the bonds. The Series Resolution also authorizes entering into new Swaps in a Notional amount not to exceed \$150 million during the same 14 month period.

Approving a Series Resolution is the mechanism by which the Commissioners authorize Bonds and Swaps in the Mortgage Purchase Program Bond Resolution. It has been our practice to ask for this authority on an annual basis. The proposed Series Resolution is substantially similar to what has been proposed in recent years, except for the London Inter Bank Offered Rate ("LIBOR") reference in Section 505. LIBOR is scheduled to go away at the end of next year. The new International Swap Dealers Association ("ISDA") Swap protocols address the language changes needed in our \$170 million of swaps which are LIBOR indexed. The language in Section 505 gives us the authority to make changes required to other contracts such as those governing some direct placement bonds.

The most recent Series Resolution was adopted at the December 17, 2019 Commissioners' meeting. It authorized the issuance of up to \$400 million Bonds and Notes in the Mortgage Purchase Program within a 13 month period. To date, we have issued \$279,600,000 Bonds under this Series Resolution.

Below I have listed the Bonds which we have issued under the existing Series Resolution.

<u>Series</u>	<u>Program</u>	<u>Issuance Date</u>	<u>Issuance Amount</u>
2020 Series B	M/F	April 9, 2020	\$50,000,000
2020 Series C	S/F	April 30, 2020	\$38,955,000
2020 Series D	S/F	July 1, 2020	\$35,000,000
2020 Series E	S/F, M/F (taxable)	July 1, 2020	\$40,000,000
2020 Series F	S/F	September 8, 2020	\$40,000,000
2020 Series G	S/F	November 19, 2020	\$35,645,000
2020 Series H	S/F, M/F (taxable)	November 19, 2020	\$40,000,000
		Total:	\$279,600,000

The 2020 Series A Bonds, a tax-exempt single family bond issue of \$34,350,000 which was issued on January 22, 2020, were not included in the above total because it used authority from the prior

Series Resolution adopted at the December 18, 2018 Commissioners meeting. Including the 2020 Series A Bonds, a total of \$313,950,000 bonds were issued in the Mortgage Purchase Program in 2020. For the 5 years prior to 2020, annual bond issuance in the Mortgage Purchase Program ranged between \$157 million and \$393 million, and averaged about \$280 million.

During 2020 we executed one swap under the current Series Resolution, in a notional amount of \$30 million. This swap replaced a swap which matured this past November 15th. There is a good chance that we will execute swaps in 2021 to hedge newly issued variable rate bonds. We are also considering additional swaps to hedge a portion of our \$100 million unhedged taxable variable rate bonds. This would be done in response to a change in rating agency analytics.

I look forward to discussing these matters with you at the meeting.

MAINE STATE HOUSING AUTHORITY
MORTGAGE PURCHASE PROGRAM

SERIES RESOLUTION

Authorizing the Issuance of

Mortgage Purchase Bonds and
Mortgage Purchase Notes

of

Maine State Housing Authority

Adopted December 15, 2020

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**SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF
MORTGAGE PURCHASE BONDS AND
MORTGAGE PURCHASE NOTES
OF MAINE STATE HOUSING AUTHORITY**

BE IT RESOLVED BY THE COMMISSIONERS OF MAINE STATE HOUSING AUTHORITY (“MaineHousing”) on December 15, 2020 that, pursuant to the General Mortgage Purchase Bond Resolution adopted on February 4, 1972, as amended and supplemented (the “Resolution”), this Series Resolution (this “Series Resolution”) is adopted as follows:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 101. Definitions.

(a) Except as provided in paragraph (b) of this Section, all defined terms contained in the Resolution shall have the same meanings in this Series Resolution as such defined terms are given in Section 101 of the Resolution, unless the context shall otherwise require.

(b) As used in this Series Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

“*Beneficial Owner*” means, whenever used with respect to a Bond or Note, the person in whose name such Bond or Note is recorded as the beneficial owner of such Bond or Note by a Participant on the records of such Participant or such person’s subrogee.

“*Bonds*” means the Bonds of MaineHousing of any Series authorized under this Series Resolution, whether Serial Bonds or Term Bonds. Subseries of any Series of the Bonds may be further designated as described in the applicable Series Certificate.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

“*DTC*” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“*Multi-Family Series*” means any Series of Bonds or Notes the proceeds of which are used by MaineHousing to finance, among other things, the purchase of or the making of interest-bearing obligations secured by mortgages that are a first lien on land and improvements thereon in the State of Maine constituting multifamily residential rental housing units for persons and families of low income.

“*Notes*” means the Notes of MaineHousing of any Series authorized under this Series Resolution.

“*Participants*” means those broker-dealers, banks and other financial institutions for which DTC holds a Series of Bonds or Notes as securities depository.

“*Rule*” means the applicable provisions of Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12), as in effect on the date hereof or scheduled to become effective, including any official interpretations thereof.

“*Serial Bond*” means any of the Bonds of a Series described as such in the applicable Series Certificate.

“*Series*” means a Series of Bonds or Notes, as applicable.

“*Series Bond Proceeds Sub-Account*” means the applicable Bond Proceeds Sub-Account to be established by the Trustee in accordance with the Resolution for a Series of Bonds in the Bond Proceeds Account established in the Bond Proceeds Fund.

“*Series Certificate*” means the applicable Series Certificate for a Series of Bonds or Notes delivered on or prior to the date of delivery of the Bonds or Notes of such Series. The Director, Deputy Director, Treasurer or Chief Counsel or any authorized representative thereof is hereby authorized to execute any such Series Certificate for the purpose of determining certain matters with respect to such Series of Bonds or Notes subject to and in compliance with all applicable requirements of the Resolution and this Series Resolution. Any such Series Certificate upon execution is hereby incorporated by reference and made a part of this Series Resolution as if set forth herein at length.

“*Series Mortgage Loans*” means the applicable Mortgage Loans, if any, acquired or made with proceeds of a Series of Bonds or Notes, as applicable.

“*Single-Family Series*” means any Series of Bonds or Notes the proceeds of which are used by MaineHousing to finance, among other things, the purchase of interest-bearing obligations secured by mortgages that are a first lien on land and improvements thereon in the State of Maine constituting one- to four-family residences for persons and families of low income.

“*Taxable Series*” means any Series of Bonds or Notes that are not Bonds or Notes of a Tax Exempt Series.

“*Tax Exempt Series*” means any Series of Bonds or Notes the interest on which is not included in gross income for federal income tax purposes pursuant to applicable federal tax law.

“*Term Bond*” means any of the Bonds of a Series or Notes of a Series described as such in the applicable Series Certificate.

(c) Articles and sections referred to by number shall mean the articles and sections of this Series Resolution unless the context shall otherwise require.

Section 102. Authority for This Series Resolution. This Series Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II

AUTHORIZATION, TERMS, ISSUANCE, SALE AND DELIVERY

Section 201. Authorization, Principal Amount, Designation and Series. In order to provide funds necessary for the Mortgage Purchase Program under the Resolution, in accordance with and subject to the terms, conditions and limitations established in the Resolution and this Series Resolution, one or more Series of Bonds or Notes, whether of a Taxable Series or a Tax Exempt Series, or a Single-Family Series or a Multi-Family Series or a combination thereof, are hereby authorized to be issued for a period commencing on the date hereof and ending on February 28, 2022, in an aggregate principal amount not to exceed \$400,000,000 and with the maximum interest rate payable in any year on any Bond or Note of any such Tax Exempt Series not to exceed 6%, provided that any Tax Exempt Series which bears interest at a Variable Interest Rate shall not exceed 12% payable in any year, and with the maximum interest rate on any Bond or Note of any such Taxable Series not to exceed 7% payable in any year, provided that any Taxable Series which bears interest at a Variable Interest Rate shall not exceed 12% payable in any year. Provided that the aggregate amount thereof does not exceed the amount set forth in the previous sentence, subseries of any Series of the Bonds or Notes may be designated in the amounts as may be set forth in the applicable Series Certificate. MaineHousing is of the opinion and hereby determines that the issuance of each such Series of Bonds or Notes as provided herein, not to exceed such foregoing amount, is necessary to provide sufficient funds to be used and expended for the Mortgage Purchase Program. Each Bond of each such Series of Bonds shall be entitled "Mortgage Purchase Bond, ____ Series ____" and each Note shall be entitled "Mortgage Purchase Notes, ____ Series ____," with applicable Series designation(s) to be made in the applicable Series Certificate. The Bonds or Notes shall be issued only in fully registered form.

Section 202. Purposes. The purposes for which the Series of Bonds or Notes are being issued shall be one or more of those specified in the Act and the Resolution, and shall be set forth in the applicable Series Certificate to the extent and subject to the limitations and in the amount provided in such Series Certificate. A purpose may include reimbursement of MaineHousing for the expenditure of its funds not allocable to Notes or Bonds pursuant to the Code, and in connection therewith MaineHousing hereby declares, pursuant to Section 1.150-2 of the Code Regulations, its intention to issue Notes or Bonds for such purpose in an amount not exceeding 50% of the principal amount of Notes or Bonds authorized by Section 201, subject to such additional amounts as may be declared pursuant to Section 505 hereof.

Section 203. Date. The Bonds or Notes of a Series shall be dated as shall be set forth in the applicable Series Certificate and as otherwise provided in Section 304 of the Resolution.

Section 204. The Bonds or Notes. The Bonds or Notes of a Series shall mature on November 15 in each of the years and in the principal amounts and shall bear interest from their dated date and be payable on the dates and at the respective rates of interest per annum (provided that the maximum interest rate on Bonds or Notes of such Series shall not exceed that set forth in Section 201 hereof), all as set forth in the applicable Series Certificate.

Sinking Fund Installments for the Term Bonds of a Series, if any, shall be established as set forth in the applicable Series Certificate. Such Sinking Fund Installments shall become due, and shall be applied to the redemption or payment at maturity of such Term Bonds, on the dates and in the respective amounts as set forth in the applicable Series Certificate.

Section 205. Denominations, Numbers and Letters. The Bonds or Notes shall be issued only in fully registered form without coupons, in the denomination of \$5,000 principal amount at maturity (or such other denomination as determined by MaineHousing in the applicable Series Certificate), or any integral multiple thereof, not exceeding the aggregate principal amount of Bonds or Notes maturing in the year of maturity of the Bond or Note for which the denomination is to be specified, and shall be lettered as designated in the applicable Series Certificate. The letters shall be followed by the subseries designation, if any, and the number of the Bond or Note. The Bonds or Notes of a Series (and subseries, if applicable) shall be numbered consecutively from one upward. The Bonds or Notes may be initially issued to DTC, as registered owner of such Bonds or Notes holding such Bonds or Notes on behalf of the Beneficial Owners thereof, as provided in the applicable Series Certificate.

Section 206. CUSIP Numbers. MaineHousing is hereby authorized, in its discretion, to provide for the assignment of CUSIP numbers for the Bonds and the Notes and to have such CUSIP numbers printed thereon.

Section 207. Paying Agent. U.S. Bank National Association, Boston, Massachusetts, is hereby appointed the Paying Agent for the Bonds and the Notes, subject to Section 1102 of the Resolution.

Section 208. Redemption. The Bonds or Notes of a Series shall be subject to redemption as set forth in the applicable Series Certificate.

Section 209. Moneys Deposited in Connection With a Reduction in the Housing Reserve Fund Maximum Requirement. In the case of any purchase, redemption, in whole or in part, or payment of principal at maturity of the Bonds of a Series, an amount equal to the amount by which the amount in the Housing Reserve Fund exceeds the Housing Reserve Fund Maximum Requirement, after giving effect to such purchase, redemption or payment, may, upon the direction of MaineHousing, be deposited in the Redemption Fund.

Section 210. Moneys Deposited to Credit of General Redemption Account of Redemption Fund. Moneys in an amount sufficient to effect payment at the applicable Redemption Price of any bonds to be refunded with proceeds of the Bonds shall be deposited in the Redemption Fund for the credit of the General Redemption Account and in no other Fund or Account.

Section 211. Selection of Bonds or Notes by Lot. If less than all of the Bonds or Notes of a like Series and maturity are to be redeemed, the particular Bonds or Notes of such Series and maturity to be redeemed shall be selected by lot in accordance with the Resolution.

Section 212. Sale of Bonds or Notes. A Series of Bonds or Notes authorized to be issued herein shall be sold to the underwriters (the "Underwriters") and/or private placement purchasers as shall be set forth in the purchase contract entered into with respect to such Bonds or Notes at

the purchase price set forth therein on the terms and conditions set forth in the purchase contract upon the basis of the representations therein set forth, provided that the total compensation to the Underwriters set forth therein shall not exceed 2% of the principal amount of the applicable Bonds or Notes. The Director, Deputy Director, Treasurer or Chief Counsel is hereby authorized to execute and deliver such purchase contract for and on behalf of MaineHousing, and such execution and delivery of the purchase contract by the Director, Deputy Director, Treasurer or Chief Counsel shall be deemed to constitute approval by the Commissioners of MaineHousing of the final terms and conditions of such purchase contract.

The check or wire, if any, received by MaineHousing from the Underwriters under the terms of a purchase contract being the good faith deposit shall be held and applied in accordance with the provisions of such purchase contract.

Section 213. Official Statement. Each Preliminary Official Statement and final Official Statement of MaineHousing in the respective forms to be attached to the applicable Series Certificate, with such changes, omissions, insertions and revisions as the Director, Deputy Director, Treasurer or Chief Counsel may deem advisable, is hereby authorized, and the Director, Deputy Director, Treasurer or Chief Counsel shall sign and deliver such final Official Statement and the applicable Series Certificate, and deliver this Series Resolution, the Resolution and the General Authority Bondholder Reserve Fund Resolution adopted April 30, 1980, to the applicable Underwriters for distribution to prospective purchasers and other interested persons.

Section 214. Authority Certificate. Pursuant to Section 203(b)(iii) of the General Authority Bondholder Reserve Fund Resolution adopted by MaineHousing on April 30, 1980, MaineHousing will, upon closing of the Bonds of a Series, deliver to the trustee acting under and pursuant to the General Authority Bondholder Reserve Fund Resolution certified copies of the Resolution and this Series Resolution, together with a certificate signed by the Director, Deputy Director, Treasurer or Chief Counsel stating that the revenues expected to be received under the Resolution together with amounts held in funds or accounts thereof are reasonably estimated to be sufficient to pay as the same become due the reasonable and necessary operating costs of MaineHousing which are estimated will be incurred as a result of the adoption and operation of the Mortgage Purchase Program under the Resolution and the principal of, redemption premium, if any, and interest when due on all obligations issued and outstanding and to be issued thereunder.

Section 215. Tax Certifications. The Director, Deputy Director, Treasurer and Chief Counsel are each hereby authorized to execute a tax certificate to be delivered concurrently with the delivery of a Tax Exempt Series of Bonds or Notes and to make such covenants in the applicable Series Certificate and such tax certificate as are necessary to comply with the requirements of the Code.

ARTICLE III

DISPOSITION OF BOND OR NOTE PROCEEDS AND OTHER AMOUNTS

Section 301. Deposit to Funds and Accounts. Proceeds of a Series of Bonds or Notes shall be deposited in the amounts and into the Funds and Accounts as set forth in the applicable

Series Certificate; provided, however, that notwithstanding any other provision of this Series Resolution, upon receipt of proceeds of the sale of the Bonds of a Series, there shall be deposited in the Housing Reserve Fund such amount as shall be necessary in order that upon issuance, sale and delivery of such Bonds the amount in the Housing Reserve Fund shall be at least equal to the Housing Reserve Fund Maximum Requirement.

Section 302. General Redemption Account. MaineHousing hereby authorizes the Director, the Deputy Director, the Treasurer and the Chief Counsel of MaineHousing and all Commissioners of MaineHousing to execute and deliver such certificates and instruments, if any, as may be necessary to comply with the provisions of Section 207 of the Resolution and to effect the redemption of any Bonds to be redeemed by application of any moneys received in connection with the Bonds of a Series.

ARTICLE IV

FORM AND EXECUTION OF BONDS OR NOTES

Section 401. Forms of Bonds or Notes. Subject to the provisions of the Resolution, the Bonds of a Series and Notes of a Series and the Trustee's Certificate of Authentication shall be in substantially the forms and tenor set forth in the applicable Series Certificate.

Section 402. No Recourse on Bonds or Notes. No recourse shall be had for the payment of the principal of or interest on the Bonds or Notes or for any claim based thereon or on this Series Resolution against any commissioner, member, officer or employee of MaineHousing or any person executing the Bonds or Notes, and neither the commissioners, members, officers or employees of MaineHousing nor any person executing the Bonds or Notes of MaineHousing shall be liable personally on the Bonds or Notes by reason of the issuance thereof.

Section 403. Execution of Bonds or Notes. The Treasurer or Chief Counsel is hereby authorized and directed to attest the execution of the Bonds or Notes in accordance with the provisions of Section 306 of the Resolution.

ARTICLE V

SPECIAL COVENANTS

Section 501. Transfer of Proceeds of the Bonds. Subject to the provisions of Section 503(10)(d) of the Resolution, MaineHousing at any time may deliver to the Trustee, pursuant to Section 503(14)(a) of the Resolution, a certificate of the Director, Deputy Director, Treasurer or Chief Counsel directing the Trustee to transfer from the applicable Series Bond Proceeds Sub-Account to the applicable Series Account established in the Redemption Fund any amounts that MaineHousing determines will not be used for the purchase of applicable Series Mortgage Loans.

Moneys transferred pursuant to this Section 501 to the applicable Series Account established in the Redemption Fund for a Series of Bonds shall be held in trust pursuant to the Resolution for the redemption of such Bonds in accordance with the applicable provisions of the applicable Series Certificate.

Section 502. Section 207(2)(c)(i) Determination. Pursuant to the provisions of Section 207(2)(c)(i) of the Resolution, MaineHousing hereby determines that there will be on the date of original delivery of each Series of Refunding Bonds moneys on deposit in the Interest Account of the Debt Service Fund sufficient to pay the accrued interest on Bonds to be redeemed with proceeds of the Bonds of such Series on the respective Redemption Dates of such Bonds, except as otherwise set forth in the applicable Series Certificate, in which case such Series Certificate shall provide for the deposit into the Interest Account of such amount.

Section 503. Section 504(8) Determination. Pursuant to the provisions of Section 504(8) of the Resolution, MaineHousing hereby determines that the percentage of Mortgage Loans heretofore purchased or made with proceeds of a Series of Bonds shall be deemed purchased or made with the proceeds of the Series of Refunding Bonds in the same proportion as the principal amount of the Bonds being refunded bears to the principal amount of the entire Series of Bonds Outstanding.

Section 504. Purchase of Mortgages. Subject to the provisions of the Resolution, this Series Resolution and the Code, MaineHousing hereby (i) directs the Director, Deputy Director or Treasurer to establish the interest rate or rates on the Mortgages to be acquired or made from the proceeds of the Bonds or Notes as he or she shall deem advisable and (ii) authorizes the execution and delivery by the Director, Deputy Director, Treasurer or Chief Counsel of a mortgage purchase agreement, mortgage loan servicing agreement, procedural guide, program documents and such other agreements or documents as may be necessary to purchase or make a Series Mortgage Loan in connection with a Single-Family Series or a Multi-Family Series, as applicable.

Section 505. Additional Authorizations. The Director, Deputy Director, Treasurer or Chief Counsel may make modifications to this Series Resolution (as evidenced by a certificate), if deemed advisable, with respect to the terms of the Bonds or Notes and other matters (including to assure the tax-exempt status of the interest on the Bonds or Notes of a Tax Exempt Series). All Commissioners of MaineHousing, the Director, the Deputy Director, the Treasurer and the Chief Counsel, and all employees of MaineHousing, are hereby authorized to make such additional determinations (including declarations of intent to use proceeds of Notes or Bonds to reimburse MaineHousing to the extent it has financed Mortgage Loans with moneys which are not Note or Bond proceeds under the Code), perform such acts and execute such certificates, protocols and other documents as may be necessary or desirable to carry out the issuance of the Bonds and the Notes, during the period commencing on the date hereof and ending on February 28, 2022, to enter into new Swaps or Swap Facilities in a notional amount not exceeding \$150,000,000 and to modify, novate or replace existing Swaps or Swap Facilities in notional amounts not exceeding the notional amount of the Swaps or Swap Facilities being modified, novated or replaced (all in accordance with the Guidelines for the Use of Interest Rate Exchange Agreements as then in effect, and provided that the total notional amount of Swaps outstanding may not exceed the principal amount of outstanding Bonds bearing a Variable Interest Rate), to enter into, modify or replace liquidity agreements (including without limitation standby bond purchase agreements), to modify any other obligation (including Notes or Bonds) to substitute a comparable interest rate index for the London Inter Bank Offered Rate (“LIBOR”) if LIBOR is discontinued, or to assure the tax-exempt status of the interest on the Bonds or Notes of a Tax Exempt Series.

Section 506. Continuing Disclosure Covenant. MaineHousing hereby covenants that the Bonds or Notes, as required by the Rule, will be subject to the provisions of that certain Master Continuing Disclosure Agreement 2019, dated as of May 15, 2019, by and between MaineHousing and the Trustee, as currently in effect or as hereafter may be amended.

Section 507. Effective Date. This Series Resolution shall take effect as provided in the Resolution.

Asset Management Department Memorandum

To: MaineHousing Board of Commissioners

From: Robert Conroy – Director, Asset Management

Date: December 7, 2020

Subject: December Board Report - Asset Management

HUD Issues Second Round of Funding Relief

HUD is now opening a second application period for owners of Multifamily-assisted properties to apply for CARES Act supplemental funds to offset property expenditures to safely serve residents in light of COVID-19 social distancing requirements. This notice provides a method for owners to receive payments beyond the amounts available under the terms of their current rental assistance contracts. This relief is applicable only to our Section 8 properties.

On November 24, 2020, the Office of Multifamily Housing published a Housing Notice 2020-11 which allows owners to submit payment requests for expenses incurred through November 30, 2020. Requests are due to HUD or the Contract Administrator by December 11, 2020.

HDS Software Upgrade

Asset Management has been working closely with MaineHousing's IT group and representatives from HDS Software in developing plans to upgrade our current software platform to the NextGen Web-based platform. This software is critical to enabling the Department to fulfill its obligations to HUD under the Section 8 subsidy processing, PBCA requirements and to the IRS in managing the LIHTC compliance reporting requirements. The NextGen platform will provide enhanced tools and solutions that are much improved over the current Legacy platform. Additionally, the technical support by the Vendor for the Legacy platform will be ending shortly.

We will begin the initial phase of transfer to the new system in the first quarter of 2021.

Retirement News

It is with mixed emotions that we share the news that one of our long-time Asset Managers will be retiring at the end of December. Judith Gilbert has been with us for over 20 years and has played a key role in many of our initiatives, including information sharing and trainings for our Partners. While the Department is saddened to see her depart, we are happy to know she will now have an opportunity to travel and spend time with her Grandchildren. All of us wish her a healthy and happy Retirement!

To: Board of Commissioners
From: Linda L. Grotton, Director, Audit and Compliance
Date: December 15, 2020
Subject: Audit Committee Report to the Board

I completed the 2020 MaineHousing Risk Assessment during the first quarter of this year, and presented the results to you at the March 17 Board meeting, just as COVID-19 was emerging in Maine and around the country. At the request of the Audit Committee, I have since updated the Assessment to reflect risk changes as a result of the pandemic.

I met with each department director along with department managers (virtually of course!) to identify and discuss risk changes, not only as a result of COVID-19 but as a result of MaineHousing's spring/summer move to Edison Drive. The attached spreadsheet summarizes the major differences that have emerged since publication of the original March document.

The Audit Committee had a robust discussion about risk at our last quarterly meeting in October, and I have shared the attached document with them.

One of the benefits to periodically updating the risk assessment is the concentrated focus and attention to risk during each of the department meetings. We not only talk about the current risk environment, but we brainstorm controls that can be implemented to mitigate identified risks. And often that leads to immediate or near-term action.

For example, Vendor Access to the Server Room (# 3 on the attached spreadsheet) was identified as a High risk by IT management. That led to a follow-up meeting with members of the Facilities department, where a number of ideas were generated and then quickly implemented. Please note that each Risk Assessment is a point in time document, and if the Risk Assessment were to be formally updated again today, we would likely lower that risk rating to the Medium category.

In general, I plan to update MaineHousing's Risk Assessment annually, but more frequent updates may be warranted (as was the case this year).

2020 Risk Assessment -- Pre and Post COVID-19

#	Department	Risk Type	Uncertain Event	(L) Likelihood	(I) Impact / Consequence	Controls to Mitigate Risk*	Current Risk Level	Pre-COVID Risk Level	Notes
			<i>There is a risk that:</i>	<i>caused by:</i>	<i>which may result in:</i>	<i>Current/proposed actions:</i>	(L, I)	(L, I)	
1	Development / Lending	Operational	Tax credit investors lose interest in Maine market / do not purchase available tax credits	Investors have become more cautious and selective in investments due to: <ul style="list-style-type: none"> ■ election uncertainty ■ uncertainty related to COVID ■ concern about profitability ■ proposed CRA (Community Reinvestment Act) reforms -- equalizing loans with tax credit investments ■ non CRA investors looking at return on investment 	<ul style="list-style-type: none"> ■ less capital available / reduced ability of MaineHousing to finance deals ■ expect prices to drop 4 - 5 cents in the next few months, depending on election results, availability of a COVID vaccine, and state of the economy. 	<ul style="list-style-type: none"> ■ work with syndicated partners and interested parties to generate investment 	High 4, 3	N/A New Risk identified in October	Development expects risk likelihood to reduce over the next year.
2	Global	Health	A COVID-19 outbreak occurs among MaineHousing employees	<ul style="list-style-type: none"> ■ potential for increasing number of cases as Mainers enter the colder winter monthsnumber of pandemic in Maine ■ up to 50 percent of staff may be in the building at any given time 	<ul style="list-style-type: none"> ■ staff (and/or their families) become seriously ill ■ lost productivity 	<ul style="list-style-type: none"> ✓ COVID -19 policy ✓ established cleaning protocols ✓ new traffic patterns ✓ hand sanitizer /wipes distribution ✓ health plan and benefits support staff who stay home when needed due to COVID 	High 4, 3	N/A New Risk identified in October	New Global Risk as a result of COVID-19.
3	Information Technology	Operational	Vendor with access to the server room (data center) causes damage (with mal intent or accidentally through negligence).	<ul style="list-style-type: none"> ■ Facilities' staff manage physical vendor access to the server room ■ IT staff not always aware of access in real time (e.g. after hours) ■ Vendor traffic is increased as issues with new building are identified and resolved. 	<ul style="list-style-type: none"> ■ property or equipment lost, damaged, stolen ■ data / PII lost, damaged, stolen 	<ul style="list-style-type: none"> ✓ camera inside server room ■ data center will be hard-wired to the badge reporting system for real-time reporting of access 	High 3, 5	N/A New Risk identified in October	New risk resulted from the move to Edison Drive. IT and Facilities are implementing compensating controls in order to reduce likelihood in the near term.

#	Department	Risk Type	Uncertain Event	(L) Likelihood	(I) Impact / Consequence	Controls to Mitigate Risk*	Current Risk Level	Pre-COVID Risk Level	Notes
			<i>There is a risk that:</i>	<i>caused by:</i>	<i>which may result in:</i>	<i>Current/proposed actions:</i>	(L, I)	(L, I)	
4	Home Ownership	Financial	First Home Loan borrowers pre-pay their mortgages or re-finance their loan elsewhere	<ul style="list-style-type: none"> ■ interest rate drops below 4 % (level that will impact a significant portion of loans outstanding) ■ homeowner's equity value in the home increases, creating a better equity position for homeowners to refinance 	<ul style="list-style-type: none"> ■ loss of revenue ■ loss of seasoned quality loans 	<ul style="list-style-type: none"> ■ Create team to explore mitigating actions or programs 	High 4, 4	Medium High 2, 4	The likelihood of this risk has increased, given rates are now below 3 percent and projected to stay low through 2023.
5	Treasury	Strategic / Financial	MaineHousing's credit rating falls	<ul style="list-style-type: none"> ■ market exposure / economic response to COVID-19 ■ other uncontrollable real estate market factors that hurt the housing market ■ exposure to counter party risk (AIG, banks) ■ loss of profitability ■ drive to obtain too much public purpose 	<ul style="list-style-type: none"> ■ limited access to funds ■ more expensive borrowing costs ■ inability to compete with local lenders for first home mortgages 	<ul style="list-style-type: none"> ✓ rating agencies review us each time we issue bonds, quantifying results of stress tests 	Medium High 2, 4	Medium 1, 4	Likelihood has increased slightly due to the economic response to the pandemic.
6	Development / Lending	Operational	A project isn't completed in a timely manner	<ul style="list-style-type: none"> ■ inexperienced developer(s) ■ construction labor shortages ■ municipal permitting process ■ NIMBY ■ material delays, price increases due COVID production disruption and increased demand ■ social distancing / COVID requirements (although there are some exemptions) 	<ul style="list-style-type: none"> ■ loss of funding to MaineHousing ■ negative publicity ■ staff time / wages that could have been spent on another successful project (opportunity costs) 	<ul style="list-style-type: none"> ✓ QAP rewards preparedness (e.g. local approval) ✓ more frequent communication and monitoring by Construction Services staff 	Medium High 2, 4.5	Medium 1, 4.5	Likelihood increased from 1 to 2, to reflect impact of COVID.
7	Homeless Initiatives	Compliance	MaineHousing fiscal monitoring is not compliant with federal regulations	<ul style="list-style-type: none"> ■ lack of consistency in the Grant Administrator position (staff turnover, unfilled position) ■ lack of written procedures ■ new programs, new regulations due to COVID-19 	<ul style="list-style-type: none"> ■ HUD findings resulting in repayment ■ negative publicity / political fall out 	<ul style="list-style-type: none"> ✓ Fiscal Compliance Specialist ✓ review department structure / staffing ✓ prepare written processes ✓ create monitoring template ✓ employee hired to handle COVID related programs and funds 	Medium 2, 3	High 5, 3	Likelihood of this risk dropped due to the positive changes Laurie Murray has made in the Homeless Initiatives department.

#	Department	Risk Type	Uncertain Event	(L) Likelihood	(I) Impact / Consequence	Controls to Mitigate Risk*	Current Risk Level	Pre-COVID Risk Level	Notes
			<i>There is a risk that:</i>	<i>caused by:</i>	<i>which may result in:</i>	<i>Current/proposed actions:</i>	(L, I)	(L, I)	
8	Information Technology	Operational	Employee computer system is not terminated in a timely manner when employee, contractors or vendor staff employment is discontinued	<ul style="list-style-type: none"> ■ lack of communication between Department Leaders and IT ■ employee disregard / unaware of established procedures ■ dependence on contract employees, temps 	<ul style="list-style-type: none"> ■ employee ability to manipulate data ■ property lost, damaged, stolen 	<ul style="list-style-type: none"> ✓ offboarding checklist and associated procedure for terminated employees, contractors or vendor staff has been operationalized ✓ annual system access audits 	Medium 3, 2	Medium High 4, 2	IT and HR have been working well together and IT has edited the Off-Boarding Checklist for employees, slightly reducing Likelihood. But risk is still considered medium with regard to temps, contractors and vendors.
9	Facilities / Information Technology	Operational	A major disaster strikes (e.g. fire, flood, earthquake)	<ul style="list-style-type: none"> ■ weather-related event ■ acts of God / terrorist activities 	<ul style="list-style-type: none"> ■ inability to conduct business / disruption to MaineHousing workflow ■ paper files are destroyed and not able to be recovered ■ disruption in customer service ■ deadlines / payments missed ■ delays in client service 	<ul style="list-style-type: none"> ✓ implemented automatic staff notification calling system ✓ disaster recovery site in Brunswick ✓ MOU with FAME ✓ substantial telecommuting ■ finalize disaster recovery / business continuity plan 	Medium Low 1, 3	Medium 1, 5	Impact reduced from 5 to 3, to reflect increased telecommuting ability.
10	Facilities	Safety	Employees, clients and the public are not safe in and around MaineHousing	<ul style="list-style-type: none"> ■ ability of unauthorized person or persons to gain internal access to MaineHousing (ground level windows could be broken, tailgating, doors left open/unlocked) ■ no security personnel on site ■ potential for trips and falls in the office environment 	<ul style="list-style-type: none"> ■ endangerment of staff / members of the public ■ physical damage to cars / property 	<ul style="list-style-type: none"> ✓ security cameras ✓ front desk emergency button goes directly to 911 ✓ Emergency Action Plan ✓ fencing, gating, and lighting help create a secure campus ✓ on-site Facilities Team ensures day to day safety. ■ work with local police department as necessary ■ staff safety education 	Medium Low 1, 3	Medium 2, 3	Likelihood decreased due to move outside of Augusta downtown area on the busline.
11	Facilities	Operational	A minor disaster strikes (e.g. HVAC, electrical, plumbing, other building system malfunction)	<ul style="list-style-type: none"> ■ weather-related event ■ other events internal or external to MaineHousing 	<ul style="list-style-type: none"> ■ inability to conduct business / disruption to MaineHousing workflow ■ paper files are destroyed and not able to be recovered ■ disruption in customer service ■ deadlines / payments missed ■ delays in client service 	<ul style="list-style-type: none"> ✓ active Safety and Security Team ✓ implemented automatic staff notification calling system ✓ Emergency Action Plan ✓ reduced reliance on paper files ✓ substantial telecommuting capabilities 	Low 2, 1	Medium 3, 2	Both likelihood and impact reduced to reflect the move to 26 Edision Drive and related business process improvements.

#	Department	Risk Type	Uncertain Event	(L) Likelihood	(I) Impact / Consequence	Controls to Mitigate Risk*	Current Risk Level	Pre-COVID Risk Level	Notes
			<i>There is a risk that:</i>	<i>caused by:</i>	<i>which may result in:</i>	<i>Current/proposed actions:</i>	(L, I)	(L, I)	
12	Comm. and Planning (CPD)	Compliance	Social media has become an unreliable and unpredictable platform to communicate MaineHousing products	<ul style="list-style-type: none"> ■ exponential increase of users and content as a result of COVID-19 ■ HUD lawsuit of Facebook charging housing discrimination 	<ul style="list-style-type: none"> ■ limited ability to market MaineHousing programs ■ targeted MaineHousing ads are canceled, taken down by Facebook ■ social engagement negatively reflects on MaineHousing 	<ul style="list-style-type: none"> ■ no longer engage in targeted marketing 	Low 2, 1	N/A	This risk has arisen as a result of COVID-19 (more folks staying home using social media) and the HUD lawsuit. Overall risk to MaineHousing is low, however.
13	Facilities	Safety	Someone is injured moving heavy furniture in the board room	<ul style="list-style-type: none"> ■ every meeting requires a different table/chair configuration ■ heavy tables with no wheels ■ yoga is held in the board room 	<ul style="list-style-type: none"> ■ workers' comp injury 	<ul style="list-style-type: none"> ✓ staff are encouraged to ask for help when moving furniture ✓ staff training 	N/A	Medium Low 2, 2	This risk was removed, another benefit of the move to Edison drive.
14	HCV	Operational	Tenant briefings are not held in a timely manner.	<ul style="list-style-type: none"> ■ centralized waitlist does not allow the distribution of voucher offers by county ■ staffing schedules / timing of briefings 	<ul style="list-style-type: none"> ■ delay in ability of clients to obtain housing. 	<ul style="list-style-type: none"> ✓ Skype or Go to Meeting are being utilized for tenant briefings ✓ redistributed work load to allow select staff to focus on briefing process ✓ scheduling briefings farther in advance (not waiting for enough new voucher holders to schedule the briefing) ✓ schedule briefings with smaller groups ✓ phone briefings may be held when necessary 	N/A	Low 1, 2	All Tenant briefings are now conducted via phone, and some Home-to-Stay briefings are conducted with a video connection. This risk has been removed from the matrix.

* Note

✓ = Control has been implemented

■ = Proposed Action Item

Communications & Planning Department Memorandum

To: Board of Commissioners
From: Denise Lord
Date: December 9, 2020
Subject: December Board Report

MaineHousing in the News

- **We received several media inquiries this month.** Inquiries included questions regarding the Home Energy Assistance Program and COVID, the COVID-19 Rental Relief Program and our emergency response to homelessness and use of hotels.
- We issued a press release announcing our recent Community Solutions awards
- The City of Portland announced their intentions of working with MaineHousing on a second hotel for emergency homeless shelter.

COVID-19 Response

- MaineHousing is working on a contract with a hotel in South Portland for use by the City of Portland as emergency shelter. We will also be consolidating our use of hotel rooms at this site to include isolation and quarantine housing.
- We continue to receive acknowledgement and appreciation for our efforts to help manage housing challenges during the pandemic. The team work at MaineHousing to accomplish this has been tremendous.

Strategic Plan Implementation/Innovation

- **Community Land Trusts.** We hosted the first of several meetings with community land trusts to understand the barriers to providing housing assistance and identify potential solutions. This first meeting addressed homeownership and access to our First Home Loan program. The second meeting is this week and will focus on home repair and weatherization assistance.
- **Landlord Forum.** A forum with landlord will be held on December 9th to gain insight into renters' ability to pay rent, evictions, and other challenges facing landlords in Maine.
- **Dashboards.** We will have held initial meetings with each of our production and program departments by your December board meetings.
- **Permanent Supportive Housing.** An advisory group comprised of developers and service providers has been formed to assist in the CSH initiative to create a pipeline of 200 affordable housing units. The kick-off meeting was held on Friday, December 4th during which participants were asked to identify some of the barriers and challenges of developing supportive housing.

Staff Development and Training

- We had our first virtual all staff event on December 1st. Over 150 staff attended to hear Dan present our 2020 goals, how to stay engaged during COVID and working offsite, a new benefits application portal, and how EHS conducted their annual HEAP training virtually.

Policy and Research Update

- **Reimaging Residential Care Work Group** has completed their vision statement. One important conclusion is the need for a strong partnership between service and housing providers.
- **Age Friendly Maine** finalized its action plan.

Development Department Memorandum

To: MaineHousing Board of Commissioners

From: Mark C. Wiesendanger, Director of Development

Date: December 15, 2020

Subject: Monthly Report

2021 9% Low Income Housing Tax Credit Program (LIHTC) Applications

After scoring was completed, developers were allowed a week to indicate any potential errors or additional information submitted with their application that the Development Department may have missed. The results did change slightly and the new scoring notification process was well-received. Here are the projects ranked by score.

Project	City/Town	Developer	Tenants	Total Units	Affordable	MH Score	TDC Index	Per unit Cap	LIHTC
Oak Grove Estates*	Bath	Realty Resources	Family	34	34	49*	150,873	165,000	415,958
Front Street Housing II	Portland	Portland Housing	Older Adults	45	45	77	260,124	262,650	900,000
Middle Street Apartments**	Portland	CHOM	Older Adults	50	50	77**	261,359	262,650	953,161
337 Cumberland Ave	Portland	Portland Housing	Family	60	48	76	246,882	255,000	960,000
Valley Street Apartments	Portland	Avesta Housing	Family	60	48	73	250,332	255,000	960,000
Mary Street Apartment Homes	Skowhegan	Kennebec Valley CAP	Family	40	35	73	204,347	261,000	699,999
Martel School Apartments	Lewiston	Lewiston Housing (Avesta)	Older Adults	44	44	71	233,927	257,727	880,000
The Uptown	Bath	The Szanton Company	Older Adults	60	42	70	221,393	241,000	840,000
Senior Living at The Market Place	Augusta	Tim Gooch	Older Adults	42	42	69	188,531	255,000	840,000
Jocelyn Place	Scarborough	South Portland Housing	Older Adults	60	60	68	229,169	255,000	960,000
Harrison Ridge	Bridgton	Developers Collaborative	Older Adults	48	48	67	216,788	255,000	960,000
The Uplands (Phase 2)	Scarborough	Developers Collaborative	Older Adults	39	39	66	190,963	255,000	780,000
115 Congress St	Belfast	Developers Collaborative	Family	36	36	62	186,327	255,000	720,000
Stearns III	Millinocket	Realty Resources	Older Adults	45	45	49	194,183	223,333	900,000
Winston Hill Townhomes	Freeport	Wishrock Fore LLC	Family	41	41	32	199,829	255,000	820,000
				704	657		215,668	247,557	12,589,118
2021 Credit Ceiling									3,850,000

* Preservation set-aside winner

** Nonprofit set-aside winner

We will also make a comparable funding source available with the State Low Income Housing Tax Credit program combined with the 4% tax credit. Some 9% winners are eligible for a 130% basis boost in the 4% program. We have asked those applicants to move to the 4%/State LIHTC programs, as this would be a more efficient use of our resources, and allow some of the 9% non-winners to move up the list to be awarded 9% credits. This creates a challenge in that we must ensure that tax credit syndicators are willing to invest in the all of the projects, both 9% and 4%, and that the developers fund them as palatable. The tax credit equity market is a currently a bit “soft” so there is conversation among MaineHousing, the developers, and the tax credit syndicators about how best to package the deals to entice investors to the

market. This may involve different or more conservative underwriting, and additional or differently structured financing.

2020 Supportive Housing Program

Pre-Applications were received on October 15th. Construction Services has completed site visits of all projects, and all Applicants have been encouraged to submit Full Applications. Full Applications are due December 17th.

Address	City/Town	Developer	Supportive Units	Total Units
11 Pine St	Fryeburg	Avesta Snow Street	6	28
17 Warren St	Rockland	Knox County Homeless Coalition	2	2
34 Ohio St	Bangor	CHOM	6	6
200 Livermore Falls Rd	Farmington	Safe Voices	3	3
30 Bates Dr	Hinckley	Good Will-Hinckley	6	6
18 Green St	Augusta	Motivational Services, Inc.	8	8
67 Summer St	Dover-Foxcroft	Penquis CAP	7	7
North Main St	Brewer	Penquis CAP		7

Staffing

Development is pleased to announce that Andrea Westbye will be joining our amazing team as its newest Loan Officer on January 4th. Andrea brings extensive experience in title work and mortgage lending, as well as a Master's Degree in Community Planning and Development. We know she'll be able to dive right in to our work funding quality affordable multifamily housing.



Energy & Housing Services Department Memorandum

To: MaineHousing Board of Commissioners
From: Daniel Drost, Director of Energy and Housing Services
Date: December 15, 2020
Subject: EHS Monthly Report – December 2020

HOME ENERGY ASSISTANCE PROGRAM (HEAP)

PRODUCTION STATISTICS FOR PROGRAM YEAR 2021 (BEGUN AUGUST 24, 2020)

Number of Applications	PY 2021 THRU 12.4.2020	PY 2020 THRU 12.6.2020	+/-	% change
Total Applications Taken	24,508	27,551	- 3,043	- 11.0%
Confirmed Eligible/Paid	11,097	12,727	- 1,376	- 10.8%
Pending (in process)	11,351	12,961	- 1,864	- 14.4%
Other (ineligible, denied, void, etc.)	2,060	1,863	+ 197	+ 10.6%

HEAP PY2021 INITIAL BENEFIT PAYMENT RUN

MaineHousing completed the first HEAP PY2021 regular benefit payment run the week of November 16, 2020. HEAP benefits were processed for over 7,200 households for a total of \$5,297,256. It is a large body of work to prepare for and execute such a sizeable payment run, and it requires a considerable amount of communication and coordination between the MaineHousing's Energy and Housing Services Department and Finance Department to initiate and complete the process. The second regular HEAP benefit payment run was completed the week of November 30 in the amount of \$1,228,512, covering HEAP benefits for over 1,800 households. Additionally, \$112,546 of payments have been processed since November 1, 2020 for the Energy Crisis Intervention Program (ECIP).

LOW INCOME ASSISTANCE PROGRAM

The Low Income Assistance Program (LIAP) helps low-income homeowners and renters pay for electricity costs by providing a credit on their electric bills. The LIAP Fund consists primarily of contributions by transmission and distribution utilities as directed by *Chapter 314: Statewide Low-Income Assistance Plan*. MaineHousing administers the statewide Low-Income Assistance Plan and local Community Action Agencies accept customer applications for LIAP as part of the Home Energy Assistance Program (HEAP) application process.

A Household may be eligible for their electric utility's LIAP if the household takes residential electric service on a continuing year round basis and meets certain other criteria, including the household being eligible for the HEAP.

In LIAP PY2020 (Oct. 1, 2019- Sept. 30, 2020), more than 16,400 households received a LIAP benefit with over \$8.1 million being credited to clients' electric bills through their utilities' LIAP.

HOME ACCESSIBILITY AND REPAIR PROGRAM

The Home Accessibility and Repair Program (HARP) provides grants to income eligible homeowners for professional home repairs and accessibility modifications. There are five categories within the HARP Program: Home Repair, Elderly, Emergency Home Repair, Emergency Manufactured Home Repair, and Accessibility. The HARP is delivered statewide through the network of Community Action Agencies (CAAs).

As of November 2020, the PY2020 HARP funds spent or committed is \$3,633,051.11 for 270 projects (256 projects are either completed or in progress and an additional; 14 units are pending file review).

UNIT PRODUCTION	
Category	Unit Production
Home Repair	57
Elderly Home Repair	17
Emergency Home Repair	145
Emergency Manufactured Home Repair	28
Accessibility	23
Total	270

MaineHousing's Energy and Housing Services Department (EHS) is preparing for the PY2021 HARP Program. We are proposing one substantial change to this year's program. We will require an energy audit completed on all homes receiving funding for Home Repair and Elderly Home Repair. If a household is eligible for MaineHousing's WAP program the CAA will refer the project to their Weatherization Department.

FEDERAL LEAD PAINT HAZARD REDUCTION PROGRAM:

MaineHousing's HUD Lead Hazard Reduction Program (LHRP) period of performance is February 3, 2020 through August 3, 2023. The LHRP provides grants to homeowners and owners of rental properties in Maine to help make their homes and rental properties lead safe. Priority for these 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. Like the rest of the nation, MaineHousing is behind on our unit production benchmarks. Our benchmark was to clear 18 units by the end of the year.

FEDERAL LEAD UNIT PRODUCTIONS	
As of: December 7, 2020	
STATUS	NUMBER OF UNITS
Completed	8
Under Contract	61
Out To Bid	8
Pending Environmental Review	11
Total	88

Finance Department Memorandum

To: Board of Commissioners
From: Darren R. Brown
Date: December 8, 2020
Subject: Monthly Report – Finance Department

ACCOUNTING AND FINANCIAL REPORTING (AFR):

- The A-133 federal compliance audit for the year ended December 31, 2019 has been completed. The audit reports have been electronically filed with the Federal Audit Clearinghouse and HUD's Real Estate Assessment Center. The compliance audit is an annual audit of our federally funded programs to determine whether the programs have been administered in compliance with federal requirements.

For the year ended December 31, 2019, MaineHousing administered and disbursed approximately \$160.3 million through seventeen different federal programs. Major federal programs are audited on a rotating basis. The major programs audited for 2019 were the Section 8 New Construction, Housing Trust Fund, Weatherization Assistance, Low Income Home Energy Assistance, and Emergency Solutions Grants programs.

There were no audit findings for 2019 and Baker Newman & Noyes' (BNN) audit reports contain an unmodified (a.k.a. "clean") auditors' opinion, which means that MaineHousing has complied with all necessary compliance requirements. BNN's audit reports and a content summary have been included within this section of your packet.

- The annual audit of the financial statements for 2020 is underway and the Accounting and Financial Reporting (AFR) staff have been performing preparation work for the audit. An audit planning meeting with BNN is scheduled to discuss the year-to-date financial results, new programs, results of internal and other external audits, staffing changes and new Governmental Accounting Standards Board (GASB) pronouncements.

BNN audit staff started their interim field work on December 2nd. This work includes audit planning, documenting and assessing internal controls, and performing various audit procedures and confirmations on account balances. The interim phase should conclude by December 23rd and year-end field work will take place over a six-week period beginning in early February, 2021.

- Work also continued on MaineHousing's 2021 budgets. Preliminary budgets were presented and reviewed at the November Board meeting. Several changes have been made to the preliminary budgets, which are summarized in the budget report that is included in this month's packet. The budgets will be presented at the December meeting for a vote.
- AFR staff also began work on several year-end processes. These included completing abandoned property reporting for checks issued by MaineHousing that were never cashed, gathering information from the

departments for preparation of the IRS 1099 tax forms, and obtaining and verifying W-9 tax forms from our vendors. The W-9 forms are needed from all parties that receive an IRS reportable payment from MaineHousing during the year and are used to prepare the 1099 forms.

LOAN ADMINISTRATION:

- The volume of single-family mortgage loans in forbearance due to COVID-19 continues to remain steady at a rate of 2.5%. Through the end of November, 434 borrowers have been provided COVID-19 financial hardship assistance with either a forbearance or through the Maine HOPE Program (391 forbearances and 43 Maine HOPE). Of the 434 borrowers assisted, 200 or 46% have brought their loan current and are no longer in forbearance or delinquent status.

MaineHousing's single-family loan portfolio consist of approximately 10,800 borrowers and amounts to \$967 million. The 234 loans in forbearance at the end of November amount to approximately \$24.2 million and represents about 2.5% of the portfolio. The Mortgage Bankers Association reported that the national forbearance rate was 5.54% as of the end of November.

Delinquency rates typically trend higher this time of the year due to the holidays and the total rate for all delinquent single-family loans is 7.60% as of the end of November. This is a 0.45% increase from the 7.15% rate at the beginning of this year. One-third of total delinquent loans are in an active COVID-19 forbearance.

To: Board of Commissioners

From: Darren R. Brown

Date: December 8, 2020

Subject: 2019 Federal Programs Compliance Audit Reports

Attached are the federal compliance audit reports for the year ended December 31, 2019. These reports typically have to be filed with the federal Single Audit Clearinghouse and the HUD Real Estate Assessment Center (REAC) within nine months after the end of the fiscal year, which for MaineHousing is September 30th. However, this year an automatic extension of three months was available to file with the Single Audit Clearinghouse and six months to submit to REAC because of COVID-19.

The 2019 audit reports contain no audit findings or questioned costs. At the April Board of Commissioners meeting, Jason Emery from Baker Newman & Noyes reviewed their audit objectives and procedures for the 2019 federal compliance audit. The following is a brief overview of the different sections presented in the attached reports:

- *Basic Financial Statements* (pages 1 - 46) - The audit report for these financial statements was issued in March and the financial results contained in this section were presented and discussed at the April meeting. The audit procedures and results for this audit were also presented and reviewed by Jason Emery at the April meeting.
- *Schedule of Expenditures of Federal Awards* (page 47 - 48) - This schedule presents the total amount of program disbursements in 2019 for each federal program administered by MaineHousing.
- *Notes to Schedule of Expenditures of Federal Awards* (page 49) - This page presents required footnote disclosures regarding the *Schedule of Expenditures of Federal Awards*.
- *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters* (pages 50 - 51) - This report was issued as part of the financial statements audit. There were no audit matters reported.
- *Independent Auditors' Report on Compliance* (pages 52 - 54) - This is the auditors' opinion for the compliance audit. The report contains an unmodified (a.k.a. "clean") opinion stating that MaineHousing has complied with all necessary compliance requirements.
- *Schedule of Findings and Questioned Costs* (page 55 - 56) - There are no audit findings or questioned costs reported.
- *Summary of Schedule of Prior Audit Finding* (page 57) - This page presents audit findings from the prior year and the corrective action taken. There were no audit findings last year.

Also attached is an audit management letter, which reports certain audit observations and recommendations for internal control improvements. There are two recommendations and our responses to the recommendations are included in the letter.



Maine State Housing Authority

Financial Statements

Year Ended December 31, 2019

and

Reports Required for Audits in Accordance with
Government Auditing Standards and
Title 2 U.S. Code of Federal Regulations (CFR) Part 200,
*Uniform Administrative Requirements, Cost Principles,
and Audit Requirements for Federal Awards*

Year Ended December 31, 2019

MAINE STATE HOUSING AUTHORITY

FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Maine State Housing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Maine State Housing Authority (MaineHousing), a component unit of the State of Maine, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise MaineHousing's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of MaineHousing as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter – Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2020 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 25, 2020

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2019**

Management's discussion and analysis provides an overview of the Maine State Housing Authority's (MaineHousing) financial activities for the year ended December 31, 2019. It should be read in conjunction with the audited financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- MaineHousing's net position increased by \$26.1 million to \$369.1 million as a result of program operations and financing activities. The net position of the proprietary funds, which present MaineHousing's business-type activities, increased \$15.3 million while the net position of governmental activities increased \$10.8 million.
- Net operating income of \$26.1 million for 2019 is a \$13.2 million increase over net operating income of \$12.9 million in 2018. Total revenues increased \$22 million or 9.1%, while total expenses increased \$8.8 million or 3.9%. The increase in net operating income is primarily due to a \$7.3 million change in the market value of investments. An unrealized gain of \$4.6 million was recognized in 2019 compared with an unrealized loss of \$2.7 million in 2018.
- Mortgage receivables increased by \$53.8 million to \$1.44 billion at December 31, 2019. The single-family loan portfolio, which included new loan purchases of \$152.8 million, increased by \$50.8 million and totaled \$971 million. The multi-family loan portfolio totaled \$480 million and increased by \$3 million. New multi-family loan originations amounted to \$41.1 million in 2019.
- Total governmental revenues increased by \$10.7 million or 6.1% to \$186.3 million due mainly to higher income from the U.S. Department of Housing & Urban Development for Section 8 rental assistance programs, which increased \$2.9 million or 3%, and program income from the State of Maine. Total program revenues from the State of Maine increased by \$9.5 million or 48.1% to \$29.1 million.

OVERVIEW OF MAINEHOUSING

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2019**

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

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

Agency-wide Statements

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

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

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

Fund Financial Statements

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

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

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2019**

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, 2019 and 2018 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
	2019	2018	2019	2018	2019	2018	
Cash and investments	\$344.7	\$367.6	\$37.5	\$33.1	\$382.2	\$400.7	(4.6%)
Mortgage and other notes receivable	1,409.5	1,358.2	32.7	30.2	1,442.2	1,388.4	3.9%
Other assets	20.6	13.7	15.4	9.9	36.0	23.6	52.5%
Total Assets	1,774.8	1,739.5	85.6	73.2	1,860.4	1,812.7	2.6%
Total Deferred Outflows of Resources	14.9	9.4	0.2	0.2	15.1	9.6	57.3%
Bonds and notes payable	1,443.9	1,425.5	26.1	29.4	1,470.0	1,454.9	1.0%
Other Liabilities	22.5	15.2	13.0	8.1	35.5	23.3	52.4%
Total Liabilities	1,466.4	1,440.7	39.1	37.5	1,505.5	1,478.2	1.8%
Total Deferred Inflows of Resources	0.6	0.8	0.3	0.3	0.9	1.1	(18.2%)
Net investment in capital assets	2.2	3.2	0.0	0.0	2.2	3.2	(31.3%)
Restricted	286.4	272.5	46.4	35.6	332.8	308.1	8.0%
Unrestricted	34.1	31.7	0.0	0.0	34.1	31.7	7.6%
Total Net Position	\$322.7	\$307.4	\$46.4	\$35.6	\$369.1	\$343.0	7.6%

Total assets at December 31, 2019 were \$1.86 billion, an increase of \$47.7 million or 2.6% from December 31, 2018. The change in assets consisted primarily of a \$53.8 million net increase to mortgage notes receivables. Other assets increased by \$12.4 million or 52.5% mainly due to an increase in capital assets associated with the acquisition, development and furnishing of property for a new office building.

Total deferred outflows of resources, which consist of the accumulated decrease in the fair value of interest rate swaps and deferred amounts associated with debt refundings and pension expenses, increased \$5.5 million primarily as a result of changes in the fair value of interest rate swaps.

Total liabilities at December 31, 2019 were \$1.5 billion, an increase of \$27.3 million or 1.8% from December 31, 2018. The increase in liabilities is due to higher outstanding bonds and notes payable, which increased by \$15.1 million to \$1.47 billion at December 31, 2019. Other liabilities increased \$12.2 million due to the decreases in the fair value of interest rate swap instruments, which increased the related liability by \$6.2 million, and higher unearned grant income and program expenditure accruals at December 31, 2019.

Total deferred inflows of resources, which represent deferred amounts associated with grant income and pension credits decreased \$0.2 million or 18.2% due to a reduction in outstanding pension credits.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2019**

Cash and Investments

Total cash and investments decreased by \$18.5 million or 4.6%. Certain investments were used to retire outstanding debt during the year and there was also a reduction in the amount of undisbursed bonds proceeds that were invested at December 31, 2019. 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 2019, the fair value of investments increased and MaineHousing recognized \$4.6 million of unrealized gains compared with \$2.7 million of unrealized losses in 2018.

Mortgage and Other Notes Receivable

Total net mortgages and other notes receivable increased \$53.8 million or 3.9% in 2019. Total mortgage purchases and originations amounted to \$193.9 million compared to \$197.1 million in 2018.

The receipt of \$53.7 million in scheduled mortgage loan repayments increased from the previous year's level of \$34.1 million. The increase in scheduled payments is due to more receipts from multifamily loans with short terms. Mortgage loan prepayments increased in 2019 by \$16.7 million or 25.3% to a total of \$82.8 million. The increase is due in part to declining interest rates during the year, which increased the volume of single-family loans refinanced outside MaineHousing.

Loan foreclosures totaled \$6.2 million in 2019 and \$4.8 million in 2018. The allowance for loan losses at December 31, 2019 amounted to \$8.6 million, which is a decrease of \$0.4 million compared with 2018.

Bonds and Notes Payable

Bonds and notes payable increased \$15.1 million or 1% to \$1.47 billion at December 31, 2019. MaineHousing issues bonds or notes as capital is needed for program purposes and as opportunities for economic refunding occur. For additional details, see the Debt Activity section of the Management's Discussion and Analysis.

Net Position

MaineHousing's net position increased by \$26.1 million or 7.6% to \$369.1 million at December 31, 2019. The net position of the proprietary funds increased \$15.3 million to \$322.7 million, while the net position for governmental funds increased by \$10.8 million to \$46.4 million.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2019**

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, 2019 and 2018:

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

	2019	2018	Increase/(Decrease)	
			Amount	Percentage
Revenues:				
Interest from mortgages and notes	\$62.0	\$59.8	\$2.2	3.7%
Income from investments	9.0	7.8	1.2	15.4%
Net increase (decrease) in fair value of investments	4.6	(2.7)	7.3	270.4%
Grants and subsidies	177.7	167.2	10.5	6.3%
Other	10.1	9.3	0.8	8.6%
Total revenues	<u>263.4</u>	<u>241.4</u>	<u>22.0</u>	9.1%
Expenses:				
Operating and other program expenses	26.1	24.3	1.8	7.4%
Provision for losses on loans and foreclosed real estate	0.1	0.3	(0.2)	(66.7%)
Interest expense	46.0	42.7	3.3	7.7%
Grants and subsidies	165.1	161.2	3.9	2.4%
Total expenses	<u>237.3</u>	<u>228.5</u>	<u>8.8</u>	3.9%
Increase in net position	26.1	12.9	13.2	102.3%
Net position at beginning of year	<u>343.0</u>	<u>330.1</u>	<u>12.9</u>	3.9%
Net position at end of year	<u>\$369.1</u>	<u>\$343.0</u>	<u>\$26.1</u>	7.6%

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

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2019**

RESULTS OF OPERATIONS

Proprietary Funds Results

The net position of MaineHousing's proprietary funds increased by \$15.3 million to \$322.7 million at December 31, 2019. 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, 2019 and December 31, 2018:

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position (in millions of dollars)				
	<u>2019</u>	<u>2018</u>	<u>Increase/(Decrease) Amount</u>	<u>Percentage</u>
Operating revenues:				
Interest from mortgages and notes	\$61.9	\$59.7	\$2.2	3.7%
Income from investments	8.4	7.3	1.1	15.1%
Net increase (decrease) in fair value of investments	4.6	(2.7)	7.3	270.4%
Fee income	1.7	1.2	0.5	41.7%
Other revenue	0.5	0.3	0.2	66.7%
Total revenues	<u>77.1</u>	<u>65.8</u>	<u>11.3</u>	<u>17.2%</u>
Operating expenses:				
Operating expenses	11.1	9.6	1.5	15.6%
Other program administrative expenses	6.1	6.2	(0.1)	(1.6%)
Mortgage servicing fees	1.7	1.6	0.1	6.2%
Provision for losses on loans	0.1	0.1	0.0	0.0%
Losses on foreclosed real estate	0.0	0.2	(0.2)	(100.0%)
Interest expense	45.0	41.6	3.4	8.2%
Total expenses	<u>64.0</u>	<u>59.3</u>	<u>4.7</u>	<u>7.9%</u>
Net Operating income	13.1	6.5	6.6	101.5%
Transfers in	2.2	0.9	1.3	144.4%
Change in net position	15.3	7.4	7.9	106.8%
Net position at beginning of year	<u>307.4</u>	<u>300.0</u>	<u>7.4</u>	<u>2.5%</u>
Net position at end of year	<u>\$322.7</u>	<u>\$307.4</u>	<u>\$15.3</u>	<u>5.0%</u>

Operating revenues of MaineHousing's business-type activities are generated principally from earnings on mortgages and investments. Total revenues from business-type activities increased \$11.3 million in 2019 and amounted to \$77.1 million. Of this total, \$70.3 million or 91.2% was from interest earned on mortgages, notes, and non-mortgage investments. Operating expenses of MaineHousing's business-type activities consist primarily of interest expense on debt incurred to fund its various lending programs. The expenses for business-type activities totaled \$64 million, of which \$45 million or 70.3% was interest expense.

The 2019 operating results and net position of MaineHousing's proprietary funds were significantly affected by the following:

- Interest earned on mortgages and notes increased by \$2.2 million or 3.7% due to higher average outstanding mortgage receivable balances.
- Income from investments increased \$1.1 million or 15.1% due primarily to higher average investment balances and yields in 2019.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2019**

- Interest rate changes during the year generated an unrealized gain of \$4.6 million. This represents an increase of \$7.3 million compared with the unrealized loss of \$2.7 million that was recognized in 2018.
- Operating expenses increased by \$1.5 million or 15.6% due largely to a pension liability adjustment and recognition of a \$0.2 million pension expense in 2019. In 2018, the adjustment of the pension liability resulted in the recognition of \$0.6 million pension credit.
- Interest expense increased by \$3.4 million or 8.2% as a result of higher average outstanding debt balances and interest rates during the year.

Governmental Fund Results

The net position of MaineHousing's governmental funds increased \$10.8 million or 30.3% to \$46.4 million at December 31, 2019. 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, 2019 and December 31, 2018:

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (in millions of dollars)				
	2019	2018	<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	0.6	0.5	0.1	20.0%
Fee income	7.9	7.5	0.4	5.3%
Grant income	51.8	52.1	(0.3)	(0.6%)
Income from the State	24.9	17.0	7.9	46.5%
Federal rent subsidy income	101.0	98.1	2.9	3.0%
Other revenue	0.0	0.3	(0.3)	(100.0%)
Total revenues	<u>186.3</u>	<u>175.6</u>	<u>10.7</u>	<u>6.1%</u>
Expenditures:				
Program administrative expenditures	7.2	6.9	0.3	4.3%
Interest expenditures	1.0	1.1	(0.1)	(9.1%)
Grant expenditures	63.6	63.3	0.3	0.5%
Federal rent subsidy expenditures	101.5	97.9	3.6	3.7%
Total expenditures	<u>173.3</u>	<u>169.2</u>	<u>4.1</u>	<u>2.4%</u>
Revenues in excess of expenditures	13.0	6.4	6.6	103.1%
Transfers out	(2.2)	(0.9)	(1.3)	(144.4%)
Change in fund balances	10.8	5.5	5.3	96.4%
Fund balances at beginning of year	35.6	30.1	5.5	18.3%
Fund balances at end of year	<u>\$46.4</u>	<u>\$35.6</u>	<u>\$10.8</u>	<u>30.3%</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 \$186.3 million in 2019, which is an increase of \$10.7 million or 6.1%.

MaineHousing's governmental activities expenditures consist primarily of federal grants and rent subsidies payments. Total expenditures increased \$4.1 million or 2.4% to \$173.3 million for 2019.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2019**

MaineHousing earns fees for administering federal programs, which amounted to \$7.9 million in 2019. Typically fees earned provide MaineHousing with a revenue source adequate to recover direct and indirect costs of delivering related services.

The 2019 financial results and net position of MaineHousing's governmental funds were significantly affected by the following:

- Federal rent subsidy income, which consists of funding from four U.S. Department of Housing & Urban Development Section 8 programs, increased by \$2.9 million or 3%. The increase is attributed primarily to higher revenues for the Section 8 Performance Based Contract Administration program.
- Income from the State, which consists of real estate transfer tax deposits to the HOME Fund, increased \$7.9 million or 46.5% as a result of higher real estate sales and deposits from the State.
- Federal rent subsidy expenditures increased \$3.6 million or 3.7% due primarily to higher available income for the Section 8 Performance Based Contract Administration program.

DEBT ACTIVITY

MaineHousing had \$1.47 billion in bonds and notes outstanding at December 31, 2019, which is an increase of \$15.1 million or 1% from 2018.

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, 2019 amounted to \$1.45 billion. Bond issuances in 2019 totaled \$157.2 million, while principal payments on bonds totaled \$142.6 million. MaineHousing redeemed prior to maturity \$107.2 million of its outstanding bonds in 2019 from reserve funds, mortgage prepayments, surplus revenues, and the proceeds from refunding bonds. Scheduled principal payments on bonds totaled \$35.4 million in 2019.

MaineHousing issues some variable rate demand obligations and enters into interest rate swaps agreements to provide synthetically fixed interest rates on a portion of the variable rate bonds. At December 31, 2019, the total amount of variable rate debt outstanding was \$286.4 million and represented 19.8% of the \$1.45 billion total bond portfolio. Thirteen interest rate swap agreements have been executed with four counterparties in connection with \$186.4 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 2019.

MaineHousing may enter into loan agreements for program and capital funding purposes. At December 31, 2019, MaineHousing had \$20.2 million of outstanding notes payable in its General Administrative Fund. Of this total, \$4.2 million provided funding for affordable housing initiatives through a Federal Home Loan Bank program and \$16 million provided capital funding for the development of an office facility for MaineHousing.

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

ADDITIONAL INFORMATION

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, 2019. Inquiries for additional information may be directed to the Director of Finance at Maine State Housing Authority, 353 Water Street, Augusta, Maine 04330, at (207) 626-4600 or at www.mainehousing.org.

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2019
(IN THOUSANDS OF DOLLARS)

	Business-type Activities	Governmental Activities	Total
ASSETS:			
Current Assets:			
Cash, principally time deposits (note 3)	\$32,019	\$5,394	\$37,413
Investments (notes 3, 8, and 10)	251,754	32,131	283,885
Accounts receivable - federal government	0	5,691	5,691
Mortgage notes receivable, net (note 4)	34,747	6	34,753
Other notes receivable, net (note 4)	40	0	40
Assets held for sale	0	3,234	3,234
Other assets (note 11)	8,085	4,291	12,376
Internal balances	(2,121)	2,121	0
Total Current Assets	<u>324,524</u>	<u>52,868</u>	<u>377,392</u>
Noncurrent Assets:			
Investments (notes 3, 8, and 10)	60,905	0	60,905
Mortgage notes receivable, net (note 4)	1,374,507	32,661	1,407,168
Other notes receivable, net (note 4)	199	10	209
Capital assets	13,408	0	13,408
Other real estate owned	1,192	0	1,192
Total Noncurrent Assets	<u>1,450,211</u>	<u>32,671</u>	<u>1,482,882</u>
Total Assets	<u>1,774,735</u>	<u>85,539</u>	<u>1,860,274</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Accumulated decrease in fair value of hedging derivatives (note 6)	10,860	0	10,860
Deferred pension expense (note 7)	384	226	610
Deferred amount on debt refundings	3,728	0	3,728
Total Deferred Outflows of Resources	<u>14,972</u>	<u>226</u>	<u>15,198</u>
LIABILITIES:			
Current Liabilities:			
Accrued interest payable	5,580	44	5,624
Accounts payable - federal government	0	473	473
Accounts payable and accrued liabilities	4,692	4,453	9,145
Unearned income	0	7,133	7,133
Bonds and notes payable (notes 5, 8, 13, and 15)	21,124	3,340	24,464
Total Current Liabilities	<u>31,396</u>	<u>15,443</u>	<u>46,839</u>
Noncurrent Liabilities:			
Pension liability (note 7)	1,438	844	2,282
Derivative instrument - interest rate swaps (note 6)	10,860	0	10,860
Bonds and notes payable (notes 5, 8, 13, and 15)	1,422,770	22,766	1,445,536
Total Noncurrent Liabilities	<u>1,435,068</u>	<u>23,610</u>	<u>1,458,678</u>
Total Liabilities	<u>1,466,464</u>	<u>39,053</u>	<u>1,505,517</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred loan origination points	26	0	26
Deferred pension credit (note 7)	546	321	867
Total Deferred Inflows of Resources	<u>572</u>	<u>321</u>	<u>893</u>
NET POSITION:			
Net investment in capital assets, net of related debt	2,208	0	2,208
Restricted for bond resolutions	286,330	0	286,330
Restricted for grants and programs	0	46,391	46,391
Unrestricted	34,133	0	34,133
Total Net Position	<u>\$322,671</u>	<u>\$46,391</u>	<u>\$369,062</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(IN THOUSANDS OF DOLLARS)

	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Investment Income	Grants and Contributions	Business-type Activities	Governmental Activities	Total
Business-type activities:							
Mortgage Purchase Fund	\$62,256	\$62,561	\$12,419	\$0	\$12,724	\$0	\$12,724
Bondholder Reserve Fund	55	0	172	0	117	0	117
General Administrative Fund	1,633	1,502	0	0	(131)	0	(131)
Total business-type activities	63,944	64,063	12,591	0	12,710	0	12,710
Governmental activities:							
HOME Fund	14,508	60	447	23,115	0	9,114	9,114
Section 8 Housing Programs	105,433	4,583	8	100,983	0	141	141
Low Income Home Energy Assistance Program	27,649	1,019	3	26,708	0	81	81
Maine Energy, Housing and Economic Recovery Program	1,090	39	96	4,316	0	3,361	3,361
Other Federal and State Programs	24,671	2,353	52	22,537	0	271	271
Total governmental activities	173,351	8,054	606	177,659	0	12,968	12,968
Total Agency-wide	\$237,295	\$72,117	\$13,197	\$177,659	12,710	12,968	25,678
General Revenues:							
					401	0	401
					2,174	(2,174)	0
					2,575	(2,174)	401
					15,285	10,794	26,079
					307,386	35,597	342,983
					\$322,671	\$46,391	\$369,062

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
ASSETS:				
Current Assets:				
Cash, principally time deposits (note 3)	\$ 19,229	\$ 1	\$ 12,789	\$ 32,019
Investments (notes 3, 8, and 10)	221,113	8,080	22,561	251,754
Mortgage notes receivable, net (note 4)	34,523	0	224	34,747
Other notes receivable, net (note 4)	0	0	40	40
Other assets (note 11)	8,013	6	66	8,085
Interfund (note 12)	198	0	3,782	3,980
Total Current Assets	283,076	8,087	39,462	330,625
Noncurrent Assets:				
Investments (notes 3, 8, and 10)	55,890	0	5,015	60,905
Mortgage notes receivable, net (note 4)	1,368,280	0	6,227	1,374,507
Other notes receivable, net (note 4)	0	0	199	199
Capital assets	22	0	13,386	13,408
Other real estate owned	1,169	0	23	1,192
Total Noncurrent Assets	1,425,361	0	24,850	1,450,211
Total Assets	1,708,437	8,087	64,312	1,780,836
DEFERRED OUTFLOWS OF RESOURCES:				
Accumulated decrease in fair value of hedging derivatives (note 6)	10,860	0	0	10,860
Deferred pension expense (note 7)	326	2	56	384
Deferred amount on debt refundings	3,728	0	0	3,728
Total Deferred Outflows of Resources	14,914	2	56	14,972
LIABILITIES:				
Current Liabilities:				
Accrued interest payable	5,580	0	0	5,580
Accounts payable and accrued liabilities	484	3	4,205	4,692
Interfund (note 12)	2,732	13	3,356	6,101
Bonds and notes payable (notes 5, 8, 13, and 15)	20,595	0	529	21,124
Total Current Liabilities	29,391	16	8,090	37,497
Noncurrent Liabilities:				
Pension liability (note 7)	1,222	7	209	1,438
Derivative instrument - interest rate swaps (note 6)	10,860	0	0	10,860
Bonds and notes payable (notes 5, 8, 13, and 15)	1,403,099	0	19,671	1,422,770
Total Noncurrent Liabilities	1,415,181	7	19,880	1,435,068
Total Liabilities	1,444,572	23	27,970	1,472,565
DEFERRED INFLOWS OF RESOURCES:				
Deferred loan origination points	26	0	0	26
Deferred pension credit (note 7)	464	3	79	546
Total Deferred Inflows of Resources	490	3	79	572
NET POSITION:				
Net investment in capital assets, net of related debt	22	0	2,186	2,208
Restricted for bond resolutions	278,267	8,063	0	286,330
Unrestricted	0	0	34,133	34,133
Total Net Position	\$278,289	\$8,063	\$36,319	\$322,671

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, 2019
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
OPERATING REVENUES:				
Interest from mortgages and notes	\$61,366	\$0	\$486	\$61,852
Income from investments	7,929	172	333	8,434
Net increase in the fair value of investments	4,490	0	68	4,558
Fee income	774	0	908	1,682
Other revenue	193	0	108	301
Gain on bond redemption (note 13)	228	0	0	228
Total Revenues	74,980	172	1,903	77,055
OPERATING EXPENSES:				
Operating expenses	9,452	55	1,577	11,084
Other program administrative expenses	6,089	0	22	6,111
Mortgage servicing fees	1,649	0	23	1,672
Provision for losses on loans (note 4)	50	0	11	61
Interest expense	45,016	0	0	45,016
Total Expenses	62,256	55	1,633	63,944
Operating Income	12,724	117	270	13,111
Transfers between funds, net (note 12)	1,000	0	1,174	2,174
Change in Net Position	13,724	117	1,444	15,285
Net Position at beginning of year	264,565	7,946	34,875	307,386
Net Position at end of year	\$278,289	\$8,063	\$36,319	\$322,671

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Interest receipts from borrowers	\$61,148	\$0	\$509	\$61,657
Principal receipts on mortgages and notes - scheduled	42,132	0	11,562	53,694
Principal receipts on mortgages and notes - prepayments	82,619	0	211	82,830
Payments for operating expenses	(9,525)	(10)	(440)	(9,975)
Payments for personnel expenses	(7,665)	(45)	(1,137)	(8,847)
Investment in mortgages and other notes	(193,092)	0	(825)	(193,917)
Other	763	(1)	1,275	2,037
Net cash provided by (used for) operating activities	(23,620)	(56)	11,155	(12,521)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and development of capital assets	0	0	(9,270)	(9,270)
Net interest paid on capital debt	0	0	(198)	(198)
Net cash used for capital and related financing activities	0	0	(9,468)	(9,468)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	158,106	0	0	158,106
Principal payments on bonds	(139,310)	0	0	(139,310)
Interest payments on bonds	(44,442)	0	0	(44,442)
Payments from other funds	765	1	5,695	6,461
Net cash provided by (used for) non-capital financing activities	(24,881)	1	5,695	(19,185)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from disposition of foreclosed real estate	4,974	0	22	4,996
Purchase of investments	(886,065)	(118)	(15)	(886,198)
Sales and maturity of investments	942,921	0	4,888	947,809
Interest received on investments	5,900	173	353	6,426
Net cash provided by investing activities	67,730	55	5,248	73,033
Net increase in cash	19,229	0	12,630	31,859
Cash at beginning of year	0	1	159	160
Cash at end of year	\$19,229	\$1	\$12,789	\$32,019
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income	\$12,724	\$117	\$270	\$13,111
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation and amortization	473	0	234	707
Interest on bonds	44,543	0	0	44,543
Provision for losses on loans	50	0	11	61
Gain on bond redemption	(228)	0	0	(228)
Pension expense	166	1	28	195
Interest income on investments	(7,929)	(172)	(333)	(8,434)
Net increase in fair value of investments	(4,490)	0	(68)	(4,558)
Changes in operating assets and liabilities:				
Other assets	19	0	2	21
Pension contributions	(388)	0	(69)	(457)
Mortgage note interest receivable	(218)	0	23	(195)
Accounts payable and accrued liabilities	(1)	(2)	109	106
Investment in mortgage and other notes	(193,092)	0	(825)	(193,917)
Mortgage & other note principal repayments	124,751	0	11,773	136,524
Net cash provided by (used for) operating activities	(23,620)	(56)	11,155	(12,521)
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION:				
Transfer from mortgage notes receivable to other assets and other real estate owned	\$6,125	\$0	\$23	\$6,148
Purchase of capital assets on account	\$0	\$0	\$952	\$952

See accompanying notes to the financial statements

**MAINE STATE HOUSING AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019
(IN THOUSANDS OF DOLLARS)**

	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Maine Energy, Housing & Economic Recovery Fund	Other Federal and State Programs	Total
ASSETS:						
Current Assets:						
Cash, principally time deposits (note 3)	\$13	\$3,586	\$502	\$0	\$1,293	\$5,394
Investments (notes 3, 8, and 10)	24,784	0	0	5,269	2,078	32,131
Accounts receivable - federal government	0	231	1,310	0	4,150	5,691
Mortgage notes receivable, net (note 4)	6	0	0	0	0	6
Assets held for sale	3,234	0	0	0	0	3,234
Other assets	3,464	139	0	38	650	4,291
Interfund (note 12)	1,463	27	0	0	2,480	3,970
Total Current Assets	32,964	3,983	1,812	5,307	10,651	54,717
Noncurrent Assets:						
Mortgage notes receivable, net (note 4)	23,728	0	0	8,933	0	32,661
Other notes receivable, net (note 4)	0	0	0	0	10	10
Total Noncurrent Assets	23,728	0	0	8,933	10	32,671
Total Assets	\$56,692	\$3,983	\$1,812	\$14,240	\$10,661	\$87,388
LIABILITIES:						
Current Liabilities:						
Accrued interest payable	\$0	\$0	\$0	\$44	\$0	\$44
Accounts payable - federal government	0	473	0	0	0	473
Accounts payable and accrued liabilities	1,935	73	492	0	1,953	4,453
Unearned income	0	0	485	0	6,648	7,133
Interfund (note 12)	27	505	728	2	0	1,262
Bonds payable (notes 5 and 8)	0	0	0	3,340	0	3,340
Total Current Liabilities	1,962	1,051	1,705	3,386	8,601	16,705
Noncurrent Liabilities:						
Bonds payable (notes 5 and 8)	0	0	0	22,766	0	22,766
Total Non Current Liabilities	0	0	0	22,766	0	22,766
Total Liabilities	1,962	1,051	1,705	26,152	8,601	39,471
FUND BALANCES:						
Restricted by program requirements	54,730	2,932	107	0	2,060	59,829
Nonspendable	0	0	0	8,933	0	8,933
Unassigned	0	0	0	(20,845)	0	(20,845)
Total Fund Balances	54,730	2,932	107	(11,912)	2,060	47,917
Total Liabilities and Fund Balances	\$56,692	\$3,983	\$1,812	\$14,240	\$10,661	\$87,388

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

Total fund balances in governmental funds	\$47,917
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.	226
Pension liabilities reported in governmental activities are not due and payable in the current period and therefore not reported in the governmental funds.	(844)
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.	(321)
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.	(587)
Net Position of governmental activities	<u>\$46,391</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, 2019
(IN THOUSANDS OF DOLLARS)

	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Maine Energy, Housing & Economic Recovery Fund	Other Federal and State Programs	Total
REVENUES:						
Interest from mortgages and notes	\$60	\$0	\$0	\$39	\$0	\$99
Income from investments	447	8	3	96	52	606
Fee income	0	4,583	1,019	0	2,324	7,926
Other revenue	0	0	0	0	29	29
Grant income	2,512	0	26,708	0	22,537	51,757
Income from State	20,603	0	0	4,316	0	24,919
Federal rent subsidy income	0	100,983	0	0	0	100,983
Total Revenues	23,622	105,574	27,730	4,451	24,942	186,319
EXPENDITURES:						
Operating expenditures	0	3,616	922	0	2,072	6,610
Other program administrative expenditures	0	225	3	2	262	492
Provision for losses on loans (note 4)	8	0	0	0	0	8
Grant expenditures	14,500	0	26,708	109	22,300	63,617
Federal rent subsidy	0	101,530	0	0	0	101,530
Interest	0	0	0	979	0	979
Total Expenditures	14,508	105,371	27,633	1,090	24,634	173,236
Revenues in Excess of Expenditures	9,114	203	97	3,361	308	13,083
Transfers between funds, net (note 12)	(1,000)	(1,061)	(94)	0	(19)	(2,174)
Change in Fund Balances	8,114	(858)	3	3,361	289	10,909
Fund Balances at beginning of year	46,616	3,790	104	(15,273)	1,771	37,008
Fund Balances at end of year	\$54,730	\$2,932	\$107	(\$11,912)	\$2,060	\$47,917

**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	\$10,909
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.	(115)
Change in Net Position of governmental activities	<u>\$10,794</u>

See accompanying notes to the financial statements

Maine State Housing Authority
Notes to Financial Statements – December 31, 2019
(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 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, 2019
(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 from the State of Maine Legislature are presented as governmental funds. None of the governmental funds are legally required to adopt a formal budget. MaineHousing's governmental funds are as follows, all of which are considered major funds except the Other Federal and State Programs Fund:

Home Fund

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

Section 8 Housing Programs

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

- Moderate Rehabilitation
- New Construction and Substantial Rehabilitation
- Section 811 Project Rental Assistance
- Housing Choice Voucher
- Performance Based Contract Administration
- Family Self-Sufficiency Program

Maine State Housing Authority
Notes to Financial Statements
December 31, 2019
(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.

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 capital funds available for programs are depleted and annual revenues received from the State of Maine exceed expenditures.

Other Federal and State Programs

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

U.S. Department of Housing and Urban Development

- Emergency Solutions Grants Program
- HOME Investment Partnerships Program
- National Housing Trust Fund
- Lead-Based Paint Hazard Control Program
- Homeless Management Information System
- Housing Counseling Assistance Program
- Continuum of Care - Planning Grant
- Continuum of Care - Rental Assistance Program
- Continuum of Care - Coordinated Entry Grant

U.S. Department of Energy

- Weatherization Assistance Program
- Weatherization Assistance Program - Training Centers and Programs

U.S. Department of Health and Human Services

- Weatherization / Central Heating Improvement Program
- Temporary Assistance for Needy Families (via State of Maine)

State of Maine

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

Maine State Housing Authority
Notes to Financial Statements
December 31, 2019
(IN THOUSANDS OF DOLLARS)

Private

Low Income Assistance Plan
Verified Emission Reduction Program

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 that have proceeds disbursed for the acquisition, construction, or improvement of those assets.

Restricted – This consists of activities that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. For business-type activities, the net position is restricted by bond resolutions for the acquisition of loans, payment of debt service and payment of operating costs. For governmental activities, the net position is restricted by state statutes or federal regulations and program agreements for specific program purposes.

Unrestricted – This consists of activities that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund Balances

In the governmental funds financial statements, fund balances are reported as either restricted for housing and energy related programs, nonspendable in current form due to the long term nature of certain assets, or unassigned for any residual deficit fund balances. Generally, if unrestricted fund balances are available they are used after assigned or restricted amounts.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and held by banks in demand deposits and savings accounts.

Investments

Money market funds, repurchase agreements and certificates of deposit that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Investments not reported at amortized cost are reported at fair value. Unrealized gains and losses due to fluctuations in market values and gains and losses realized upon sale are reported as net increases or decreases in the fair value of investments. Interest received that is required by federal programs to be spent on program activities is deferred and recorded as a payable to the federal government.

Mortgage Notes Receivable

Mortgage notes receivable are carried at their uncollected principal balance less allowances for loan losses. The recording of interest income on problem loans ceases when collectability within a reasonable period of time becomes doubtful. Program income received for revolving loan programs are recorded as unearned income. MaineHousing reclassifies its liability for amounts due under revolving loan programs relating to forgivable loans and loans with no payments due until sale of the collateral or maturity of the loan (usually 30 years from origination) to reduce the associated loan balances. MaineHousing believes this presentation better reflects the underlying economics of the loan.

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.

Maine State Housing Authority
Notes to Financial Statements
December 31, 2019
(IN THOUSANDS OF DOLLARS)

The allowances are amounts that MaineHousing believes will be adequate to absorb losses based on evaluations of collectability and prior loss experience. The evaluation takes into consideration such factors as the nature and volume of the portfolio, extent of available mortgage insurance, collateral, delinquencies and current economic conditions that may affect the borrowers' ability to pay.

Assets Held for Sale

Multi-family residential properties acquired for the purpose of preserving affordable rental housing and intended for sale are carried at the lower of cost or estimated fair value. Properties are typically held for short durations. Adjustments to carrying values and gains or losses on the disposition of properties are reflected in the Statements of Revenues, Expenses and Changes in Net Position in the year realized.

Capital Assets

Capital assets consisting of building, land, equipment and leasehold improvements 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.

MaineHousing capitalizes the difference between interest income and interest expense associated with tax-exempt borrowings used for the acquisition and development of capital assets. Interest is capitalized until development is completed and the assets are ready for their intended use. Net interest of \$198 was capitalized for the year ended December 31, 2019.

Other Real Estate Owned

Other real estate owned consists of single-family and multi-family residential properties acquired through foreclosure, or acceptance of a deed in lieu of foreclosure and are carried at the lower of cost or fair value less estimated costs to sell. Losses arising from the acquisition of other real estate owned are charged to the allowance for loan losses. Operating expenses, subsequent provisions to reduce the carrying value, and any gain or loss on disposition of the property are reflected in the Statement of Revenues, Expenses and Changes in Net Position in the year incurred or realized.

Bond Discount, Premium, Issuance Costs and Deferred Amounts on Refunding

Bond discounts and premiums are reflected as a component of bonds payable and are deferred and amortized over the lives of the bonds using a method that approximates the effective interest method. Gains and losses on debt refundings are amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter and reflected as a deferred outflow of resources. Bond issuance costs are expensed in the year issued.

Loan Origination Fees and Costs

MaineHousing pays origination costs at the time it purchases single-family mortgage loans. These and other program costs, including closing cost assistance to borrowers, paid in connection with acquiring certain single-family loans, are expensed in the year of origination.

MaineHousing may receive points in connection with the origination of certain mortgage loans, which are essentially yield adjustments on the loans. Points received for single-family loans are reflected as a deferred inflow of resources and amortized as a component of interest income using the effective interest method over the life of the mortgages. When a loan is paid off prior to maturity, all unamortized deferred points are recognized immediately as interest income. MaineHousing may charge a fee at the time that a commitment is made to originate a mortgage on a multi-family loan. These fees are recognized as income in the year the commitment is made.

Maine State Housing Authority
Notes to Financial Statements
December 31, 2019
(IN THOUSANDS OF DOLLARS)

Revenues, Expenses and Expenditures

Program revenues in the agency-wide Statement of Activities are reported in three categories including (1) charges for services, (2) investment income and (3) grants and contributions. Charges for services include all revenues from mortgage loans and program administration fees. Investment income consists of earnings from non-mortgage investment assets. Grants and contributions include revenues from other governments and organizations that are restricted for use in a particular program. All revenues are recorded as income when earned and the associated expenses are recorded as incurred.

The proprietary funds' primary sources of operating revenues are income from mortgage loans and other permitted investments. Operating expenses in the proprietary funds consist of expenses incurred for originating and servicing loans, bond interest and program administration.

Revenues in the governmental funds are derived from grant and program agreements with the federal government, appropriations from the Maine State Legislature, and other organizations. MaineHousing also receives fee income for program administration. Expenditures in the governmental funds are all current operating expenditures and consist primarily of program disbursements and administration charges.

Derivatives and Hedging Instruments

MaineHousing enters into various interest rate swap agreements in order to manage risks associated with interest on its variable rate bond portfolio. MaineHousing recognizes the fair value of swap agreements as either an asset or liability on its Statement of Net Position with the offsetting gains or losses as either deferred inflows or outflows of resources, if deemed an effective hedge. If swap agreements are not effective hedges, interest expense is increased or decreased by the change in the fair value. MaineHousing measures the effectiveness of its interest rate swap agreements in total whereby all the swaps are used to hedge interest expense on a portion of the total variable rate bonds equal to the notional amount of the swaps. Hedge effectiveness is determined by using the regression analysis and synthetic instrument methods. MaineHousing's swap agreements constitute an effective hedge for the hedged portion of the variable rate bond portfolio at December 31, 2019.

Fair Value Methodology

Generally accepted accounting principles establishes standards for determining fair value measurements for accounting and financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements and also establishes a three-tier hierarchy that prioritizes the inputs used to measure fair value as follows:

- **Level 1 inputs** are observable, quoted prices in active markets for identical assets or liabilities;
- **Level 2 inputs** are directly or indirectly observable, but not on level 1; and
- **Level 3 inputs** are all inputs that are unobservable.

MaineHousing's assets and liabilities carried at fair value are investments and interest rate swaps.

Defined Benefit Pension Plan

MaineHousing is a participating local district (PLD) member of the Maine Public Employees Retirement System (MainePERS) PLD Consolidated Retirement Plan and employees may participate in a defined benefit plan offered by MainePERS. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of MainePERS' PLD Consolidated Plan have been determined on the same basis as they are reported by MainePERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments at MainePERS are reported at fair value.

Maine State Housing Authority
Notes to Financial Statements
December 31, 2019
(IN THOUSANDS OF DOLLARS)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statements and the reported amounts of revenues, expenses and expenditures during the reporting year. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for losses on loans and fair value of interest rate swaps. Actual results could differ from estimates.

New Accounting Standards

The following GASB Statements that have been issued are under evaluation by MaineHousing:

GASB Statement No. 87, *Leases*; and GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* are effective for the year ending December 31, 2020. GASB Statement No. 91, *Conduit Debt Obligations* is effective for the year ending December 31, 2021. GASB Statement No. 92, *Omnibus 2020* has requirements that are effective for the years ending December 31, 2020 and 2021.

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

(3.) CASH AND INVESTMENTS

At December 31, 2019, the carrying amount of MaineHousing's bank deposits was \$37,413 and the bank balance was \$38,378. The difference between the carrying amount and the bank balance is a result of transactions in transit. Of the bank balance, \$396 was covered by federal depository insurance and \$37,982 was collateralized by pledged government securities that are held in the bank's name at the Federal Reserve Bank.

The General Mortgage Purchase Bond Resolution permits MaineHousing to invest in direct obligations of, or obligations guaranteed by, the United States of America, certain government-sponsored enterprises and the State of Maine "permitted investments". The resolution also permits MaineHousing to invest in certificates of deposit, repurchase agreements and other similar banking arrangements that are collateralized by permitted investments.

MaineHousing has a formal Investment Policy that outlines its investment practices and policies. The primary purpose of the policy is to ensure safety of principal while managing liquidity to pay MaineHousing's financial obligations. MaineHousing's deposit policy is to have its deposits covered by insurance, collateralized or deposited in well capitalized institutions.

Maine State Housing Authority
Notes to Financial Statements
December 31, 2019
(IN THOUSANDS OF DOLLARS)

MaineHousing's investment balances and stated maturities as of December 31, 2019 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	\$92,202	\$92,202	\$0	\$0	\$0	NR
Federal Farm Credit Bank (FFCB)	21,227	0	0	12,143	9,084	Aaa
Federal National Mortgage Association (FNMA)	29,992	29,992	0	0	0	P-1
Federal Home Loan Bank (FHLB)	133,582	98,919	0	27,703	6,960	P-1/Aaa
Total - Mortgage Purchase Fund	277,003	221,113	0	39,846	16,044	
BONDHOLDERS RESERVE FUND						
Repurchase Agreements	8,080	8,080	0	0	0	NR
GENERAL ADMINISTRATIVE FUND						
Repurchase Agreements	17,417	17,417	0	0	0	NR
Money Market Funds	227	227	0	0	0	NR
Certificates of Deposit	4,917	4,917	0	0	0	NR
Federal Farm Credit Bank (FFCB)	5,015	0	5,015	0	0	Aaa
Total - General Administrative Fund	27,576	22,561	5,015	0	0	
Total - Proprietary Funds	\$312,659	\$251,754	\$5,015	\$39,846	\$16,044	
GOVERNMENTAL FUNDS						
HOME FUND						
Repurchase Agreements	\$24,784	\$24,784	\$0	\$0	\$0	NR
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND						
Repurchase Agreements	5,269	5,269	0	0	0	NR
OTHER FEDERAL AND STATE PROGRAMS						
Repurchase Agreements	2,078	2,078	0	0	0	NR
Total - Governmental Funds	\$32,131	\$32,131	\$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, 2019, \$278,968 was invested in short-term repurchase agreements, money market funds, and government sponsored enterprises with maturity dates of less than one year and interest rates up to 1.60%. Investments other than repurchase agreements and money market funds 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 8%, 11%, and 48% of total investments, respectively, in the Mortgage Purchase Fund. Investments issued by FFCB make up 18% of total investments in the General Administrative Fund.

At December 31, 2019, \$4,917 of loan proceeds and earned interest from a loan agreement is invested in two non-negotiable certificates of deposit. The certificates have interest rates of 1.43% and 1.48% and will mature in January and March 2020. The certificates are not credit rated and are being held by its bank trustee in MaineHousing's name.

Maine State Housing Authority
Notes to Financial Statements
December 31, 2019
(IN THOUSANDS OF DOLLARS)

(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, 2019 is as follows:

	Number of Notes	Principal Balance	Percent of Portfolio
PROPRIETARY FUNDS			
MORTGAGE PURCHASE FUND - SINGLE-FAMILY:			
VA guaranteed	490	\$47,517	4.9%
FHA insured	1,840	168,867	17.5%
USDA/RD guaranteed	5,335	553,551	57.4%
Privately insured	347	32,082	3.3%
Non-insured	2,821	163,087	16.9%
Total Mortgage Purchase Fund - single-family	<u>10,833</u>	<u>965,104</u>	<u>100.0%</u>
MORTGAGE PURCHASE FUND - MULTI-FAMILY:			
Section 8	178	170,549	38.3%
Conventional	258	254,368	57.2%
Supportive Housing	167	19,837	4.5%
Total Mortgage Purchase Fund - multi-family	<u>603</u>	<u>444,754</u>	<u>100.0%</u>
Less: Allowance for losses on loans		(7,055)	
Total Mortgage Purchase Fund	<u>11,436</u>	<u>1,402,803</u>	
GENERAL ADMINISTRATIVE FUND - SINGLE-FAMILY:			
Non-insured	69	2,009	97.2%
Privately insured	2	58	2.8%
Total General Administrative Fund-Single Family	<u>71</u>	<u>2,067</u>	<u>100.0%</u>
GENERAL ADMINISTRATIVE FUND - MULTI-FAMILY:			
Section 8	1	553	11.4%
Conventional	7	4,281	88.6%
Total General Administrative Fund - multi-family	<u>8</u>	<u>4,834</u>	<u>100.0%</u>
GENERAL ADMINISTRATIVE FUND - HOME IMPROVEMENT LOANS:			
Non-insured	62	157	100.0%
Less: Allowance for losses on loans		(607)	
Total General Administrative Fund	<u>141</u>	<u>6,451</u>	
Total Proprietary Funds	<u>11,577</u>	<u>\$1,409,254</u>	
GOVERNMENTAL FUNDS			
HOME FUND - SINGLE-FAMILY:			
Non-insured	324	\$3,354	100.0%
HOME FUND - MULTI-FAMILY:			
Non-insured	100	21,274	100.0%
Total HOME Fund	<u>424</u>	<u>24,628</u>	
Less: Allowance for losses on loans		(894)	
Total HOME Fund	<u>424</u>	<u>23,734</u>	
MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND - MULTI-FAMILY			
Non-insured	16	8,933	100.0%
Total Governmental Funds	<u>440</u>	<u>\$32,667</u>	

Maine State Housing Authority
Notes to Financial Statements
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(IN THOUSANDS OF DOLLARS)

A summary of other notes receivable at December 31, 2019 is as follows:

	Number of Notes	Principal Balance	Percent of Portfolio
PROPRIETARY FUNDS			
GENERAL ADMINISTRATIVE FUND			
Non-insured	4	\$239	100.0%
Total Proprietary Funds	4	\$239	
GOVERNMENTAL FUNDS			
OTHER FEDERAL AND STATE PROGRAMS:			
Non-insured	1	\$15	100.0%
Less: Allowance for losses on loans		(5)	
Total Governmental Funds	1	\$10	

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

	PROPRIETARY FUNDS		GOVERNMENTAL FUNDS	
	Mortgage Purchase Fund	General Administrative Fund	HOME Fund	Other Federal and State Programs
Balance – December 31, 2018	\$7,318	\$695	\$920	\$5
Provision	50	11	8	0
Loans charged off	(442)	(101)	(34)	0
Recoveries	129	2	0	0
Balance – December 31, 2019	\$7,055	\$607	\$894	\$5

(5.) BONDS AND NOTES PAYABLE

MaineHousing issues bonds that pay interest that is subject to Alternative Minimum Tax (AMT), bonds that pay interest that is not subject to this tax (Non-AMT) and federally taxable bonds. Interest paid on AMT bonds is treated as a preference item in calculating the tax imposed on individuals and corporations under the Internal Revenue Service Code. MaineHousing's AMT, Non-AMT and federally taxable bonds are denoted for each series or sub-series below.

The interest rates presented in the table below for variable rate bonds represent the rate at December 31, 2019. The Single-Family (S/F) and Multi-Family (M/F) Mortgage Bonds Payable outstanding at December 31, 2019 are as follows:

	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds
PROPRIETARY FUNDS					
MORTGAGE PURCHASE FUND					
2005 SERIES B BONDS (M/F):					
2005 Series B (Federally Taxable)					
Term Bonds	\$15,000	\$3,090	Variable - 2.09%	2020	3090
2005 SERIES G BONDS (M/F):					
2005 Series G (AMT)					
Term Bonds	22,300	20,315	Variable - 1.73%	2020-2037	220 - 4,385
2011 SERIES D BONDS (S/F):					
2011 Series D (Non-AMT)					
Serial Bonds	10,615	1,195	3.15%	2021	1,195
Term Bonds	7,385	0	4.00%		
	18,000	1,195			

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2012 SERIES A BONDS (S/F):							
2012 Series A-1 (AMT)							
Serial Bonds	42,610	0	2.60%				
Term Bonds	21,885	0	4.00%				
Term Bonds	22,575	3,355	4.50%	2026-2027	1,210	-	2,145
2012 Series A-3 (Non-AMT)							
Serial Bonds	5,000	2,000	2.70% - 2.85%	2021-2022	1,000		
Term Bonds	20,000	6,975	3.85%	2029	6,975		
	<u>112,070</u>	<u>12,330</u>					
2012 SERIES B BONDS (M/F):							
2012 Series B-2 (Non-AMT)							
Serial Bonds	1,735	990	2.65% - 2.95%	2021-2023	315	-	350
Term Bonds	1,220	0	3.50%				
	<u>2,955</u>	<u>990</u>					
2013 SERIES B BONDS (S/F):							
2013 Series B (Non-AMT)							
Serial Bonds	7,540	7,030	2.20% - 2.75%	2021-2024	1,685	-	1,835
Term Bonds	3,890	2,000	3.00%	2026-2027	985	-	1,015
Term Bonds	38,690	38,690	3.45%	2028-2032	7,215	-	8,280
Term Bonds	28,880	28,880	3.60%	2033-2036	2,230	-	9,205
Term Bonds	27,000	5,410	4.00%	2036-2037	2,370	-	3,040
	<u>106,000</u>	<u>82,010</u>					
2013 SERIES C BONDS (S/F-M/F):							
2013 Series C (Federally Taxable)							
Serial Bonds	61,900	27,000	2.74% - 3.09%	2021-2023	9,000		
Term Bonds	24,910	17,295	3.84%	2025-2027	5,765		
Term Bonds	8,560	5,700	4.32%	2029-2030	2,840	-	2,860
	<u>95,370</u>	<u>49,995</u>					
2013 SERIES D BONDS (S/F):							
2013 Series D-2 (Non-AMT)							
Term Bonds	12,990	0	4.00%				
Term Bonds	12,010	5,110	4.50%	2036-2037	2,500	-	2,610
	<u>25,000</u>	<u>5,110</u>					
2014 SERIES A BONDS (S/F):							
2014 Series A-1 (AMT)							
Serial Bonds	5,595	0	2.40% - 2.85%				
Term Bonds	4,445	0	4.45%				
Term Bonds	11,545	3,350	3.25%	2038-2042	115	-	895
	<u>21,585</u>	<u>3,350</u>					
2014 SERIES C BONDS (S/F):							
2014 Series C-1 (AMT)							
Serial Bonds	14,860	10,585	2.55% - 3.10%	2021-2024	1,370	-	3,105
Term Bonds	2,000	0	3.63%				
Term Bonds	7,620	5,415	4.00%	2032-2034	1,800	-	1,810
Term Bonds	17,465	6,615	3.50%	2034-2041	365	-	1,625
2014 Series C-2 (Non-AMT)							
Term Bonds	29,000	29,000	3.75%	2030-2034	3,485	-	8,065
	<u>70,945</u>	<u>51,615</u>					
2015 SERIES A BONDS (M/F)							
2015 Series A-1 (AMT)							
Serial Bonds	13,485	8,740	2.50% - 3.05%	2021-2025	1,650	-	1,855
2015 Series A-2 (Non-AMT)							
Term Bonds	6,555	6,205	3.25%	2026-2029	525	-	2,675
2015 Series A-3 (Non-AMT)							
Serial Bonds	8,050	0	1.20%				
Term Bonds	11,220	11,220	3.50%	2030-2034	2,085	-	2,410
Term Bonds	13,505	13,505	3.63%	2035-2039	2,505	-	2,905
Term Bonds	16,225	16,225	3.75%	2040-2044	2,995	-	3,500
	<u>69,040</u>	<u>55,895</u>					
2015 SERIES B BONDS (S/F)							
2015 Series B (Non-AMT)							
Serial Bonds	9,750	6,660	1.55% - 2.60%	2020-2025	1,055	-	1,175
Term Bonds	10,750	10,750	3.20%	2026-2030	2,015	-	2,285
Term Bonds	1,610	1,610	3.45%	2031-2034	380	-	425
Term Bonds	9,890	4,125	3.50%	2035-2040	595	-	755
	<u>32,000</u>	<u>23,145</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		
2015 SERIES C BONDS (M/F)							
2015 Series C (Federally Taxable)							
Serial Bonds	9,480	6,650	2.40% - 3.04%	2021-2025	1,260	-	1,410
Term Bonds	18,000	18,000	3.59%	2026-2030	3,190	-	4,100
Term Bonds	<u>12,520</u>	<u>12,520</u>	3.95%	2036-2040	2,315	-	2,700
	<u>40,000</u>	<u>37,170</u>					
2015 SERIES D BONDS (S/F)							
2015 Series D (Non-AMT)							
Serial Bonds	7,105	6,325	2.00% - 3.30%	2020-2026	810	-	1,000
Term Bonds	3,340	1,130	3.75%	2030		1,130	
Term Bonds	4,890	4,890	4.00%	2031-2035	660	-	1,300
Term Bonds	7,585	7,585	4.25%	2036-2040	1,165	-	1,880
Term Bonds	<u>7,080</u>	<u>3,335</u>	4.00%	2041-2045	505	-	845
	<u>30,000</u>	<u>23,265</u>					
2015 SERIES E BONDS (S/F)							
2015 Series E-1 (AMT)							
Serial Bonds	30,115	17,065	2.60% - 3.60%	2021-2026	2,570	-	4,155
Term Bonds	26,690	0	4.00%				
Term Bonds	26,325	11,640	3.50%	2031-2034	1,420	-	4,025
2015 Series E-2 (Non-AMT)							
Term Bonds	2,105	2,105	3.80%	2031-2033	650	-	755
Term Bonds	8,360	8,360	4.05%	2039-2040	4,085	-	4,275
Term Bonds	14,535	11,625	4.15%	2041-2045	2,515	-	3,285
2015 Series E-3 (AMT)							
Term Bonds	<u>30,000</u>	<u>30,000</u>	Variable - 1.70%	2035-2038	5,455	-	8,975
	<u>138,130</u>	<u>80,795</u>					
2015 SERIES F BONDS (M/F)							
2015 Series F-1 (AMT)							
Serial Bonds	8,800	4,400	2.00% - 2.20%	2020-2021		2,200	
2015 Series F-2 (Non-AMT)							
Serial Bonds	2,450	2,450	2.05% - 2.85%	2022-2026	450	-	500
2015 Series F-3 (Non-AMT)							
Serial Bonds	15,005	0	1.10%				
Term Bonds	6,340	6,270	3.40%	2027-2030	1,115	-	1,785
Term Bonds	9,565	9,565	3.85%	2031-2035	1,310	-	2,195
Term Bonds	<u>11,840</u>	<u>11,840</u>	3.95%	2036-2040	1,635	-	2,720
	<u>54,000</u>	<u>34,525</u>					
2015 SERIES G BONDS (S/F)							
2015 Series G (Non-AMT)							
Serial Bonds	8,185	8,185	2.00% - 3.00%	2021-2027	630	-	2,095
Term Bonds	1,730	1,730	3.35%	2028-2030	535	-	615
Term Bonds	2,125	2,125	3.65%	2031-2035	325	-	525
Term Bonds	12,060	12,060	3.85%	2036-2040	2,295	-	2,535
Term Bonds	<u>5,900</u>	<u>3,200</u>	3.50%	2041-2045	515	-	705
	<u>30,000</u>	<u>27,300</u>					
2016 SERIES A BONDS (S/F)							
2016 Series A (Non-AMT)							
Serial Bonds	6,065	5,395	1.30% - 2.45%	2020-2026	690	-	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>4,030</u>	4.00%	2041-2045	775	-	845
	<u>35,000</u>	<u>31,475</u>					
2016 SERIES B BONDS (S/F)							
2016 Series B-1 (Non-AMT)							
Serial Bonds	19,260	16,825	1.35% - 2.55%	2020-2027	1,830	-	2,410
Term Bonds	3,885	3,885	2.70%	2028-2029	1,675	-	2,210
Term Bonds	18,855	9,955	3.50%	2040-2046	615	-	1,645
2016 Series B-2 (AMT)							
Term Bonds	<u>28,000</u>	<u>28,000</u>	Variable - 1.73%	2029-2037	2,720	-	3,420
	<u>70,000</u>	<u>58,665</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 C BONDS (S/F)							
2016 Series C (Non-AMT)							
Serial Bonds	13,620	13,620	1.10% - 2.50%	2020-2028	890	-	3,475
Term Bonds	5,670	5,670	2.75%	2029-2031	1,185	-	2,285
Term Bonds	8,975	8,975	3.00%	2032-2036	1,305	-	2,510
Term Bonds	3,355	3,355	3.15%	2037-2041	625	-	720
Term Bonds	8,380	5,450	3.50%	2042-2046	1,020	-	1,170
	<u>40,000</u>	<u>37,070</u>					
2016 SERIES D BONDS (M/F)							
2016 Series D (Federally Taxable)							
Serial Bonds	32,000	32,000	2.24% - 2.99%	2023-2029	825	-	8,185
Term Bonds	8,000	8,000	3.29%	2030-2031		4,000	
	<u>40,000</u>	<u>40,000</u>					
2016 SERIES E BONDS (S/F)							
2016 Series E (Non-AMT)							
Serial Bonds	6,250	5,650	1.70% - 3.15%	2020-2027	620	-	800
Term Bonds	3,050	800	3.63%	2031		800	
Term Bonds	10,385	10,385	3.90%	2032-2036	1,940	-	2,230
Term Bonds	8,315	6,460	4.00%	2037-2046	555	-	745
	<u>28,000</u>	<u>23,295</u>					
2017 SERIES A BONDS (S/F)							
2017 Series A (Non-AMT)							
Serial Bonds	5,920	5,920	1.55% - 3.15%	2020-2028	555	-	765
Term Bonds	3,360	3,360	3.65%	2029-2032	790	-	895
Term Bonds	6,315	6,315	4.00%	2033-2037	1,170	-	1,360
Term Bonds	7,625	7,625	4.05%	2038-2042	1,405	-	1,645
Term Bonds	6,780	5,565	4.00%	2043-2047	915	-	1,695
	<u>30,000</u>	<u>28,785</u>					
2017 SERIES B BONDS (S/F)							
2017 Series B (Non-AMT)							
Serial Bonds	8,680	8,680	1.25% - 3.00%	2020-2030	650	-	1,010
Term Bonds	4,215	4,215	3.25%	2031-2032	2,090	-	2,125
Term Bonds	6,170	6,170	3.65%	2033-2037	1,150	-	1,325
Term Bonds	8,745	8,745	3.75%	2038-2044	1,115	-	1,355
Term Bonds	7,190	6,220	4.00%	2045-2047	2,045	-	2,115
	<u>35,000</u>	<u>34,030</u>					
2017 SERIES D BONDS (M/F)							
2017 Series D-1 (Non-AMT)							
Serial Bonds	13,175	10,175	1.38% - 2.95%	2020-2029	1,000	-	1,175
Term Bonds	14,320	14,320	3.50%	2033-2037	2,250	-	3,980
Term Bonds	5,870	5,870	3.65%	2038-2042	1,090	-	1,265
Term Bonds	7,810	7,810	3.75%	2043-2047	1,445	-	1,680
2017 Series D-2 (AMT)							
Term Bonds	50,000	50,000	Variable - 1.83%	2042-2046		10,000	
	<u>91,175</u>	<u>88,175</u>					
2017 SERIES E BONDS (S/F)							
2017 Series E (Federally Taxable)							
Term Bonds	60,000	60,000	Variable - 1.65%	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	12,320	1.25% - 3.00%	2020-2030	890	-	1,675
Term Bonds	2,055	2,055	3.15%	2031-2032	1,005	-	1,050
Term Bonds	5,920	5,920	3.50%	2033-2037	1,090	-	1,280
Term Bonds	7,000	7,000	3.65%	2038-2042	1,320	-	1,490
Term Bonds	11,845	10,500	3.50%	2043-2047	1,635	-	3,570
	<u>40,000</u>	<u>37,795</u>					
2017 SERIES G BONDS (S/F - M/F)							
2017 Series G-1 (Federally Taxable)							
Term Bonds	55,000	55,000	Variable - 1.71%	2045-2050	8,290	-	10,090
2017 Series G-2 (Federally Taxable)							
Term Bonds	3,520	3,520	0.00%	2022		3,520	
	<u>58,520</u>	<u>58,520</u>					

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2017 SERIES H BONDS (S/F)							
2017 Series H (Non-AMT)							
Serial Bonds	18,380	18,380	2.10% - 3.05%	2023-2030	1,105	-	4,510
Term Bonds	5,420	5,420	3.25%	2031-2033	1,750	-	1,865
Term Bonds	10,625	10,625	3.55%	2034-2037	2,515	-	2,795
Term Bonds	1,485	1,485	3.70%	2038-2042	275	-	320
Term Bonds	2,590	2,590	3.75%	2043-2047	480	-	555
	<u>38,500</u>	<u>38,500</u>					
2018 SERIES A BONDS (S/F)							
2018 Series A (NON-AMT)							
Serial Bonds	13,510	13,510	1.95% - 3.25%	2020-2030	1,130	-	1,525
Term Bonds	3,680	3,680	3.50%	2031-2033	1,215	-	1,245
Term Bonds	8,630	8,630	3.75%	2034-2038	1,685	-	1,765
Term Bonds	9,180	9,180	3.90%	2039-2043	1,790	-	1,885
	<u>35,000</u>	<u>35,000</u>					
2018 SERIES B BONDS (S/F)							
2018 Series B (NON-AMT)							
Serial Bonds	10,565	10,565	2.00% - 3.10%	2020-2028	1,060	-	1,230
Term Bonds	6,005	6,005	3.50%	2029-2033	1,175	-	1,230
Term Bonds	11,270	11,270	3.75%	2034-2038	2,195	-	2,320
Term Bonds	12,160	12,160	3.85%	2039-2043	2,355	-	2,515
	<u>40,000</u>	<u>40,000</u>					
2018 SERIES C BONDS (S/F)							
2018 Series C (Non-AMT)							
Serial Bonds	14,200	13,660	1.85% - 3.25%	2020-2030	485	-	1,955
Term Bonds	4,080	4,080	3.55%	2031-2033	1,345	-	1,375
Term Bonds	7,195	7,195	3.85%	2034-2038	1,395	-	1,485
Term Bonds	9,595	9,595	3.95%	2039-2043	1,750	-	2,415
Term Bonds	9,930	9,440	4.00%	2044-2048	325	-	4,305
	<u>45,000</u>	<u>43,970</u>					
2018 SERIES D BONDS (S/F - M/F)							
2018 Series D-1 (Federally Taxable)							
Term Bonds	40,000	40,000	Variable - 2.17%	2043-2053	2,965	-	4,395
2018 Series D-2 (Federally Taxable)							
Term Bonds	3,150	3,150	0.00%	2023		3,150	
	<u>43,150</u>	<u>43,150</u>					
2018 SERIES E BONDS (M/F)							
2018 Series E (NON-AMT)							
Serial Bonds	11,000	8,100	2.40% - 2.55%	2021-2022		4,050	
Term Bonds	9,000	6,100	4.15%	2036-2038	2,795	-	3,305
Term Bonds	9,500	5,370	4.25%	2039-2041	1,730	-	1,865
	<u>29,500</u>	<u>19,570</u>					
2018 SERIES F BONDS (S/F)							
2018 Series F (Non-AMT)							
Serial Bonds	7,710	6,865	2.35% - 3.70%	2021-2030	380	-	1,235
Term Bonds	3,745	3,745	3.85%	2031-2033	875	-	1,455
Term Bonds	6,450	5,295	4.13%	2034-2038	1,010	-	2,120
Term Bonds	6,225	6,225	4.20%	2039-2041	1,980	-	2,170
Term Bonds	10,300	10,180	4.25%	2044-2048	400	-	4,600
	<u>34,430</u>	<u>32,310</u>					
2019 SERIES A BONDS (S/F)							
2019 Series A (Non-AMT)							
Serial Bonds	12,670	12,670	1.75% - 3.05%	2020-2030	300	-	3,330
Term Bonds	4,305	4,305	3.45%	2031-2034	1,005	-	1,150
Term Bonds	2,605	2,605	3.80%	2035-2039	475	-	570
Term Bonds	10,880	10,880	4.00%	2040-2044	1,980	-	2,385
Term Bonds	9,005	9,005	4.00%	2046-2049	1,320	-	3,415
	<u>39,465</u>	<u>39,465</u>					
2019 SERIES B BONDS (S/F)							
2019 Series B (Non-AMT)							
Serial Bonds	18,075	18,075	1.60% - 2.80%	2020-2032	695	-	2,245
Term Bonds	1,470	1,470	2.95%	2033-2034	720	-	750
Term Bonds	10,615	10,615	3.15%	2035-2039	1,745	-	2,730
Term Bonds	9,840	9,840	3.35%	2040-2044	1,795	-	2,130
	<u>40,000</u>	<u>40,000</u>					

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2019 SERIES C BONDS (S/F)							
2019 Series C (Non-AMT)							
Serial Bonds	8,415	8,415	1.25% - 2.45%	2020-2031	100	-	1,055
Term Bonds	6,350	6,350	2.75%	2032-2034	2,040	-	2,195
Term Bonds	5,250	5,250	3.00%	2035-2039	100	-	2,275
Term Bonds	10,270	10,270	3.20%	2040-2045	1,315	-	1,920
Term Bonds	8,825	8,825	4.00%	2047-2050	1,595	-	2,500
	<u>39,110</u>	<u>39,110</u>					
2019 SERIES D BONDS (M/F)							
2019 Series D (Federally Taxable)							
Term Bonds	4,220	4,220	0.00%	2024	4,220		
	<u>4,220</u>	<u>4,220</u>					
2019 SERIES E BONDS (S/F)							
2019 Series E (Non-AMT)							
Serial Bonds	15,540	15,540	1.35% - 2.35%	2020-2031	350	-	3,430
Term Bonds	5,895	5,895	2.70%	2032-2034	1,935	-	1,995
Term Bonds	6,610	6,610	3.10%	2040-2044	1,230	-	1,415
Term Bonds	6,400	6,400	3.75%	2047-2049	570	-	2,980
	<u>34,445</u>	<u>34,445</u>					
		1,419,645					
Plus: Net Unamortized Bond Premium		<u>4,049</u>					
Total Mortgage Purchase Fund	<u>1,832,910</u>	<u>1,423,694</u>					
Total Proprietary Funds	<u>\$1,832,910</u>	<u>\$1,423,694</u>					
GOVERNMENTAL FUNDS							
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND							
2010 Series 1 (Non-AMT)							
Serial Bonds	<u>\$39,970</u>	<u>\$25,970</u>	3.00% - 5.00%	2020-2026	355	-	3,800
2010 Series 2 (Taxable)							
Serial Bonds	<u>9,630</u>	<u>0</u>	3.03%				
		25,970					
Plus: Net Unamortized Bond Premium		<u>136</u>					
Total Maine Energy, Housing & Recovery Fund Group	<u>49,600</u>	<u>26,106</u>					
Total Governmental Funds	<u>\$49,600</u>	<u>\$26,106</u>					

The following table summarizes the debt activity for the year ended December 31, 2019:

Fund	Outstanding at December 31, 2018	Issues	Redemptions	Outstanding at December 31, 2019
Mortgage Purchase Fund	\$1,401,715	\$157,240	(\$139,310)	\$1,419,645
Maine Energy, Housing & Economic Recovery Fund	29,215	0	(3,245)	25,970
Total	<u>\$1,430,930</u>	<u>\$157,240</u>	<u>(\$142,555)</u>	<u>\$1,445,615</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.

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The interest calculations shown in the table below are based on the variable rate in effect at December 31, 2019 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 2024 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 Net Interest	Fixed	
	Principal	Interest	Principal	Interest		Principal	Interest
2020	\$17,285	\$39,048	\$3,310	\$3,238	\$1,261	\$3,340	\$921
2021	44,575	38,710	230	3,211	1,230	3,450	810
2022	45,060	37,695	255	3,207	1,222	3,565	696
2023	47,065	36,676	285	3,203	1,045	3,680	579
2024	45,730	35,587	295	3,201	861	3,800	424
2025-2029	233,450	159,441	4,485	15,911	3,801	8,135	339
2030-2034	242,620	121,182	20,635	14,984	2,543	0	0
2035-2039	210,325	79,480	51,910	11,334	573	0	0
2040-2044	188,805	41,653	30,000	8,793	0	0	0
2045-2049	119,250	14,627	64,910	3,784	0	0	0
2050-2054	39,075	1,773	10,090	173	0	0	0
Total	<u>\$1,233,240</u>	<u>\$605,872</u>	<u>\$186,405</u>	<u>\$71,039</u>	<u>\$12,536</u>	<u>\$25,970</u>	<u>\$3,769</u>

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 not be redeemed in excess of the annual maturities until June 15, 2020.

Notes Payable

Notes payable outstanding at December 31, 2019 are recorded in the General Administrative Fund and are as follows:

A \$4,200 note payable to the Federal Home Loan Bank (FHLB) at a fixed rate of 0%, maturing December 28, 2021. The note is collateralized with a \$5,015 Federal Farm Credit Bank debt security that is being held in trust in MaineHousing's name.

The proceeds from this note are to be used exclusively in accordance with FHLB's *Helping to House New England* program, which is designed to support affordable housing initiatives through the six New England Housing Finance Agencies.

A \$16,000 note payable to TD Bank, N.A., which matures on November 1, 2033. Interest only payments were required through December 31, 2019 at an interest rate of 2.74%. From January 1, 2020 until maturity, the interest rate is fixed at 3.20% and principal and interest payments are due monthly based on a 20-year amortization.

The proceeds from this note are for the acquisition and rehabilitation of an office building for MaineHousing and the note is secured by a mortgage agreement on the property. Loan proceeds are invested in non-negotiable certificates of deposit held with the lender and will be disbursed for intended use when needed and in accordance with a disbursement schedule set forth in the loan agreement. At December 31, 2019, \$11,200 of loan proceeds have been disbursed.

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The following table provides a summary of note payment requirements through 2024 and in five-year increments thereafter to maturity:

Year(s)	Principal	Interest	Total
2020	\$529	\$507	\$1,036
2021	4,796	493	5,289
2022	615	474	1,089
2023	635	453	1,088
2024	655	434	1,089
2025-2029	3,619	1,824	5,443
2030-2033	9,351	1,006	10,357
Total	<u>\$20,200</u>	<u>\$5,191</u>	<u>\$25,391</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, \$1,419,645 was outstanding at December 31, 2019.

Other Debt

MaineHousing uses its tax-exempt debt issuing authority to provide financial assistance to private sector developers for the acquisition and rehabilitation, or the construction of multi-family housing projects serving low-to-moderate income households. The debt, which is referred to as conduit debt, is collateralized by revenues generated by the properties financed and is repayable solely from payments received on the underlying mortgage loans and any specific third-party credit enhancement associated with the individual financings. MaineHousing has a total of \$28,803 outstanding at December 31, 2019. 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.

(6.) INTEREST RATE SWAP AGREEMENTS

MaineHousing has thirteen interest rate swap agreements (swaps) with four counterparties as of December 31, 2019. The objective of the agreements is to attain a synthetic fixed interest rate on a portion of its variable rate bonds at a cost expected to be less than rates associated with fixed-rate debt. The swap agreement terms state MaineHousing is to make semi-annual fixed interest rate payments at a specified rate on a notional principal amount and in exchange receive semi-annual payments based upon either the thirty-day or ninety-day London InterBank Offered Rate (LIBOR) or the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA).

The swaps have an aggregate negative fair value of \$10,860 at December 31, 2019. During 2019, the fair value of the swaps decreased by \$6,241. 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, 2019 by using the regression analysis and synthetic instrument methods. The aggregate fair value is classified as a derivative instrument liability and a deferred outflow of resources, which represents the accumulated decrease in fair value. Variable rate bonds outstanding at December 31, 2019 total \$286,405.

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The following table contains the terms, fair values, and credit ratings of the swaps as of December 31, 2019. Specific swaps are assigned to certain debt issuances for arbitrage purposes. The credit ratings were issued by Moody's Investor Services and Standard & Poor's, respectively.

Related Debt Issuance	Current Notional Amount	Effective Date of Swap	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
2005 Series B	\$3,090	11/17/2015	1.41%	100% of 90 day LIBOR	\$10	11/15/2020	Aa2/AA-
2005 Series G	20,315	2/1/2006	3.59%	65% of 30 day LIBOR plus .20%	(5,683)	11/15/2037	Aa2/A+
2015 Series E-3	5,000	11/15/2016	1.15%	70% of 30 day LIBOR	(9)	11/15/2025	Aa2/AA-
2015 Series E-3	5,000	11/15/2019	1.40%	70% of 30 day LIBOR	(86)	11/15/2029	Aa3/A+
2015 Series E-3	20,000	11/15/2015	1.60%	67% of 30 day LIBOR	(456)	11/15/2025	A1/A
2016 Series B-2	8,000	5/15/2017	1.61%	70% of 30 day LIBOR	(114)	11/15/2031 ¹	Aa2/AA-
2016 Series B-2	20,000	11/15/2017	1.66%	70% of 30 day LIBOR	(353)	11/15/2031 ¹	Aa2/AA-
2017 Series D-2	10,000	11/15/2019	1.87%	75% of 30 day LIBOR plus 0.46%	(118)	11/15/2026	Aa3/A+
2017 Series D-2	12,500	11/15/2018	2.57%	70% of 30 day LIBOR plus 0.45%	(949)	11/15/2028	Aa3/A+
2017 Series D-2	12,500	11/15/2018	2.59%	70% of 30 day LIBOR plus 0.45%	(1,304)	11/15/2033	Aa3/A+
2017 Series D-2	15,000	1/29/2008	3.71%	100% of SIFMA plus .06%	(1,311)	5/15/2023	Aa2/A+
2017 Series G-1	25,000	11/15/2019	1.90%	100% of 30 day LIBOR	(384)	11/15/2026	A1/A
2017 Series G-1	30,000	12/31/2014	2.05%	100% of 90 day LIBOR	(103)	11/15/2020	A1/A
Totals	<u>\$186,405</u>				<u>(\$10,860)</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.

Credit Risk – The swaps contain varying collateral agreements with the counterparties in order to mitigate the potential for credit risk. The requirements of the collateral agreements are met as of December 31, 2019. MaineHousing is not exposed to credit risk for the swaps that have negative fair values. MaineHousing is exposed to credit risk on swaps that have a positive fair value. At December 31, 2019, there is one swap that has a positive fair value of \$10. 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 2005 Series B and 2017 Series G-1, which are 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, 2019, the thirty day LIBOR rate and the ninety day LIBOR rate were 1.76% and 1.91%, respectively and the SIFMA rate was 1.61%.

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.

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Rollover Risk – MaineHousing is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt.

(7.) RETIREMENT BENEFITS

MaineHousing has defined contribution and defined benefit pension plans that cover substantially all employees. Employees have the option to participate in either plan.

Defined Contribution Plan

The defined contribution plan consists of a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and a separate plan created under the provisions of the Internal Revenue Code Section 401(a).

Benefit terms, including contribution requirements, for the defined contribution plan are established by management. For each participant in the plan, MaineHousing contributes 2.9% of annual salary to the 401(a) plan. Additionally, if a participant makes voluntary contributions to the 457 plan, MaineHousing matches the contributions up to 7.6% of annual salary. The employer match contribution is made to the 401(a) plan.

For the year ended December 31, 2019, employee contributions totaled \$635 and MaineHousing recognized expense of \$456. Employees are immediately vested in their own contributions, MaineHousing contributions, and the earnings on those contributions.

Defined Benefit Plan

Plan Description: MaineHousing is a participating local district (PLD) member of the Maine Public Employees Retirement System's (MainePERS) PLD Consolidated Retirement Plan and employees may elect to participate in this multiple-employer cost sharing defined benefit plan. An advisory group established by Maine statute reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them.

Benefits Provided: Retirement benefits are based on participants' average final compensation and service credit earned as of retirement. Vesting occurs upon the earning of five years of service credit. The normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years (20 years for participants in the plan prior to July 1, 2014) of service credit is reduced by a statutorily prescribed factor for each year of age that a participant is below her/his normal retirement age at retirement.

Post-retirement cost-of-living adjustments (COLA) become available to participants after 24 months of retirement. The post-retirement COLA is capped at 2.5% annually. The plan also provides disability and death benefits, which are established by contract under applicable statutory provisions.

Upon termination, accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and rights. The annual rate of interest credited to participants' accounts is set by MainePERS Board of Trustees and is currently 2.69%.

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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 the MainePERS Board of Trustees. Employers' contributions are determined by actuarial valuations. As of December 31, 2019, the established MainePERS employer contribution rate is 10.0% and employee contribution rates are 8.10% for participants with a normal retirement age of 60 and 7.35% for participants with a normal retirement age of 65. MaineHousing pays on behalf of its employees 0.50% of the MainePERS employee contribution rate. Total employer contributions were \$477 for the year ended December 31, 2019.

Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, 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.

Actuarial Assumptions: The actuarial valuation as of June 30, 2019 and June 30, 2018 used the following actuarial assumptions:

Investment Rate of Return – 6.75% per annum, compounded annually.

Inflation Rate – 2.75%.

Annual Salary Increases, including Inflation – 2.75% to 9.00%.

Cost of Living Benefit Increases – 1.91%

Mortality Rates – RP 2014 Total Dataset Healthy Annuitant Mortality Table for males and females.

The actuarial assumptions used in the June 30, 2019 and June 30, 2018 valuations were based on the results of an actuarial experience study covering the period June 30, 2012 through June 30, 2015 and the economic assumptions are based on this experience study along with advice of the MainePERS investment consultants.

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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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate: The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that participant contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability: At December 31, 2019, MaineHousing has a liability of \$2,282 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. MaineHousing's proportion of the net pension liability was based on MaineHousing's employer contributions received by MainePERS during the measurement period July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all participating entities. MaineHousing's proportion was 0.746717% at December 31, 2019. The proportion was 0.834117% at December 31, 2018.

Sensitivity of MaineHousing's proportionate share of the net pension liability to changes in the discount rate: The following represents MaineHousing's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what MaineHousing's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

1% Decrease	Current Discount Rate	1% Increase
<u>@ 5.75%</u>	<u>@ 6.75%</u>	<u>@ 7.75%</u>
\$5,199	\$2,282	(\$446)

Changes in net pension liability are recognized in pension expense for the year ended December 31, 2019 with the following exceptions:

Differences Between Expected and Actual Experience – The difference between expected and actual experience with regard to economic or demographic factors was recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the 2019 valuation this was four years and for the 2018 valuation this was three years.

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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, 2019 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions – Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The first year is recognized as pension expense and the remaining years are shown either as deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended December 31, 2019, MaineHousing recognized pension expense of \$311 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	\$270	\$0
Employer contributions subsequent to the measurement date	225	0
Net difference between projected and actual earnings on pension plan investments	0	572
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	295
Changes of assumptions	115	0
Total	<u>\$610</u>	<u>\$867</u>

Amounts reported as deferred outflows of resources related to pensions resulting from MaineHousing's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense through December 31, 2023 as follows:

Year ended December 31:	Pension Expense Amount
2020	(\$65)
2021	(\$312)
2022	(\$105)
2023	\$0

Payables to the Pension Plan: At December 31, 2019, MaineHousing's total payable to MainePERS for unremitted contributions is \$24.

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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.mainebers.org.

(8.) AVAILABLE BONDS PROCEEDS

MORTGAGE PURCHASE FUND

The following bond proceed amounts are invested in the various bond proceed sub-accounts of the Bond Proceeds Fund of the Mortgage Purchase Fund and are available for the purchase of mortgages:

2017 Series H (S/F)	\$1,745
2018 Series D-2 (M/F)	2,247
2018 Series E (M/F)	15,007
2019 Series A (S/F)	8,428
2019 Series C (S/F)	2,970
2019 Series D (M/F)	4,246
2019 Series E (S/F)	32,590
	<u>\$67,233</u>

MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND

The following bond proceed amounts are invested in accordance with the Maine Energy, Housing and Recovery General Indenture and are available for program activities:

2010 Series 1	\$575
2010 Series 2	737
	<u>\$1,312</u>

(9.) COMMITMENTS

MORTGAGE COMMITMENTS

Mortgage commitments are agreements to loan money provided there is no violation of any term or condition established in the agreement. Generally, once exercised, the loans made under the terms of such commitments are secured by a lien on the related property and other collateral as MaineHousing deems necessary. At December 31, 2019, MaineHousing had outstanding commitments in several funds to originate multi-family mortgage loans of approximately \$104,063. MaineHousing, under its single-family program, enters into purchase agreements with lenders to purchase mortgage loans. At December 31, 2019, single-family loans being processed by lenders for MaineHousing totaled approximately \$42,031.

LEASE COMMITMENT

MaineHousing has committed to a lease agreement for approximately 39,000 square feet of office space that expires on June 30, 2020. Annual rent under this lease agreement increases at a rate of 3% per year and expense amounted to \$780 for the year ended December 31, 2019. MaineHousing has acquired property in Augusta, Maine for development and to relocate its office at or near the expiration of the current lease. The total development for the new office building is estimated at approximately \$15,700.

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(10.) RESERVE FUNDS

MORTGAGE PURCHASE FUND – HOUSING RESERVE FUND

On or before December 1 of each year, MaineHousing is required to value the Housing Reserve Fund and verify to the Governor of the State of Maine that the sum of money in the fund equals or exceeds the Housing Reserve Fund Minimum Requirement. The Housing Reserve Fund Minimum Requirement equals the amount of principal and interest maturing and coming due in the next succeeding calendar year on bonds outstanding. The Housing Reserve Fund Minimum Requirement as of December 31, 2019 was \$88,244. 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, 2019 was \$116,219.

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, 2019, 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 \$134,228.

MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND – CAPITAL RESERVE FUND

MaineHousing is required to maintain a Capital Reserve Fund in an amount equal to the Capital Reserve Fund Requirement established under the General Indenture. The Capital Reserve Fund Requirement equals the greatest amount of principal and interest maturing and becoming due in the current or any succeeding bond year. The Capital Reserve Requirement as of December 31, 2019 was \$4,320. This requirement may be satisfied by the deposit of money or by the deposit of a Credit Facility or an insurance policy for the benefit of the bondholders.

Between July 1 and July 15 of each year, MaineHousing must certify to the Treasurer of the State the amount necessary and sufficient to meet MaineHousing's debt service obligation, including amounts necessary to replenish the Capital Reserve Fund to the Capital Reserve Requirement. At December 31, 2019, valuation of the Capital Reserve Fund insurance policy in the Capital Reserve Fund was \$4,320.

(11.) EXCESS ARBITRAGE TO BE REBATED

Tax-exempt bonds issued by MaineHousing are subject to Internal Revenue Service regulations that limit the amount of income that can be earned with non-mortgage investments to an amount not greater than the amount that would have been earned had the funds been invested at the yield on the bonds. Excess earnings must be rebated every five years. At December 31, 2019, 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, 2019.

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(12.) FUND TRANSFERS AND INTERFUND BALANCES

MaineHousing records transfers between funds for various purposes including program subsidies, fees and capital asset transfers. Transfers for the year ended December 31, 2019 consisted of the following:

	Mortgage Purchase Fund	General Administrative Fund	Low Income Home Energy Assistance Program	HOME Fund	Section 8 Housing Programs	Other Federal And State Programs
Capital Assets	\$0	\$117	(\$94)	\$0	\$0	(\$23)
Program Subsidies	1,000	(4)	0	(1,000)	0	4
Program Administrative Fees	0	1,061	0	0	(1,061)	0
	<u>\$1,000</u>	<u>\$1,174</u>	<u>(\$94)</u>	<u>(\$1,000)</u>	<u>(\$1,061)</u>	<u>(\$19)</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, 2019 consisted of the following:

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Maine Energy, Housing & Economic Recovery Program	Other Federal and State Programs
Receivable due from:								
Mortgage Purchase Fund	\$0	\$0	\$2,732	\$0	\$0	\$0	\$0	\$0
General Administrative Fund	0	0	0	1,463	0	0	0	1,893
Other Federal And State Programs	198	0	1,035	0	27	0	0	0
Collectively, all other funds	0	0	15	0	0	0	0	0
	<u>198</u>	<u>0</u>	<u>3,782</u>	<u>1,463</u>	<u>27</u>	<u>0</u>	<u>0</u>	<u>1,893</u>
Payables	<u>(2,732)</u>	<u>(13)</u>	<u>(3,356)</u>	<u>(27)</u>	<u>(505)</u>	<u>(728)</u>	<u>(2)</u>	<u>0</u>
	<u>(\$2,534)</u>	<u>(\$13)</u>	<u>\$426</u>	<u>\$1,436</u>	<u>(\$478)</u>	<u>(\$728)</u>	<u>(\$2)</u>	<u>\$1,893</u>

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

Maine State Housing Authority
Notes to Financial Statements
December 31, 2019
(IN THOUSANDS OF DOLLARS)

(13.) REDEMPTION OF BONDS

For the year ended December 31, 2019, MaineHousing redeemed prior to maturity \$107,215 of its Mortgage Purchase Fund bonds from recoveries of principal and surplus revenues. Gains of \$228 were attributed to the recognition of related bond premium. The following is a summary of bonds redeemed:

	Interest Rate	Original Maturity	Amount	Redemption Price
2011 Series C-2 Term Bonds	4.88%	11/15/2041	\$2,000	100%
2011 Series D Serial Bonds	2.75%	11/15/2019	1,535	100%
2011 Series D Serial Bonds	3.00%	11/15/2020	1,155	100%
2011 Series D Serial Bonds	3.30%	11/15/2022	1,895	100%
2011 Series E Term Bonds	4.38%	11/15/2031	705	100%
2012 Series A-1 Term Bonds	4.50%	11/15/2028	990	100%
2012 Series A-1 Term Bonds	4.50%	11/15/2028	1,035	100%
2012 Series A-2 Term Bonds	3.60%	11/15/2026	9,450	100%
2012 Series A-3 Serial Bonds	2.45%	11/15/2020	1,000	100%
2012 Series A-3 Term Bonds	3.85%	11/15/2029	190	100%
2012 Series A-3 Term Bonds	3.85%	11/15/2029	5,900	100%
2012 Series B-2 Serial Bonds	2.45%	11/15/2020	300	100%
2012 Series B-2 Term Bonds	3.50%	11/15/2027	870	100%
2012 Series B-3 Term Bonds	3.88%	11/15/2031	1,500	100%
2012 Series B-3 Term Bonds	3.88%	11/15/2031	1,500	100%
2013 Series A Serial Bonds	2.37%	11/15/2020	1,140	100%
2013 Series B Term Bonds	4.00%	11/15/2043	1,385	100%
2013 Series B Term Bonds	4.00%	11/15/2043	1,435	100%
2013 Series C Serial Bonds	2.39%	11/15/2020	9,000	100%
2013 Series D-1 Serial Bonds	2.63%	11/15/2019	365	100%
2013 Series D-1 Serial Bonds	2.63%	11/15/2019	1,265	100%
2013 Series E Serial Bonds	2.75%	11/15/2019	1,685	100%
2014 Series A-1 Serial Bonds	2.85%	11/15/2020	960	100%
2014 Series A-1 Term Bonds	3.25%	11/15/2043	630	100%
2014 Series A-1 Term Bonds	3.25%	11/15/2043	685	100%
2014 Series A-2 Serial Bonds	3.13%	11/15/2022	3,045	100%
2014 Series C-1 Term Bonds	4.00%	11/15/2034	2,205	100%
2014 Series C-1 Term Bonds	3.50%	11/15/2044	960	100%
2014 Series C-1 Term Bonds	3.50%	11/15/2044	995	100%
2015 Series A-1 Serial Bonds	2.20%	11/15/2020	1,610	100%
2015 Series A-2 Term Bonds	3.25%	11/15/2029	75	100%
2015 Series B Term Bonds	3.50%	11/15/2040	705	100%
2015 Series B Term Bonds	3.50%	11/15/2040	735	100%
2015 Series B Term Bonds	3.50%	11/15/2040	770	100%
2015 Series C Serial Bonds	2.14%	11/15/2020	1,230	100%
2015 Series D Term Bonds	3.75%	11/15/2030	2,210	100%
2015 Series D Term Bonds	4.00%	11/15/2045	200	100%
2015 Series D Term Bonds	4.00%	11/15/2045	350	100%
2015 Series D Term Bonds	4.00%	11/15/2045	830	100%
2015 Series E-1 Term Bonds	4.00%	11/15/2030	9,575	100%
2015 Series E-1 Term Bonds	3.50%	11/15/2035	910	100%
2015 Series E-1 Term Bonds	3.50%	11/15/2035	1,585	100%

Maine State Housing Authority
Notes to Financial Statements
December 31, 2019
(IN THOUSANDS OF DOLLARS)

	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Amount</u>	<u>Redemption Price</u>
2015 Series E-1 Term Bonds	3.50%	11/15/2035	1,650	100%
2015 Series E-2 Term Bonds	4.15%	11/15/2045	2,910	100%
2015 Series G Term Bonds	3.50%	11/15/2045	200	100%
2015 Series G Term Bonds	3.50%	11/15/2045	265	100%
2015 Series G Term Bonds	3.50%	11/15/2045	685	100%
2016 Series A Term Bonds	4.00%	11/15/2045	365	100%
2016 Series A Term Bonds	4.00%	11/15/2045	565	100%
2016 Series A Term Bonds	4.00%	11/15/2045	580	100%
2016 Series B-1 Term Bonds	3.50%	11/15/2046	1,575	100%
2016 Series B-1 Term Bonds	3.50%	11/15/2046	1,580	100%
2016 Series C Term Bonds	3.50%	11/15/2046	300	100%
2016 Series C Term Bonds	3.50%	11/15/2046	595	100%
2016 Series C Term Bonds	3.50%	11/15/2046	1,085	100%
2016 Series E Term Bonds	3.63%	11/15/2031	2,250	100%
2016 Series E Term Bonds	4.00%	11/15/2046	300	100%
2016 Series E Term Bonds	4.00%	11/15/2046	870	100%
2017 Series A Term Bonds	4.00%	11/15/2047	830	100%
2017 Series B Term Bonds	4.00%	11/15/2047	310	100%
2017 Series B Term Bonds	4.00%	11/15/2047	430	100%
2017 Series F Term Bonds	3.50%	11/15/2047	100	100%
2017 Series F Term Bonds	3.50%	11/15/2047	980	100%
2018 Series C Term Bonds	4.00%	11/15/2048	490	100%
2018 Series E Serial Bonds	2.20%	11/15/2020	2,900	100%
2018 Series E Term Bonds	4.15%	11/15/2038	2,900	100%
2018 Series E Term Bonds	4.25%	11/15/2043	4,130	100%
2018 Series F Serial Bonds	2.15%	11/15/2020	530	100%
2018 Series F Term Bonds	4.13%	11/15/2038	1,155	100%
2018 Series F Term Bonds	4.25%	11/15/2048	120	100%
			<u>\$107,215</u>	

(14.) CONTINGENCIES

MaineHousing is subject to various legal proceedings and claims that arise in the normal course of its business. MaineHousing also receives funding from federal government agencies. These funds are to be used for designated purposes only and are subject to financial and compliance audits and the resolution of identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time. In the opinion of management, the ultimate resolution of these actions will not materially affect the accompanying financial statements.

(15.) SUBSEQUENT EVENTS

Subsequent to December 31, 2019, MaineHousing issued bonds. The following is a summary of subsequent event transactions.

Maine State Housing Authority
Notes to Financial Statements
December 31, 2019
(IN THOUSANDS OF DOLLARS)

On January 22, 2020, MaineHousing issued, at par, \$34,350 of bonds in the General Mortgage Purchase Bond Resolution as follows:

	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount</u>	<u>Issued Price</u>
2020 Series A Serial Bonds	1.15%-2.40%	2021-2032	\$9,800	100%
2020 Series A Term Bonds	2.60%	2034	1,995	100%
2020 Series A Term Bonds	2.85%	2039	7,195	100%
2020 Series A Term Bonds	3.00%	2044	8,645	100%
2020 Series A Term Bonds	3.75%	2049	6,715	110%
			<u>\$34,350</u>	

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which could potentially negatively impact MaineHousing. Such potential impact is unknown at this time.

**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, 2019
(IN THOUSANDS OF DOLLARS)**

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

	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.746717%	0.834117%	0.906494%	0.922203%	1.181151%	1.420739%
Employer's Proportionate Share of the Net Pension Liability	\$2,282	\$2,823	\$3,712	\$4,899	\$3,768	\$2,186
Employer's Covered-Employee Payroll	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598	\$4,691
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	50.2%	60.6%	75.9%	101.9%	81.9%	46.6%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	91.1%	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:**

	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$477	\$490	\$513	\$505	\$483	\$492
Contributions in Relation to Contractually Required Contribution	\$477	\$490	\$513	\$505	\$483	\$492
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0
Employer's Covered Employee Payroll	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598	\$4,691
Contributions as a Percentage of Covered Employee Payroll	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%

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, 2019.

Changes of Assumptions:

There were no changes of assumptions for the measurement period ended June 30, 2019.

MAINE STATE HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2019

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant/ Contract/ Pass-through Identifying Number</u>	<u>Amounts Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Housing and Urban Development:				
Section 8 Project-Based Cluster:				
Section 8 New Construction and Substantial Rehabilitation	14.182	B3,055	\$ —	\$ 21,856,572
Lower Income Housing Assistance Program – Section 8				
Moderate Rehabilitation	14.856	ME901MR	—	633,542
Total Section 8 Project-Based Cluster			—	22,490,114
Housing Voucher Cluster:				
Section 8 Housing Choice Voucher Program	14.871	ME901	—	29,340,302
Section 8 Mainstream Voucher Program	14.879	ME901DV	—	31,263
Total Housing Voucher Cluster				29,371,565
Section 8 Performance Based Contract Administration Program	14.327	ME800CC001	—	53,431,849
Continuum of Care Program	14.267	ME0102L1T001400/ ME0113L1T001600	—	758,934
Family Self-Sufficiency Program	14.896	ME901FSH086A015	—	55,808
Emergency Solutions Grants Program	14.231	E-16-DC-23-0001	—	2,595,136
Homeless Management Information Systems Technical Assistance	14.261	ME0017L1T001407	—	368,050
HOME Investment Partnerships Program	14.239	M-16-SG-23-0100	—	2,683,348
Housing Trust Fund	14.275	F-16-SG-23-0100	—	4,384,599
Lead-Based Paint Hazard Control Program	14.900	MELHD029816	—	1,363,126
Housing Counseling Assistance Program	14.169	HC150341003	—	33,934
Section 811 Project Rental Assistance Program	14.326	ME36DRD1301	—	26,452
Subtotal – U.S. Department of Housing and Urban Development				117,562,915
U.S. Department of Energy:				
Weatherization Assistance for Low-Income Persons	81.042	E0006158/E0007924	3,175,546	3,549,984

MAINE STATE HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended December 31, 2019

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/ Contract/ Pass-through Identifying Number</u>	<u>Amounts Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Health and Human Services: Low Income Home Energy Assistance	93.568	G-16B1MELIEA G-17B1MELIEA G-18B1MELIEA G-1901MELIEA G-2001MELIEA	\$14,332,187	\$ 37,108,869
Pass-through from the State of Maine Department of Health and Human Services: TANF Cluster: Temporary Assistance for Needy Families (TANF) State Programs	93.558	CFS-17-8501A/ OFIMOU 11/8/17/ MOU	<u> —</u>	<u> 2,052,299</u>
Subtotal – U.S. Department of Health and Human Services			14,332,187	39,161,168
Total Expenditures of Federal Awards			<u>\$17,507,733</u>	<u>\$ 160,274,067</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

MAINE STATE HOUSING AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2019

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Maine State Housing Authority (MaineHousing) under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of MaineHousing, it is not intended to and does not present the financial position, changes in net position, or cash flows of MaineHousing.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

MaineHousing has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Maine State Housing Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Maine State Housing Authority (MaineHousing), as of and for the year ended December 31, 2019, 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 25, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MaineHousing's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MaineHousing's internal control. Accordingly, we do not express an opinion on the effectiveness of MaineHousing's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Commissioners
Maine State Housing Authority

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MaineHousing's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MaineHousing's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Newman & Noyes LLC

Portland, Maine

March 25, 2020



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Commissioners
Maine State Housing Authority

Report on Compliance for Each Major Federal Program

We have audited Maine State Housing Authority's (MaineHousing's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of MaineHousing's major federal programs for the year ended December 31, 2019. MaineHousing's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of MaineHousing's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MaineHousing's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of MaineHousing's compliance.

Opinion on Each Major Federal Program

In our opinion, MaineHousing complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of MaineHousing is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered MaineHousing's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MaineHousing's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the remaining aggregate fund information of Maine State Housing Authority (MaineHousing), a component unit of the State of Maine, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise MaineHousing's basic financial statements as listed in the table of contents. We issued our report thereon dated March 25, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to those audited financial statements subsequent to March 25, 2020.

The Board of Commissioners
Maine State Housing Authority

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Baker Newman & Noyes LLC

Portland, Maine
December 1, 2020

MAINE STATE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2019

Section I – Summary of Auditors’ Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors’ report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>CFDA Numbers:</u>	<u>Name of Federal Program or Cluster:</u>
14.231	Emergency Solutions Grants Program
14.182 & 14.856	Section 8 Project-Based Cluster (Section 8 New Construction and Substantial Rehabilitation Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation)
14.275	Housing Trust Fund
81.042	Weatherization Assistance Program for Low-Income Persons
93.568	Low Income Home Energy Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$3,000,000
Auditee qualified as low-risk auditee?	Yes

MAINE STATE HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended December 31, 2019

Section II – Financial Statement Findings

Findings related to the financial statements which are required to be reported
in accordance with *Government Auditing Standards*:

None

Section III – Findings and Questioned Costs for Federal Awards

Findings required to be reported by 2 CFR 200.516(a):

None

MAINE STATE HOUSING AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2019

II. Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*:

No matters were reported.

III. Findings and Questioned Costs for Federal Awards

Findings required to be reported in accordance with 2 CFR 200.516(a):

No matters were reported.



The Board of Commissioners
Maine State Housing Authority

In planning and performing our audit of the compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Maine State Housing's (MaineHousing) major federal programs for the year ended December 31, 2019, we considered MaineHousing's internal control over compliance with the types of requirements that could have a direct material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MaineHousing's internal control over compliance.

A deficiency in internal control 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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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 financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of control deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Following are descriptions of other identified deficiencies in internal control that we determined did not constitute significant deficiencies or material weaknesses:

Section 8 Moderate Rehabilitation Rent Adjustments

MaineHousing's contract with the U.S. Department of Housing and Urban Development (HUD) for Moderate Rehabilitation requires that MaineHousing ensures that annual adjustments to contract rents are applied. Adjustments must not result in material differences between rents charged for assisted units and comparable unassisted units except as those differences existed at contract execution. During our testwork over rent adjustments for the Moderate Rehabilitation program, the units selected as part of our sample did not have contract rent adjustments implemented during 2019. After review of the housing assistance payment register, it was determined that a total of 36 units in the Moderate Rehabilitation program did not have contract rent adjustments applied during 2019, with a maximum total impact of \$10,740 in omitted rent adjustments. These adjustments were missed due to personnel turnover in the program. We recommend that MaineHousing implement additional controls to ensure that contract rent adjustments are appropriately applied in the future.

Management's Response

All rent adjustments have been corrected and the following controls are now in place: the Inspection Manager will notify the Occupancy Specialist, Quality Assurance Specialist and Financial Specialist of the upcoming rent adjustments to the Moderate Rehabilitation Contract. The Quality Assurance Specialist will track the requested adjustments and verify completion the month after the effective date. The Quality Assurance Specialist will notify the Occupancy Specialist if the rent adjustment was not applied. If it is not corrected within one week, a follow up email will be sent to the Housing Manager, who would then ensure the corrective action is taken.

Section 8 New Construction and Substantial Rehabilitation – Utility Allowance

HUD requires that MaineHousing establish tenant utility allowances based on utility consumption and rate data for various sized units, structure types and fuel types, make an annual review of the utility allowances to determine their reasonableness and adjust the allowances when appropriate. As part of ensuring the accuracy of these adjustments, MaineHousing has a Quality Control (QC) sign off performed on the most recent utility allowance analysis for each tenant. During our testwork over utility allowances for the Section 8 New Construction and Substantial Rehabilitation program, we were unable to verify that QC sign-off was performed on two units selected for testing, as the QC sign-off page was not scanned properly in MaineHousing's system. We verified that both units had appropriate sign-off and review by the Asset Operations Specialist. We recommend that MaineHousing ensure that all pertinent documentation for Utility Allowance reviews are appropriately scanned and retained prior to adjustments being implemented.

Management's Response

After discovering this Docuware filing error during the review, Asset Management has established revised filing protocols to ensure that the Utility Allowance scans are processed and appropriately filed by requiring that all scanned documentation be reviewed by a second person to verify that the pertinent documentation and information has been properly captured and filed. The appropriate staff will continue to perform quality assurance reviews of each other's work to ensure that the protocol is maintained.

* * * * *

This communication is intended solely for the information and use of the Board of Commissioners, management and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Newman & Noyes LLC
Portland, Maine
December 1, 2020

Finance Department Memorandum

To: Board of Commissioners

From: Darren R. Brown

Date: December 8, 2020

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 ten-month period ended October 31, 2020.

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 \$2.0 billion and total combined liabilities approximate \$1.7 billion. Total net assets amount to approximately \$377 million. Total combined revenues approximate \$223.8 million and total expenses amount to \$215.9 million, which results in net operating income of \$7.9 million. For this ten-month period in 2019, total combined net operating income was \$22.6 million. Net operating income is \$14.7 million lower in 2020. The net operating income decrease is attributed primarily to the following:

Current year net operating income for the Mortgage Purchase Fund (MPP), MaineHousing's largest fund group, is \$1.9 million compared to net operating income of \$11.2 million in 2019. MPP's net operating income has decreased by \$9.3 million due largely to a change in the carrying values of non-mortgage investments. A paper loss of \$0.1 million was recognized in 2020, which represents a decrease of \$4.6 million compared with a paper gain of \$4.5 million recorded in 2019. The change associated with the recording of paper gains and losses is attributed to interest rate changes during the year.

The recording of paper gains and losses is required for accounting purposes. However, because MaineHousing does not actively buy and sell related investments, actual gains and losses will not occur and these amounts are ignored by the rating agencies, bond analysts, and management when assessing profitability.

Excluding the paper gains, MPP's net operating income is \$2.0 million as of October 31, 2020 compared to \$6.7 million at the end October 2019. This \$4.7 million reduction is due mainly to a substantial decrease in interest rates and lower interest income from non-mortgage investments, which is approximately \$5 million lower this year.

The HOME Fund also has lower net operating income in 2020. MaineHousing's portion of the real estate transfer taxes and shelter operating subsidy received from the State are accounted for in this Fund

Group, which has a \$1.8 million net operating income at the end of October. This is a decrease of \$5.4 million compared to net operating income of \$7.2 million at the end of October 2019. The decrease is attributed to timing differences with the expending of program funds and the recognition of grant expenses. Total income from the State this year is approximately \$1 million higher. However, total grant expenses are \$6.4 million higher at this point.

BUDGET RESULTS

Also attached are the budget variance results for the period ended October 31, 2020. These results are summarized and presented on the attachments described below:

OPERATING REVENUES AND EXPENSES BUDGET

MaineHousing has two primary business segments, which consist of mortgage lending activities and the administration of federal and other programs. All operating and program administrative costs are paid by either the net interest income from mortgage lending activities, which is the difference between interest income earned from mortgage and non-mortgage investment assets and the interest paid on bonds, or fee income received for the administration of federal and other programs.

The Operating Revenues and Expenses Budget, **Attachment A**, presents the revenues available to pay operating and program administrative expenses. It also presents the aggregate operating and program administrative expenses. Total budgeted revenues for 2020 are \$83.5 million and total expenses are budgeted at \$75.1 million. Total actual revenues as of October 31, 2020 amount to \$63.2 million, while total expenses amount to \$60 million. For the ten-month period ended October 31, 2020, revenues exceed expenses by \$3.2 million.

Revenues are running below budget due to substantially lower interest income from non-mortgage investments. Interest rates have decreased during the year and average yields from investments are lower than budget projections. Interest income from mortgages is also running under budget due to lower than projected outstanding loan balances. Balances are lower because of a much higher level of single-family loan prepayments.

Expenses are also running below budget. Interest expense is under budget as a result of lower interest rates on new bond issues and a higher level of bond redemptions, which has lowered outstanding balances. Operating and other program administration expenses (the first two expense lines) are also running under budget. These expenses are itemized 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 2020 operating expenses are budgeted at approximately \$19.4 million. As of October 31, 2020, approximately \$15.9 million or 82% of the total operating budget has been used. Total other program administrative expenses are budgeted at \$8.6 million and actual expenses amount to \$6.5 million.

Operating expenses are running under budget and are estimated to be below budget for the year by approximately \$520,000 due largely to the impact that COVID-19 has had on certain expenses. Expenses associated with staff trainings and conferences, partner and client trainings and meetings, and staff events are well below budget due to COVID-19 restrictions on gatherings and travel. Expenditures in these areas are projected to be under budget by a combined amount of approximately \$385,000.

Salaries are running higher than budget at this point because employees have taken less earned time, which has caused the related accrued liability to increase and exceed the budget by \$65,000.

Telephone expenses are over budget due to the acquisition of a new phone system. For budget purposes, costs for the new phone system were identified as capital expenditures and were included in the 2020 Capital Budget. However, a cloud-based system was acquired and the associated monthly costs do not meet capitalization requirements and must be treated as operating expenses. Although telephone expenses will be over budget by approximately \$60,000 for the year, capital expenditures for the phone system will be under budget by approximately \$150,000.

Property expenses associated with the new office building are projected to exceed the budget amount by about \$60,000. The budget was based on a partial year of expenses for utilities. However, costs for electricity and heating were required for the full year, including during the construction period. Also, costs for grounds keeping and cleaning services were higher than anticipated.

Expenses for professional services are expected to be under budget for the year by approximately \$150,000. Amounts for outsourcing legal and other consultant work and temporary employment services will not be needed to the extent originally anticipated.

Other Program Administrative expenses are also running under budget and are projected to be below budget by \$240,000 for the year. Single-family loan defaults and foreclosures activity are below budget estimates and related costs (first 3 lines) are expected to be under budget by a combined amount of approximately \$320,000. Bond issue costs will exceed the budget by \$150,000. The budget was based on a total of five bond issuances during the year and there will be six.

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 2020 is approximately \$3.8 million. Expenditures amounted to \$5 million as of October 31, 2020 and were primarily for renovation work and equipment for the new office building.

The overage for the renovation work on the new building is due to timing differences. The total budget amount for the acquisition and renovation of the office building has not changed from \$15.7 million. Expenditures have been incurred over three years starting in 2018 and the timing of expenditures had to be estimated each year for budget purposes.

For 2019, expenditures amounted to \$9.3 million and were under budget by \$2.8 million. However, only \$0.8 million was carried forward and included in the 2020 Capital Budget because at the time the budget for 2020 was prepared expenditures for 2019 were expected to be \$2 million higher. As a result, 2020 expenditures will be \$2 million higher than budget and will amount to approximately \$3.8 million.

The overages for the building's security and safety and data center equipment are attributed to similar timing differences noted for the building renovation work. Although an overage is reflected in this year's budget, both items are within their established project budget amounts.

Most of the \$353,000 budgeted for computer software this year will not be used. As noted in the operating expenses section, the amount for the phone system will not be used because a cloud-based system was acquired. Also, the amount for the enterprise multi-family will not be used this year and is being carried forward to the 2021 Capital Budget.

MEMBERSHIPS, DUES AND SPONSORSHIP

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 October 31, 2020.

MAINE STATE HOUSING AUTHORITY
BALANCE SHEETS
OCTOBER 31, 2020
(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
	2019	2020							
ASSETS:									
Cash, principally time deposits	37,804	48,208	22,073	3	19,854	13	6,265	0	0
Investments	465,727	457,369	404,615	8,068	21,280	17,461	0	2,158	3,787
Accounts receivable - Federal	2,945	7,028	0	0	0	0	7,028	0	0
Assets held for sale	3,671	0	0	0	0	0	0	0	0
Accrued interest and other assets	16,109	16,623	10,190	0	54	2,585	3,766	0	28
Mortgage notes receivable, net	1,421,312	1,465,181	1,423,080	0	5,840	26,313	0	369	9,579
Other notes receivable, net	255	220	0	0	210	0	0	10	0
Land, equipment and improvements, net	9,591	17,976	22	0	17,954	0	0	0	0
Other real estate owned	696	88	88	0	0	0	0	0	0
Accumulated decrease in fair value of hedging derivatives	12,838	22,311	22,311	0	0	0	0	0	0
Deferred pension expense	616	610	326	2	56	0	0	226	0
Deferred amount on debt refundings	3,839	3,222	3,222	0	0	0	0	0	0
Total Assets	1,975,403	2,038,836	1,885,927	8,073	65,248	46,372	17,059	2,763	13,394
LIABILITIES AND NET ASSETS:									
Accrued interest payable	21,069	20,427	20,100	0	0	0	0	0	327
Accounts payable - Federal	435	345	0	0	0	0	345	0	0
Accounts payable & accrued liabilities	1,744	2,591	376	4	2,122	0	89	0	0
Unearned income	7,991	13,112	0	0	0	958	670	11,484	0
Net pension liability	2,283	2,282	1,222	7	209	0	0	844	0
Deferred pension credit	1,016	867	464	3	79	0	0	321	0
Derivative instrument - interest rate swaps	12,838	22,311	22,311	0	0	0	0	0	0
Interfund	0	0	3,867	19	6,847	(11,383)	10,540	(8,999)	(891)
Mortgage bonds and notes payable, net	1,562,434	1,599,882	1,557,376	0	19,769	0	0	0	22,737
Deferred grant income	0	0	0	0	0	0	0	0	0
Deferred loan origination points	27	24	24	0	0	0	0	0	0
Total Liabilities	1,609,837	1,661,841	1,605,740	33	29,026	(10,425)	11,644	3,650	22,173
NET ASSETS:									
Restricted Net Assets	330,200	340,773	280,187	8,040	0	56,797	5,415	(887)	(8,779)
Unrestricted Net Assets	35,366	36,222	0	0	36,222	0	0	0	0
Total Net Assets	365,566	376,995	280,187	8,040	36,222	56,797	5,415	(887)	(8,779)
Total Liabilities and Net Assets	1,975,403	2,038,836	1,885,927	8,073	65,248	46,372	17,059	2,763	13,394

MAINE STATE HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED OCTOBER 31, 2020
(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
	2019	2020							
REVENUES:									
Interest from mortgages and notes	51,438	52,279	51,921	0	267	58	0	0	33
Income from investments	7,875	2,146	1,855	27	145	89	3	10	17
Net increase (decrease) in the fair value of investments	4,570	(127)	(113)	0	(14)	0	0	0	0
Fee income	7,485	8,095	388	0	404	0	7,031	272	0
Other revenue	138	912	5	0	646	261	0	0	0
Grant income	33,650	50,577	0	0	0	1,674	46,502	2,401	0
Income from State	19,540	20,448	0	0	0	16,132	0	0	4,316
Federal rent subsidy income	84,114	89,335	0	0	0	0	89,335	0	0
Gain on bond redemption	135	205	205	0	0	0	0	0	0
Total Revenues	208,945	223,870	54,261	27	1,448	18,214	142,871	2,683	4,366
EXPENSES:									
Operating expenses	14,969	15,899	0	0	15,899	0	0	0	0
Other program administrative expenses	5,360	5,095	4,795	0	0	0	167	133	0
Mortgage servicing fees	1,368	1,421	1,405	0	16	0	0	0	0
Provision for losses on loans	76	181	0	0	11	170	0	0	0
Losses on foreclosed real estate	0	0	0	0	0	0	0	0	0
Interest expense	38,383	38,324	37,582	0	0	0	0	0	742
Grant expense	41,883	65,695	0	0	0	16,246	46,557	2,401	491
Federal rent subsidy expense	84,323	89,322	0	0	0	0	89,322	0	0
Loss on bond redemption	0	0	0	0	0	0	0	0	0
Excess arbitrage	0	0	0	0	0	0	0	0	0
Allocated operating costs	0	0	8,581	50	(14,237)	0	5,467	139	0
Total Expenses	186,362	215,937	52,363	50	1,689	16,416	141,513	2,673	1,233
Net Operating Income (Loss)	22,583	7,933	1,898	(23)	(241)	1,798	1,358	10	3,133
Transfers between funds, net	0	0	0	0	144	269	(413)	0	0
Change in net assets	22,583	7,933	1,898	(23)	(97)	2,067	945	10	3,133
Net assets at beginning of year	342,983	369,062	278,289	8,063	36,319	54,730	4,470	(897)	(11,912)
Net assets at end of period	365,566	376,995	280,187	8,040	36,222	56,797	5,415	(887)	(8,779)

**MAINE STATE HOUSING AUTHORITY
OPERATING REVENUES AND EXPENSES BUDGET VARIANCE REPORT
FOR THE PERIOD ENDED OCTOBER 31, 2020**

(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	52,188	0	52,188	64,555	12,367	19%
Income from investments	2,027	13	2,040	8,479	6,439	76%
Fee income	792	7,303	8,095	10,399	2,304	22%
Other revenue	856	0	856	60	(796)	(1327%)
Total Revenues	55,863	7,316	63,179	83,493	20,314	24%
EXPENSES:						
Operating expenses	10,293	5,606	15,899	19,413	3,514	18%
Other program administrative expenses	6,227	300	6,527	8,558	2,031	24%
Interest expense	37,582	0	37,582	47,100	9,518	20%
Total Expenses	54,102	5,906	60,008	75,071	15,063	20%
Excess Revenues Over Expenses	1,761	1,410	3,171	8,422	5,251	62%

MAINE STATE HOUSING AUTHORITY
OPERATING AND OTHER PROGRAM ADMINISTRATIVE EXPENSES
FOR THE PERIOD ENDED OCTOBER 31, 2020

ATTACHMENT B

	Total Annual Budget	Total Year to Date Actual	Budget Available	Percentage of Budget Available
Operating Expenses				
Salaries	10,258,267	8,811,900	1,446,367	14%
Payroll Taxes	748,530	628,020	120,510	16%
Retirement	997,726	836,963	160,763	16%
Medical and Life Insurance	2,839,935	2,245,039	594,896	21%
Other Fringe Benefits	12,000	6,849	5,151	43%
Office Supplies	47,795	32,133	15,662	33%
Printing	128,980	100,141	28,839	22%
Membership and Dues	57,087	50,636	6,451	11%
Subscriptions	21,565	13,430	8,135	38%
Sponsorships	20,000	8,000	12,000	60%
Staff Educ/Train/Conf	193,918	67,136	126,782	65%
Travel/Meals - Staff Educ/Train/Conf	163,363	40,093	123,270	75%
Partner/Client Train/Meetings	49,950	12,994	36,956	74%
Travel/Meals - Partner/Client Training	121,675	18,136	103,539	85%
Staff Events	22,100	7,643	14,457	65%
Meals - Staff Events	27,475	8,932	18,543	67%
Leased Vehicles	134,500	90,857	43,643	32%
Computer Supplies	66,000	59,766	6,234	9%
Computer License SAAS	150,611	146,017	4,594	3%
Building Rent & Utilities	429,437	425,332	4,105	1%
Rent-Other	34,130	30,355	3,775	11%
Repairs and Maintenance	49,900	49,568	332	1%
Computer Maintenance	661,492	514,465	147,027	22%
Depreciation	600,000	464,074	135,926	23%
Telephone	72,938	99,646	(26,708)	(37%)
Employment Advertising	3,900	3,069	831	21%
Postage and Shipping	90,510	72,969	17,541	19%
Insurance	89,074	70,696	18,378	21%
Recording Fees	1,000	979	21	2%
Payroll Services	27,300	22,236	5,064	19%
Audit Services	147,800	100,000	47,800	32%
Building Interest Expense	511,944	426,752	85,192	17%
Property Expenses	219,775	241,590	(21,815)	(10%)
Professional Services	411,859	192,982	218,877	53%
Total Operating Expenses	19,412,536	15,899,398	3,513,138	18%
Other Program Administrative Expenses				
Loan foreclosure expenses	400,000	71,027	328,973	82%
REO expenses	50,000	35,359	14,641	29%
Mortgage Servicing fees	1,738,500	1,421,417	317,083	18%
Provision for losses on loans & REOs	225,000	11,262	213,738	95%
Loan Origination expenses	3,000,000	2,146,190	853,810	28%
Bond Issuance Costs	750,000	809,795	(59,795)	(8%)
Trustee/Bank fees	157,000	140,921	16,079	10%
Program advertising/printing	170,000	86,333	83,667	49%
Bond and mortgagee insurance	15,000	14,974	26	0%
Variable rate bond remarket/liquidity facilities	925,000	889,084	35,916	4%
Cash flow/arbitrage/swap consultants/legal	585,000	579,660	5,340	1%
Homebuyer education	110,000	25,200	84,800	77%
Program administrator fees	422,000	286,522	135,478	32%
Section 8 security deposits/landlord incentives	10,500	10,432	68	1%
Total Other Program Administration Expenses	8,558,000	6,528,176	2,029,824	14424%

**MAINE STATE HOUSING AUTHORITY
CAPITAL BUDGET
FOR THE PERIOD ENDED OCTOBER 31, 2020**

ATTACHMENT C

Description	2020 Budget	2020 Actual	Budget Available	% Expended
Computer Hardware:				
New Office Building - network switches	200,000	183,301	16,699	
New Office Building - network data center equipment: (firewall/racks/storage/battery backup)	163,000	171,377	(8,377)	
Phone system replacement - hardware	27,000	21,641	5,359	
Printer	7,000	1,775	5,225	
Laptop	0	10,795	(10,795)	
Total computer hardware	<u>397,000</u>	<u>388,889</u>	<u>8,111</u>	<u>98%</u>
Computer Software:				
Enterprise multi-family housing system - initial costs	100,000	0	100,000	
Coordinated Entry Portal - client list software homeless programs	10,000	0	10,000	
Phone system replacement - software/licensing	153,000	10,625	142,375	
Faxing software	5,000	0	5,000	
Website redesign	60,000	7,156	52,844	
Web filtering server replacement	5,000	0	5,000	
Single Family loan servicing system modifications	10,000	0	10,000	
Single Family lender & loan tracking systems mods	10,200	0	10,200	
Total computer software	<u>353,200</u>	<u>17,781</u>	<u>335,419</u>	<u>5%</u>
Office Equipment:				
New Office Building - workstations & furniture	800,000	782,201	17,799	
New Office building - security & life safety equipment	25,750	46,360	(20,610)	
New Office building - audio visual equipment	320,600	320,599	1	
New Office building - fitness equipment	21,000	20,470	530	
New Office building - network fire suppression system	22,000	22,689	(689)	
Stationary folding & stuffing machine - EHS/LIHEAP	0	9,237	(9,237)	
Total office equipment	<u>1,189,350</u>	<u>1,201,555</u>	<u>(12,205)</u>	<u>101%</u>
New Office Building: - Acquisition/Rehab	<u>1,850,000</u>	<u>3,418,606</u>	<u>(1,568,606)</u>	<u>185%</u>
Total	<u><u>3,789,550</u></u>	<u><u>5,026,831</u></u>	<u><u>(1,237,281)</u></u>	<u><u>133%</u></u>

**MAINE STATE HOUSING AUTHORITY
MEMBERSHIPS, DUES, AND SPONSORSHIPS
FOR THE PERIOD ENDED OCTOBER 31, 2020**

Description	Amount
Memberships and Dues	
Kennebec Valley Human Resource Association - (2) employee annual membership	365
Maine Real Estate & Development Association - annual membership	1,200
Kennebec Valley Board of Realtors - annual affiliate membership	171
Maine Association of Mortgage Professionals - annual membership	375
Maine Bankers Association - annual affiliate membership	950
Maine Real Estate Management Association - annual membership	125
National Leased Housing Association - annual membership	600
National Association for State Community Services Programs - annual membership	1,302
National Energy Assistance Directors' Association - annual membership	6,341
National Affordable Housing Management Association - affiliate membership	1,075
Urban Land Institute - employee membership	240
Notary Public - (2) employee renewal fee	100
Association of Government Accountants - (7) employee annual memberships	770
Association of Certified Fraud Examiners - employee annual membership	225
Institute of Internal Auditors - employee annual membership	175
Construction Specifications Institute - employee annual membership	325
International Code Council - annual membership	135
American Payroll Association - employee annual membership	258
Project Management Institute - (2) employee annual membership	308
American Bar Association - (2) employee annual membership	475
Board of Overseers of the Bar - (5) employee annual registration	1,325
Maine State Bar Association - (4) employee annual memberships	700
Maine Indoor Air Quality Council - annual membership	700
Council of State Community Development Agencies - annual membership	1,500
Society for Human Resource Management - employee annual membership	219
Maine Society of CPAs - employee annual membership	250
Maine State Treasurer - employee annual CPA license renewal	35
Maine Building Officials and Inspectors Association - (6) employee membership	210
Mortgage Bankers Association - annual affiliate membership	1,350
Credit Builders Alliance, Inc - annual membership	795
National Council of State Housing Agencies - annual membership	28,037
Total	<u>\$ 50,636</u>
Sponsorships	
Northern New England Community Action - training conference sponsor	\$ 1,500
Maine Real Estate and Development Association - conference sponsorship	1,000
Maine Resident Service Coordinator Association - annual sponsor	3,000
New England Resident Service Coordinator - conference sponsor	2,500
Total	<u>\$ 8,000</u>



Finance Department Memorandum

To: Board of Commissioners
From: Darren Brown
Date: December 3, 2020
Subject: Monthly Delinquencies Report

MULTI-FAMILY DELINQUENCIES

The Multi-Family portfolio totals \$663 million with 1,130 loans as of November 30, 2020. There are no 60+ days delinquent loans, as shown in *Exhibit 1*. The delinquency rate is 0.00%. The Multi-Family delinquency rate is benchmarked against MaineHousing's historical rates, as shown in *Exhibit 2*.

HOME IMPROVEMENT DELINQUENCIES

The Home Improvement portfolio has 36 loans totaling \$84,949 as of November 30, 2020. The over 60-day delinquency rate is 11.83% and represents two loans in the amount of \$10,045. Delinquency rates for each participating lender are shown in *Exhibit 3*. Historical rates for the Home Improvement portfolio are shown in *Exhibit 4*.

SINGLE-FAMILY DELINQUENCIES

The Single-Family portfolio totals \$967 million with 10,754 loans as of October 31, 2020. The over 60-day delinquencies decreased from 4.39% to 4.26% and the in-foreclosures decreased from 0.56% to 0.53%. The over 60-day delinquencies amount to \$41 million, with approximately \$5.1 million representing accounts in foreclosure. The over 60-day and in-foreclosure historic rates are shown in *Exhibit 6*. MaineHousing's overall delinquency rate by loan dollars is 4.26%; and the overall delinquency rate by loan count is 4.25%. As reflected in *Exhibit 7*, the overall delinquency rate by loan count is below the delinquency rate for all Maine Loans.

Servicer Delinquencies – As of October 31, 2020, Bank of America, NA had the highest overall delinquency rate of 21.59%, with an in-foreclosure rate of 4.20%. Delinquencies for our largest servicer, Mortgage Servicing Solutions, decreased from 4.38% to 4.33%, while the in-foreclosure rate decreased from 0.58% to 0.53%. Bangor Savings Bank had the lowest rate of delinquencies at 1.87%. Delinquency rates for each servicer are shown in *Exhibit 5*.

Delinquencies by Insurance Type – In October 2020, FHA insured loans had the highest delinquency rate by total insurance type of 6.93%, with in-foreclosures at 0.70%. When compared to the total loan portfolio, RD insured loans had the highest delinquency rate of 2.30%, with in-

foreclosures at 0.31%. Delinquencies by insurance type and the portfolio as a whole are shown in ***Exhibit 8***.

FHA insured loans comprise 17% of the Single-Family portfolio and 27% of delinquencies, while RD insured loans comprise 58% of the portfolio and represent 54% 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 9***.

Foreclosure Prevention Activities – ***Exhibit 10*** summarizes our foreclosure prevention activities, as well as the number of completed foreclosures. As of October 2020, we have assisted 1,408 borrowers with various foreclosure prevention options. Activity has increased in 2020 due to financial hardship requests associated with the COVID-19 pandemic.

Multi-Family Delinquent Loans

MAINE STATE HOUSING AUTHORITY MULTI-FAMILY DELINQUENCIES 11/30/2020

Section 8

BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	ORIGINATION DATE	----- 1 MONTH	DELINQUENT 2 MONTHS	----- 3+ MONTHS
NONE						0.00	0.00	0.00
						0.00	0.00	0.00

Rental Housing

BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	ORIGINATION DATE	----- 1 MONTH	DELINQUENT 2 MONTHS	----- 3+ MONTHS
NONE						0.00	0.00	0.00
						0.00	0.00	0.00

Supportive Housing & Other

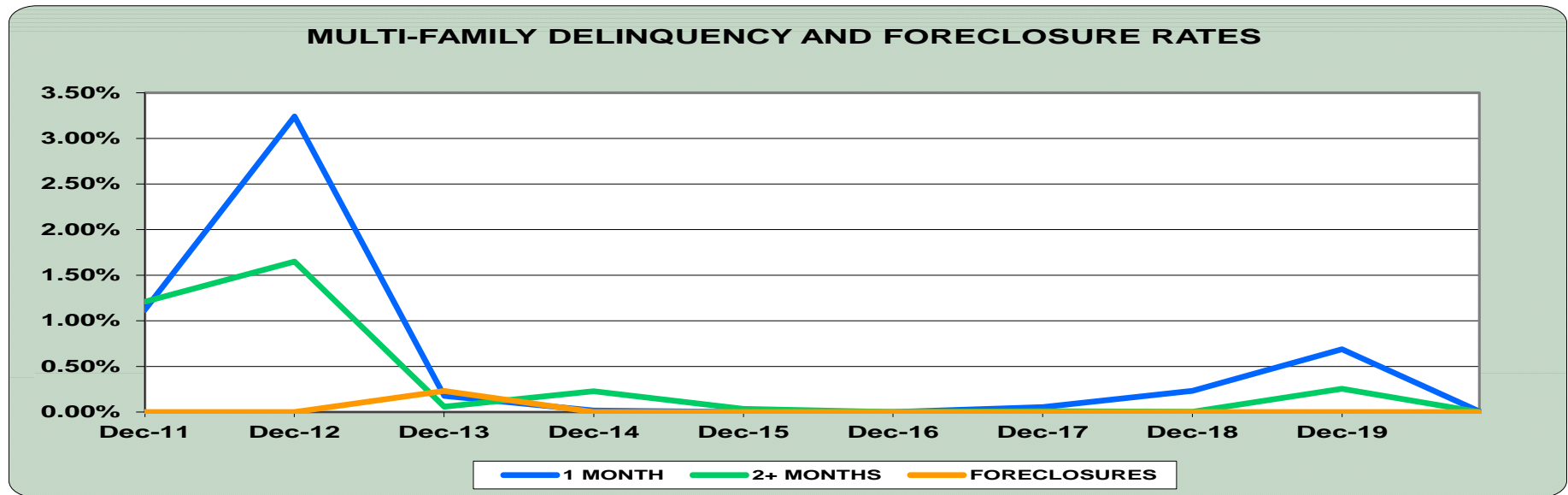
BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	ORIGINATION DATE	----- 1 MONTH	DELINQUENT 2 MONTHS	----- 3+ MONTHS
OHIO ST, 112	820.68	10/01/20	BANGOR	PENOBSCOT AREA HSG DEV CORP	10/01/09	38,251.00	0.00	0.00
						38,251.00	0.00	0.00
						38,251.00	0.00	0.00

Grand Total

% of Portfolio Delq 60+ days 0.00%
Total Number of Loans 1,130



Multi-Family Delinquency & Foreclosure Trends



	OUTSTANDING		1 MONTH		2+ MONTHS		FORECLOSURES	
	PRINCIPAL	DOLLARS	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE
Nov-20	\$ 663,220,348	\$ 38,251		0.01%	\$ -	0.00%	\$ -	0.00%
Dec-19	\$ 635,961,774	\$ 4,379,009		0.69%	\$ 1,620,600	0.25%	\$ -	0.00%
Dec-18	\$ 630,936,475	\$ 1,473,376		0.23%	\$ 20,600	0.00%	\$ -	0.00%
Dec-17	\$ 608,939,257	\$ 319,836		0.05%	\$ 60,624	0.01%	\$ -	0.00%
Dec-16	\$ 579,916,852	\$ -		0.00%	\$ -	0.00%	\$ -	0.00%
Dec-15	\$ 573,932,384	\$ -		0.00%	\$ 185,320	0.03%	\$ -	0.00%
Dec-14	\$ 513,937,525	\$ 77,568		0.02%	\$ 1,169,620	0.23%	\$ -	0.00%
Dec-13	\$ 506,871,177	\$ 896,386		0.18%	\$ 297,366	0.06%	\$ 1,166,866	0.23%
Dec-12	\$ 487,638,082	\$ 15,815,491		3.24%	\$ 8,056,115	1.65%	\$ -	0.00%
Dec-11	\$ 486,421,972	\$ 5,436,378		1.12%	\$ 5,875,983	1.21%	\$ -	0.00%



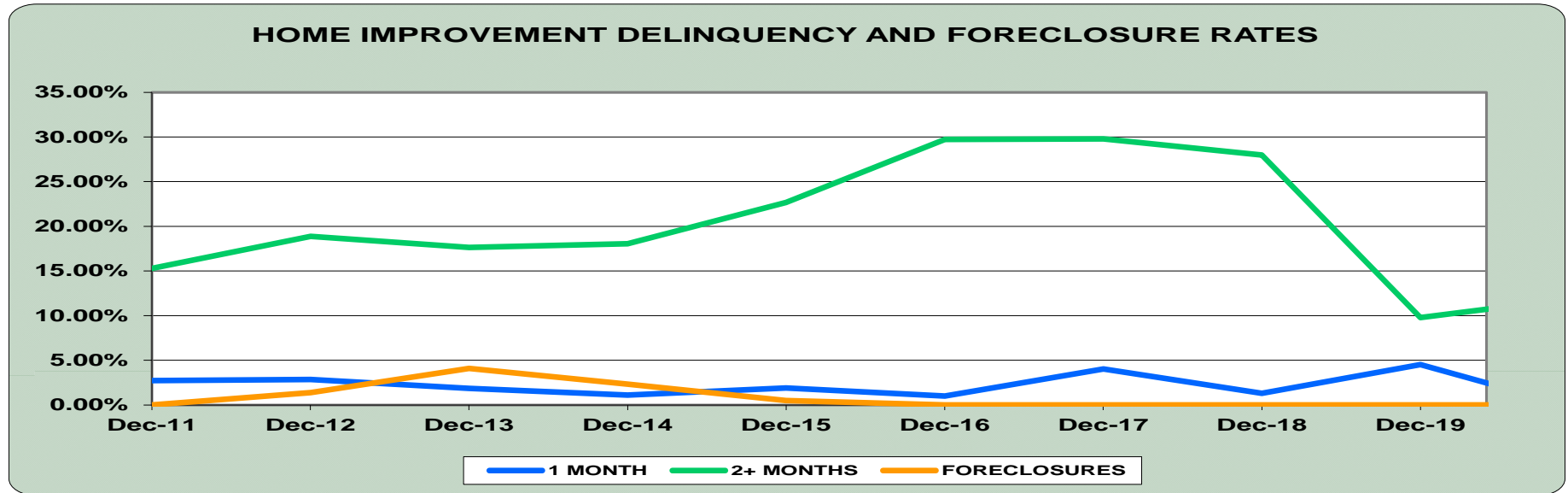
Home Improvement Delinquent Loans

Maine State Housing Authority Home Improvement Delinquencies by Lender 11/30/2020

LENDER	% of Portfolio Delq 60+ Days	OUTSTANDING PRINCIPAL	----- 1 MONTH	DELINQUENT 2 MONTHS	----- 3+ MONTHS
ACAP	0.00%	3,281.04	0.00	0.00	0.00
CCI	0.00%	13,370.11	0.00	0.00	0.00
CED	0.00%	632.57	0.00	0.00	0.00
KVCAP	65.20%	3,116.56	0.00	2,032.06	0.00
PCAP	0.00%	5,151.42	0.00	0.00	0.00
WCCSA	0.00%	2,505.11	0.00	0.00	0.00
BATH SAVINGS	0.00%	12,487.42	0.00	0.00	0.00
CAMDEN NATIONAL	0.00%	14,760.10	0.00	0.00	0.00
KENNEBUNK SAVINGS	100.00%	8,013.40	0.00	0.00	8,013.40
NORTHEAST BANK	0.00%	4,185.72	0.00	0.00	0.00
NORWAY SAVINGS	0.00%	4,257.91	0.00	0.00	0.00
SKOWHEGAN SAVINGS	0.00%	10,982.26	0.00	0.00	0.00
THE FIRST	0.00%	2,205.81	0.00	0.00	0.00
TOTAL	11.83%	84,949.43	0.00	2,032.06	8,013.40
Total Number of Loans	36				



Home Improvement Delinquency & Foreclosure Trends



	OUTSTANDING PRINCIPAL			1 MONTH		2+ MONTHS		FORECLOSURES	
		DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE		
Nov-20	\$	84,949	\$ -	0.00%	\$ 10,045	11.83%	\$ -	0.00%	
Dec-19	\$	156,955	\$ 7,089	4.52%	\$ 15,363	9.79%	\$ -	0.00%	
Dec-18	\$	301,364	\$ 3,941	1.31%	\$ 84,317	27.98%	\$ -	0.00%	
Dec-17	\$	515,603	\$ 20,749	4.02%	\$ 153,526	29.78%	\$ -	0.00%	
Dec-16	\$	795,184	\$ 7,930	1.00%	\$ 236,299	29.72%	\$ -	0.00%	
Dec-15	\$	1,062,015	\$ 20,041	1.89%	\$ 240,688	22.66%	\$ 5,160	0.49%	
Dec-14	\$	1,412,221	\$ 15,722	1.11%	\$ 254,707	18.04%	\$ 32,897	2.33%	
Dec-13	\$	2,066,062	\$ 38,101	1.84%	\$ 364,218	17.63%	\$ 84,283	4.08%	
Dec-12	\$	2,803,309	\$ 79,925	2.85%	\$ 529,227	18.88%	\$ 38,727	1.38%	
Dec-11	\$	3,766,637	\$ 102,824	2.73%	\$ 576,053	15.29%	\$ -	0.00%	



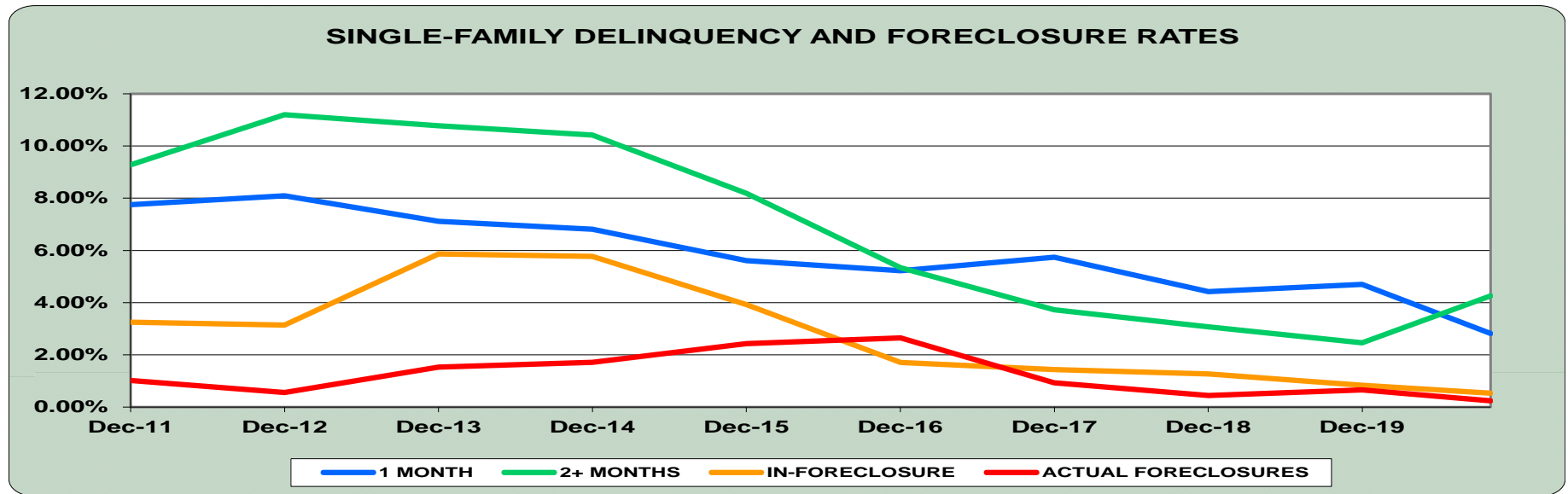
Single-Family Delinquent Loans

Maine State Housing Authority Single-Family Delinquencies by Servicer 10/31/2020

SERVICER	% OF PORTFOLIO	% of Portfolio Delq 60 + days	OUTSTANDING PRINCIPAL	----- 1 MONTH	DELINQUENT 2 MONTHS	----- 3+ MONTHS	IN- FORECLOSURE
MORTGAGE SERVICING SOLUTIONS	67.47%	4.33%	652,146,712.13	20,307,992.52	4,801,805.88	19,977,065.81	3,452,126.85
BANGOR SAVINGS BANK	16.18%	1.87%	156,440,956.22	2,480,062.00	745,241.43	2,037,817.65	136,855.57
CAMDEN NATIONAL BANK UK	9.20%	5.85%	88,912,164.68	2,115,796.36	181,698.72	4,648,107.40	375,497.06
MACHIAS SAVINGS BANK	6.13%	4.74%	59,253,026.41	1,998,107.18	679,566.29	1,340,451.15	788,972.39
BANK OF AMERICA NA	0.95%	21.59%	9,207,691.00	332,962.69	361,100.92	1,239,623.98	386,852.24
SALEM FIVE MORTGAGE CORP	0.07%	3.20%	663,075.00	0.00	0.00	21,199.38	0.00
TOTAL	100.00%	4.26%	966,623,625.44	27,234,920.75	6,769,413.24	29,264,265.37	5,140,304.11



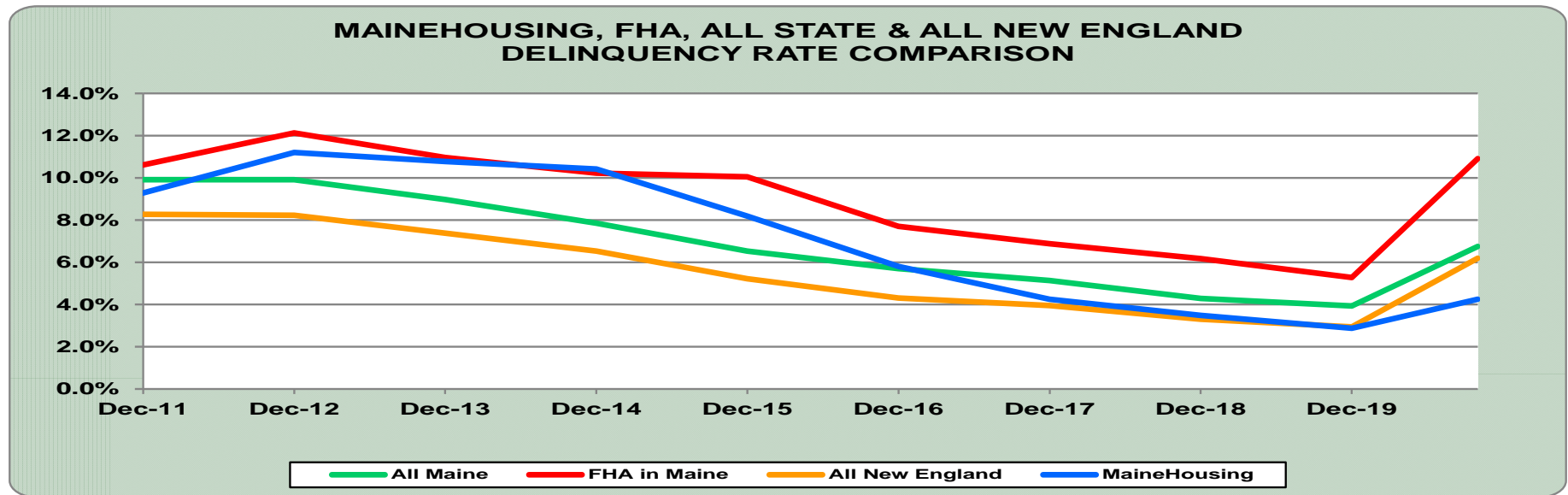
Single-Family Delinquency & Foreclosure Trends



	OUTSTANDING PRINCIPAL	1 MONTH		2+ MONTHS		IN-FORECLOSURE		ACTUAL FORECLOSURES	
		DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE
Oct-20	\$ 966,623,625	\$ 27,234,921	2.82%	\$ 41,173,983	4.26%	\$ 5,140,304	0.53%	\$ 2,308,526	0.24%
Dec-19	\$ 967,171,381	\$ 45,399,415	4.69%	\$ 23,774,547	2.46%	\$ 8,037,512	0.83%	\$ 6,357,994	0.66%
Dec-18	\$ 916,608,577	\$ 40,526,473	4.42%	\$ 28,155,105	3.07%	\$ 11,647,401	1.27%	\$ 4,056,247	0.44%
Dec-17	\$ 844,497,676	\$ 48,457,930	5.74%	\$ 31,454,643	3.72%	\$ 12,099,518	1.43%	\$ 7,847,858	0.93%
Dec-16	\$ 799,557,471	\$ 41,780,468	5.23%	\$ 42,682,410	5.34%	\$ 13,625,991	1.70%	\$ 21,142,137	2.64%
Dec-15	\$ 790,409,905	\$ 44,303,365	5.61%	\$ 64,656,769	8.18%	\$ 31,066,182	3.93%	\$ 20,797,314	2.43%
Dec-14	\$ 810,139,060	\$ 55,171,703	6.81%	\$ 84,385,397	10.42%	\$ 46,711,687	5.77%	\$ 13,904,155	1.72%
Dec-13	\$ 849,385,825	\$ 60,378,599	7.11%	\$ 91,501,809	10.77%	\$ 49,783,071	5.86%	\$ 12,980,502	1.53%
Dec-12	\$ 899,788,247	\$ 72,815,090	8.09%	\$ 100,738,963	11.20%	\$ 28,237,109	3.14%	\$ 4,987,749	0.55%
Dec-11	\$ 980,359,797	\$ 75,979,115	7.75%	\$ 90,934,130	9.28%	\$ 31,846,771	3.25%	\$ 9,975,164	1.02%



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*	118,478	0.95%	4.28%	1.52%	6.75%
FHA for State*	18,858	1.78%	7.63%	1.50%	10.91%
All New England*	1,678,428	1.03%	4.38%	0.78%	6.19%
MaineHousing**	10,754	0.77%	2.92%	0.56%	4.25%

*This information is obtained from MBA's National Delinquency Survey for the third quarter of 2020.

**MaineHousing's overall delinquency rate based on loan dollars is 4.26%, whereas rates in this exhibit are based on loan count.



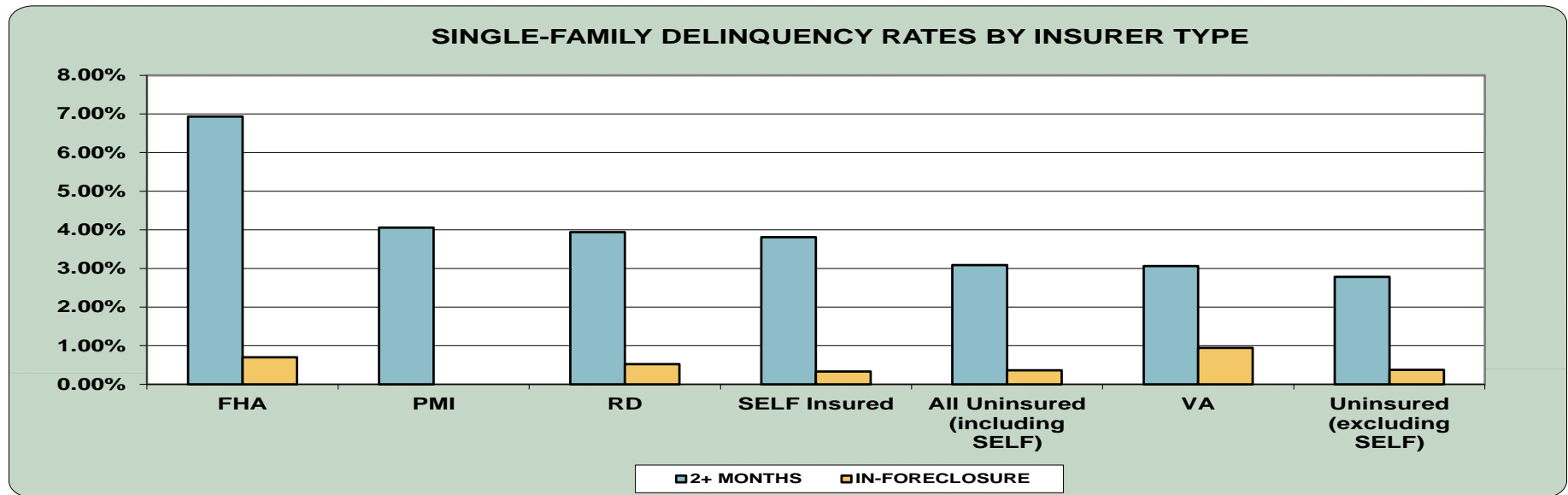
Single-Family Delinquencies by Mortgage Insurer

As A Percent of Total Insurance Type
10/31/2020

TYPE	2+ MONTHS	IN-FORECLOSURE
FHA	6.93%	0.70%
PMI	4.06%	0.00%
RD	3.94%	0.52%
SELF Insured	3.81%	0.33%
All Uninsured (including SELF)	3.09%	0.36%
VA	3.06%	0.94%
Uninsured (excluding SELF)	2.78%	0.38%

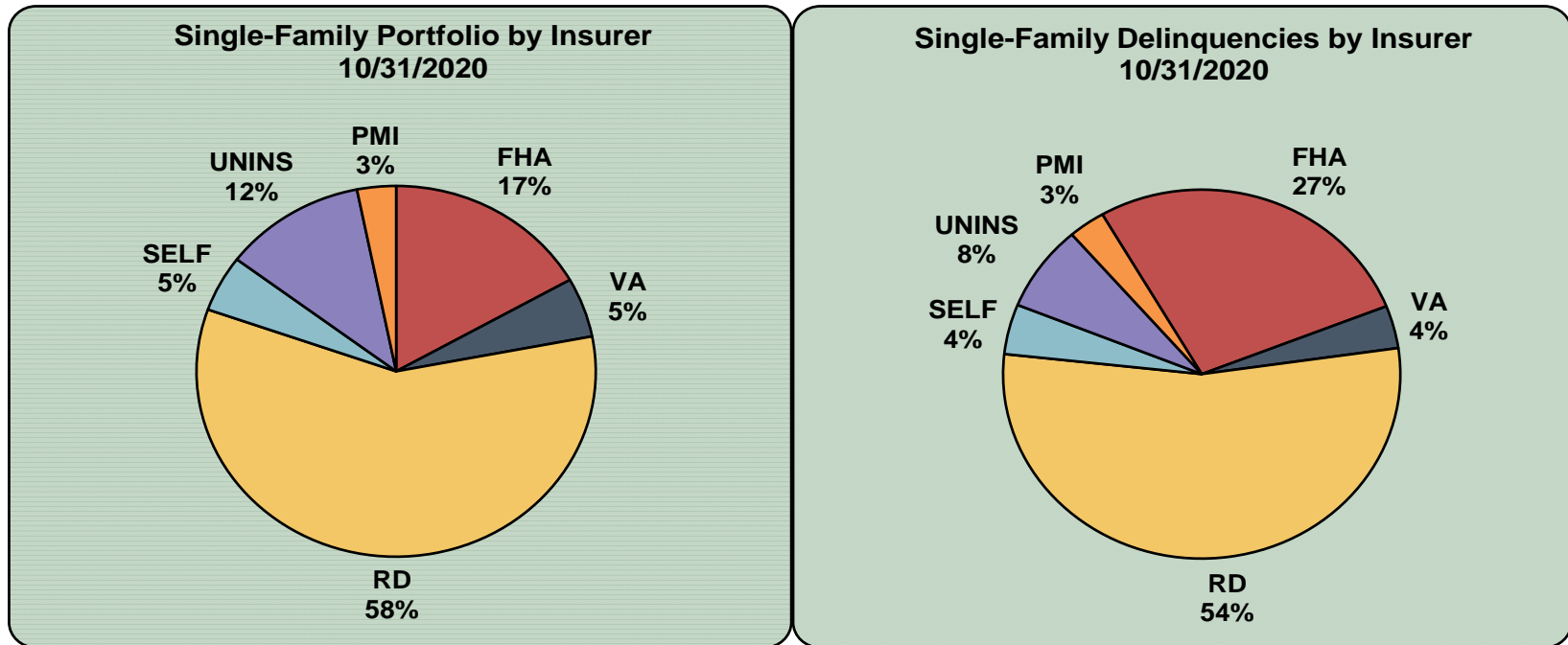
As A Percent of Total Loan Portfolio
10/31/2020

TYPE	2+ MONTHS	IN-FORECLOSURE
RD	2.30%	0.31%
FHA	1.16%	0.12%
All Uninsured (including SELF)	0.51%	0.06%
Uninsured (excluding SELF)	0.32%	0.04%
SELF Insured	0.19%	0.04%
VA	0.16%	0.05%
PMI	0.13%	0.00%

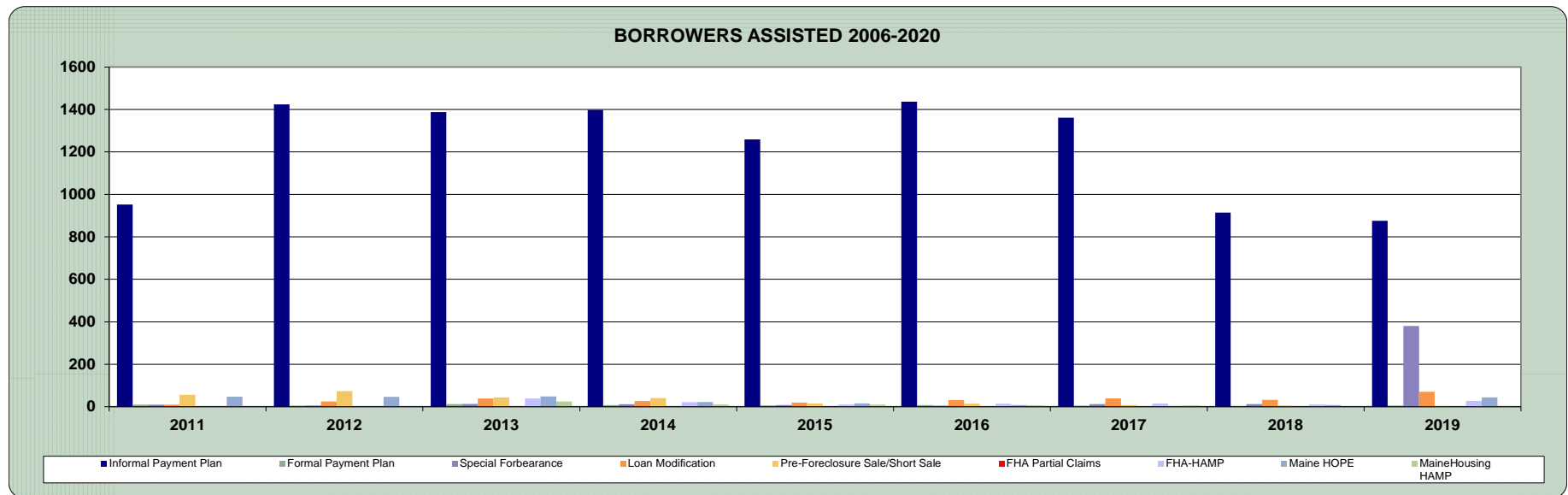


Single-Family Delinquencies by Mortgage Insurer

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	FHA Partial Claims	FHA-HAMP	Maine HOPE	MaineHousing HAMP	Total Workouts
Oct-20	876	5	380	70	3		27	44	3	1408
Dec-19	914	3	12	32	4		10	8	0	983
Dec-18	1361	4	12	39	8		15	3	6	1448
Dec-17	1437	8	4	31	14		14	8	7	1523
Dec-16	1259	6	8	19	15		10	16	9	1342
Dec-15	1397	8	11	26	40		21	22	10	1535
Dec-14	1388	12	13	38	44		38	48	24	1605
Dec-13	1424	4	5	24	73			46		1576
Dec-12	952	9	9	9	56			47		1082
Dec-11	505	42	43	25	43	2		71		731

Actual Foreclosures

	Number of Foreclosures	Number of Loans in Portfolio	Percentage of Portfolio
Oct-20	35	10,754	0.33%
Dec-19	86	10,904	0.79%
Dec-18	57	10,673	0.53%
Dec-17	97	10,332	0.94%
Dec-16	258	10,097	2.56%
Dec-15	233	10,258	2.27%
Dec-14	162	10,526	1.54%
Dec-13	146	10,952	1.33%
Dec-12	60	11,571	0.52%
Dec-11	115	12,311	0.93%



Homeless Initiatives Department Memorandum

To: Board of Commissioners

From: Laurie Murray, Director of Homeless Initiatives

Date: December 10, 2020

Subject: Homeless Initiatives Report

2020 COVID-19 Programs

The Homeless Initiatives team continues to work with shelters and other homeless providers to provide assistance and resources for the COVID-19 pandemic. We implemented several temporary programs for emergency shelters in 2020 to address concerns associated with the COVID-19 Pandemic. The table below reflects the current expenditure amounts for each program.

Program	Purpose	Total Disbursed
Homeless Provider Grants	Shelter COVID-19 Costs	\$1,962,384
Wellness Centers	Social Distancing	\$1,967,050
Hotel Grants	Isolation Space	\$1,150,032
Hotel Operations	Client Support in Hotels	\$1,053,620
TOTAL		\$6,133,086

Temporary Rapid ReHousing Program (TRRP)

This program, which was initiated in Portland, Bangor and Knox County in order to rapidly house individuals and families currently in temporary settings such as hotels or unsheltered is now fully operational. The organizations we have contracted to implement this program are Preble Street, City of Portland in collaboration with Amistad, Penobscot Community Health Center, and Knox County Homeless Coalition. Staff have received training and have currently leased five households – 2 in Knox County and 3 in the Portland area.

Youth Homelessness Demonstration Program (YHDP)

The YHDP planning process has been gaining momentum in the last couple of months. A small planning group that consists of MaineHousing, our TAC Technical Assistant Providers, New Beginnings and youth from the Youth Action Board has been meeting weekly to finish the draft of Maine's Coordinated Community Plan to End and Prevent Youth Homelessness – now renamed H.O.M.E. – Hope and Opportunity for ME. We have had two recent meetings of the larger stakeholder decision-making group. During those meetings our draft of the plan was approved to

submit to HUD for feedback and dollar amounts for the YHDP-funded projects were established. The plan was submitted to HUD on Friday, December 4, 2020 and we expect to have their feedback by mid-December.

A workgroup was established to draft the RFP and scoring tool for the YHDP-funded projects. We expect to release the RFP in January and will hopefully receive the funding to initiate projects by late spring/early summer of 2021.

2021 Emergency Shelter and Housing Assistance Program (ESHAP)

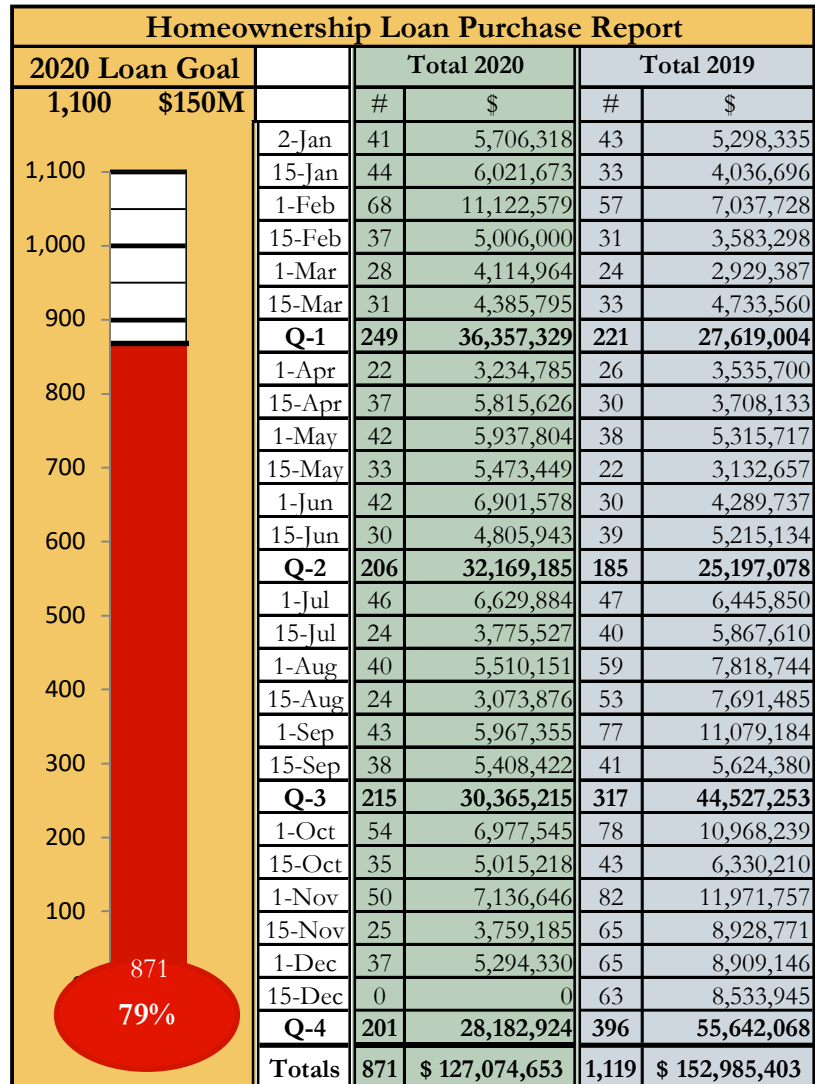
The Homeless Initiatives Department has been working on the application process and grant agreements for the 2021 ESHAP program which begins on January 1. The new program guide was released in November along with the ESHAP Office Hours training provided to shelters by Homeless Initiatives staff. Shelters are submitting their applications for the program and staff have been assisting them with questions and requests for data.

We are currently reviewing the applications and will finalize the grant agreements with the homeless shelters by December 31. Total program funding for 2021 is anticipated to be equivalent to 2020, with \$1.3 Million from HUD's Emergency Solutions Grant, \$2.5 Million from the State General Fund and \$3 Million from State Home for a program total of \$6.8 Million.



To: MaineHousing Board of Commissioners
From: Craig Reynolds, Director of Homeownership
Date: December 7, 2020
Subject: Monthly Report – Homeownership Department

PRODUCTION UPDATE



Loan Pipeline as of: 12/01/20	
#	\$ Volume
320	\$ 46,183,021

Monthly Loan Reservations: 11/30/20	
#	\$ Volume
79	\$ 12,011,130

YTD Loan Reservation Comparison					
November 2019		November 2020		2019 vs 2020	
#	\$ Volume	#	\$ Volume	#	\$ Volume
303	\$ 43,127,776	320	\$ 46,183,021	6%	7%

PROGRAM HIGHLIGHTS

Loan Production & Market Status

As this very challenging year of 2020 draws to a close, Homeownership takes great pride in having overcome the many challenges brought on by the COVID-19 pandemic which affected all of our lives beginning last March. The serious threat to public health was obvious, and the subsequent negative impact on the economy and the conduct of business as usual quickly soon became clear as well. Beyond the most important concern for the health and well-being for our families, friends and colleagues, Homeownership had good reason to expect that production of the First Home Loan program would slow dramatically. During the anxious first weeks of the economic shutdown and stay at home order, it was expected that consumers would focus on their personal safety and simply stop many normal activities, especially those involving close social contact such as shopping for a home, or taking on any major financial commitment such as buying a home.

However, recognition for adapting to the dire situation must be given to those working in the housing industry. The Realtor community quickly adjusted to the situation by offering virtual home tours and vowed to strictly adhere to CDC guidelines calling for protective coverings and social distancing for any direct interaction with clients and homeowners. Similarly, lenders responded by providing remote access for borrowers allowing loan applications, processing and even closings to continue with efficiency and minimal, if any personal contact. The conversion to remote working presented initial challenges for all parties involved, but with some trial and error experience gained over a relatively short period of time, most were able to successfully adapt to the “new normal” of conducting ‘virtual’ business. MaineHousing and the Homeownership department faced these same hurdles and can proudly say that all were overcome with the help of an amazing response by our IT department to provide agency staff with the technical resources needed to continue serving Maine residents who depend on our programs, while working from the safety of their homes.

Homeownership is pleased to report that 2020 purchases will exceed 900 loans and surpass \$130M in total volume added to the agency’s single family loan portfolio after the final transfer in 2020. Although short of the 2020 production goal established before the arrival of COVID-19, upon considering the circumstances encountered and many difficulties described previously, this level of production far exceeds the adjusted projections Homeownership was compelled to make after the start of the pandemic. This success can be attributed to the quality and benefits offered by the First Home Loan program, and the ability of the Homeownership team to skillfully administer it. Final 2020 production numbers and First Home Loan program information will be included in the January board report.

The feared impact of COVID-19 on economic growth and job stability topped the list of financial and mortgage market concerns through most of 2020. Surprisingly, mortgage interest rates have hovered at or near historic lows for the entire year and most industry analysts are predicting no significant change up or down entering 2021. Nationally the low interest rate environment has produced a record amount of home loan refinancing this year, and home sales are on a record pace which, unfortunately for buyers, has resulted in a major rise in home sale prices. Many parts of Maine, particularly southern and coastal areas, are also experiencing a record setting “seller’s market.” In addition to higher prices, hopeful homebuyers are coping with the limited inventory of homes for sale which has worsened even more in 2020. Another factor that has intensified the competition for available homes in Maine comes from a larger than usual influx of out of state buyers, many of whom are fleeing their “hometown” communities and states that have been hard hit by the impacts of COVID-19. The relatively low incidence of COVID-19 cases, perceived safety and better quality of life found in Maine along with comparatively lower housing costs, plus the now widely accepted option to work remotely, appear to be the primary forces driving this trend. Despite these hurdles, we are confident that first time homebuyers will carry on with tremendous tenacity and determination to achieve their dream of homeownership using our First Home Loan program.

Entering 2021 with a solid pipeline of loan reservations as shown in the Production Update, Homeownership is anticipating a strong start heading into spring that should lead to an even more successful year. Much depends on an economic recovery from the effects of COVID-19, but the current record number of cases being reported in the

second wave of the virus may slow the speed of the recovery. On the positive side, high hopes are being placed on the success of vaccines that have been developed and are close to being ready for mass distribution.

Homeownership stands ready to face the challenges that will continue into 2021, and with the expectation that the First Home Loan program will maintain a competitive interest rate and will continue to offer the critically important Advantage down payment and closing cost assistance option, we look forward to another successful year.

First Home Loan Program Training

Partner Education & Outreach Officer, Michelle White conducted a virtual training for the team of Housing Counselors & Educators working at the Penquis community action agency based in Bangor. The training was requested by Heather Massow, the Housing Counselor & Educator Team Leader at Penquis to ensure that the team fully understands the guidelines and benefits of the First Home Loan program when speaking with agency clients. There were also side discussions of how Penquis, and its Maine Stream Finance subsidiary, could partner with MaineHousing to offer additional financing options for homebuyers who are receiving housing counseling and in the process of rebuilding their credit standing. Plans were made to hold subsequent meetings to further explore this possibility.

Happy Holidays!

The Homeownership Department team wishes to extend its warmest wishes for a safe and wonderful holiday season to each member of the Board of Commissioners and your families! Let's all hope for brighter days in the year ahead.

Housing Choice Vouchers Department Memorandum

To: MaineHousing Board of Commissioners

From: Allison Gallagher - Director of HCV Programs

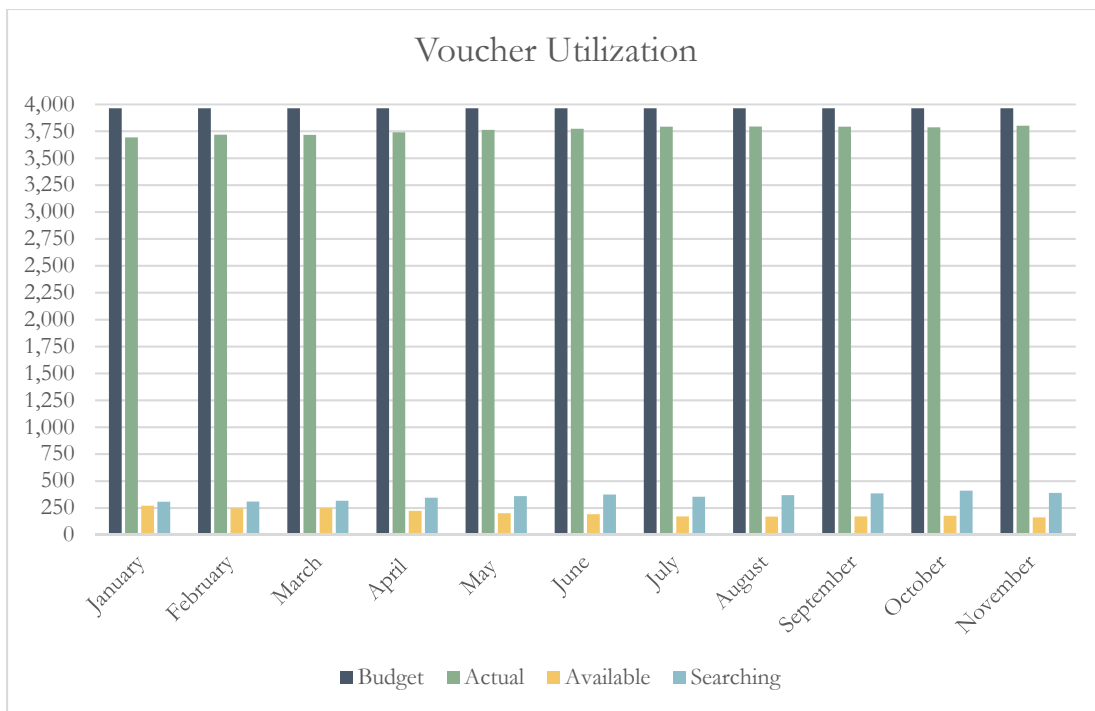
Date: December 15, 2020

Subject: Monthly Report – Housing Choice Voucher Program

Program Updates:

HUD extended several program waivers to June 30, 2021. A listing of the waivers that HCV may utilize can be viewed here:

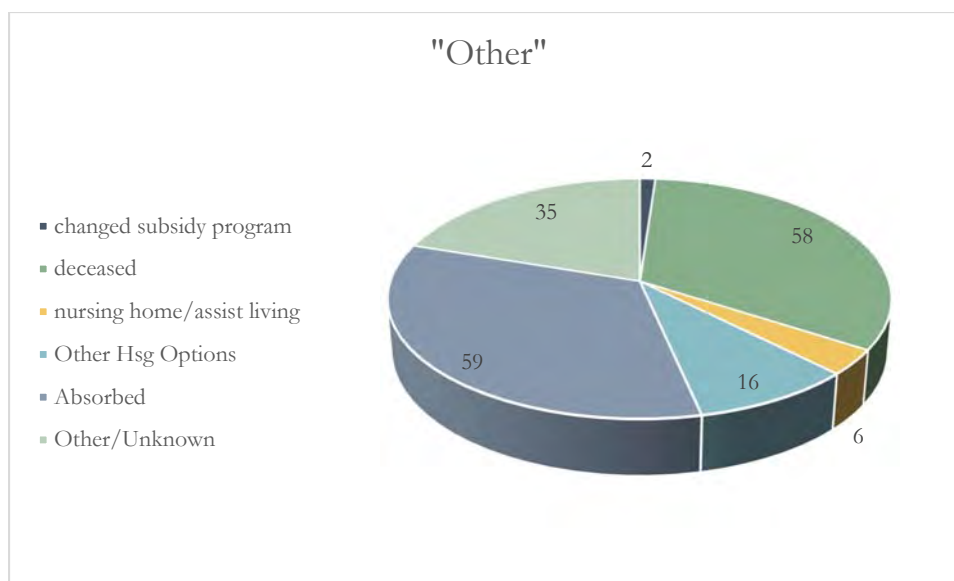
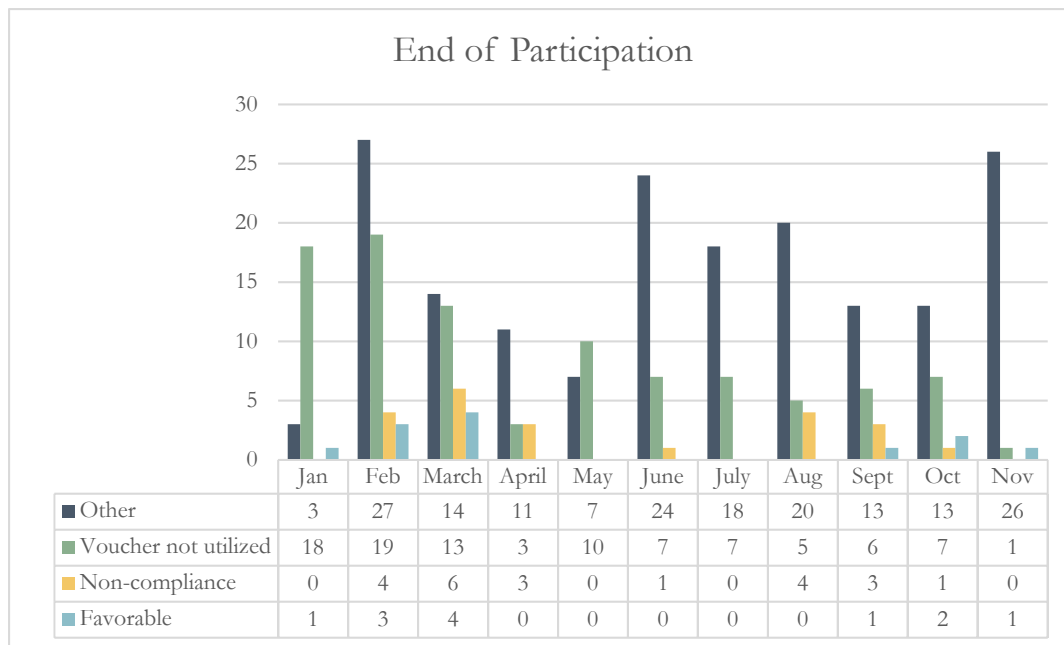
<https://mainehousing.org/docs/default-source/2012-maine-annual-action-plan/hcv-covid-19-waivers.pdf>



HCV (homeless initiatives)

STEP, Home to Stay, Homeless priority

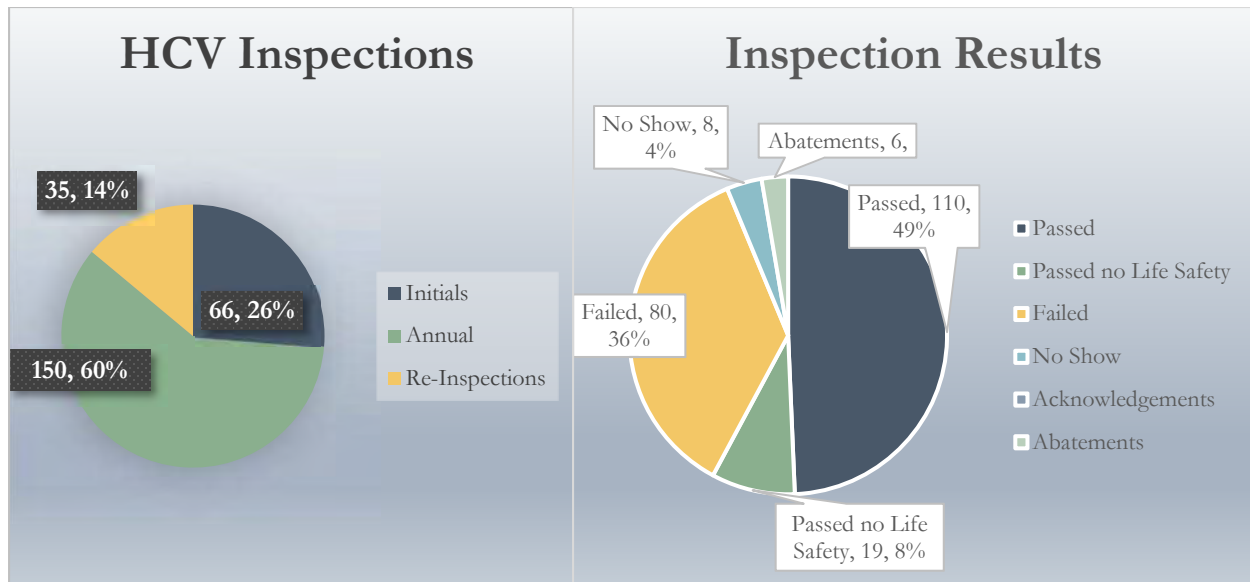
	Leased	Searching
STEP	158	76
Home to Stay	164	56
Homeless Priority	220	53



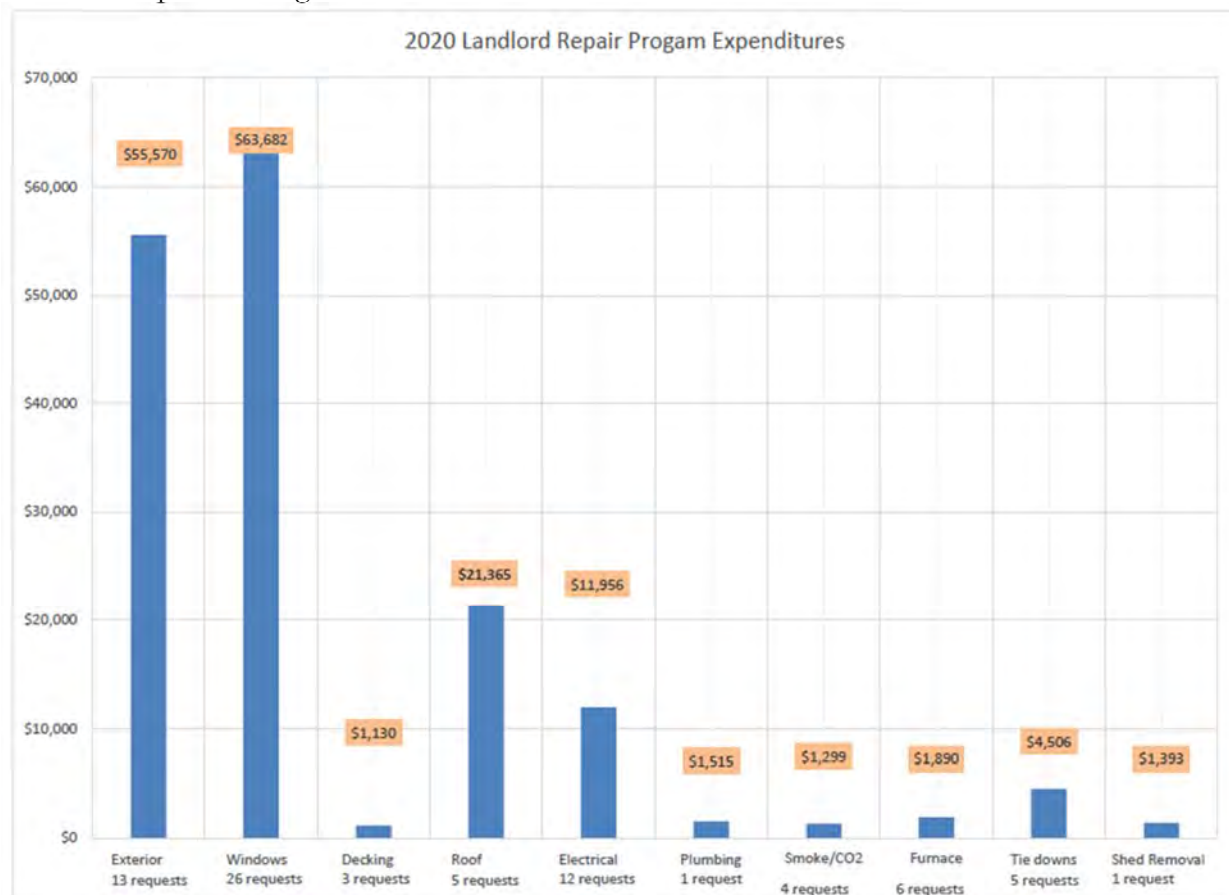
Inspection Updates:

When the pandemic began we had made a decision not to conduct inspections in counties where the COVID case rate was above 50% per 10,000 people. Currently there are fourteen counties with a rate over 50% and four with rates over 100%.

We made a decision to stop conducting physical inspections unless it is an initial inspection where the unit is vacant or the fail item is on the exterior of the unit. For occupied initial inspections, we will continue to offer the landlord to self-certify that No Life Safety fails exist in the unit.



Landlord Repair/Damage Grant



Landlord Repair Program: \$188,969

Damage Reimbursement Program: \$14,921

LEAN Initiative updates:

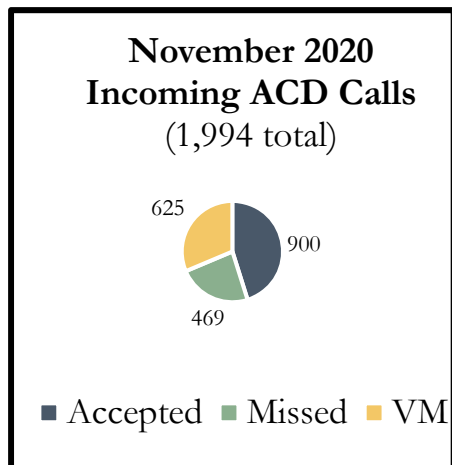
Goal to move all payees to Direct Deposit in 2021 a notice was mailed to landlords with their November checks.

- We have set up 89 new HCV direct deposits
- We have set up 14 new STEP direct deposits

Benefits:

- Less money spent on purchasing blank check stock
- Less time spent by the finance department printing checks and less time by HCV staff preparing and mailing the checks.
- Tenants and Landlords receive their deposits faster. Direct deposits typically take 2 to 4 business days (depending on the bank), whereas checks can take up to 2 weeks to arrive.
- No lost checks and Less money spent on postage
- Less time spent researching uncashed checks and reissuing checks.
- Tenants and Landlords don't need to worry about their check being stolen or misplaced.

Goal to manage incoming calls to HCV using Ring Central and a call distribution line answered by staff telecommuting.



Accepted=Answered

Missed=Caller hung up without leaving a message

VM=Caller left a message

Answering calls while telecommuting has allowed staff scheduled in the office to process paperwork and allows staff taking calls to provide better customer service to the caller.

Information Technology Department Memorandum

To: Board of Commissioners

From: Sheila Nielsen, Director of IT

Date: December 7, 2020

Subject: Monthly Report

The IT Department has been working on the following efforts since November.

- Finalized contract with Firstlight for Backup and Disaster Recovery Services. Project kickoff has been held and work has begun to support this transition.
- Helped to support first virtual all staff meeting, provided requested equipment and extra documentation for telecommuters.
- Along with Asset Management leadership; reviewed, discussed and finalized decision to migrate HDS (system used by Asset Management for section 8 and multifamily processes) to upgraded vendor platform called NextGen. Working with vendor to initiate project.
- Along with HCV leadership; reviewed, discussed and finalized decision to upgrade Elite (system used by HCV for section 8 and Step processed). Upgrade testing has begun.
- Created Sharefile system training content and delivered training to Legal team members.

Board Calendar 2021

JANUARY 19 <ul style="list-style-type: none"> • Adopt DOE Weatherization State Plan • Legislative Preview (P. Merrill) <p>NCSHA HFA Institute (Jan. 25-Feb. 5) Virtual</p>	FEBRUARY 16 <ul style="list-style-type: none"> • Introduce HEAP
MARCH 16 <ul style="list-style-type: none"> • HEAP discussion • Audit Committee update <p>NCSHA Legislative Conference (March 22-24) Washington, DC</p>	APRIL 20 <ul style="list-style-type: none"> • Commence rulemaking HEAP • 2020 Year-end Financials • Commence rulemaking QAP
MAY 18 <ul style="list-style-type: none"> • HEAP public hearing • QAP public hearing 	JUNE 15 <ul style="list-style-type: none"> • Adopt HEAP rule • Adopt QAP <p>NCSHA Credit Connect (June 22-25) Denver, CO</p>
JULY 20 <ul style="list-style-type: none"> • BOARD MEETING IF NEEDED 	AUGUST 17 <ul style="list-style-type: none"> • HCV Annual Plan Public Hearing
SEPTEMBER 21 <ul style="list-style-type: none"> • Adopt HCV Annual Plan <p>NCSHA Annual Conf. (Sept. 25-27) Detroit, MI</p>	OCTOBER 19 <ul style="list-style-type: none"> • Introduce DOE Weatherization State Plan
NOVEMBER 16 <ul style="list-style-type: none"> • Review Preliminary 2022 Budget • DOE Weatherization State Plan Public Hearing 	DECEMBER 21 <ul style="list-style-type: none"> • Approve 2022 Budget • Elect Officers • MPP Series Resolution • Adopt DOE Weatherization State Plan