Message from the Chairman and Executive Director

We are pleased to present MassHousing's annual financial statement for the fiscal year which ended June 30, 2017.

Financially the Agency is on very solid ground and fully able to carry out its mission to create and preserve affordable housing. As evidence of our sound financial management practices we note that MassHousing received three bond rating upgrades in 2016 based on the Agency's strong financial performance, sound management, and succession planning. Moody's Investors Service upgraded MassHousing's credit rating for Single-Family Housing Revenue Bonds from Aa2 to Aa1 with a stable outlook. Moody's also upgraded MassHousing's Multi-Family Bond Program from Aa3 to Aa2 with a stable outlook. Standard and Poor's Global Ratings upgraded MassHousing's Multi-Family Bond Program from AA- to AA with a stable outlook.

It is extremely rare to receive three ratings upgrades in a year, and we received ours within a three-week period at the end of 2016. Most importantly these ratings lower our cost of raising capital and we can pass on those savings to consumers in the form of lower interest rates. It validates the many steps we have taken in recent years to manage our finances and our organization responsibly and prudently.

Fiscal year 2017 was our third-best lending year in terms of dollar volume in our 51-year history. In total, the Agency provided more than $1.4 billion in financing for affordable home mortgage loans and for rental housing preservation and construction. This financing supported more than 10,700 homes and apartments.

The ever-changing real estate market in Massachusetts presents numerous housing challenges that we are striving to confront. The residential real estate landscape is exceptionally challenging. The inventory of available homes for sale is extremely limited and home prices have risen dramatically, making it more difficult for the first-time buyer to find an affordable home. Nonetheless, we purchased 2,839 home mortgage loans for $665 million from our partner lenders in FY 17 and provided mortgage insurance on an additional 117 non-MassHousing loans valued at $24.3 million.

Our homeownership loan servicing portfolio stood at more than 19,000 loans at the end of the year with a loan balance of $3.8 billion and a delinquency ratio of just 3%.

Massachusetts has always been a high-cost state, but the strong regional economy, the growth in the number of businesses locating to Boston and the popularity of living inside I-495 has pushed rents ever higher in the Metro Boston region. Many multifamily properties are also reaching their mortgage maturity and preserving the physical assets as well as the long-term affordable rents for residents has been a major focus of ours. We had another very strong lending year for rental lending, providing nearly $729 million in financing for 44 developments with 6,053 units. We provided an additional $27 million through the Affordable Housing Trust Fund for 1,764 units.

Our rental loan portfolio at fiscal year's end had more than 450 developments with more than 58,000 units and an outstanding balance of $3.6 billion. Only 2 loans were delinquent.

We moved confidently forward with our Workforce Housing Initiative. We created this program to provide a much-needed subsidy to incentivize developers to build apartments that include units for residents with moderate incomes who otherwise don't qualify for subsidized units (which typically serve residents with incomes at or below 60% of the area median). In FY 17 we closed loans for 11 workforce developments that will have a total of 972 units and 271 units of workforce housing. As a group, the workforce developments also contain a mix of traditional low-income units as well as market rate units. This initiative strongly reflects MassHousing's original and ongoing mission to finance mixed-income rental housing.

While lending volume for homeownership and rental housing are our two main business lines, we are an organization with a double bottom line. As such we have a deep commitment to our affordable housing mission, the communities and residents we serve and to leveraging our finances and assets to create economic opportunities for the disadvantaged. In FY 17 we expanded our training and educational opportunities for rental housing property managers. A highlight was a conference about mental health issues attended by more than 300 people. We offered numerous resident programs with many geared toward elders and youth as well as a summer jobs program for youth.

We maintain a strong commitment to leveraging the economic opportunities that lie within the MassHousing rental housing portfolio, both in terms of construction and day-to-day property management. We continue to work collaboratively with contractors and property management companies to set goals for utilization of minority-owned and women-owned businesses and many small subcontractors and small businesses have obtained contracts as a result. We also continue to play a very strong lead role in the Commonwealth on preventing homelessness; addressing the issue of hoarding by residents in rental housing and in supporting sober housing for those recovering from addiction.

As we look back at FY 17 and look ahead, we find ourselves confronting a new era of housing challenges. There is a growing need for middle income housing. Millennial-aged homebuyers are burdened by student debt. Baby boomers are retiring in large numbers. In seniors housing, health care is increasingly important to residents' well-being and its costs are increasingly relevant to the underlying financial health of the property. Technology is evolving at light speed. Every year there is a greater emphasis on the need to build and preserve housing in an environmentally sustainable way.

MassHousing is capable of meeting – and in fact eager to meet – these challenges and others that come along.

Finally, we offer our gratitude to the many public and private sector partners with whom we worked in fiscal year 2017, including Governor Baker, Lieutenant Governor Polito, Housing and Economic Development Secretary Jay Ash and Undersecretary Chrystal Kornegay, the Board Members of MassHousing, real estate developers, property owners and managers, lenders, homebuyer counselors, bond underwriters, accountants, attorneys and others. We also thank the hard-working men and women of MassHousing who every day bring their ingenuity, determination and professionalism to bear on the Commonwealth's housing challenges.

Michael J. Dirrane

Michael J. Dirrane, Chairman

Timothy C. Sullivan, Executive Director

Report of Independent Auditors

To the Members of the Agency
Massachusetts Housing Finance Agency and Affiliates:

We have audited the accompanying financial statements of Massachusetts Housing Finance Agency and Affiliates (the "Agency"), which comprise the statements of net position as of June 30, 2017 and 2016, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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 an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 our 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, we consider internal control relevant to the Agency'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 Agency'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Massachusetts Housing Finance Agency and Affiliates as of June 30, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The accompanying Management's Discussion and Analysis ("MD&A") for the years ended June 30, 2017, 2016 and 2015 on pages 1 through 15 and the Schedule of changes in the Agency's Net Pension Liability and related ratios, the Schedule of Agency Contributions, and the Schedule of Funding Progress for Massachusetts Housing Finance Agency OPEB Trust (collectively Required Supplementary Information) on pages 68 through 70 (collectively referred to as the "information") are required by accounting principles generally accepted in the United States of America 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 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 audits 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.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The Schedule of Mortgage/Construction Loan Obligations and Commitments and the Combining Financial Statements by Program (collectively referred to as "Supplementary Information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

September 27, 2017

Massachusetts Housing Finance Agency

Annual Financial Report
Prepared by the
Office of the Financial Director
Charles C. Karimbakas, Financial Director
Stephen E. Vickery, Comptroller

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Annual Financial Report

This annual financial report of the Massachusetts Housing Finance Agency ("MassHousing" or "Agency") consists of six sections: (1) management's discussion and analysis; (2) audited combined financial statements (the "financial statements"); (3) notes to the financial statements; (4) required supplemental schedules; (5) supplemental schedules; and (6) schedules.

The management's discussion and analysis, financial statements, notes to the financial statements and schedules, required supplemental schedules and supplemental schedules were all prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) using the accounting standards promulgated by the Governmental Accounting Standards Board (GASB).

Background

MassHousing is a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts (the Commonwealth) established by Chapter 708 of the Acts of 1966, as amended (the Act), to increase the supply of residential housing in the Commonwealth for occupancy by persons and families of low and moderate income.

MassHousing is empowered by the Act, among other things, to issue bonds and notes to finance owner-occupied, residential housing for persons and families of low and moderate income and to make mortgage loans to sponsors of rental housing projects containing two or more dwelling units having promise of supplying well-planned, well-designed apartment units for low-income persons or families in locations where there is a need for such housing. Pursuant to the Act, MassHousing has the power to issue bonds and notes to finance construction and permanent mortgage loans, to utilize various lending programs to finance mortgage loans including Fannie Mae Mortgage-Backed Securities ("Fannie Mae MBS"), Ginnie Mae Mortgage-Backed Securities ("GNMA MBS"), Federal Home Loan Mortgage Corporation ("Freddie Mac") programs, Federal Home Loan Bank ("FHLB") programs and Federal Financing Bank ("FFB") programs and to enter into agreements and perform other functions in furtherance of its public purposes.

The Massachusetts Legislature has authorized MassHousing to issue bonds and notes up to an aggregate outstanding combined single debt limit of $4.9 billion for both multifamily and single-family purposes. The Agency's bonds and notes do not constitute obligations of the Commonwealth or any political subdivision thereof.

Financial Markets

MassHousing relies on its ability to gain orderly access to financial markets so it can meet its mission of providing and sustaining affordable housing and improving the lives of people in the Commonwealth. MassHousing meets its mission by: (1) issuing bonds and notes in order to fund its various programs, (2) utilizing government and government sponsored enterprise lending programs to sustain affordable housing and

(3) investing a certain portion of its funds in the community to improve living conditions. MassHousing utilizes financial products such as (1) derivatives to be able to issue long-term debt at reasonable, synthetically fixed interest rates as well as (2) Mortgage-Backed Security Forward Contracts to securitize and service its qualified first mortgage loans originated by MassHousing-approved lenders into forward contracts to sell Fannie Mae MBS to investors before the securities are ready for delivery.

Management's Discussion and Analysis

The following is an unaudited narrative overview of MassHousing's financial position and the results of its operations for the fiscal years ended June 30, 2017 (FY 2017) and June 30, 2016 (FY 2016), with selected comparative information for the fiscal year ended June 30, 2015 (FY 2015). Readers are encouraged to consider the information presented in this discussion and analysis in conjunction with the information presented in the audited financial statements, notes to the financial statements, supplemental schedules, schedules, and unaudited required supplemental schedules, all of which follow this narrative overview.

This discussion and analysis is designed to (1) assist the reader in focusing on significant financial matters and activities of the Agency and (2) identify and discuss significant changes in the Agency's financial position and results of its operations during the indicated fiscal years. The primary accounting policies followed by the Agency are presented in Note B to the financial statements.

The Financial Statements

- The statement of net position provides information about the Agency's financial condition at the end of the fiscal year by indicating the nature and amounts of its investments in resources (assets), its deferred outflows of resources, its obligations to outside creditors (liabilities), its deferred inflows of resources, and its resulting net position at the date of the statement of net position. Net position represents total assets, plus deferred outflows of resources, less total liabilities, less deferred inflows of resources. The organization of the statement of net position separates assets and liabilities into their current and non-current components.

- The statement of revenues, expenses, and changes in net position provides information about the Agency's revenues and expenses for the fiscal year in order to measure the results of the Agency's operations over the fiscal year.

- The statement of cash flows provides information about the net change in the Agency's cash and cash equivalents for the fiscal year resulting from four principal types of activities: operating activities, non-capital financing activities, capital financing activities and investing activities. Cash collections (receipts) and payments (disbursements) are presented in this statement to arrive at the net increase or decrease in cash and cash equivalents for the fiscal year.

The Notes to Financial Statements

- The Notes to Financial Statements provide information that is useful to the reader in understanding the Agency's financial statements. Descriptions of the Agency's programs and its accounting methods and policies are contained in Notes A and B of the financial statements.

- The notes include details of the Agency's investments and contractual obligations as well as future commitments and contingencies.

- The notes also include information regarding events or developments that did have or could have a material impact upon the Agency's financial condition, results of operations, changes in net position and cash flows.

Required Supplementary Schedules, Supplemental Schedules, and Schedules

- Required Supplementary Information represents information required by GASB, which supplements the basic financial statements and notes. It is presented in conformity with GAAP using the accounting standards promulgated by GASB. These schedules provide additional information about the Agency's pension plan and the Other Post-Employment Benefits (OPEB) Trust which administers the investments of, and provides funding for benefits under the terms of, the Agency's healthcare plan for retirees. Required Supplemental Schedules 1, 2 and 3 are unaudited.

- Supplemental Schedule 2, which provides detailed information on the Agency's loan receivables and loan commitments, is presented to facilitate additional analysis of the information included herein, and is not part of the basic financial statements. The Supplementary Schedule Information has been subjected to the auditing procedures applied in the audits of the basic 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. This schedule provides additional information included in Note D.

- The audited Schedules 1, 3, 4, 5 & 6 provide detailed information on the Agency's: investments and cash equivalents; bonds and notes payable; and MBS Forward Contracts. These schedules provide additional information included in Notes C, H and I.

- In addition to the Agency's basic financial statements, presented on a combined basis, combining financial statements which provide details of each separate bond resolution and the Working Capital Fund and Affiliates (as defined in Note A), are presented in Supplemental Schedule 7 for both FY 2017 and FY 2016, in accordance with the financial reporting requirements of the various bond resolutions. These detailed combining financial statements include eliminating entries. The Supplementary Schedule Information has been subjected to the auditing procedures applied in the audits of the basic 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.

Summarized Financial Information – Statement of Net Position (in millions)

The table below presents summarized comparative statements of net position at June 30:

	Jun. 30, 2017	Change from FY 2016 $	Change from FY 2016 %	Jun. 30, 2016	Change from FY 2015 $	Change from FY 2015 %	Jun. 30, 2015
Assets - Working Capital Fund and Affiliates (WCF)							
Cash, cash equivalents, investments	$ 625	$ 150	31.6%	$ 475	$ 41	9.4%	$ 434
Loans receivable (net)	355	(10)	-2.7%	365	(9)	-2.4%	374
Hedging derivative instruments	-	-		-	(1)	-100.0%	1
Other assets	571	(44)	-7.2%	615	73	13.5%	542
Total Assets – WCF and Affiliates	$ 1,551	$ 96	6.6%	$ 1,455	$ 104	7.7%	$ 1,351
Total Deferred Outflow of Resources - WCF and Affiliates	14	$ (7)	-33.3%	21	$ 17	425.0%	4
Total Assets and Deferred Outflow of Resources – WCF and Affiliates	$ 1,565	$ 89	6.0%	$ 1,476	$ 121	8.9%	$ 1,355
Assets – Bond Programs							
Cash, cash equivalents, investments	$ 1,185	$ (92)	-7.2%	$ 1,277	$ 172	15.6%	$ 1,105
Loans receivable (net)	2,564	(67)	-2.5%	2,631	(159)	-5.7%	2,790
Other assets	24	(2)	-7.7%	26	(3)	-10.3%	29
Total Assets – Bond Programs	$ 3,773	$ (161)	-4.1%	$ 3,934	$ 10	0.3%	$ 3,924
Total Deferred Outflow of Resources - Bond Programs	14	$ (8)	-36.4%	22	$ -	0.0%	22
Total Assets and Deferred Outflow of Resources – Bond Programs	$ 3,787	$ (169)	-4.3%	$ 3,956	$ 10	0.3%	$ 3,946
Total Assets and Deferred Outflow of Resources	$ 5,352	$ (80)	-1.5%	$ 5,432	$ 131	2.5%	$ 5,301
Liabilities - WCF and Affiliates							
Long term debt (net)	$ 263	$ 78	42.2%	$ 185	$ (30)	-14.0%	$ 215
Hedging derivative instruments	-	(2)	-100.0%	2	2		-
Other liabilities	582	(42)	-6.7%	624	87	16.2%	537
Total Liabilities – WCF and Affiliates	$ 845	$ 34	4.2%	$ 811	$ 59	7.8%	$ 752
Total Deferred Inflow of Resources - WCF and Affiliates	2	$ 2		-	$ (1)	-100.0%	1
Total Liabilities and Deferred Inflow of Resources – WCF and Affiliates	$ 847	$ 36	4.4%	$ 811	$ 58	7.7%	$ 753
Liabilities – Bond Programs							
Long term debt (net)	$ 3,235	$ (134)	-4.0%	$ 3,369	$ 6	0.2%	$ 3,363
Hedging derivative instruments	14	(8)	-36.4%	22	(1)	-4.3%	23
Other liabilities	13	(7)	-35.0%	20	-	0.0%	20
Total Liabilities – Bond Programs	$ 3,262	$ (149)	-4.4%	$ 3,411	$ 5	0.1%	$ 3,406
Total Deferred Inflow of Resources - Bond Programs	-	$ -		-	$ -		-
Total Liabilities and Deferred Inflow of Resources – Bond Programs	$ 3,262	$ (149)	-4.4%	$ 3,411	$ 5	0.1%	$ 3,406
Total Liabilities and Deferred Inflow of Resources	$ 4,109	$ (113)	-2.7%	$ 4,222	$ 63	1.5%	$ 4,159
Net Position – WCF and Affiliates							
Restricted by contractual or statutory agreements	$ 218	$ 12	5.8%	$ 206	$ 7	3.5%	$ 199
Unrestricted	501	43	9.4%	458	55	13.6%	403
Total Net Position – WCF and Affiliates	$ 719	$ 55	8.3%	$ 664	$ 62	10.3%	$ 602
Net Position – Bond Programs							
Restricted by bond resolutions	$ 524	$ (21)	-3.9%	$ 545	$ 4	0.7%	$ 541
Total Net Position – Bond Programs	$ 524	$ (21)	-3.9%	$ 545	$ 4	0.7%	$ 541
Total Net Position							
Restricted by bond resolutions	$ 524	$ (21)	-3.9%	$ 545	$ 4	0.7%	$ 541
Restricted by contractual or statutory agreements	218	12	5.8%	206	7	3.5%	199
Unrestricted	501	43	9.4%	458	55	13.6%	403
Total Net Position	$ 1,243	$ 34	2.8%	$ 1,209	$ 66	5.8%	$ 1,143

Due to rounding, numbers presented in the table of summarized financial information may not sum precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Discussion of Changes in Statements of Net Position

Reference is made to the comparative statements of net position at June 30, 2017, 2016 and 2015 and the year-to-year increases and decreases presented on the prior page and the consolidated Statements of Net Position and Supplemental Schedule 7, Combining Statements of Net Position.

Assets

Cash and Cash Equivalents

Cash and cash equivalents decreased to $974 million at June 30, 2017 from $990 million at June 30, 2016, a decrease of approximately $16 million or 2% for the year. This can be compared with an increase to $990 million at June 30, 2016 from $833 million at June 30, 2015, an increase of approximately $157 million or 19% for the year. There were no significant changes to Cash and cash equivalents in the current period. The increase in Cash and cash equivalents in the prior period was primarily the result of the prepayment of multifamily and single-family loans and unspent proceeds from recent bond issuance. Discussion of Cash and Cash Equivalents is contained in Note C to the financial statements.

Investments

MassHousing's investments increased by approximately $74 million, or 10%, to $836 million at June 30, 2017 from $762 million at June 30, 2016. This can be compared with an increase of approximately $56 million, or 8%, to $762 million at June 30, 2016 from $706 million at June 30, 2015. The increases in both periods were largely the result of the purchase of Fannie Mae MBS, which are recorded as investments, as described below. Discussion of Investments is contained in Note C to the financial statements.

At June 30, 2017, 2016 and 2015, Fannie Mae MBS totaling approximately $657 million, $617 million and $557 million, respectively, were held as investments in the Working Capital Fund (WCF), Single-Family Housing Revenue Bond (SFHRB) Program and the Residential Mortgage Revenue Bond (RMRB) Program. For the fiscal years ended June 30, 2017, 2016, and 2015, the fair value of such investments increased by $18 million, $38 million and $24 million, respectively, and were recorded to reflect the current value that is the result of a changing interest rate environment. Fannie Mae MBS held in the WCF are recorded as investments, pledged as security for the Federal Home Loan Bank of Boston's "Helping to House New England" program loan and are not expected to be sold prior to maturity. Fannie Mae MBS held under the SFHRB and RMRB Resolutions are recorded as investments, pledged as security for bonds issued under the SFHRB and RMRB Programs, respectively, and are not expected to be sold prior to maturity.

Loan Portfolios

Total multifamily and single-family mortgage loans, after adjustment for allowances for uncollectible amounts, decreased to $2.9 billion at June 30, 2017 from $3 billion at June 30, 2016, a decrease of approximately $77 million or 3% for the year. This can be compared with a decrease to $3 billion at June 30, 2016 from $3.16 billion at June 30, 2015, a decrease of approximately $168 million or 5%. The decrease in the mortgage loan portfolios in both periods was the result of a combination of the prepayment of multifamily and single-family loans partially offset by new lending activity, primarily in multifamily lending, and in FY 2017, decreases in the multifamily and single-family loss reserves. The following are key highlights of comparative loan related activities for the years ended June 30, 2017, 2016 and 2015.

Multifamily Loans

MassHousing originated $729 million, $783 million and $322 million of multifamily loans in FY 2017, FY 2016 and FY 2015, respectively, as detailed in the table below:

Multifamily Loan Originations
(in millions)

Year ended June 30		2017		2016		2015
Loans retained in Bond Resolutions or WCF	$	375.6	$	372.3	$	192.9
Loans sold to Federal Financing Bank		173.3		227.8		-
Loans securitized with GNMA and sold to Investors		144.3		183.2		62.8
Loan advances financed by conduit debt		35.8		-		66.0
	$	**729.0**	**$**	**783.3**	**$**	**321.7**

The total multifamily portfolio, net of allowances for uncollectible loans, increased to $2.51 billion at June 30, 2017 from $2.47 billion at June 30, 2016, an increase of approximately $32 million or 1% for the year. This can be compared with a decrease to $2.47 billion at June 30, 2016 from $2.59 billion at June 30, 2015, a decrease of approximately $103 million or 4%. The increase in the mortgage loan portfolio in FY 2017 was the result of a combination of a decrease in the allowance for uncollectible accounts and new lending activity, partially offset by the prepayment of multifamily loans. The decrease in the mortgage loan portfolio in FY 2016 was the result of a combination of the prepayment of multifamily loans, partially offset by new lending activity.

Certain mortgage loans and other receivable balances are reported net of allowances for uncollectible amounts. The evaluation of the multifamily loan portfolio takes into consideration the entire loan portfolio, primarily utilizing an impairment assessment model which employs the most recent or readily available net operating income data along with capitalization rates, property location, costs to sell, capital needs assessments and other data in assessing potential impairment to establish a reserve that complies with GAAP and therefore presents loans at their estimated net realizable value. In certain instances, independent appraisals and other pertinent data such as loan repayment status or physical property status is obtained to assist management's decision in determining the estimated fair value of the property which serves as collateral on the loan. At June 30, 2017, the total multifamily allowance for uncollectible amounts decreased to approximately $225 million from approximately $245 million at June 30, 2016. The decrease in the allowance for FY 2017 was mainly the result of improved financial and/or operating performance, specifically Net Operating Income of many of the projects subject to subordinated B Notes, which is utilized by management in their impairment assessment model. There were no significant changes in the allowance for uncollectible amounts in FY 2016 or FY 2015 in aggregate.

Single-Family Loans

The total single-family loan portfolio including SFHRB and MassHousing's Home Ownership Division ("Home Ownership") loan funding program loans, net of adjustments for the allowances for uncollectible amounts, decreased to $412 million at June 30, 2017 from $521 million at June 30, 2016, a decrease of approximately $109 million or 21% for the year. This can be compared with a decrease to $521 million at June 30, 2016 from $586 million at June 30, 2015, a decrease of approximately $65 million, or 11% for the year after adjustments for the allowances for uncollectible amounts. Both the FY 2017 and FY 2016 decreases were the result of (1) reduced new single-family whole loan lending activity due to the conversion of the Agency's Home Ownership loan funding program from a whole loan purchase program to a program primarily financed through the purchase of MBS, which are recorded as investments, and (2) prepayments of single-family loans. Single-family borrowers prepaid approximately $141.9 million, $132.7 million and $134.5 million of loans in the SFHRB Program in FY 2017, FY 2016 and FY 2015, respectively, as borrowers took advantage of lower interest rates in the conventional mortgage marketplace.

All loans are serviced by MassHousing's Mortgage Service Center ("MSC"), which was established in 1996 within MassHousing's Home Ownership Division. As of June 30, 2017, 2016 and 2015, the MSC serviced a portfolio with a principal balance of approximately $3.8 billion, $3.8 billion and $3.7 billion, respectively as detailed more fully for FY 2017 in the table below:

MassHousing HomeOwnership Servicing Portfolio	FY 2017 Activity
Beginning Balance as of 7/1/16	$ 3,803,834,928
New loans	664,955,493
Loans Paid in Full	(578,558,412)
Writeoffs and Adjustments	(11,090,943)
Amortization and Curtailments	(87,026,354)
Ending Balance as of 6/30/17	**$ 3,792,114,712**
Net Activity	**$ (11,720,216)**

During each of the last three fiscal years, Home Ownership purchased single-family loans from participating lenders. These purchases were initially funded through the WCF. The WCF serves as a temporary funding source for Home Ownership lending activity, pending subsequent sale of the loans, or loans wrapped by MBS, either to outside investors or to one or more of MassHousing's bond programs. The table below summarizes the WCF activity for the fiscal years ended June 30, 2017, 2016 and 2015, including the purchases of loans and the sales of the loans, or loans wrapped by MBS, to: Fannie Mae; J.P. Morgan Chase & Co (JP Morgan), the SFHRB Program, the WCF, and other loan sales. MassHousing has retained the servicing rights for all loans sold to Fannie Mae, JP Morgan, the SFHRB Program, and Freddie Mac.

WCF Loan Activity (in millions) Year ended June 30	**2017**	**2016**	**2015**
Loan beginning balance	$ 89.3	$ 71.1	$ 64.4
Loan purchases	662.1	646.3	712.7
Loans sold to JPMorgan/Fannie Mae (including MBS)	(549.5)	(489.4)	(531.9)
Loans sold to SFHRB Program (including MBS)	(141.2)	(137.7)	(171.1)
Loans sold to Freddie Mac	(13.2)	-	-
Buy back of loans by WCF	(1.8)	-	(0.8)
Other loan sales and principal receipts	(0.8)	(1.0)	(2.2)
Ending balance	**$ 44.9**	**$ 89.3**	**$ 71.1**

MassHousing offers predominately 30-year fixed rate mortgage loans and uses prudent lending standards to ensure the creditworthiness of borrowers and to minimize the risk to MassHousing and its bondholders. The Agency's Home Ownership Asset Management Group actively manages the loan portfolio in an effort to minimize losses. Non-performing SFHRB loans delinquent greater than 90 days totaled $4.9 million, $7 million and $8.3 million at June 30, 2017, June 30, 2016 and June 30, 2015, respectively. The delinquency rates at June 30, 2017, 2016 and 2015 were 6.05%, 7.82% and 7.80%, respectively. See Note B to the financial statements – Allowance for Uncollectible Loans.

Certain single-family mortgage loans are reported net of allowances for uncollectible amounts. At June 30, 2017, the total single-family allowance for uncollectible amounts decreased to approximately $3.45 million from $4.08 million at June 30, 2016, a decrease of approximately $628 thousand, or 15% for the year. Improvement in unemployment rates and the Massachusetts economy led to an improvement in the more serious loan delinquency categories, along with increases in home values, resulted in a reduction in the allowance for

FY 2017. The model employed by the independent consultant overseen by the Agency assigns higher frequencies to the more serious delinquencies as it evaluates the collectability of single-family loans. Based on these estimates, the Agency evaluates and approves adjustments to the allowance for uncollectible amounts to reflect these changes. This can be compared with a decrease to $4.08 million at June 30, 2016 from $4.63 million at June 30, 2015, a decrease of approximately $554 thousand, or 12% for the year.

Total Assets

MassHousing's combined total assets, consisting primarily of mortgage loans, decreased to $5.32 billion at June 30, 2017 from $5.39 billion at June 30, 2016, a decrease of approximately $65 million or 1% for the twelve-month period. This can be compared with an increase to $5.39 billion at June 30, 2016 from $5.27 billion at June 30, 2015, an increase of approximately $114 million or 2% for the twelve-month period. There were no significant changes to Total Assets in either comparative period.

Liabilities

Debt Payable

MassHousing's total debt payable, which includes bonds, notes and other debt obligations, comprised approximately 85%, 84% and 86% of total liabilities at June 30, 2017, 2016 and 2015, respectively. All bonds are special obligations of MassHousing and all notes are either special obligations or general obligations of MassHousing depending on the terms of the applicable resolution. All other debt obligations are general obligations of MassHousing. General obligations of MassHousing are secured by the full faith and credit of MassHousing and are payable out of any of its moneys or revenues, subject to lawful expenditures and to the provisions of any other resolutions or agreements now or hereafter pledging particular moneys or revenues to particular notes, bonds or other obligations of MassHousing. Special obligations are payable solely from and secured solely by a pledge of certain Revenues and Funds established under a specific bond resolution. Funds generated from the sales of bonds and notes are used to fund or purchase mortgages or mortgage–backed securities. Principal and interest payments received from such loans and MBS are used to fund the debt service (principal and interest payments) due on MassHousing's bonds and notes. Total debt payable decreased to approximately $3.50 billion at June 30, 2017 from $3.55 billion at June 30, 2016, a decrease of approximately $56 million or 2% for the twelve-month period. This can be compared with a decrease to approximately $3.55 billion at June 30, 2016 from $3.58 billion at June 30, 2015, a decrease of approximately $24 million or 1% for the twelve-month period. The decrease in total debt payable for both periods was primarily the result of the prepayment and payoff of single-family and multifamily mortgages, which are in turn used to refund debt.

Bond and Note Activity

MassHousing issued approximately $668 million, $495 million and $564 million of new debt in FY 2017, FY 2016 and FY 2015, respectively, to fund multifamily and single-family loans, as detailed more fully in the table below:

New Debt Issues (in millions)

Year ended June 30	**2017**		**2016**		**2015**	
Program	**Total**	**Number of Series**	**Total**	**Number of Series**	**Total**	**Number of Series**
WCF Construction Loan Notes ("CLN")	$ 63.1	3	-	-	$ 73.4	5
WCF Direct Purchase CLN	66.3	5	$ 72.7	7	-	-
General Rental Development Bonds	-	-	33.3	1	45.2	1
Housing Bonds and Notes	383.2	10	209.6	9	212.7	6
Single-Family Housing Revenue Bonds	155.1	4	178.9	5	232.3	7
Total New Debt Issues	**$ 667.7**	**22**	**$ 494.5**	**22**	**$ 563.6**	**19**

MassHousing had unscheduled bond redemptions or defeasance of approximately $590 million, $414 million and $533 million in FY 2017, FY 2016 and FY 2015, respectively, resulting in no gain or loss, as detailed more fully in the table below:

Unscheduled Debt Redemptions/Defeasance at Par (in millions)

Fiscal Year ended June 30 **Program**	**2017 Total**	**2016 Total**	**2015 Total**
WCF Construction Loan Notes	$ 41.6	$ 49.6	$ 111.0
WCF Direct Purchase CLN	9.3	21.1	-
Rental Housing Bonds	-	-	84.7
Rental Housing Mortgage Revenue Bonds	-	4.3	-
Multi-Family Development Bond Program	20.3	-	-
General Rental Development Bonds	11.7	29.2	1.0
Housing Bonds	326.7	110.0	169.8
Single-Family Housing Revenue Bonds	180.1	200.0	166.5
Total Unscheduled Debt Redemptions/Defeasance	**$ 589.7**	**$ 414.2**	**$ 533.0**

Total Liabilities

MassHousing's combined total liabilities, consisting primarily of bonds and notes, decreased to $4.11 billion at June 30, 2017 from $4.22 billion at June 30, 2016, a decrease of approximately $115 million or 3% for the twelve-month period. This can be compared with an increase to $4.22 billion at June 30, 2016 from $4.16 billion at June 30, 2015, an increase of approximately $64 million or 2% for the twelve-month period. The decrease in total liabilities in the current period was primarily the result of a decrease in total debt payable and escrow liability. The increase in total liabilities in the prior period was primarily the result of an increase in pension liability due to changes in actuarial assumptions and lower fund earnings and escrow liability partially offset by decreased debt payable

Total Net Position

Changes in Net Position

Total net position increased to approximately $1.24 billion at June 30, 2017 from $1.21 billion at June 30, 2016, an increase of approximately $33 million, or 3%. This can be compared with an increase to $1.21 billion at June 30, 2016 from $1.14 billion at June 30, 2015, an increase of approximately $67 million, or 6%. Restricted net position is that portion of net position on which constraints have been placed that are either (1) externally imposed by creditors, grantors, laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. These are presented as restricted net position on the combined Statements of Net Position. MassHousing management designates a portion of unrestricted net position balances for specific purposes that further MassHousing's mission. MassHousing Board Members (Members) may also choose to remove or modify such designations at any time.

WCF and Affiliates

Net position of the WCF and Affiliates increased by approximately $54 million or 8%, to approximately $719 million at June 30, 2017 from approximately $665 million at June 30, 2016. This can be compared with an increase to $665 million at June 30, 2016 from $602 million at June 30, 2015, an increase of approximately $63 million, or 10%. The increase in total net position of the WCF and Affiliates in FY 2017 was primarily the result of three factors: operating income of approximately $5 million before provision for loan losses, a reduction to the provision for loan losses and other items of approximately $17 million and net transfer of net position from bond programs of approximately $32 million.

The restricted portion of net position increased to $218 million at June 30, 2017 from $206 million at June 30, 2016, an increase of approximately $12 million, or 6%. This can be compared with an increase in the restricted portion to $206 million at June 30, 2016 from $199 million at June 30, 2015, an increase of approximately $7 million, or 4%. The increase in the restricted net position in FY 2017 was primarily the result of the $11.9 million Federal Home Loan Bank of Boston collateral requirement for Helping to House New England loans. The increase in the restricted net position in FY 2016 was primarily the result of an increase in Mortgage Insurance Fund Net Position.

The unrestricted portion of net position that may be used to finance day-to-day operations increased to $501 million at June 30, 2017 from $458 million at June 30, 2016, an increase of approximately $42 million, or 9%. This can be compared with an increase in the unrestricted portion to $458 million at June 30, 2016 from $403 million at June 30, 2015, an increase of approximately $55 million, or 14%.

The following table presents the restricted net position on which constraints have been externally imposed by creditors, grantors and laws or regulations in the WCF at June 30, 2017, 2016 and 2015, respectively, and the amount of those restrictions (in thousands):

WCF and Affiliates Restricted Net Position	**2017**	**2016**	**2015**
Federal Home Loan Bank of Boston Collateral (Helping to House New England)	$ 11,854	$ -	$ -
Foreclosure Prevention Program	-	-	93
MassHousing Mortgage Insurance Funds (MIF)	101,498	98,214	93,439
Minimum net position covenants	100,000	100,000	100,000
Participation in Dept. of Housing and Urban Development (HUD) Co-insurance for Private Lenders Program	-	-	3
Restricted by Note Resolutions	1,112	4,215	1,384
Single family co-insurance	3,796	3,796	3,796
Total WCF and Affiliates Restricted Net Position	**$ 218,260**	**$ 206,225**	**$ 198,715**

The following are the WCF's unrestricted net position at June 30, 2017, 2016 and 2015, respectively, which have been designated by vote of MassHousing Members for specified purposes that further the Agency's mission, and the amount of those designations (in thousands):

WCF and Affiliates Unrestricted Designations Net Position	**2017**	**2016**	**2015**
Designation of Equity of Affiliates (Center for Community Recovery Initiatives and Property Acquisition and Disposition Corporation)	$ 1,753	$ 1,875	$ 1,473
Funding for loan purchases and loan advances and unrestricted net position requirements	213,785	177,720	312,833
Funding of the Center for Community Recovery Innovations	700	700	700
Funding of the Construction Security Fund	14,000	14,000	14,000
Funding of the New Lease for Homeless Families initiative	50	50	-
Funding of the Tenancy Preservation Project	660	660	500
Lease Commitments	62,058	57,616	61,680
Opportunity Fund	207,516	205,811	-
Priority Development Fund	-	-	11,613
Total WCF and Affiliates Unrestricted Designations of Net Position	**500,522**	**458,432**	**402,799**
Total WCF and Affiliates Restricted and Unrestricted Designations Net Position	**$ 718,782**	**$ 664,657**	**$ 601,514**

Bond-Funded Programs

The net position of all bond-funded programs (all of which is restricted), decreased by approximately $21 million on a combined basis, or 4%, to $524 million at June 30, 2017 from $545 million at June 30, 2016. This can be compared with an increase to $545 million at June 30, 2016 from $541 million at June 30, 2014, an increase of $4 million on a combined basis, or 1%. The decrease in net position of the bond-funded programs in FY 2017 was primarily the result of three factors: net transfers to the WCF of $32 million, net operating income of $7 million before provision for loan losses, and a $4 million reduction to the provision for loan losses.

The following table presents the restricted net position for bond funded programs on which constraints have been imposed by bond resolution at June 30, 2017, 2016 and 2015, respectively (in thousands):

Bond Funded Programs - Restricted Net Position	2017	2016	2015
Restricted by Bond Resolutions	$ 524,393	$ 545,198	$ 540,983
Total Bond Funded Programs Restricted Net Position	**$ 524,393**	**$ 545,198**	**$ 540,983**

Summarized Financial Information – Statement of Revenues, Expenses, and Changes in Net Position (in millions)

The table below represents summarized comparative statements of revenues, expenses, and changes in net position for the fiscal years ended June 30:

		Change from 2016			Change from 2015		
	Fiscal 2017	$	%	Fiscal 2016	$	%	Fiscal 2015
Operating Revenues – Working Capital Fund and Affiliates (WCF)							
Interest on loans	$ 13	$ (2)	-13.3%	$ 15	$ -	0.0%	$ 15
Investment earnings	4	(1)	-20.0%	5	3	150.0%	2
Fee income	72	-	0.0%	72	10	16.1%	62
Miscellaneous income	3	(5)	-62.5%	8	-	0.0%	8
Total Revenues - WCF and Affiliates	$ 92	$ (8)	-8.0%	$ 100	$ 13	14.9%	$ 87
Operating Revenues – Bond Programs							
Interest on loans	$ 135	$ (14)	-9.4%	$ 149	$ (18)	-10.8%	$ 167
Investment earnings	5	(35)	-87.5%	40	15	60.0%	25
Fee income	3	(1)	-25.0%	4	8	-200.0%	(4)
Miscellaneous income	1	4	-133.3%	(3)	(10)	-142.9%	7
Total Revenues - Bond Programs	$ 144	$ (46)	-24.2%	$ 190	$ (5)	-2.6%	$ 195
Total Revenues	$ 236	$ (54)	-18.6%	$ 290	$ 8	2.8%	$ 282
Operating Expenses – WCF and Affiliates							
Interest on bonds and notes, net of discount/premium	$ 5	$ -	0.0%	$ 5	$ -	0.0%	$ 5
Administrative expenses	80	4	5.3%	76	9	13.4%	67
Miscellaneous expenses	2	(1)	-33.3%	3	(7)	-70.0%	10
Total Expenses - WCF and Affiliates	$ 87	$ 3	3.6%	$ 84	$ 2	2.4%	$ 82
Operating Expenses – Bond Programs							
Interest on bonds and notes, net of discount/premium	$ 124	$ (4)	-3.1%	$ 128	$ (5)	-3.8%	$ 133
Administrative expenses	4	(2)	-33.3%	6	(3)	-33.3%	9
Miscellaneous expenses	10	(2)	-16.7%	12	2	20.0%	10
Total Expenses - Bond Programs	$ 138	$ (8)	-5.5%	$ 146	$ (6)	-3.9%	$ 152
Total Expenses	$ 225	$ (5)	-2.2%	$ 230	$ (4)	-1.7%	$ 234
Operating income before provision for loan losses and other items - WCF and Affiliates	$ 5	$ (11)	-68.8%	$ 16	$ 11	220.0%	$ 5
Operating income before provision for loan losses and other items - Bond Programs	$ 6	$ (38)	-86.4%	$ 44	$ 1	2.3%	$ 43
Total operating income before provision for loan losses and other items	$ 11	$ (49)	-81.7%	$ 60	$ 12	25.0%	$ 48
Provision for (reduction to) loan losses	$ (21)	$ (15)	250.0%	$ (6)	$ 13	-68.4%	$ (19)
Other items	(1)	(1)		-	(16)	-100.0%	16
Total provision for (reduction to) loan losses and other items	$ (22)	$ (16)	266.7%	$ (6)	$ (3)	100.0%	$ (3)
Total operating income	$ 33	$ (34)	-50.7%	$ 67	$ 15	28.8%	$ 52
AHTF - Consideration for Participation Rights	$ -	$ -		$ -	$ 3	-100.0%	$ (3)
Changes in net position	$ 33	$ (34)	-50.7%	$ 67	$ 18	36.7%	$ 49
Net position at beginning of the fiscal year	$ 1,210	$ 68	6.0%	$ 1,142	$ 29	2.6%	$ 1,113
Cumulative effect of GASB 68 Adjustment of beginning Net Pension Liability	$ -	$ -		$ -	$ 19	-100.0%	$ (19)
Total net position at end of the fiscal year	$ 1,243	$ 34	2.8%	$ 1,209	$ 66	5.8%	$ 1,143

Due to rounding, numbers presented in the table of summarized financial information may not sum precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Discussion of Operating Results

Reference is made to the statements of revenues, expenses, and changes in net position for the fiscal years ended June 30, 2017, 2016 and 2015, and the year-to-year increases and decreases presented on the prior page. Changes in Operating Income before Special Items are the result of several major items that positively or negatively affected Operating Income as described below:

Operating Revenues

Interest on Loans
Interest on loans represents the primary source of funding for interest payments due on MassHousing's bond and note obligations. The decreases in FY 2017 and FY 2016 were due to the prepayment of several multifamily loans, fewer single-family loans due to the conversion of MassHousing's Home Ownership Program to a MBS program, and a lower interest rate environment on newer loans.

Investment Earnings
Investment Earnings consist of interest income and increases or decreases in fair value of investments. Investment Earnings for the year ended June 30, 2017 decreased as compared with the corresponding period in FY 2016 due to a decrease in the total fair value adjustment of securities in the current period partially offset by higher interest income. Investment Earnings for the year ended June 30, 2016 increased as compared with the corresponding period in FY 2015 due to an increase in the total fair value of securities in the current period and higher interest income.

Fee Income
Fee Income includes fees received from loan originations, securitization premiums, loan servicing fees, insurance premiums, and Section 8 administrative fees received from the U.S. Department of Housing and Urban Development ("HUD"), including administrative fees that are paid by HUD to MassHousing under the Performance-Based Contract Administration ("PBCA") contract for certain Section 8 projects throughout Massachusetts. Fee Income for the year ended June 30, 2017, as compared with the corresponding period in FY 2016, was flat.

Fee Income for the year ended June 30, 2016 as compared with the corresponding period in FY 2015 increased primarily as a result of higher Section 8 recap fees, financing fees and receipt of $3 million in retroactive Traditional Contract Assistance ("TCA") fees offset by lower prepayment fees.

MassHousing receives fee income in consideration for serving as HUD's contract administrator with respect to project-based Section 8 subsidy programs in the Commonwealth, including both the TCA and the PBCA programs. Starting in 2011, HUD sought to achieve cost savings in the PBCA program and initiated the first of several processes for re-bidding PBCA administration in multiple states. Each such process has been withdrawn or overturned following legal challenges. Based on information presented by HUD staff in 2016, it is anticipated that a new procurement may be published by HUD in calendar year 2017. MassHousing is currently acting as PBCA administrator under a contract extension that runs until December 31, 2017.

Miscellaneous Income
Miscellaneous income primarily includes insurance claim receipts on foreclosed properties, reinsurance receipts received by MIF on insurance claims paid, miscellaneous recoveries on multifamily loans and various unusual income items. Miscellaneous income for FY 2017 and FY 2016 as compared to the corresponding periods decreased primarily due to lower insurance claims and fewer miscellaneous recoveries on multifamily loans.

Operating Expenses

Interest on Bonds and Notes net of premium/discount

The decreases in interest on bonds and notes, net of premium/discount, for FY 2017 and FY 2016 as compared with the corresponding prior periods were both primarily due to savings from bond refundings and lower debt balances in both years.

Financing Costs

The costs of issuing bonds (other than bond discount and premium) are recognized as an expense in the period incurred as financing costs. Financing Costs for the year ended June 30, 2017 as compared with the corresponding period in FY 2016 were flat. Financing Costs for FY 2016 as compared to the corresponding period increased primarily due to higher fees.

Administrative Expenses

Administrative Expenses increased for both comparative periods due to higher payroll, pension and Other Post-Employment Benefits (OPEB) costs.

Miscellaneous Expense

Miscellaneous expense primarily includes MIF insurance claims paid, losses on property dispositions and various other expense items. Miscellaneous expenses for FY 2017 as compared to FY 2016 decreased primarily due to fewer expenses on multifamily and single family loans and fewer MIF claims. Miscellaneous expenses for FY 2016 as compared to FY 2015 decreased primarily due to fewer expenses on multifamily loans and fewer MIF claims.

Operating Income

Operating Income after provision for (reduction to) loan losses and other items decreased by approximately $14 million, or 30%, to $33 million at June 30, 2017 from $47 million at June 30, 2016. This can be compared with an increase to $47 million at June 30, 2016 from $46 million at June 30, 2015, an increase of $1 million, or 2%. Adjusted Operating Income for the year ended June 30, 2017 decreased as the result of lower Net Interest Spread and decreased Miscellaneous Income. Adjusted Operating Income for the year ended June 30, 2016 increased as the result of higher Fee Income and Interest Income, partially offset by lower Net Interest Spread and increased Administrative Expenses.

MassHousing Mortgage Insurance Fund (MIF)

The following table summarizes the MIF activity for the respective fiscal year ended June 30.

(in thousands)	2017	2016	2015
Net insurance premium revenue	$ 5,300	$ 5,300	$ 5,900
Investment Earnings	1,300	1,200	1,200
Net increase (decrease) in fair value of investments	(1,300)	400	-
Underwriting and Administrative expenses	(1,600)	(1,500)	(1,500)
Claims expense	(600)	(800)	(1,200)
Reduction to (provision for) allowance for potential claims	200	200	(100)
Operating Income	**$ 3,300**	**$ 4,800**	**$ 4,300**

Reserves for insurance claims are generated internally from operating surplus. The MIF is part of the Agency's WCF and Affiliates.

Legislative Developments

From time to time, bills may be introduced into the State legislature that could seek to impose financial and other obligations on MassHousing, including requiring the transfer of funds or assets from MassHousing to the Commonwealth or other State agencies. There can be no assurance that any such legislation will not be enacted or that such legislation, if enacted, will not have an adverse impact on the financial condition of MassHousing or on any of its contractual obligations. For further disclosure of Legislative Developments, see Note N to the financial statements.

STATEMENTS OF NET POSITION
June 30, 2017 and 2016

In thousands

	June 30, 2017	June 30, 2016
Assets		
Current assets		
Cash and cash equivalents (Notes C & N)	$ 974,251	$ 989,819
Investments (Notes C & N)	46,161	33,528
Interest and fees receivable on construction and mortgage loans, net (Note D)	11,481	12,510
Current portion of loans receivable, net (Note D)	183,551	242,302
Other assets (Note F)	11,356	14,925
Total current assets	**1,226,800**	**1,293,084**
Non-current assets		
Investments (Notes C & N)	789,618	728,231
Non-current portion of loans receivable, net (Notes D & E)	2,735,107	2,753,705
Escrowed funds (Note G)	506,859	547,710
Investment derivative instruments (Note I)	135	102
Other assets (Note F)	65,447	66,060
Total non-current assets	**4,097,166**	**4,095,808**
Total assets	**5,323,966**	**5,388,892**
Deferred outflow of resources		
Pensions (Note M)	14,237	18,743
Hedging derivative instruments (Note I)	13,925	24,220
Total deferred outflow of resources	**28,162**	**42,963**
Total assets and deferred outflow of resources	**$ 5,352,128**	**$ 5,431,855**
Liabilities		
Current liabilities		
Current portion of long term debt, net (Note H)	$ 155,122	$ 220,456
Obligation line of credit (Note H)	75,000	75,000
Accrued interest payable	12,595	12,381
Other liabilities (Note N)	13,376	18,824
Hedging derivative instruments (Note I)	6	2,334
Total current liabilities	**256,099**	**328,995**
Non-current liabilities		
Non-current portion of long term debt, net (Note H)	3,258,201	3,258,278
Long term- loan (Note H)	9,180	-
Net pension liability (Note M)	30,224	35,427
Other liabilities (Note N)	32,599	29,480
Escrowed funds payable (Note G)	506,859	547,710
Hedging derivative instruments (Note I)	13,919	21,886
Total non-current liabilities	**3,850,982**	**3,892,781**
Total liabilities	**4,107,081**	**4,221,776**
Deferred inflow of resources		
Pensions (Note M)	1,872	224
Total deferred inflow of resources	**1,872**	**224**
Total liabilities and deferred inflow of resources	**4,108,953**	**4,222,000**
Commitments and contingencies (Note N)		
Net position (Notes A & K)		
Restricted by bond resolutions	524,393	545,198
Restricted by contractual or statutory agreements	218,260	206,225
Unrestricted	500,522	458,432
Total net position	**$ 1,243,175**	**$ 1,209,855**

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the fiscal years ended: June 30, 2017 and 2016

In thousands

	Fiscal 2017	Fiscal 2016
Operating revenues		
Interest on loans (Notes B & D)	$ 148,250	$ 163,808
Investment earnings: (Notes B & C)		
Interest income	30,607	26,984
Net increase (decrease) in fair value of investments	(21,550)	13,351
Fee income (Note B)	75,465	75,802
Miscellaneous income (Note B)	4,152	10,528
Total operating revenues	**236,924**	**290,473**
Operating expenses		
Interest on bonds and notes, net of discount/premium (Notes B & H)	128,742	133,079
Financing costs	9,859	9,656
Administrative expenses	84,390	82,350
Asset protection and support services expenses (recoveries)	(113)	353
Miscellaneous expenses (Note B)	2,383	4,236
Total operating expenses	**225,261**	**229,674**
Operating income before reduction to loan losses and other items	11,663	60,799
Reduction to loan losses (Notes B & D)	(20,570)	(6,411)
Other items, net (Note F)	(1,087)	(148)
Total reduction to loan losses and other items	**(21,657)**	**(6,559)**
Operating income after reduction to loan losses and other items	**33,320**	**67,358**
Change in net position	**33,320**	**67,358**
Net position at the beginning of the fiscal year	1,209,855	1,142,497
Net position at the end of the fiscal year	**$ 1,243,175**	**$ 1,209,855**

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the fiscal years ended: June 30, 2017 and 2016

In thousands

	Fiscal 2017	Fiscal 2016
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Collections on mortgage loans, construction loan repayments and loan sales	$ 1,402,389	$ 1,458,530
Loan advances to borrowers	(1,157,555)	(1,114,790)
Interest collections on construction loans	2,758	3,916
Fees collected	78,131	76,639
Cash payments to employees for services	(33,377)	(33,382)
Cash payments to other suppliers of goods and services	(41,877)	(46,132)
Miscellaneous disbursements	(6,787)	(4,189)
Transfer from (to) escrows	40,851	(65,951)
Federal and state subsidy receipts	104,700	198,967
Federal and state subsidy disbursements	(116,590)	(206,318)
Escrow receipts (disbursements), net	(28,961)	73,302
Net cash provided by operating activities	**243,682**	**340,592**
Cash flows from non-capital financing activities:		
Sale of bonds and notes and draw down on line of credit	680,883	499,177
Bond issuance / redemption costs	(8,507)	(9,635)
Retirement of bonds and notes and pay down on line of credit	(734,631)	(521,587)
Interest on bonds and notes	(131,558)	(135,982)
Net cash (used for) non-capital financing activities	**(193,813)**	**(168,027)**
Cash flows from capital financing activities:		
Acquisition of capital assets	(50)	(544)
Net cash (used for) capital financing activities	**(50)**	**(544)**
Cash flows from investing activities:		
Purchase of investments	(225,993)	(157,003)
Proceeds from sales of investments	130,429	114,646
Investment earnings, net of rebate	30,177	27,452
Net cash (used for) investing activities	**(65,387)**	**(14,905)**
Net increase (decrease) in cash and cash equivalents	(15,568)	157,116
Cash and cash equivalents at the beginning of the fiscal year	989,819	832,703
Cash and cash equivalents at end of the fiscal year	**$ 974,251**	**$ 989,819**

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (continued)

For the fiscal years ended: June 30, 2017 and 2016

In thousands		Fiscal 2017		Fiscal 2016
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	**$**	**33,320**	**$**	**67,358**
Adjustments to reconcile operating income to net cash provided by operating activities:				
Amortization of bond original discount (premium) and deferred issue costs, net		(2,490)		(1,972)
Depreciation and amortization		7,907		6,711
Reduction to losses on loans, net		(21,657)		(6,559)
Loss on property dispositions		126		-
Recognition of fee income		(3,237)		(2,215)
Investment earnings		(30,607)		(26,984)
Change in fair value of investments		21,550		(13,351)
Interest expense on bonds and notes		131,231		135,050
Financing expenses		9,860		9,657
Changes in assets and liabilities:				
Decrease (increase) in mortgage loans and other receivables and mortgage-backed securities		219,544		(10,693)
Decrease (increase) in construction loans receivable		(121,921)		182,760
Decrease in interest and fees receivable on loans		1,028		2,059
Decrease (increase) in other assets and other receivables		26,345		(79,662)
Increase (decrease) in accounts payable and other liabilities		(27,317)		78,433
Total adjustments		**210,362**		**273,234**
Net cash provided by operating activities	**$**	**243,682**	**$**	**340,592**

The accompanying notes are an integral part of the financial statements.

Note A. Authorizing Legislation and Programs and Affiliates of the Massachusetts Housing Finance Agency ("MassHousing" or the "Agency")

MassHousing is a self-supporting, independent authority created by Chapter 708 of the Acts of 1966 of the Commonwealth of Massachusetts (Commonwealth), as amended (the Act). The Agency's statutory mission is to finance affordable home mortgage loans for low- and moderate- income homebuyers and to finance the construction and preservation of affordable rental housing in the Commonwealth. MassHousing does not use taxpayer dollars to support its operations, but rather generates funding for its loan programs through the sale of bonds and notes to private investors.

MassHousing commenced operations in December 1968. The Act was amended in 1982 to place the then existing Massachusetts Home Mortgage Finance Agency under the direction of the Agency's Members and Executive Director.

MassHousing is authorized to make or purchase loans to increase the supply of both multifamily, residential rental housing and owner-occupied, single-family housing in the Commonwealth. The Massachusetts Legislature has authorized MassHousing to issue bonds and notes up to an aggregate outstanding debt limit of $4.9 billion for financing both multifamily and single-family loans. Bonds and notes issued by the Agency are not obligations of the Commonwealth or any political subdivision thereof.

The Agency's affiliates set forth below are blended component units of MassHousing. Component units are defined as legally separate organizations for which MassHousing is financially responsible.

Listed below is a summary of MassHousing's major programs and affiliates:

(1) Working Capital Fund and Affiliates (WCF)

The Working Capital Fund (WCF) is MassHousing's general operating fund. The WCF derives its revenues primarily from interest and fee income. Operating expenses include payroll, rent, and other related administrative expenses. The Agency's affiliates are listed below. Summarized financial information of the WCF and Affiliates is presented in Note L.

MassHousing Mortgage Insurance Fund (MIF)

The MassHousing Mortgage Insurance Fund (MIF) was established within the WCF to provide an additional source of primary mortgage insurance for certain borrowers. MIF is the primary insurer for single-family loans made by MassHousing and is also an insurer approved by the Federal Home Loan Mortgage Corporation (Freddie Mac), the Federal National Mortgage Association (Fannie Mae) and Massachusetts community banks and credit unions. MIF and its operations are more fully described in Note N; summarized financial information is presented in Note L. MIF is included in a separate account within the WCF, and its net position is included in Restricted Net Position on the combining Statements of Net Position.

MassHousing Property Acquisition and Disposition Corporation (PADCO)

MassHousing formed the Property Acquisition and Disposition Corporation (PADCO) to take title to properties that serve as collateral on mortgage loans financed by the Agency's various multifamily bond programs and the WCF in the event of a foreclosure or other actions taken on the loan by MassHousing. The Agency's Members and Executive Director comprise PADCO's Board of Directors and President, respectively. When necessary, PADCO may establish separate limited liability companies to acquire, own, manage and sell properties acquired through foreclosure of the related loans. Reference is made to Note B for PADCO's significant accounting policies. Summarized financial information is presented in Note L. PADCO's retained earnings are included in Unrestricted (Designated) Net Position on the combining Statements of Net Position.

Center for Community Recovery Innovations, Inc. (CCRI)
MassHousing formed CCRI to study and develop creative strategies for dealing with issues of drug and alcohol addiction in housing communities. Its Board of Directors includes the Members of the Agency; certain Agency employees are its principal officers. CCRI has been funded with contributions from MassHousing since fiscal year 1995. Summarized financial information is presented in Note L. Reference is also made to Notes K and N for current and future MassHousing commitments to CCRI. CCRI's retained earnings are included in Unrestricted (Designated) Net Position on the combining Statements of Net Position.

(2) Multifamily Bond Programs
MassHousing issues bonds to finance multifamily rental housing under several separate bond resolutions. Each general and series specific bond resolution requires that certain funds and accounts be established and maintained for that respective bond program. The following multifamily development bond programs were active in fiscal years 2017 and 2016.

(a) Rental Housing Mortgage Revenue Bond Program - Federal Housing Administration (FHA) Insured Mortgage Loans
The Rental Housing Mortgage Revenue Bond Program (RHMRB) was established to provide funds for the acquisition and rehabilitation of FHA insured and other multifamily developments.

The general resolution requires bond insurance covering the principal and interest on certain bonds issued thereunder. The insurance is non-cancelable and is intended to provide assurance of timely payment of principal and interest to bondholders on regularly scheduled payment dates, including mandatory sinking fund redemption dates. National Public Finance Guarantee Corporation, a wholly owned subsidiary of MBIA, Inc., and Assured Guaranty Municipal Corporation (Assured) have provided bond insurance policies under the Rental Housing Mortgage Revenue Bond Program. Rental Housing Mortgage Revenue Bond Program, 2003 Series A is a general obligation secured by the full faith and credit of MassHousing.

(b) Multi-Family Development Revenue Bond Program
The Multi-Family Development Revenue Bond Program was established to finance a mortgage loan for the multifamily residential development known as Princeton Crossing. The bonds were secured by a loan and benefitted from a Fannie Mae credit and liquidity facility.

On September 15, 2016, MassHousing used proceeds from mortgage loan prepayments and other available funds to defease and redeem all bonds outstanding under the Multi-Family Development Revenue Bond Program, totaling $20.3

million. All remaining assets and liabilities of the Multi-Family Development Revenue Bond Program were transferred to the WCF.

(c) General Rental Development Bond Program

The General Rental Development Bond Program was established to provide permanent financing for several multifamily residential developments, each of which may be secured on a series-by-series basis.

(d) Multi-Family Housing Bond Program

The Multi-Family Housing Bond Program was established to provide permanent financing for certain multifamily residential developments selected by MassHousing. In October 2009, the U.S. Department of the Treasury (the Treasury), the Federal Housing Finance Agency, Fannie Mae and Freddie Mac (and collectively with Fannie Mae, the "GSEs"), announced availability of the Federal New Issue Bond Program (the Federal NIBP), under authority of the Housing and Economic Recovery Act of 2008.

Pursuant to the Federal NIBP, the GSEs purchased bonds from housing finance agencies (HFAs) and packaged them into GSE guaranteed securities for delivery to and purchase by the Treasury. The HFA bonds are issued to finance multifamily residential mortgage loans.

(e) Housing Bond Program

The Housing Bond Program (HB) was established to provide financing for various loans and loan participations for multifamily residential and single-family properties as well as for the refunding of existing bond programs and for other housing financing purposes. Currently the Housing Bond Program does not hold any single-family loans.

(3) Single-Family Housing Bond Programs

MassHousing has issued bonds to finance the purchase of mortgage-backed securities or loans made to single-family borrowers from participating lenders under two separate general resolutions. Each general and series specific bond resolution requires that certain funds and accounts be established and maintained for that respective bond program. The following is a description of the Single-Family Housing Revenue Bond Program and the Residential Mortgage Revenue Bond Program, which were active in fiscal years 2017 and 2016.

(a) Single-Family Housing Revenue Bond Program

The Single-Family Housing Revenue Bond Program (SFHRB) was established to finance the purchase of single-family loans and Fannie Mae MBS that are backed by single-family loans from participating lenders at competitive lending rates to finance the purchase of single-family loans in targeted areas. The program supports mortgage loans to first-time homebuyers as well as refinancing existing loans to responsible and performing, borrowers.

(b) Residential Mortgage Revenue Bond Program

The Residential Mortgage Revenue Bond Program was established in September, 2012 to finance mortgage loans under the HomeOwnership Program exclusively through the purchase of Fannie Mae MBS that are backed by single-family mortgage loans.

Note B. Summary of Significant Accounting Policies

Basis of Presentation

MassHousing's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The combining financial statements include all MassHousing's programs and affiliates described in Note A. All interprogram and interfund transactions and balances have been eliminated and are summarized in Note J. Detailed financial information for each individual program and affiliate is presented in accompanying Supplemental Schedule 7 to the financial statements.

Basis of Accounting

MassHousing accounts for and reports its activities by applying Standards of Governmental Accounting and Financial Reporting, as promulgated by the Governmental Accounting Standards Board (GASB). The statements are prepared utilizing the economic resources measurement focus and the accrual basis of accounting, wherein revenues are recognized when earned and expenses when incurred.

Operating revenues and expenses result from providing services in connection with MassHousing's ongoing operations, as outlined in Note A. Principal operating revenues consist of mortgage loan interest and investment income of all programs as well as fee income, which is primarily the WCF's. Operating expenses represent the cost of providing the services and include bond and note interest expense, administrative expenses and a provision for uncollectible amounts.

PADCO Accounting Policies

Properties acquired by PADCO are carried at the lower of cost or market. The related mortgage loans receivable are included in Other Assets on the Statements of Net Position of either the applicable bond programs or the WCF, with an offset to Other Liabilities on the WCF's Statements of Net Position and have been eliminated in the combining Statements of Net Position. As of September 1, 2014, all rental properties previously held by PADCO were sold. Rent and other revenues from properties owned by PADCO were included in Miscellaneous Income. Expenses of operating the properties were included in Miscellaneous Expenses. No depreciation or amortization was being recorded.

Use of Estimates

The preparation of financial statements in conformity with GAAP at times requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on management's best knowledge of current events, historical experience, actions that MassHousing may undertake in the future, and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Significant estimates, when used, are more fully described in the applicable following notes.

Cash, Cash Equivalents, Investments and Investment Earnings

Cash includes cash on hand and amounts on deposit in checking and savings accounts. Cash equivalents include investments with maturities of three months or less at the date of purchase, including repurchase agreements, U.S. Treasury and agency securities, certificates of deposit, and various other investments such as money-market mutual fund shares.

U.S. Government Obligation securities with maturities of one year or less at the time of purchase are carried at amortized cost which approximates fair market value. Investments in Guaranteed Investment Contracts (GICs) are carried at cost.

Certain investments are carried at their fair values at the date of the Statements of Net Position. These investments are typically long-term with more than one year to maturity at the time of purchase. MassHousing uses quoted market prices, where available, to determine the fair value of long-term investments at the close of each reporting period. For non-trading long-term investments, MassHousing uses composite quotes set by a third party and evaluated by management. The change in the fair value of investments from one period to the next is a separately stated component of investment income and is presented in the combining Statements of Revenues, Expenses, and Changes in Net Position as a change in fair value of investments.

Investments of individual bond programs are those permitted by the various MassHousing general and series specific bond resolutions. Certain bond resolutions include reserve fund requirements; investments in such reserve funds are generally not available for the funding of mortgage loans.

Interest income is accrued as earned and is presented in the combining Statements of Revenues, Expenses, and Changes in Net Position, plus any applicable arbitrage rebate received from the U.S. Treasury, and net of any applicable arbitrage rebate owed to the U.S. Treasury. Arbitrage rebates received were approximately $0 and $1,386,000 in 2017 and 2016, respectively. There were no arbitrage rebates paid in both 2017 and 2016.

Mortgage Loans
Multifamily and single-family mortgage loans are primarily recorded at cost, or in certain instances in the case of a significant refinancing, at the negotiated face value of the first or subordinated note, net of an allowance for uncollectible loans, which approximates net realizable value.

Allowance for Uncollectible Loans
The allowance for uncollectible loans is a valuation allowance that reflects an estimate on loan losses related to the Agency's multifamily and single-family loan portfolios. The allowance for uncollectible loans is based upon separate evaluations of the multifamily and single-family loan portfolios.

The evaluation of the multifamily loan portfolio takes into consideration the entire loan portfolio primarily utilizing an impairment assessment model. During FY16 MassHousing designed a model and updated its estimation process to replace its existing models in order to provide a more consistent methodology of assessment for all projects and to take a more streamlined and standardized approach to its assessment of loan impairment. The model employs the most recent or readily available net operating income data along with capitalization rates, property location, costs to sell, capital needs assessments and other data in assessing potential impairment to establish a reserve that complies with GAAP and therefore presents loans at their estimated net realizable value. In certain instances, independent appraisals and other pertinent data such as loan repayment status or physical property status is obtained to assist management's decision in determining the estimated fair value of the property which serves as collateral on the loan.

Evaluation of the single-family loan portfolio takes into consideration such factors as historical recovery rates of delinquencies, property value trends and insurance coverage. Based upon MassHousing's periodic review of the loan portfolios, an allowance for uncollectible loans is established when deemed necessary.

Derivative Instruments
The fair values of both hedging derivatives and investment derivatives, if any, are presented on the combining Statements of Net Position, either as a derivative liability (negative fair value) or as a derivative asset (positive fair value). The change in the total fair value of derivatives that are determined to be effective hedges (and, therefore, hedging derivatives) is recorded as a deferred inflow or outflow of resources on the Agency's combining Statements of Net Position. If a derivative was determined to be an ineffective hedge, it would be classified as an investment derivative, and the change in the total fair value would be presented as part of investment earnings. The Agency currently has three types of derivatives outstanding: interest rate cap agreement, interest rate swaps and MBS forward contracts. The interest rate swaps and MBS forward contracts are both effective hedges and are presented as hedging derivative instruments on the Statements of Net Position. The interest rate cap is deemed to be an ineffective hedge and is presented as an investment derivative instrument on the Statements of Net Position. Reference is made to Note I for further details of these derivatives.

Other Assets
Other Assets, Current on the combining Statements of Net Position include accounts receivable - various, investment income receivable, deferred expenses and prepaid assets.

WCF Other Assets, Non-current on the combining Statements of Net Position include office equipment, leasehold improvements, mortgage servicing rights, mortgage reinsurance premiums, deferred expenses and computer software all net of accumulated depreciation or amortization where applicable. These assets are being depreciated or amortized, where applicable, over their expected lives, or lease period, whichever is less. Also included in WCF Other Assets, Non-Current, are participation interests in certain loans made by the Commonwealth's Affordable Housing Trust Fund. Discounts recorded by the Agency upon its purchases of the participation interests are being accreted over the life of each participation interest. Reference is made to Note N for further information.

Other Assets, Non-current on the combining Statements of Net Position include real estate owned and Mortgagors' capital reserve fund and Mortgagors' mortgage reserve fund obligations (MCRFO). MCRFO arose as a result of mortgagors' obligations (incurred at the time of the initial bond funding) to reimburse the Agency for a proportional share of the funding of Capital Reserve Fund or Mortgage Reserve Fund deposits. As a result of subsequent refundings of the initial funding bonds, these obligations are being amortized on a straight-line basis over the original lives of the initial funding bonds. The difference between the reductions in these obligations and the related interest and fees collected is recognized on a straight-line basis as a reduction in fee income on the combined Statements of Net Position. Reference is made to Note F for further details of Other Assets.

Mortgage Servicing Rights
Mortgage servicing rights purchased by the Agency are capitalized and amortized over the expected life of the related cash flows.

Excess mortgage servicing rights for mortgage loans pooled into Mortgage-Backed Securities (MBS) under the terms of which the stated servicing fee rate differs from a current (normal) servicing are capitalized and amortized over the expected life of the related cash flows.

Long-Term Debt

Bond Issuance Costs, Discounts and Premiums

The costs of issuing bonds (other than bond discount and premium) are recognized as an expense in the period incurred as financing costs. Bond discounts and premiums are both deferred and amortized. MassHousing utilizes the effective interest method to amortize all discounts and premiums of new debt. The amortization is reflected as a component of interest expense. The amortization period used for each new bond issue is equal to the first optional redemption date for that new bond offering.

Interest and Fee Revenues on Mortgage Loans

Interest on Loans

Interest on loans is accrued as earned. When borrowers on multifamily and single-family loans are more than ninety days delinquent in their scheduled loan payments, the loans are considered to be non-performing. At that point, any existing interest and fee revenue accruals are fully allowed against and no further accruals are recorded until such time as the loans either have been restored to performing status or have been restructured.

Fee Income

Fee income is accrued as earned and includes administrative fees received from developments financed by MassHousing as well as Section 8 administrative fees received from U.S. Department of Housing and Urban Development (HUD) and MIF premiums earned, net of reinsurance premiums incurred. Fee income of the multifamily bond programs is presented net of amortization of the Mortgagors' Capital Reserve Fund and Mortgage Reserve Fund Obligations. Fees collected in connection with the origination and closing of new multifamily loans, net of related direct costs, are recognized as revenue in the period received. Fees collected in connection with the restructuring of troubled multifamily loans are initially reflected as a prepaid fee on the WCF's Statement of Net Position and are not recognized as fee income until the loans are no longer considered to be troubled, have been foreclosed, or have been paid off. In connection with a recapitalization program, MassHousing receives distributions of excess residual receipts and excess replacement reserves from certain Section 8 subsidized developments, which are included in fee income of the WCF. Multifamily fee income in the WCF includes loan origination, loan servicing and securitization profits from the utilization of government and government sponsored enterprise lending programs used by MassHousing to sustain affordable housing.

WCF fee income also includes premiums collected and discounts paid from the sale of single family mortgages sold into MBS.

Miscellaneous Income and Miscellaneous Expenses

Miscellaneous income and expenses are accrued as earned or incurred. Miscellaneous income primarily includes insurance claim receipts on foreclosed properties, reinsurance receipts received by MIF on insurance claims paid, miscellaneous recoveries on multifamily loans and various unusual income items. Miscellaneous expense primarily includes MIF insurance claims paid, losses on property dispositions and various unusual expense items.

Interprogram and Interfund Balances and Eliminations
In both fiscal years 2017 and 2016, MassHousing contributed to its affiliate CCRI. Additionally, the WCF engaged in interfund transactions with several of the bond programs. These transactions and resulting year-end interfund balances have been eliminated in the accompanying combining financial statements. Further details of these transactions and year-end balances are included in Notes J and L.

Net Position
Net Position is reported as restricted when constraints placed on the use of the net position have been either (1) externally imposed by creditors, grantors or laws and regulations of governments or (2) imposed by law through constitutional provisions or enabling legislation. Unrestricted net position that MassHousing Members have designated to be used for specific purposes are presented and identified as "designated" unrestricted net position in Note K. Such designated net position is considered to be specifically directed to be used for certain activities that are consistent with MassHousing's mission. MassHousing anticipates that it will continue to designate unrestricted net position for specific purposes in furtherance of its affordable housing mission.

Recently Issued Accounting Standards

In March, 2015, GASB issued Statement No. 72, "Fair Value Measurement and Application" (GASB 72), which defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. The effective date of this standard is for periods beginning after June 15, 2015. The Agency implemented this standard as of July 1, 2015. Reference is made to Note C for further details of GASB 72.

In June, 2015, GASB approved Statement No. 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB 75), which revises and establishes new financial reporting requirements for most governments and governmental agencies that provide postemployment benefits other than pensions to their employees. It will apply to MassHousing's Financial Statements and will be effective for fiscal years beginning after June 15, 2017 (fiscal 2018 for the Agency). GASB 75 replaces the requirements of Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB." Statement No. 75 will require the Agency to recognize a liability for postemployment benefits other than pensions. GASB 75 also requires new note disclosures and new required supplementary information. The Agency is currently assessing the impact of GASB 75 and the implementation issues.

In June, 2015, GASB approved Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" (GASB 76). The objective of this statement is to identify the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. The Agency implemented this standard as of July 1, 2015.

In December, 2015, GASB approved Statement No. 79, "Certain External Investment Pools and Pool Participants" (GASB 79), which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized costs. GASB 79 also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. The statement applies to MassHousing's Financial Statements and became effective in fiscal 2016. If an external investment pool meets the criteria described in GASB 79 and measures all of its investments at amortized costs, the pool's participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. As of June 30, 2017, all external investment pools meet the criteria described in GASB 79 and are carried at amortized cost.

In March 2016, GASB approved Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73" (GASB 82). This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. It applies to MassHousing's Financial Statements and became effective in fiscal 2017.

In January 2017, GASB approved Statement No. 84, "Fiduciary Activities" (GASB 84). This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The effective date of this standard is for periods beginning after December 15, 2018, but earlier application is encouraged. The Agency is currently assessing the impact of GASB 84 and the implementation issues.

In March 2017, GASB approved Statement No. 85, "Omnibus 2017" (GASB 85). This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The effective date of this standard is for periods beginning after June 15, 2017, but earlier application is encouraged. The Agency is currently assessing the impact of GASB 85 and the implementation issues.

In May 2017, GASB approved Statement No. 86, "Certain Debt Extinguishment Issues" (GASB 86). The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The effective date of this standard is for periods beginning after June 15, 2017, but earlier application is encouraged. The Agency is currently assessing the impact of GASB 86 and the implementation issues.

In June 2017, GASB approved Statement No. 87, "Leases" (GASB 87). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effective date of this standard is for periods beginning after December 15, 2019, but earlier application is encouraged. The Agency is currently assessing the impact of GASB 87 and the implementation issues.

Note C. Investments, Cash and Cash Equivalents

MassHousing's Investment Policy is designed to ensure the prudent management of the Agency's funds and the availability of operating and capital funds when required, while earning a competitive return on the funds within the policy framework. The primary objectives of investment activity, in order of priority, are safety of principal, liquidity, and investment yield.

Under MassHousing's approved Investment Policy, authorized investments may include: (1) direct obligations of the U.S. Government or certain of its agencies as well as obligations of any state of the United States of America or of any political subdivision thereof; (2) repurchase agreements for the obligations described in (1); (3) evidences of indebtedness of certain U.S. Government agencies; (4) prime commercial paper of U. S. corporations having the highest rating from S&P Global Ratings (S&P), Moody's Investor Services, Inc. (Moody's) or Fitch Ratings (Fitch); (5) interest-bearing time deposits and certificates of deposit with banks; (6) shares of diversified open-end money market funds that invest in the securities described in (1) and (4); (7) shares in the Massachusetts Municipal Depository Trust (MMDT); (8) Guaranteed Investment Contracts with banks or other financial institutions that meet the standards specified in MassHousing's Investment Policy; and (9) other investments permitted by the several bond resolutions, including mortgage-backed securities.

MMDT is an external investment pool not subject to U.S. Securities and Exchange Commission registration but regulated by the Treasurer of the Commonwealth. MMDT's manager seeks to maintain a net asset value at $1.00 per share.

Investments and Cash Equivalents

At June 30, 2017 and 2016, MassHousing had the following investments and cash equivalents by type and by maturities (in thousands):

June 30, 2017	Total Cost, Amortized Cost or Fair Value	Investment Maturities (In Years) Less Than 1	1-5	6-10	More Than 10
U.S. Government Obligations	$ 145,198	$ 33,262	$ 111,936		
Government Agency Obligations (Fannie Mae MBS)	674,989	12,899			$ 662,090
Guaranteed Investment Contracts	15,592			$ 12,965	2,627
Cash Equivalents	969,405	969,405			
Total Investments and Cash Equivalents	**$ 1,805,184**	**$ 1,015,566**	**$ 111,936**	**$ 12,965**	**$ 664,717**

June 30, 2016	Total Cost, Amortized Cost or Fair Value	Investment Maturities (In Years) Less Than 1	1-5	6-10	More Than 10
U.S. Government Obligations	$ 86,650	$ 21,185	$ 65,465		
Government Agency Obligations (Fannie Mae MBS)	655,479	12,343			$ 643,136
Guaranteed Investment Contracts	19,630			$ 14,300	5,330
Cash Equivalents	977,692	977,692			
Total Investments and Cash Equivalents	**$ 1,739,451**	**$ 1,011,220**	**$ 65,465**	**$ 14,300**	**$ 648,466**

The Agency's accounting and valuation policies for investments, cash and cash equivalents are presented in Note B.

The total carrying amount of these items plus cash deposits (see below) equals the sum of all cash and cash equivalents and investments line items in the accompanying combining Statements of Net Position. Detailed information about the investments and cash equivalents of MassHousing's individual programs is contained in the accompanying Schedule 1 to the financial statements.

For the fiscal year ended June 30, 2017, the total cash equivalents and investments from the bond programs included in the table were $473.7 million and $709.6 million, respectively, all of which are restricted as to use. For the fiscal year ended June 30, 2016, the total cash equivalents and investments from the bond programs included in the table were $598.8 million and $675.1 million, respectively, all of which are restricted as to use.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Under MassHousing's Investment Policy, the investment portfolio is structured so that the maturities of the securities are scheduled to meet the timing of cash requirements for ongoing operations, in order to minimize interest rate risk. The Agency thereby avoids the need to sell securities on the open market prior to their maturities. MassHousing also minimizes its interest rate risk by investing operating funds primarily in money-market funds and/or in the MMDT.

Credit Risk and Custodial Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, MassHousing will not be able to recover the value of its investment or collateral securities held by an outside party. MassHousing mitigates credit risk and custodial credit risk by limiting investments to the types of securities permitted by MassHousing's approved Investment Policy and by investing with institutions which meet specified criteria such as, but not limited to, minimum levels of capital and surplus and specified minimum ratings provided by recognized rating agencies. It is MassHousing's policy that funds held under a bond resolution or other security agreement shall be invested with investment agreement providers having a rating of at least AA- from S&P, Aa3 from Moody's, or AA from Fitch and that otherwise satisfy any additional requirements imposed by the applicable bond resolution on such rating agencies.

MassHousing had the following money-market (MM) fund investments at June 30, 2017 and 2016 with credit ratings when available (in thousands):

	June 30, 2017		June 30, 2016	
Money Market Fund	**Amount**	**S&P Rating**	**Amount**	**S&P Rating**
Agency Investments				
Wells Fargo Government MM Fund	$ 268,572	AAAm	$ 310,889	AAAm
Wells Fargo 100% Treasury MM Fund	33,694	AAAm	96,454	AAAm
US Bank 1st American Government Obligation Fund	208,139	AAAm	208,257	AAAm
Federated Government Obligations Fund	25,010	AAAm	24,041	AAAm
Ideal Way FHLB MM Fund	9	N/A	9	N/A
Massachusetts Municipal Depository Trust (MMDT)	433,981	N/A	338,042	N/A
Total Agency Investments	**$ 969,405**		**$ 977,692**	
Escrowed Fund Investments				
Fidelity Fund 680 Institutional MM Funds - Treasury Portfolio	$ 1,399	AAAm	$ 3,272	AAAm
Fidelity Fund 695 Institutional MM Funds - Treasury Portfolio	15	AAAm	650	AAAm
Wells Fargo Government MM Fund	80	AAAm	80	AAAm
US Bank 1st American Government Obligation Fund	348	AAAm	368	AAAm
Ideal Way FHLB MM Fund	3	N/A	3	N/A
Massachusetts Municipal Depository Trust (MMDT)	392,306	N/A	393,320	N/A
Total Escrowed Funds Investments	**$ 394,151**		**$ 397,693**	

The ratings of all financial institutions with which the Agency has GICs equal or exceed MassHousing's minimum rating requirements. None of the individual GIC investments has been rated by the national rating agencies.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. MassHousing diversifies its investment portfolio to minimize the impact of potential losses from one type of security or individual issuer, excluding U.S. Treasury securities, Federally Guaranteed Obligations, and the MMDT. MassHousing seeks to limit investment concentration to no more than 15% with any single counterparty. This limit may be exceeded under appropriate circumstances that mitigate risk, which may include, but are not limited to, the term of the investment, the amount and nature of the investment, the rating of the counterparty, or the collateral pledged by the counterparty.

MassHousing had GICs with the following issuers that represented over 5% of the respective bond program's total investments at June 30, 2017 and 2016 (in thousands):

	June 30, 2017		June 30, 2016	
	Investments	% of Total Investments	Investments	% of Total Investments
Rental Housing Mortgage Revenue Bond Program				
NATIXIS Funding Corp. (guaranteed by Caisse de Depots et Consignations)	$ 2,627	100%	$ 2,247	100%
General Rental Development Bond Program				
AIG Matched Funding Corp. (agreement is collateralized)	431	100%	1,246	100%
Housing Bond Program				
Berkshire Hathaway Inc.	12,534	29%	14,300	100%

Cash Deposits

MassHousing's cash deposits per the bank were approximately $12.1 million and $6.9 million at June 30, 2017 and 2016, respectively. Of those amounts, $2.2 million and $1.3 million, respectively, were fully insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the pledging financial institution, its trust department or its agent. Such securities were not held in MassHousing's name. Deposits totaling $9.9 million and $5.6 million, respectively, were not insured or collateralized.

Cash balances reflected on the combining Statements of Net Position were approximately $4.8 million and $12.1 million at June 30, 2017 and 2016, respectively. The difference between the bank balances and the carrying amounts represents deposits in transit net of, outstanding checks and other transaction not recorded by the bank until after year-end.

Fair Value of Investments

GASB Statement No. 72, "Fair Value Measurement and Application"

In February, 2015, GASB approved Statement No. 72, "Fair Value Measurement and Application" (GASB 72), which defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. The effective date of this standard is for periods beginning after June 15, 2015. The Agency implemented this standard as of July 1, 2015.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market or, if none exists, the most advantageous market, for the specific asset or liability at the measurement date ("exit price"). The fair value hierarchy established by generally accepted accounting principles prioritizes the inputs to valuation techniques used to measure fair value are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

MassHousing has the following recurring fair value measurements as of June 30, 2017:

- Cash and cash equivalents (Level 1 inputs)
- U.S. Treasury Note securities are valued using quoted market prices (Level 1 inputs)
- Mortgage Backed Securities (MBS's) are valued using quoted market prices (Level 1 inputs)
- MBS Forward Contracts are valued using quoted market prices (Level 1 inputs)
- Interest Rate Cap agreement is valued using the zero-coupon valuation technique (Level 2 inputs)
- Interest Rate Swaps are valued using the zero-coupon valuation technique (Level 2 inputs)
- There were no transfers into or out of level 2 and level 3.

MassHousing has the following Investment and Derivative Instruments, which is measured at fair value in accordance with GASB 72, as of June 30, 2017 and 2016:

Investments and Derivative Instruments Measured at Fair Value
(in thousands)

June 30, 2017	**Total Fair Value 06/30/17**	**Quoted Prices in Active Markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investments by fair value level				
Debt securities				
U.S. Treasury securities	$ 145,198	$ 145,198	$ -	$ -
Fannie Mae mortgage-backed securities	674,989	674,989	-	-
Total debt securities	**$ 820,187**	**$ 820,187**	**$ -**	**$ -**
Investment derivative instruments				
Interest rate cap	$ 135	$ -	$ 135	$ -
Interest rate swaps	(13,919)	-	(13,919)	-
Mortgage-backed security forward contracts	(6)	(6)	-	-
Total investment derivative instruments	**$ (13,790)**	**$ (6)**	**$ (13,784)**	**$ -**

Investments and Derivative Instruments Measured at Fair Value
(in thousands)

June 30, 2016	**Total Fair Value 06/30/16**	**Quoted Prices in Active Markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investments by fair value level				
Debt securities				
U.S. Treasury securities	$ 86,650	$ 86,650	$ -	$ -
Fannie Mae mortgage-backed securities	655,479	655,479	-	-
Total debt securities	**$ 742,129**	**$ 742,129**	**$ -**	**$ -**
Investment derivative instruments				
Interest rate cap	$ 102	$ -	$ 102	$ -
Interest rate swaps	(21,886)	-	(21,886)	-
Mortgage-backed security forward contracts	(2,334)	(2,334)	-	-
Total investment derivative instruments	**$ (24,118)**	**$ (2,334)**	**$ (21,784)**	**$ -**

Note D. Mortgage Loans Receivable and Allowances for Uncollectible Loans

Mortgage loan receivables are reported net of allowances for uncollectible loans. In addition, certain loans that have been restructured with borrowers include principal reductions in accordance with the GASB accounting provisions. In other cases, delinquent interest and fees have been added to the principal balances of the loans upon their restructuring. Also, certain loans have undergone other types of restructuring.

6/30/2017 (in thousands)	Mortgage Obligation	Unamortized Prem./Disc. Loans	Loan Loss Reserve	Total
Working Capital Fund - Multifamily	$ 502,993	$ -	$ (203,814)	$ 299,179
Rental Housing Mtg Revenue Bond Program	77,067	-	-	77,067
General Rental Development Bond Program	186,932	2	(430)	186,504
Multi-Family Housing Bond Program	304,060	-	(950)	303,110
Housing Bond Program	1,660,572	-	(20,014)	1,640,558
Subtotal Multifamily	$ 2,731,624	$ 2	$ (225,208)	$ 2,506,418
Working Capital Fund - Single-family	$ 54,699	$ 1,170	$ (235)	$ 55,634
Single-Family Housing Revenue Bond Program	359,821	-	(3,215)	356,606
Subtotal Single-family	$ 414,520	$ 1,170	$ (3,450)	$ 412,240
Totals	**$ 3,146,144**	**$ 1,172**	**$ (228,658)**	**$ 2,918,658**

6/30/2016 (in thousands)	Mortgage Obligation	Unamortized Prem./Disc. Loans	Loan Loss Reserve	Total
Working Capital Fund - Multifamily	$ 485,340	$ -	$ (220,568)	$ 264,772
Rental Housing Mtg Revenue Bond Program	80,446	-	-	80,446
Multi-Family Development Revenue Bond Program	20,300	-	-	20,300
General Rental Development Bond Program	202,073	4	(949)	201,128
Multi-Family Housing Bond Program	307,419	-	(1,693)	305,726
Housing Bond Program	1,624,680	-	(22,252)	1,602,428
Subtotal Multifamily	$ 2,720,258	$ 4	$ (245,462)	$ 2,474,800
Working Capital Fund - Single-family	$ 98,187	$ 2,390	$ (177)	$ 100,400
Single-Family Housing Revenue Bond Program	424,708	-	(3,901)	420,807
Subtotal Single-family	$ 522,895	$ 2,390	$ (4,078)	$ 521,207
Totals	**$ 3,243,153**	**$ 2,394**	**$ (249,540)**	**$ 2,996,007**

Note E. Actions Taken on Mortgage Loans and Mortgage Servicing Rights

Included in the Single-Family Housing Revenue Bond Program portfolio, at June 30, 2017 and June 30, 2016, were 70 and 93, respectively, non-performing and in foreclosure single-family loans. The outstanding mortgage loan balances for these properties at June 30, 2017 and June 30, 2016 totaled $8.1 million and $12.2 million, respectively, and are included in the mortgage loans of the SFHRB Program.

Non-performing loans that cannot be cured, or otherwise successfully restructured, may proceed to foreclosure by the Agency. The Agency foreclosed on 14 loans in fiscal year 2017 and 39 loans in 2016, which were held in the SFHRB Program or the WCF. At June 30, 2017 and June 30, 2016 the total fair value of foreclosed loans was $1.7 million and $3.5 million, respectively.

There were two non-performing developments included in the multifamily loan portfolio at June 30, 2017 and there were three non-performing developments included in the multifamily loan portfolio at June 30, 2016. The total principal balance for these non-performing loans at June 30, 2017 and 2016 was $7.4 million and $15.3 million, respectively. No multifamily loans were foreclosed in either fiscal year 2017 or 2016.

Mortgage servicing rights purchased by the Agency are capitalized and amortized over the expected life of the related cash flows. In fiscal years ending June 30, 2017 and June 30, 2016, respectively, the Agency paid $5 million and $4.9 million for servicing rights. The amortization for the fiscal years ending June 30, 2017 and June 30, 2016, respectively, was $4.3 million and $4.7 million.

Excess mortgage servicing rights for mortgage loans pooled into MBS, which are retained by the Agency for which the stated servicing fee rate differs from current (normal) servicing, are capitalized and amortized over the expected life of the related cash flows. For the fiscal years ended June 30, 2017 and June 30, 2016, $1.9 million and $1.3 million, respectively, were capitalized, and $821 thousand and $717 thousand, respectively, were amortized.

Note F. Other Assets

At June 30, 2017 and 2016, MassHousing had the following current and non-current other assets (in thousands):

	FY 2017	FY 2016
SF Service Rights and Excess Servicing Rights Premiums	$ 30,258	$ 28,457
Unamortized Reinsurance Premium - Mortgage Insurance Fund	12,943	10,265
Accounts receivable - various	8,662	13,145
Deferred Expense Lehman Swap	8,342	8,642
Investments in AHTF participation rights	5,511	5,139
Fixed assets, net of accumulated depreciation	3,723	5,074
Interest receivable on investments	2,642	2,251
Other R/E Owned, net of allowance	1,926	3,483
Prepaid items	1,546	1,078
MCRFO and MMRFO, net of allowance	1,250	3,451
Total Other Assets	**$ 76,803**	**$ 80,985**

Note G. Escrowed Funds

Escrowed funds consist of: (a) deposits received in both the WCF and the Housing Bond Program from mortgage loan borrowers to cover taxes, insurance, repair and replacement costs and other Agency required specific purpose reserves; (b) Section 8 assistance payments from HUD; (c) amounts received in connection with the administration of various other state and Federal subsidy programs; and (d) amounts received in connection with the Agency acting as a mortgage loan servicer for other public and private entities. The deposits are invested principally in money-market mutual fund shares which are held in segregated cash accounts.

Note H. Bond and Note Indebtedness

MassHousing issues bond and note indebtedness under various resolutions for the following purposes: (1) to provide permanent financing for qualified housing developments; (2) to provide financing for housing developments during their construction; (3) to provide financing for the purchase of mortgage loans on owner-occupied residential properties; and (4) for other related purposes.

Summaries of MassHousing's bond and note indebtedness activity for fiscal years 2017 and 2016 are as follows (in thousands):

2017	**Beginning Balance**	**New Issues**	**Retirements**	**Ending Balance**	**Current Maturities [1]**
Bonds (all programs)	$ 3,328,363	$ 508,615	$ 623,364	$ 3,213,614	$ 107,022
Notes: Housing Bond Program	21,536	29,740	51,026	250	250
Notes: WCF	109,707	129,356	60,242	178,821	47,850
Totals	**$ 3,459,606**	**$ 667,711**	**$ 734,632**	**$ 3,392,685**	**$ 155,122**
Unamortized Bond/Note Discount/Premium				20,638	
Bonds and Notes Payable, Net				**$ 3,413,323**	

2016	**Beginning Balance**	**New Issues**	**Retirements**	**Ending Balance**	**Current Maturities [1]**
Bonds (all programs)	$ 3,346,509	$ 400,230	$ 418,376	$ 3,328,363	$ 189,885
Notes: Housing Bond Program	-	21,536	-	21,536	$ 21,286
Notes: WCF	140,213	72,705	103,211	109,707	9,285
Totals	**$ 3,486,722**	**$ 494,471**	**$ 521,587**	**$ 3,459,606**	**$ 220,456**
Unamortized Bond/Note Discount/Premium				19,128	
Bonds and Notes Payable, Net				**$ 3,478,734**	

1 Current Maturities refers to Current Principal Maturities of long-term debt due and payable within the next twelve months.

Future principal and interest payments on bonds and notes for the years subsequent to June 30, 2017 through their final maturities are presented in the accompanying Schedule 5 to the financial statements; due dates, interest rates, sinking fund and mandatory redemption requirements, and other information relating to bond and note indebtedness of individual programs are presented in the accompanying Schedules 3 (bonds) and 4 (notes and other indebtedness) to the financial statements.

Bonds in each series that mature 10 or more years after the date of issuance are generally redeemable at the option of MassHousing on prescribed redemption dates at prices ranging from 100% to 103% of the outstanding principal balance.

In most cases, MassHousing obtains first (and in some cases second) mortgage liens on the real property of such housing developments and on residential properties. Liens on multifamily developments and residential properties permanently financed by Agency bonds and notes are assignable by MassHousing as additional collateral for its bonds and notes. Similar liens on multifamily developments for which interim financing is outstanding provide collateral to MassHousing in the event of default by the borrowers.

Fixed Rate Bonds and Notes – Bonds are issued in the form of both serial bonds and term bonds. Term bonds and notes require the establishment of a sinking fund in the year preceding any scheduled mandatory redemption. Debt service requirements of the Agency's outstanding fixed rate debt at June 30, 2017 are as follows (in thousands):

Fiscal Year Ending June 30	Fixed Rate Bonds and Notes Principal	Interest	Total
FY18	$ 119,840	$ 114,788	$ 234,628
FY19	181,897	111,934	293,831
FY20	81,332	107,950	189,282
FY21	101,643	105,385	207,028
FY22	73,446	102,856	176,302
FY23 - FY27	361,985	476,776	838,761
FY28 - FY32	415,128	404,520	819,648
FY33 - FY37	473,337	314,247	787,584
FY38 - FY42	481,446	213,184	694,630
FY43 - FY47	462,731	113,503	576,234
FY48 - FY52	226,690	48,722	275,412
FY53 - FY57	119,117	9,939	129,056
FY58 - FY62	580	19	599
Totals	**$ 3,099,172**	**$ 2,123,823**	**$ 5,222,995**

Variable Rate Bonds

Listed in the table below are the outstanding Variable Rate Bonds as of June 30, 2017, including Remarketing Agent and Liquidity Providers, if applicable (in thousands):

Variable Rate Bonds Outstanding

Bond Program	Bond Series	Maturity Date	Bonds Outstanding June 30, 2017	Remarketing Agent	Remarketing Expiration Date	Liquidity Provider	Liquidity Expiration Date
Rental Housing Mortgage Revenue Bond Program	2002 Series B (var rate)	01/01/2044	$ 15,560	n/a	n/a	n/a	n/a
Rental Housing Mortgage Revenue Bond Program	2002 Series D (var rate)	01/01/2045	35,485	n/a	n/a	n/a	n/a
Rental Housing Mortgage Revenue Bond Program	2002 Series G (var rate)	01/01/2046	14,570	n/a	n/a	n/a	n/a
Rental Housing Mortgage Revenue Bond Program	2003 Series A (var rate)	07/01/2043	18,535	n/a	n/a	n/a	n/a
General Rental Developments	VRHB 2015 A (var rate)	01/01/2034	32,755	Raymond James	01/31/2034	Bank of America	01/31/2034
Housing Bond Program	2003 Series F (var rate)	12/01/2037	390	Merrill Lynch	12/01/2037	n/a	n/a
Housing Bond Program	2008 Series A (var rate)	05/01/2048	84,635	n/a	n/a	n/a	n/a
Housing Bond Program	2009 Series A (var rate)	01/01/2043	14,030	Merrill Lynch	01/01/2043	T.D. Bank	02/01/2021
Housing Bond Program	2009 Series B (var rate)	01/01/2044	11,808	Merrill Lynch	01/01/2044	T.D. Bank	02/01/2021
Housing Bond Program	2013 Series F (var rate)	12/01/2038	25,580	Raymond James	12/01/2038	T.D. Bank	12/04/2018
Housing Bond Program	2016 Series I (var rate)	12/01/2056	25,000	n/a	n/a	n/a	n/a
Single Family Housing Revenue Bond Program	Series 76 (var rate)	12/01/2030	15,165	n/a	n/a	n/a	n/a
Total			**$ 293,513**				

Reference is made to Note I for a description of the interest rate swaps and caps that are outstanding on several variable rate bonds at year end. The total amounts of such hedged variable rate bonds outstanding at June 30, 2017 and 2016 were as follows (in thousands):

	June 30, 2017	June 30, 2016
Rental Housing Mortgage Revenue Bonds	$ 84,150	$ 86,690
Housing Bonds	112,045	88,069

The total amounts of such unhedged variable rate bonds outstanding at June 30, 2017 and 2016 were as follows (in thousands):

Basis	June 30, 2017	June 30, 2016
London Interbank Offered Rate (LIBOR) plus 60 basis points	$ 15,165	$ 15,725
LIBOR plus 65 basis points	23,428	23,584
Weekly rate set by the underwriter/remarketing agent, determined by current market conditions	58,725	80,015
Total	**$ 97,318**	**$ 119,324**

Certain bond series are subject to maximum interest rates as defined by their related series' resolutions. Some variable rate bonds are supported by stand-by bond purchase liquidity facilities with banks, which require that the applicable bank purchase any bonds that are tendered for purchase but which cannot be successfully remarketed. Unless and until the bonds can be remarketed, MassHousing would be required to pay to the bank interest on such bonds at an alternate rate. MassHousing also would be required to amortize the principal of such bonds on an accelerated schedule.

Debt Refunding Transactions

The following table summarizes the debt refunding activity for fiscal year 2017 and 2016:

FY 2017 Issue Name	Issue Date	Final Maturity Date	Original Principal Amount
Housing Bonds, 2016 Series D and E	7/28/2016	12/1/2048	$ 61,320,000
Single Family Housing Revenue Bonds, Series 183 and 184	8/31/2016	12/1/2046	51,800,000
Single Family Housing Revenue Bonds, Series 185 and 186	12/8/2016	6/1/2046	103,320,000
Housing Bonds, 2017 Series A and B	3/21/2017	12/1/2049	88,165,000

FY 2016 Issue Name	Issue Date	Final Maturity Date	Original Principal Amount
Housing Bonds, 2015 Series G, H and I	12/17/2015	12/1/2050	$ 97,700,000
Single Family Housing Revenue Bonds, Series 178, 179 and 180	12/17/2015	6/1/2042	112,950,000
Single Family Housing Revenue Bonds, Series 181 and 182	3/24/2016	12/1/2044	65,935,000
Housing Bonds, 2016 Series A, B and C	3/24/2016	12/1/2055	61,830,000

Working Capital Fund - Line of Credit and Loan

The following table summarizes the activity in MassHousing's line of credit for fiscal years 2017 and 2016 (in thousands):

Fiscal Year	Beginning Balance	Net Increases during Year	Net Decreases during Year	Ending Balance
2017	$ 75,000	$ -	$ -	$ 75,000
2016	$ 75,000	$ -	$ -	$ 75,000

On November 13, 2015, MassHousing amended the existing revolving loan agreement with Bank of America, N.A. for a line of credit to provide funding for the Agency's warehouse of single-family loans in the WCF. The revolving loan agreement was extended to November 24, 2017 with no changes to the maximum line.

In December 2016, MassHousing entered into an agreement with the Federal Home Loan Bank of Boston's Helping to House New England Program for $9.18 million, of which the Agency has posted certain investments as collateral as required under the program. The Agency intends to utilize the program to provide funding for some of the Agency's multi-family loans. The agreement has a term of 10 years and a 0% Interest Rate. A Fannie Mae MBS held in the WCF is pledged as security for the Federal Home Loan Bank of Boston's "Helping to House New England" program loan.

Conduit Debt

MassHousing issues bonds, from time to time, under its General Rental Development Bond Resolution, to finance certain mortgage loans for which, due to the conduit nature of the obligations, neither the bonds nor the mortgage loans securing those bonds are included in MassHousing's financial statements. Each of such bond issues are separately secured from any other obligations issued by MassHousing. The issues of such conduit bonds, outstanding as of June 30, 2017, are listed in the table below:

Issue Name	Issue Date	Maturity Date	Original Principal Amount
Conduit Revenue Bonds (Kenmore Abbey Development), 2012 Series B	6/21/2012	6/1/2030	$ 42,700,000
Multi-Family Mort Rev Note (Orient Heights Phase One), 2016 Series A	11/23/2016	12/1/2019	26,500,000
Multifamily Conduit Rev Bonds (Binnall House Project), Series A	12/23/2016	8/1/2018	9,250,000

As to the Conduit Bonds, updated information with respect to the bonds and related mortgage loan is available in accordance with the provisions of the Loan, Security and Trust Agreement and the Disbursing Agreement relating to such bonds.

Defeased Debt

MassHousing defeases certain multifamily bonds from time to time by placing the proceeds of new bonds into irrevocable trusts established to provide funds to call the defeased bond. These defeasance transactions are generally of short duration.

Prior-years' Defeased Debt

In 1992 and 1993, MassHousing defeased certain multifamily bonds of two resolutions by placing the proceeds of new bonds into irrevocable trusts established to provide for all future debt service payments on the old bonds until their scheduled maturities in 2021. Accordingly, the assets and the liabilities of these irrevocable trusts are not included in

MassHousing's financial statements. At June 30, 2017 and 2016, $20 million and $22.1 million, respectively, of bonds outstanding were considered defeased.

Note I. Derivative Instruments

Derivative instruments are financial arrangements, often complex, used to manage specific risks or to make investments. By entering into these arrangements, organizations receive and/or make payments based on market prices or rates without actually entering into the related financial transactions. Derivative instruments associated with changing financial prices and rates result in changing cash flows and fair values that can be used as effective risk management or investment tools.

At June 30, 2017 and 2016 MassHousing had three types of derivative instruments outstanding: interest rate swaps, mortgage-backed security forward contracts and an interest rate cap agreement.

Master Swap Policy (MS Policy) – MassHousing's MS Policy sets guidelines for the use and management of variable rate debt and the use of various derivative financial products such as swaps, caps, floors, collars and options. The MS Policy governs the following: the appropriate usage of swaps and caps; acceptable swap and cap strategies; the procedure for entering into swaps and caps; standards for selection of swap and cap counterparties (including credit standards, diversification of exposure and collateral requirements); internal management of obligations and exposure; and the selection and procurement of swaps and caps.

The MS Policy permits MassHousing to enter into swaps and caps with qualified counterparties in connection with the issuance of debt obligations to reduce the amount and duration of rate, spread or similar risk and in connection with managing MassHousing's assets. The MS Policy states that no swap or cap may be entered into prior to notification of appropriate bond rating agencies. The MS Policy contains guidelines for limiting concentration of exposure to single counterparties and limiting overall derivative counterparty exposure in relation to MassHousing's net position.

Synthetic Fixed Rate Bonds – In connection with the issuance of certain variable rate bonds, MassHousing entered into several separate pay-fixed, receive-variable interest rate hedging transactions ("interest rate swap") in initial notional amounts equal to the initial aggregate principal amount of the related bonds. The interest rate swap counterparties are obligated to make periodic variable rate interest payments to MassHousing on the related bonds at the then prevailing rates, and MassHousing is obligated to make interest payments to the counterparties at the fixed rates specified in the interest rate swap agreements. Generally, only the net difference between the two interest payments is actually exchanged with the counterparty. MassHousing is also responsible for making the periodic interest payments to the variable rate bondholders. MassHousing's objective in entering into interest rate swap agreements is to effectively fix its interest payment obligations with respect to the variable rate bonds at a rate lower than possible if fixed rate bonds had been issued. MassHousing would be exposed to a variable rate under the following conditions: if the counterparties default; if the swap agreements are terminated; or if LIBOR exceeds a specified percentage rate. Termination of an interest rate swap agreement may also result in MassHousing either having to make or receive a termination payment.

Basis of Valuing Interest Rate Swaps – The interest rate swap fair values reflected on the combining Statement of Net Position were obtained from an independent pricing service which used acceptable methods and assumptions in compliance with the disclosure requirements of GASB pronouncements, subject to review and approval by MassHousing. The pricing service uses modeling systems to determine the values shown in this report. Unless stated otherwise, the values presented are mid-market levels and do not include accrued interest. The values are calculated based on the zero-coupon method. The zero-coupon method determines future net settlement payments assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. Future payments are then discounted using the spot rates implied by the yield curve as of the pricing date. Termination Option values are derived using the Black-Scholes model, taking into account variables such as interest rates, duration and implied volatility.

A positive fair value of an interest rate swap (an asset) implies that if the interest rate swap were terminated at midmarket pricing on the valuation date, MassHousing would be owed a payment from the interest rate swap provider. Conversely, a negative fair value of an interest rate swap (a liability) implies that MassHousing would owe a payment to the interest rate swap provider if the interest rate swap were terminated at midmarket pricing on the valuation date.

Terms, fair values, and credit ratings – The terms, including fair values and counterparty credit ratings, of the outstanding interest rate swap at both June 30, 2017 and 2016 are provided below. The credit ratings were issued by S&P and Moody's, respectively. The maturity dates of these interest rate swap agreements and their related bonds are coterminous, maturing according to the dates shown below. The notional value of each interest rate swap and the principal amount of the associated debt declines each fiscal year. In all but one case, each interest rate swap's outstanding notional amount is equal to the principal amount of the associated debt.

June 30, 2017

Swap - Hedging Derivative Instruments (in thousands)

Associated Bond Series	Notional Amount 06/30/17	Effective Date	Swap Termination Date	Fixed Rate Paid	Variable Rate Received	Fair Values 06/30/17	Change in Fair Values from 06/30/16 [increase/ (decrease)]	Name of Counterparty
Rental Housing Mortgage Revenue Bond Series 2002B (1)	$ 9,725	3/27/2002	7/1/2032	6.700%	LIBOR (a)	$ (10)	$ 303	2
Rental Housing Mortgage Revenue Bond Series 2002B (2)	5,835	3/27/2002	1/1/2044	6.800%	LIBOR (a)	(14)	175	2
Rental Housing Mortgage Revenue Bond Series 2002D	35,485	6/25/2009	1/1/2045	6.840%	LIBOR + .25% (b)	(397)	1,743	1
Rental Housing Mortgage Revenue Bond Series 2002G	14,570	6/25/2009	1/1/2046	5.360%	LIBOR + .25% (b)	(551)	726	1
Rental Housing Mortgage Revenue Bond Series 2003A	18,535	9/3/2003	7/1/2043	6.729%	LIBOR (b)	(10,860)	3,737	2
Housing Bond Series 2008A -Block III (Beachmont)	2,046	9/1/2009	5/1/2048	5.963%	LIBOR + 65BP (b)	-	-	3
Housing Bond Series 2008A -Block III (Briston Arms)	3,565	9/1/2009	5/1/2048	5.563%	LIBOR + 65BP (b)	(205)	230	3
Housing Bond Series 2008A -Block III (Lebanese)	2,616	11/1/2009	5/1/2048	5.178%	LIBOR + 65BP (b)	(330)	339	3
Housing Bond Series 2009B	11,808	1/1/2004	1/1/2044	7.080%	LIBOR (b)	(963)	911	2
Housing Bond Series 2009A	14,030	6/29/2006	1/1/2043	5.950%	SIFMA (c)	(5)	387	2
Housing Bond Series 2016I	25,000	12/15/2016	12/1/2041	3.655%	(70% * 3 mo. LIBOR) + 120BP (d)	(584)	(584)	4
	$143,215					**$(13,919)**	**$ 7,967**	

(a) Libor 1 month however Libor rate cannot exceed 20%

(b) LIBOR 1 month USD (1.22% at June 30, 2017)

(c) The Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) (.91% at June 30, 2017)

(d) LIBOR 3 month USD (1.30% at June 30, 2017)

Counterparty	Counterparty Credit Rating
1 Deutsche Bank AG	A-/Baa2
2 JP Morgan Chase & Co	A-/A3
3 Bank of America Corp	BBB+/Baa1
4 Barclays Bank PLC	BBB/Baa2

June 30, 2016

Swap - Hedging Derivative Instruments (in thousands)

Associated Bond Series	Notional Amount 06/30/16	Effective Date	Swap Termination Date	Fixed Rate Paid	Variable Rate Received	Fair Values 06/30/16	Change in Fair Values from 06/30/15 [increase/ (decrease)]	Name of Counterparty
Rental Housing Mortgage Revenue Bond Series 2002B (1)	$ 10,080	3/27/2002	7/1/2032	6.700%	LIBOR (a)	$ (313)	$ 611	2
Rental Housing Mortgage Revenue Bond Series 2002B (2)	5,875	3/27/2002	1/1/2044	6.800%	LIBOR (a)	(189)	358	2
Rental Housing Mortgage Revenue Bond Series 2002D	36,150	6/25/2009	1/1/2045	6.840%	LIBOR + .25% (b)	(2,140)	2,188	1
Rental Housing Mortgage Revenue Bond Series 2002G	15,805	6/25/2009	1/1/2046	5.360%	LIBOR + .25% (b)	(1,277)	463	1
Rental Housing Mortgage Revenue Bond Series 2003A	18,780	9/3/2003	7/1/2043	6.729%	LIBOR (b)	(14,597)	(3,649)	2
Housing Bond Series 2008A -Block III (Beachmont)	2,065	9/1/2009	5/1/2048	5.963%	LIBOR + 65BP (b)	-	(1)	3
Housing Bond Series 2008A -Block III (Briston Arms)	3,603	9/1/2009	5/1/2048	5.563%	LIBOR + 65BP (b)	(435)	(58)	3
Housing Bond Series 2008A -Block III (Lebanese)	2,643	11/1/2009	5/1/2048	5.178%	LIBOR + 65BP (b)	(669)	(287)	3
Housing Bond Series 2009B	12,008	1/1/2004	1/1/2044	7.080%	LIBOR (b)	(1,874)	455	2
Housing Bond Series 2009A	14,230	6/29/2006	1/1/2043	5.950%	SIFMA (c)	(392)	813	2
	$121,239					**$(21,886)**	**$ 893**	

(a) Libor 1 month however Libor rate cannot exceed 20%

(b) LIBOR 1 month USD (0.47% at June 30, 2016)

(c) The Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) (0.41% at June 30, 2016)

Counterparty	Counterparty Credit Rating
1 Deutsche Bank AG	BBB+/Baa2
2 JP Morgan Chase & Co	A-/A3
3 Bank of America Corp	BBB+/Baa1

Interest Rate Swap payments and associated debt – As interest rates vary, variable-rate bond interest payments and net interest rate swap payments vary. Certain of the Agency's interest rate swap agreements contain scheduled reductions in the notional amounts that are expected to approximately follow the scheduled or anticipated reductions in the principal balances of the associated bonds payable.

Using interest rates at June 30, 2017, debt service requirements of the Agency's outstanding variable rate debt and net interest rate swap payments at June 30, 2017 are as follows (in thousands):

Fiscal Year Ending June	Variable Rate Bonds Principal	Interest	Interest Rate Swaps Net	Total
FY18	$ 3,950	$ 3,250	$ 6,351	$ 13,551
FY19	4,215	3,204	6,192	13,611
FY20	4,525	3,150	6,020	13,695
FY21	4,765	3,078	5,849	13,692
FY22	5,075	3,010	5,663	13,748
FY23 - FY27	23,610	14,084	25,642	63,336
FY28 - FY32	31,415	12,231	20,540	64,186
FY33 - FY37	34,265	9,876	14,288	58,429
FY38 - FY42	40,370	7,354	8,293	56,017
FY43 - FY45	35,843	4,421	1,236	41,500
FY48 - FY52	19,390	1,995	21	21,406
FY53 - FY57	12,200	651	-	12,851
Totals	**$ 219,623**	**$ 66,304**	**$ 100,095**	**$ 386,022**

Current Collateral Agreements – Five of the Agency's interest rate swap agreements are with JP Morgan Chase & Co. Four of these interest rate swap agreements are based on one-month LIBOR, and one is based on the Securities Industry and Financial Markets Association Municipal Swap (SIFMA) Index. At June 30, 2017, the five interest rate swaps had an aggregate notional amount of approximately $60 million. Pursuant to the terms of the master interest rate swap agreement, when the aggregate negative value of the five interest rate swaps exceeds $35 million, the Agency is required to post collateral in the amount by which the total negative value exceeds $35 million, rounded up to the nearest $100 thousand as required by counterparty. At June 30, 2017 and 2016, the Agency did not have any collateral on deposit with JP Morgan Chase & Co. These interest rate swaps have termination dates ranging from 2032 to 2044. Interest rate swap agreements with other interest rate swap providers do contain collateral requirements related to Agency and swap provider ratings. At June 30, 2017 and 2016, the Agency did not have any collateral on deposit with these counterparties. The outstanding interest rate swap agreements contain varying collateral requirements with the counterparties to mitigate the potential for credit risk. These requirements were met at both June 30, 2017 and 2016.

Interest Rate Cap Agreement – As an interest rate hedge of a certain variable rate bond, MassHousing entered into an interest rate cap ("cap agreement") in the initial notional amount of $54.7 million equal to the aggregate principal amount of the related bonds. The cap agreement counterparty is obligated to make monthly interest payments to MassHousing on the notional schedule at the then prevailing rates should the index rate exceed the strike rate.

Objective of the interest rate cap – MassHousing's objective in entering into interest rate cap agreements is to provide rate protection with respect to the variable rate bonds.

Basis of Valuing Interest Rate Caps – The cap fair value reflected on the combining Statement of Net Position was obtained from an independent pricing service which used acceptable methods and assumptions in compliance with the disclosure requirements of GASB pronouncements, subject to review and approval by MassHousing.

Terms, fair values and credit rating – The terms, including fair value and counterparty credit rating, of the outstanding cap at June 30, 2017 and 2016 is provided below. The credit rating was issued by S&P and Moody's, respectively. The notional value of the cap and the principal amount of the associated debt declines each fiscal year.

June 30, 2017

Interest Rate Cap - Investment Derivative Instrument (dollars in thousands)

Associated Bond Series	Notional Amount 06/30/17	Effective Date	Cap Termination Date	Strike Rate	Rate Index	Fair Values 06/30/17	Change in Fair Values from 06/30/16 [increase/(decrease)]	Name of Counterparty
Housing Bond, 2008 Series A	$ 52,980	4/2/2014	4/1/2024	6.000%	1 Month LIBOR	$ 135	$ 33	1

Counterparty	Counterparty Credit Rating
1 SMBC Capital Markets, Inc	A1

June 30, 2016

Interest Rate Cap - Investment Derivative Instrument (dollars in thousands)

Associated Bond Series	Notional Amount 06/30/16	Effective Date	Cap Termination Date	Strike Rate	Rate Index	Fair Values 06/30/16	Change in Fair Values from 06/30/15 [increase/(decrease)]	Name of Counterparty
Housing Bond, 2008 Series A	$ 53,520	4/2/2014	4/1/2024	6.000%	1 Month LIBOR	$ 102	$ (307)	1

Counterparty	Counterparty Credit Rating
1 SMBC Capital Markets, Inc	A1

MBS Forward Contracts

In October 2009, MassHousing converted its HomeOwnership Program from a whole loan purchase program to a program primarily financed through the sale of mortgage-backed securities guaranteed by Fannie Mae as to timely payment of principal and interest (Fannie Mae Mortgage-Backed Securities). These securities represent pools of qualified first mortgage loans originated by MassHousing-approved lenders. Under this program, MassHousing periodically enters into forward contracts to sell Fannie Mae Mortgage-Backed Securities to investors before the securities are ready for delivery (referred to as "MBS Forward Contracts"). MassHousing enters into MBS Forward Contracts to hedge the interest rate risk for loan commitments made to originating mortgage lenders. MBS Forward Contracts are derivative instruments due to one or more of the following factors that are not determined at the time MassHousing and the investor enter into the transaction: settlement factors; the reference rates or interest rates the Fannie Mae Mortgage-Backed Securities will bear; and notional amounts in the form of the principal amount of the future Fannie Mae Mortgage-Backed Securities. In addition, payment to MassHousing by the investor is not required until the investor receives the Fannie Mae Mortgage-Backed Securities, enabling the investor to take a position on interest rates without making a payment. Finally, the MBS Forward Contracts may be "net settled" because MassHousing is not obligated to deliver or purchase an asset (the Fannie Mae Mortgage-Backed Securities) to settle the MBS Forward Contract.

MBS Forward Contracts are included on the combining Statements of Net Position as deferred outflows of resources if the fair value is negative and as deferred inflows of resources if the fair value adjustment is positive. Pursuant to the terms of the Fannie Mae forward contract, when the aggregate negative value of the forward contracts exceeds $3 million, the Agency is required to post collateral. The minimum transfer amount is $50 thousand. Collateral is not returned until the aggregate negative value becomes positive. At June 30, 2017 and 2016, the Agency did not have any collateral on deposit with Fannie Mae.

Terms, fair values, and credit ratings – A summary of the MBS Forward Contracts outstanding at June 30, 2017 and 2016, are provided below. The terms, including fair values and counterparty credit ratings, of the MBS Forward Contracts at June 30, 2017 and 2016, are provided in Schedule 6. The credit ratings were issued by S&P and Moody's, respectively. The fair values presented below and in Schedule 6 at June 30, 2017 and 2016 were obtained from an external pricing service which used acceptable methods and assumptions in compliance with GASB disclosure requirements, subject to review and approval by MassHousing.

MBS Forward Contracts at June 30, 2017 (in thousands)

MBS Forward Contracts	Notional Amount Jun. 30, 2017	Coupon Rate Range	Fair Value Adjustments Jun. 30, 2017	Counterparty Credit Rating
FNMA	$ 112,000	3.5-4.00%	$ (6)	NA/Aaa
Total	$ 112,000		$ (6)	

MBS Forward Contracts at June 30, 2016 (in thousands)

MBS Forward Contracts	Notional Amount Jun. 30, 2016	Coupon Rate Range	Fair Value Adjustments Jun. 30, 2016	Counterparty Credit Rating
FNMA	$ 198,365	3.0-3.50%	$ (2,334)	NA/Aaa
Total	$ 198,365		$ (2,334)	

Hedging Derivative Instrument Risk

Credit Risk – Credit risk is the risk that a counterparty will not fulfill its settlement obligations. Interest rate swap terms often expose MassHousing to credit risk. However, at June 30, 2017 and 2016, the Agency had a minor exposure to credit risk on its outstanding swaps. This risk is minor because only one swap had a positive fair value and it was insignificant. The term "positive fair value" implies that the interest rate swap provider would owe a payment to MassHousing if the interest rate swap were terminated at a midmarket price on the valuation date. "Negative fair value" implies that MassHousing would owe a payment to the interest rate swap provider if the interest rate swap were terminated at a midmarket price on the valuation date. The negative fair values of the interest rate swaps at June 30, 2017 and 2016 represent MassHousing's credit exposure to the various counterparties with which the interest rate swaps were executed.

MassHousing executes interest rate swap agreements with various counterparties. Listed below are the counterparties and their ratings, the notional amounts and fair value of the interest rate swaps outstanding and the percentages of the total interest rate swaps outstanding at June 30, 2017 and 2016 (in thousands):

June 30, 2017 Swap Counterparties

Counterparty	Notional Amount	Percentage	Fair Value	Percentage	Credit Rating
Bank of America Corp	$ 8,227	5.74%	$ (535)	3.84%	BBB+/Baa1
JP Morgan Chase & Co	59,933	41.85%	(11,852)	85.15%	A-/A3
Deutsche Bank AG	50,055	34.95%	(948)	6.81%	A-/Baa2
Barclays Bank PLC	25,000	17.46%	(584)	4.20%	BBB/Baa2

June 30, 2016 Swap Counterparties

Counterparty	Notional Amount	Percentage	Fair Value	Percentage	Credit Rating
Bank of America Corp	$ 8,311	6.86%	$ (1,104)	5.04%	BBB+/Baa1
JP Morgan Chase & Co	60,973	50.29%	(17,365)	79.35%	A-/A3
Deutsche Bank AG	51,955	42.85%	(3,417)	15.61%	BBB+/Baa2

At June 30, 2017 and 2016, the Agency was exposed to credit risk on its outstanding interest rate cap because it had a positive fair value. The term "positive fair value" implies that the interest rate cap provider would owe a payment to MassHousing if the cap was terminated at a midmarket price on the valuation date.

At June 30, 2017, the Agency was exposed to credit risk on its outstanding MBS Forward Contracts because some of them had a positive fair value. At June 30, 2016, the Agency was not exposed to credit risk on its outstanding MBS Forward Contracts because they had a negative fair value.

Basis risk – Several bond series require variable-rate bond coupon payments, which are equivalent to the weekly variable bond rate. MassHousing receives a variable-rate payment equivalent to the SIFMA rate on one interest rate swap and is exposed to basis risk if the relationship between the weekly bond rate and the SIFMA rate should diverge. If a change occurs that results in the rates not being equal, the expected interest cost savings may not be realized. At June 30, 2017 and 2016, the weekly variable bond rates paid by MassHousing were .81% and .43% respectively, whereas the SIFMA rates being received by MassHousing were .91% and .41%, respectively.

At June 30, 2017 and 2016, the Agency was not exposed to basis risk on its outstanding interest rate cap, MBS Forward Contracts or its Libor rate swaps.

Market-access risk – The Agency would be exposed to market-access risk if a termination event occurred and the Agency was unable to obtain replacement interest rate swaps, caps or forwards because the market had suffered a loss of liquidity or had collapsed. The Agency utilizes these agreements knowing that the risk of failure exists although that risk is generally thought to be remote. The Agency may consider redeeming the underlying bonds or remarketing the bonds to fixed rates as possible alternative solutions to a lack of swaps or caps.

Termination risk – The interest rate swap contract MassHousing uses is the International Swap Dealers Association Master Agreement, which includes provisions for standard termination events. Either MassHousing or the counterparty may terminate any interest rate swap if the other party fails to perform under the terms of the contract.

MassHousing has the option to terminate the interest rate swap agreements on the dates listed in the table below. If a termination event occurs due to reasons other than MassHousing exercising its standard termination option, MassHousing would be liable to the counterparty for a settlement amount to be established using the "Second Method and Market Quotation" determination. Under these terms, if the swap has a negative fair value at the time of termination, MassHousing would be liable to the counterparty for a payment equal to the swap's fair value; if the interest rate swap has a positive value, the counterparty would be liable for a payment to MassHousing.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the interest rate swaps. At June 30, 2017, the Agency is exposed to interest rate risk on its pay-fixed, receive variable interest rate swaps. As the LIBOR or SIFMA rates decrease, the Agency's net interest rate swap payment to the counterparty increases.

At June 30, 2017 and 2016, the Agency was exposed to interest rate risk on its interest rate cap. As the LIBOR rates increase, the Agency's payment to the variable-rate bond holder increases until the interest rate cap strike rate is reached.

At June 30, 2017 and 2016, the Agency was not exposed to interest rate risk on its outstanding TBA Mortgage-Backed Security Contracts.

Rollover risk – MassHousing is exposed to rollover risk on interest rate swaps that mature or may be terminated prior to the maturity of the associated debt. When these interest rate swaps terminate, or in the case of the exercise of an elective termination option by MassHousing, the risk is that MassHousing will not realize the synthetic rate offered by the interest rate swaps on the underlying debt issues. The debt that is exposed to rollover risk for June 30, 2017 is as follows:

Debt exposed to Rollover risk - June 30, 2017

Associated Debt Issuance	Debt Maturity Dates	Swap Early Termination Date
Rental Housing Mortgage Revenue Bonds 2002B	01/01/44	01/01/17
Rental Housing Mortgage Revenue Bonds 2002D	01/01/45	07/01/17
Rental Housing Mortgage Revenue Bonds 2002G	01/01/46	07/01/18
Housing Bonds 2008 A Block III (Beachmont)	05/01/48	06/17/14
Housing Bonds 2008 A Block III (Briston Arms)	05/01/48	06/17/19
Housing Bonds 2008 A Block III (Lebanese)	05/01/48	10/18/24
Housing Bonds 2009A	01/01/43	01/01/17
Housing Bonds 2009B	01/01/44	01/01/19
Housing Bonds 2016 I	12/01/56	12/01/25

Note J. Interfund Receivable (Payable) Balances and Interfund Transfers

For cash flow purposes in meeting the liquidity requirements of various affiliated entities and bond programs, the WCF may provide or receive cash or other resources which are recorded on the combining Statements of Net Position as an interfund account receivable or (payable). Interfund transfers of net position may be made from time to time among the WCF and bond programs as provided by the requirements of the various bond resolutions and their related indentures. The Agency may make interfund transfers to the extent that such transfers are not required to meet the Agency's debt obligations and if such transfers are not in violation of the terms of bond resolutions or indentures. These transfers are made for the following purposes: to make initial contributions to new bond series and/or to cover any debt service shortfalls of the new bond series; to receive from the bond programs amounts no longer restricted by bond resolution requirements; and in order to facilitate tax compliance.

The following tables provide the interfund receivable (payable) balances at June 30, 2017 and 2016 and the interfund transfers for fiscal years 2017 and 2016 (in thousands):

Interfund Receivable (Payable) Balances at June 30, 2017

	Working Capital Fund and Affiliates	Rental Housing Mort Rev Bond Program	General Rental Development Bond Program	Single Family Housing Revenue Bond Program	Totals
Working Capital Fund and Affiliates	$ -	$ (16)	$ (10)	$ (187)	$ (213)
Rental Housing Mort Rev Bond Program	16	-	-	-	16
General Rental Development Bond	10	-	-	-	10
Single Family Housing Revenue Bond Program	187	-	-	-	187
Totals	**$ 213**	**$ (16)**	**$ (10)**	**$ (187)**	**$ -**

Interfund Receivable (Payable) Balances at June 30, 2016

	Working Capital Fund and Affiliates	Rental Housing Mort Rev Bond Program	General Rental Development Bond Program	Housing Bond Program	Single Family Housing Revenue Bond Program	Totals
Working Capital Fund and Affiliates	$ -	$ (16)	$ (32)	$ (6)	$ (3,049)	$ (3,103)
Rental Housing Mort Rev Bond Program	16	-	-	-	-	16
General Rental Development Bond	32	-	-	-	-	32
Housing Bond Program	6	-	-	-	-	6
Single Family Housing Revenue Bond Program	3,049	-	-	-	-	3,049
Totals	**$ 3,103**	**$ (16)**	**$ (32)**	**$ (6)**	**$ (3,049)**	**$ -**

Interfund Transfers for Fiscal Year 2017

	Working Capital Fund and Affiliates	General Rental Development Bond Program	Multi-Family Housing Bond Program	Housing Bond Program	Single Family Housing Revenue Bond Program	Residential Mort Rev Bond Program	Totals
Working Capital Fund and Affiliates	$ -	$ (1,700)	$ (3,082)	$ (29,572)	$ 2,866	$ (305)	$ (31,793)
General Rental Development Bond	1,700	-	-	-	-	-	1,700
Multi-Family Housing Bond Program	3,082	-	-	-	-	-	3,082
Housing Bond Program	29,572	-	-	-	-	-	29,572
Single Family Housing Revenue Bond Program	(2,866)	-	-	-	-	-	(2,866)
Residential Mortgage Revenue Bond Program	305	-	-	-	-	-	305
Totals	**$ 31,793**	**$ (1,700)**	**$ (3,082)**	**$ (29,572)**	**$ 2,866**	**$ (305)**	**$ -**

Interfund Transfers for Fiscal Year 2016

	Working Capital Fund and Affiliates	Rental Housing Mortgage Revenue Bond Program	General Rental Development Bond Program	Multi-Family Housing Bond Program	Housing Bond Program	Single Family Housing Revenue Bond Program	Residential Mort Rev Bond Program	Totals
Working Capital Fund and Affiliates	$ -	$ (4)	$ (3,220)	$ (3,114)	$ (14,859)	$ -	$ (371)	$ (21,568)
Rental Housing Mortgage Revenue Bond Program	4	-	-	-	-	-	-	4
General Rental Development Bond	3,220	-	-	-	-	-	-	3,220
Multi-Family Housing Bond Program	3,114	-	-	-	-	-	-	3,114
Housing Bond Program	14,859	-	-	-	-	-	-	14,859
Residential Mortgage Revenue Bond Program	371	-	-	-	-	-	-	371
Totals	**$ 21,568**	**$ (4)**	**$ (3,220)**	**$ (3,114)**	**$ (14,859)**	**$ -**	**$ (371)**	**$ -**

Note K. Net Position

(1) Restricted by Contractual or Statutory Agreements

In accordance with the accounting policy outlined in Note B, all funds and accounts established by the various MassHousing bond resolutions are restricted as to their use. Portions of the net position of the WCF and Affiliates are restricted by contract or externally imposed requirements.

(2) Designated Unrestricted Net Position

In accordance with the accounting policy outlined in Note B, MassHousing has adopted, at its discretion, certain designations of the unrestricted net position in the WCF.

Designated unrestricted net position at June 30, 2017 and 2016 consist of the following (in thousands):

	June 30, 2017	June 30, 2016
Equity of Affiliates (Center for Community Recovery Initiatives, Property Acquisition and Disposition Corporation)	$ 1,753	$ 1,875
Funding for loan purchases and advances and unrestricted net position requirements	213,785	177,720
Funding of the Center for Community Recovery Innovations	700	700
Funding of the Construction Security Fund	14,000	14,000
Funding of the New Lease for Homeless Families Initiative	50	50
Funding of the Tenancy Preservation Project	660	660
Lease Commitments	62,058	57,616
Opportunity Fund	207,516	205,811
Total Designations	**$ 500,522**	**$ 458,432**

Note L. Summarized Financial Information of the Working Capital Fund and Affiliates

Included in the financial statements of the WCF and Affiliates are the following blended component units: MIF, PADCO and CCRI. Their condensed Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position are presented below for fiscal years 2017 and 2016 (in thousands):

Fiscal 2017	WCF	MIF	PADCO	CCRI	Combined Totals
STATEMENTS OF NET POSITION at June 30, 2017					
Total assets	$ 1,423,109	$ 125,818	$ -	$ 1,753	$ 1,550,680
Deferred outflow of resources	14,243	-	-	-	14,243
Total assets and deferred outflow of resources	**$ 1,437,352**	**$ 125,818**	**$ -**	**$ 1,753**	**$1,564,923**
Total liabilities	$ 819,949	$ 24,320	$ -	$ -	$ 844,269
Deferred inflow of resources	1,872	-	-	-	1,872
Total net position	615,531	101,498	-	1,753	718,782
Total liabilities, deferred inflow of resources, and net position	**$ 1,437,352**	**$ 125,818**	**$ -**	**$ 1,753**	**$1,564,923**
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION					
For the fiscal year ended June 30, 2017					
Total revenues	$ 86,183	$ 6,766	$ -	$ 719	$ 93,668
Total expenses	67,013	3,482	-	841	71,336
Changes in net position	**$ 19,170**	**$ 3,284**	**$ -**	**$ (122)**	**$ 22,332**

Fiscal 2016	**WCF**	**MIF**	**PADCO**	**CCRI**	**Combined Totals**
STATEMENTS OF NET POSITION at June 30, 2016					
Total assets	$ 1,334,041	$ 119,478	$ 950	$ 1,875	$ 1,456,344
Deferred outflow of resources	21,077	-	-	-	21,077
Total assets and deferred outflow of resources	**$ 1,355,118**	**$ 119,478**	**$ 950**	**$ 1,875**	**$1,477,421**
Total liabilities	$ 790,326	$ 21,264	$ 950	$ -	$ 812,540
Deferred inflow of resources	224	-	-	-	224
Total net position	564,568	98,214	-	1,875	664,657
Total liabilities, deferred inflow of resources, and net position	**$ 1,355,118**	**$ 119,478**	**$ 950**	**$ 1,875**	**$1,477,421**
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION					
For the fiscal year ended June 30, 2016					
Total revenues	$ 91,057	$ 9,633	$ -	$ 933	$ 101,623
Total expenses	54,659	4,858	-	531	60,048
Changes in net position	**$ 36,398**	**$ 4,775**	**$ -**	**$ 402**	**$ 41,575**

Note M. Employee Benefit Plans

Defined Benefit Pension Plan

Plan Description – The Agency's defined benefit pension plan, The Massachusetts Housing Finance Agency Employees' Retirement System Plan (MHFAERS) is a single-employer contributory defined benefit pension plan that covers all employees of MassHousing who elected to join on July 1, 1974 and all regular full-time and certain part-time employees employed subsequent to that date. The Plan came into existence on July 1, 1974, pursuant to the Massachusetts Legislative Acts of 1973. The Plan is a member of the Commonwealth's Public Employee Retirement Systems, which is overseen by the Public Employee Retirement Administration Commission. An independent retirement board administers the Plan and is bound by Chapter 32 of the Massachusetts General Laws (Chapter 32), which establishes benefits, contribution requirements, and an accounting and funding structure for all participating systems with certain provisions subject to retirement board amendment.

A copy of the Pension Plan's standalone financial statements can be obtained at:

MassHousing
Employees' Retirement Executive Secretary
One Beacon Street
Boston, MA 02108-3106

Benefits Provided – MHFAERS provides retirement, disability and death benefits to participants and their beneficiaries. Benefits vest after 10 years of a participant's service at MassHousing alone or in combination with service at certain other Massachusetts public employers. Participants are always vested in their individual contributions. An employee who leaves Agency service may withdraw his or her contributions, plus any accumulated interest. Benefit provisions and all other requirements are established by statute. Retirement eligibility is based upon the following conditions:

- Entered state service before April 2, 2012 and have 20 years of full-time creditable service at any age, or
- Entered state service before April 2, 2012 and attain the age of 55 with ten years of creditable service, or
- Entered state service on or after April 2, 2012 and attain the age of 60 with ten years of creditable service.

Benefit amounts are calculated based upon a formula which includes the participant's age at retirement, average annual salary, and years of creditable service. The amount of retirement allowance depends upon the following:

- age, as of last birthday
- length of creditable service
- highest 36 consecutive months of regular compensation for members hired before April 2, 2012, or highest 5 consecutive years of regular compensation for member hired on or after April 2, 2012.

Cost-of-Living Adjustments (COLA) are handled by the Legislature, which includes Senators and Representatives, and by the Governor. Each year, they may or may not recommend a COLA amount to include in the state's annual budget. For FY 2017, the recommendation by the Governor, the House and the Senate was a 3% increase on the first $13,000 of annual benefits. MHFAERS voted and granted a 3% cost of living increase (COLA) to qualifying retirees and beneficiaries on the base maximum of $13,000 of benefits.

Employees covered by benefit terms. At January 1, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	130
Inactive employees entitled to but not yet receiving benefits	44
Active Employees	337
Total	511

Contributions – Active participants (current employees covered by the Plan) are required to contribute between 5% and 9% of their annual salaries (members hired after 1978 contribute an additional 2% of pay over $30,000) to the Plan, depending on their initial employment date in accordance with Chapter 32. MassHousing is required to contribute the remaining amounts necessary to fund the Plan, using the actuarial basis specified by statute. Contributions to the pension plan from the Agency were $6,092,564 for the year ended June 30, 2017.

Net Pension Liability

The Agency's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

Actuarial Assumptions – The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	5 % grading down to 3.5%
Investment rate of return	7.75 %, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 projected with Scale BB and Generational Mortality.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2014−December 31, 2014.

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 asset class. 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric Average)
Public Domestic Equity	25%	4.9%
Public Foreign Equity (Large Dev.)	7%	4.7%
Public Foreign Equity (Small Dev.)	3%	3.9%
Public Emerging Markets Equity	10%	7.2%
Investment Grade Bonds	15%	0.9%
High Yield Bonds	6%	3.4%
Treasury Inflation Protection Securities	6%	0.9%
Emerging Markets Debt	5%	3.3%
Real Estate	10%	4.3%
Private Equity	8%	7.0%
Natural Resources & Commodities	5%	4.4%
Total	100%	

Discount rate - The discount rate used to measure the total pension liability was 7.75 percent for FY 2017 and FY 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and contributions from the Agency will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning Balance at 1/1/16	$ 149,708,708	$ 114,281,243	$ 35,427,465
Changes for the year:			
Service Cost	3,246,525		3,246,525
Interest	11,623,155		11,623,155
Contributions - employer		6,092,564	(6,092,564)
Contributions - employee		3,273,800	(3,273,800)
Net Investment Income		11,086,715	(11,086,715)
Benefit payments, including refunds of employee contributions	(5,958,074)	(5,958,074)	-
Adminstrative expenses		(379,669)	379,669
Net Changes	8,911,606	14,115,336	(5,203,730)
Balance at 12/31/16	**$ 158,620,314**	**$ 128,396,579**	**$ 30,223,735**

Changes in assumptions

There were no changes in assumptions in FY 2017.

Sensitivity of the Agency's net pension liability to changes in the discount rate

The following presents the Agency's net pension liability calculated using the discount rate of 7.75 percent, as well as what the Agency's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Current Discount Rate (7.75%)	1% Increase 8.75%
Net pension liability	$ 45,473,237	$ 30,223,735	$ 18,339,526

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Agency reported a liability of $30.2 million for its net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 and rolled forward to the measurement date. The Agency's net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employees, actuarially determined.

For the year ended June 30, 2017 and 2016, the Agency recognized pension expense of $7.0 million and $6.2 million, respectively, which is included in administrative expenses. At June 30, 2017 and 2016, the Agency reported deferred outflows and inflows of resources related to pensions from the following sources:

Fiscal 2017	Deferred Ouflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 182,135
Change in assumptions	5,061,509	-
Net difference between projected and actual earnings on pension plan investments	9,175,562	1,690,048
Total	**$ 14,237,071**	**$ 1,872,183**

Fiscal 2016	Deferred Ouflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 223,529
Change in assumptions	6,211,850	-
Net difference between projected and actual earnings on pension plan investments	12,531,081	-
Total	**$ 18,742,931**	**$ 223,529**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	$ 4,041,955
2019	4,041,955
2020	3,150,961
2021	686,436
2022	443,581
Thereafter	-

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued Pension financial report.

The Massachusetts Housing Finance Agency Employees' Retirement System's financial statements for both calendar years 2017 and 2016 were audited by a different firm than the auditor of the Agency.

Deferred Compensation and Defined Contribution Plans

Plan Description – MassHousing maintains a contributory deferred compensation plan for all employees, created in accordance with Internal Revenue Code (IRC) Section 457(b). All employees may contribute up to 50% of their gross compensation, subject to Internal Revenue Service limitations. All temporary employees must contribute a minimum of 7.5% of their gross compensation. Through April 30, 2009, MassHousing matched the contributions of certain classes of employees at a specified rate. This match was suspended effective May 1, 2009. MassHousing's match is maintained in a separate defined contribution plan in accordance with IRC Section 401(a) and vests at the rate of 25% per year over four years.

Participant contributions and investment income are held in a trust administered by Voya Financial (Voya), for the exclusive benefit of participants and their beneficiaries. Participants may choose from among a range of fixed income and equity investment funds maintained by Voya. Contributions and earnings thereon are not taxable to participants until they are withdrawn. Total participant contributions for fiscal years 2017 and 2016 were approximately $1.8 million and $1.9 million, respectively.

Postretirement Healthcare Benefit Plan

Plan Description – Continuation of health and life insurance after retirement is covered by the Commonwealth's retirement law. MassHousing administers a single-employer contributory defined benefit healthcare plan for retirees, which is open to all regular full-time and certain regular part-time employees. The plan also provides $5 thousand of life insurance coverage to all eligible retirees and their beneficiaries. Benefit provisions and all other requirements are established by Massachusetts statutes. Benefits vest after 10 years of an employee's service either at MassHousing alone or in combination with service at certain other Massachusetts public employers. A committee comprised of key Agency staff members, one member designated by the Agency's Board and one member designated by the Agency's Executive Director, administers the Massachusetts Housing Finance Agency OPEB Trust (Trust), an irrevocable trust dedicated solely to administering the investments of, and providing the benefits under the terms of, the substantive plan (the plan understood by the Agency and the plan participants). The OPEB Trust is a component unit of MassHousing whose financial statements are not combined for financial reporting purposes but are reported as separate standalone financial statements in accordance with GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans.

GASB pronouncements related to postemployment benefits other than pensions (OPEB) require (a) systematic, accrual-based measurement and recognition of OPEB costs over a period that approximates covered employees' years of service and (b) disclosure of information about actuarial accrued liabilities associated with OPEB and whether, and to what extent, progress is being made to fund the substantive plan.

A copy of the OPEB Plan's standalone financial statements can be obtained by contacting:

MassHousing
Office of the Financial Director
One Beacon Street
Boston, MA 02108-3106

At January 1, 2015, the following employees were covered by the benefit terms:

Active plan members	337
Retired, Disabled, Survivors and Beneficiaries receiving benefits	166
Terminated vesteds	19
Total	522

Funding of the Substantive Plan – MassHousing is required to contribute approximately 80% of the basic cost of group health insurance for employees (and, in some cases, dependents) who retire after January 31, 2010, 85% for those who retired after July 1, 1994 and before February 1, 2010 and 90% for employees who retired prior to July 2, 1994. The remaining cost is withheld from the retiree's or beneficiary's monthly pension benefit, is remitted directly to the Commonwealth's Group Insurance Commission, and is not reflected on the Trust's financial statements.

Annual OPEB Cost and Net OPEB Obligation – MassHousing's OPEB cost (expense) is calculated based on its Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters specified by GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover service costs each year and amortize any unfunded actuarial liability (or excess) over a period not to exceed 30 years. The remaining amortization period at January 1, 2017 was twenty years.

The following tables show the components of MassHousing's annual OPEB cost for fiscal years 2017 and 2016, the amount actually contributed to the substantive plan, and changes in the net OPEB obligation and the Three-Year Trend information (in thousands).

	Fiscal Year 2017	Fiscal Year 2016
Service cost and expense adjustment with interest to 7/1	$ 1,846	$ 1,720
Amortization of unfunded accrued liability	1,208	1,170
Annual OPEB Cost (Expense)	$ 3,054	$ 2,890
Contributions made	(3,054)	(2,890)
Increase (decrease) in net OPEB obligation	$ -	$ -
Net OPEB obligation - beginning of fiscal year	-	-
Net OPEB obligation - end of fiscal year	$ -	$ -

Three-Year Trend Information

Fiscal Years Ended 6/30		ARC		Contributions Made	Percentage of ARC Contributed		Net OPEB (Asset) Obligation
2017	$	3,054	$	3,054	100%	$	-
2016		2,890		2,890	100%		-
2015		2,484		2,467	99%		-

Funded Status and Funding Progress – As of January 1, 2017, the most recent actuarial valuation date, the substantive plan was partially funded (in thousands).

Schedule of Funding Progress

Actuarial Valuation Date		Actuarial Value of Assets		Actuarial Accrued Liability		Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio		Covered Payroll	UAAL As a % of Covered Payroll
1/1/2017	$	25,999	$	44,671	$	18,672	58%	$	34,025	55%

The annual funding of the ARC is provided through the Agency's annual budgeting process, as approved by MassHousing Members.

The Agency has made the following deposits from the WCF to the OPEB Trust (in thousands):

Fiscal Year		Cash Deposits From MassHousing		Implicit Subsidy		Total Contributions Made
2017	$	2,597	$	457	$	3,054
2016		2,521		369		2,890
2015		2,163		304		2,467

The OPEB funding schedule is adopted by a vote of MassHousing Members on a year-to-year basis and may be changed or eliminated by future votes. At the time of the next actuarial valuation if it is determined that a different investment return assumption must be used, the actuarial accrued liability may be higher or lower and the difference may be significant. A change in the nature and mix of current and expected investments may also lead to a change in the investment return assumption. The implicit subsidy amounts are the result of applying a uniform healthcare premium rate to both active and retired participants.

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of future events. Examples include assumptions about future employment levels, employment turnover, mortality, healthcare cost trends, and investment returns. Amounts regarding the funded status of the substantive plan and the annual required Agency contributions are subject to continual revision as actual results are compared with past expectations and revised estimates are made about the future.

For financial reporting purposes, projections of benefits are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of cost-sharing between the Agency and retirees. The actuarial methods and assumptions are consistent with the long-term perspective of the calculations.

Both the January 1, 2017 and 2015 actuarial valuations used the projected unit credit actuarial cost method. The substantive plan actuarial assets were valued at fair value. The actuarial assumptions used in the January 1, 2017 valuations included an annual healthcare cost trend rate that ranged between 7%-9% in 2018 grading down to 5% in 2044. The January 1, 2015 actuarial valuation included an annual healthcare cost trend rate that ranged between 7%-9% in 2016, grading down to 5% in 2042. Since the irrevocable trust has been partially funded, the 7.25% annual investment return assumption (discount rate) currently adopted in the 2017 actuarial assumptions and the 7.4% annual investment return assumption (discount rate) adopted in the 2015 actuarial assumptions are based upon the estimated long-term investment yield on the current and future investments expected to be used to finance the payment of benefits. The UAAL is being amortized as a level percentage of projected payroll on a closed basis.

The next actuarial report is required as of January 1, 2019.

The OPEB Trust's Financial Statements – The OPEB Trust's financial statements are prepared using the accrual basis of accounting, in accordance with the GASB pronouncements. The Trust's Statements of Net Position and Statements of Changes in Net Position for fiscal years 2017 and 2016 are presented on the following pages.

Employer (Agency) Contributions to the Trust – The Agency's contributions to the Trust are recognized on the Trust's financial statements in the period in which the contributions are due.

Participant (Retiree) Contributions to the Health Insurance Cost – The retirees' share of the cost of the health insurance is withheld from the retiree's or beneficiary's monthly pension benefit, is remitted directly to the Commonwealth's Group Insurance Commission, and is not reflected on the Trust's financial statements.

Method Used to Value the Trust's Investments – Investments are reported on the Trust's Statement of Net Position at fair value. Quoted market prices for long-term investments, where available, are used to determine the fair values at the close of each reporting period.

The OPEB Trust's financial statements for both fiscal years 2017 and 2016 were audited by a different firm than the auditor of the Agency.

Massachusetts Housing Finance Agency OPEB Trust
Statements of Fiduciary Net Position
June 30, 2017 and 2016
(in thousands)

	June 30, 2017	June 30, 2016
Assets		
Cash and cash equivalents	$ 207	$ 407
Investments		
Bond mutual funds	11,632	10,801
Equity mutual funds	15,673	12,128
Total investments	27,305	22,929
Total assets	27,512	23,336
Liabilities		
Accounts payable - administrative expenses	$ 28	$ 37
Accounts payable - insurance premiums	476	656
Total accounts payable	504	693
Total liabilities	504	693
Net position - restricted for other post employment benefits	**$ 27,008**	**$ 22,643**

Massachusetts Housing Finance Agency OPEB Trust
Statements of Changes in Fiduciary Net Position
For the fiscal years ended June 30, 2017 and 2016
(in thousands)

	Fiscal 2017	Fiscal 2016
Additions		
Contributions		
Employer Contributions	$ 3,054	$ 2,889
Investment income		
Interest and dividends	724	587
Net appreciation (depreciation) in fair value of investments	2,025	(621)
Total investment income	2,749	(34)
Less investment expense	15	15
Net investment income	2,734	(49)
Total additions	5,788	2,840
Deductions		
Benefits	1,395	1,229
Administrative expenses	28	24
Total deductions	1,423	1,253
Net increase in Fiduciary Net Postion	**4,365**	**1,587**
Net position - restricted for other post employment benefits		
Beginning of fiscal year	22,643	21,056
End of fiscal year	**$ 27,008**	**$ 22,643**

Note N. Commitments and Contingencies

MassHousing Mortgage Insurance Fund (MIF)

MassHousing established MIF within the WCF to provide an additional source of primary mortgage insurance for certain borrowers. In both fiscal years 2017 and 2016, MassHousing made no transfers to MIF. From the inception of MIF in fiscal year 1989 through fiscal year 2010, MassHousing transferred a total of $30.6 million to MIF. The transfers and MIF's regular operations have resulted in total net position of approximately $101.5 million and $98.2 million at June 30, 2017 and 2016, respectively, which is included in a separate account within the WCF. At June 30, 2017 and 2016, approximately $41.5 million and $39.8 million, respectively, of these totals served as collateral for insurance coverage relating to insured loans. Reinsurance agreements with unrelated insurers (described below) provide additional resources for the settlement of claims. A reserve for claims totaling $1.7 million and $1.9 million at June 30, 2017 and 2016, respectively, is included in WCF's other liabilities.

In addition to providing traditional mortgage insurance coverage, MIF also provides, under its MI Plus™ program, additional mortgage payment protection on new loans insured on or after July 1, 2004. The MI Plus program pays the borrower's monthly mortgage principal and interest requirements for up to six months in the event that the borrower becomes an "enrolled unemployed," as defined by the Commonwealth's unemployment compensation program. MI Plus payments are made directly to the borrower's mortgage loan servicer and are designed to keep the mortgage loan current, avoiding foreclosure, loan loss and mortgage insurance claims.

The following table summarizes the MIF claims activity at June 30, 2017 and 2016 (in thousands):

	June 30, 2017		June 30, 2016	
	Claims	**MI Plus Claims**	**Claims**	**MI Plus Claims**
Claims Paid	$ 1,931	$ 145	$ 3,353	$ 171
Number of Claims	39	148	67	203

MassHousing has risk sharing agreements with four independent insurers whereby MassHousing co-insures single-family primary mortgage loans. The following table provides the risk sharing liability balances at June 30, 2017 and 2016 (in thousands):

	June 30, 2017	**June 30, 2016**
Balance of loans with co-insurance	$ 6,398	$ 7,159
Amount of co-insurance coverage	2,165	2,414
MassHousing remaining liability	3,796	3,796
Co-insurers remaining liability	1,400	1,400
MassHousing collateral on deposit	1,258	1,254

MassHousing, on behalf of MIF, has reinsurance agreements with the Mortgage Guaranty Insurance Corporation (MGIC), United Guaranty Residential Insurance Corporation (UG), Genworth Mortgage Insurance Corporation (GMIC) and Willis Re. These agreements provide reinsurance of MassHousing's HomeOwnership loans and, in certain cases, other conventional mortgage loans purchased by MassHousing, loans which were made to persons and families of low- and moderate-income and which were originated by other mortgage lenders on Massachusetts one-to-four unit, owner-occupied residential dwellings, as well as other bank portfolio loans held by Massachusetts banks. Under each reinsurance agreement, the MIF retains a 10% share of the insurance coverage written on any reinsured loan; the reinsurer provides reinsurance for the remaining 90% of the coverage. In addition to MIF's 10% share, MIF receives a ceding commission ranging from 20% to 37% of the reinsurance premiums paid under the MGIC, UG, GMIC, and Willis Re agreements. The net benefits to MIF under the agreements range from 26.3% to 43.3% of the premiums for the assumption of 10% of the mortgage risk. The first contract with Genworth includes an excess of loss coverage which costs 1.7% of gross premiums written.

The following table summarizes the MIF reinsurance balances at June 30, 2017 and 2016 (in millions):

	June 30, 2017	June 30, 2016
Willis RE	$ 1,470	$ 1,040
GMIC	186	243
MGIC	82	117
UG	22	32
Total loans with reinsurance	**$ 1,760**	**$ 1,432**

Center for Community Recovery Innovations, Inc. (CCRI)
CCRI has been funded with contributions from MassHousing since fiscal year 1995. In both fiscal years 2017 and 2016, MassHousing contributed $700 thousand and has committed to fund $700 thousand in fiscal year 2018.

Opportunity Fund
On March 8, 2016, MassHousing Members voted to create a segregated revolving fund to be known as the Opportunity Fund within the Agency's Working Capital Fund for programs and initiatives that increase housing opportunities and otherwise support the Agency's mission, subject to all applicable requirements of the Agency's enabling act. MassHousing Members further voted to make a cash investment of $156 million and to transfer $4 million from previously committed and reserved cash assets in the Working Capital Fund to such Opportunity Fund.

MassHousing Members also voted to transfer previously committed non-cash assets in the Working Capital Fund from the Priority Development Fund (PDF) and Agency funds invested in the Affordable Housing Trust Fund (AHTF), with any payments received from such assets to remain in the Opportunity Fund.

In January 2004, MassHousing announced the creation of the PDF to help increase the production of rental housing in Massachusetts. MassHousing Members voted to make available $100 million for PDF loans.

The AHTF was established under Section 227 of Chapter 121D of the Acts of 2000 of the Massachusetts General Laws (the AHT Act). The Fund, by statute, was established under the direct supervision of the Commonwealth's Department of Housing and Community Development (DHCD) and is designed to provide resources to create or preserve affordable housing for low- and moderate-income households throughout the Commonwealth of Massachusetts (Commonwealth). AHTF is sited within the DHCD and is not part of MassHousing.

As part of the Opportunity Fund, MassHousing Members voted to designate and reserve $50 million of such Opportunity Fund for programs and investments related to the preservation of the Commonwealth's Section 13A portfolio and $100 million of such Opportunity Fund for programs and investments related to the creation of workforce housing. The Opportunity Fund is a designated unrestricted net position of the Working Capital Fund and is included in the financial statements of the Working Capital Fund and Affiliates.

Legislative Developments

From time to time, bills may be introduced into the Commonwealth legislature affecting government operations generally or that could seek to impose financial and other obligations on MassHousing, including requiring the transfer of funds or assets from MassHousing to the Commonwealth or other State agencies. Furthermore, measures and legislation may be considered by the Federal government, or the Commonwealth legislature, which measures may affect MassHousing's programs. While some of these measures may benefit the programs, no assurance can be given that the programs will not be adversely affected by such measures. In addition, the Congress or the Commonwealth legislature could enact legislation that would adversely affect the timing and amount of MassHousing's recoveries from mortgage loans and thereby adversely affect the availability of amounts for the payment of debt service on obligations. MassHousing cannot predict whether any such legislation will be enacted or, if it is enacted, what effect it would have on the revenues received by MassHousing from mortgage loans. There can be no assurance that any such legislation will not be enacted or that such legislation, if enacted, will not have an adverse impact on the operations of MassHousing, its financial condition or any of its contractual obligations.

Lease Commitments

On January 23, 2017, MassHousing entered into the fifth amendment to its operating office lease with One Beacon Street Limited Partnership commencing on this date and lasting for an amended thirteen-year lease term. This lease amendment is for expansion space located on the fourth floor of the building consisting of approximately 9,938 rentable square feet and is effective for the amended period August 1, 2017 through March 31, 2030.
MassHousing also leases office equipment, automobiles and other items under several non-cancelable operating leases with terms in excess of one year. The following is a summary of the future minimum lease payments under these leases (in thousands):

Fiscal Year	Total Future Minimum Lease Payments	
2018	$	4,485
2019		4,684
2020		4,691
2021		4,690
2022		4,769
2023-2030		38,739
Total future minimum lease payments	**$**	**62,058**

Rent expense under all non-cancelable leases with terms in excess of one year totaled $4.74 million and $4.78 million in fiscal years 2017 and 2016, respectively.

Other

MassHousing's WCF has pledged to indemnify its municipal bond insurers in the event an insurer incurs losses under certain policies the insurer has issued. Those policies guarantee that bondholders of certain bond series and maturities will receive scheduled principal and interest payments in the following bond programs, in the following amounts at June 30, 2017 (in thousands):

Rental Housing Mortgage Revenue Bonds	$	84,150
General Rental Development Bonds		2,885
Single-Family Housing Revenue Bonds		15,165
	$	**102,200**

At June 30, 2017, MassHousing had commitments to provide approximately $439 million for undisbursed portions of existing and new permanent and construction mortgage loans.

Risk-Sharing Program

MassHousing serves as an approved lender under the Housing Finance Agency Risk-Sharing Program for Insured Affordable Multi Family Project Loans (Risk-Sharing Program"), authorized by Section 542(c) of the Housing and Community Development Act of 1992, which is administered by HUD. Under the Risk-Sharing Program, MassHousing acts as the servicer for these loans, and bears a percentage of risk loss ranging from 10-50% of each loan with the balance of risk loss borne by HUD in the event of a claim. As of June 30, 2017, MassHousing has 277 loans with an unpaid principal balance of $2.6 billion, which is subject to a maximum loss exposure up to $1.1 billion. MassHousing utilizes strict underwriting standards to minimize exposure to risk loss. Following default on a risk-share loan, MassHousing may obtain an initial claim payment from HUD of 100% of the loan's unpaid principal balance and accrued interest (subject to certain adjustments). After a period during which MassHousing works toward curing the default, foreclosure or resale of the related project, losses (if any) are calculated and apportioned between MassHousing and HUD according to the applicable risk-sharing percentage for the loan, and MassHousing reimburses HUD (with interest on the initial claim payment) for its share of the loss, with such reimbursement to be made by debentures maturing over a period of five years (unless extended by HUD). In addition to using this program to insure mortgage loans pledged to secure bonds, MassHousing from time to time has sold 100% participation interests in mortgage loans secured under this program. In these cases, MassHousing is the original mortgagee and holds legal title to certain mortgage loans insured under this program for which 100% beneficial ownership has been transferred to participant owners. Since the inception of the Risk-Sharing Program, the Agency has suffered two partial claims, totaling approximately $5 million.

Note O. Events Subsequent to June 30, 2017

Through the September 12, 2017 meeting of the Members of MassHousing, the Agency issued new mortgage and bridge loan commitments totaling $169.3 million for multifamily developments.

On August 10, 2017, MassHousing issued $51.9 million of Single Family Housing Revenue Bonds, Series 187, $44.4 million of Single Family Housing Revenue Bonds, Series 188 and $25 million of Single Family Housing Revenue Bonds, Series 189. The Series 187, 188 and 189 Bonds (collectively, the "New Series Bonds") are a mix of serial and term bonds with various maturity dates ranging from 2018 to 2047 and fixed interest rates ranging from 1.05% to 4.00%. Proceeds of the New Series Bonds will be applied by MassHousing to (i) refund all or a portion of the approximately $38.27 million Outstanding Series 149 Subseries A, C and D Bonds under the Resolution (the "Economic Refunded Bonds"), (ii) replace and refund certain Outstanding Bonds under the Resolution (the "Replacement Refunded Bonds") and (iii) finance new Mortgage Loans under the Program either through the purchase of Mortgage-Backed Securities that are backed by such Mortgage Loans or through the direct purchase of Whole Mortgage Loans under the Resolution. As a result of the redemption of the Replacement Refunded Bonds, additional funds available under the Resolution were made available for the purchase of Mortgage-Backed Securities and Whole Mortgage Loans under the Resolution. In total, MassHousing deposited approximately $85.8 million to the Purchase Account to finance the purchase of new Mortgage Loans with moneys allocable to the New Series Bonds. The Economic Refunded Bonds were redeemed on September 1, 2017 at a price of 100% of the principal amount. As a result of the economic refunding, and based on a mortgage loan projected prepayment speed of 100% FHA, the Agency reduced its total debt service payments over the next 12 years by approximately $3.0 million, which resulted in an economic gain of $648 thousand. The economic gain is the difference between the present values of the debt service requirements of the Economic Refunded Bonds versus the New Series Bonds, net of issuance costs. As a result of the refunding, the average bond coupon interest rate was reduced from 3.05% to 2.93%.

On August 10, 2017, MassHousing issued $7.5 million of Direct Purchase Construction Loan Notes, Issue Three to provide construction financing for multifamily developments. The Notes have a maturity date of March 2018 and a fixed interest rate of 1.50%.

The following table summarizes the unscheduled debt redemption activity subsequent to June 30, 2017 (in thousands):

Bond Program	Series	Redemption Date	Amount
Housing Bonds	various	7/1/2017	$ 18,365
General Rental Development Bonds	2015A	7/1/2017	105
General Rental Development Bonds	2014A	7/15/2017	752
General Rental Development Bonds	2014B	7/15/2017	32
Housing Bonds	2010A	7/17/2017	12,220
Housing Bonds	2013A	7/17/2017	2,800
General Rental Development Bonds	2014A	8/15/2017	25
General Rental Development Bonds	2014B	8/15/2017	28
Single-Family Housing Revenue Bonds	various	9/1/2017	112,980
General Rental Development Bonds	2014A	9/15/2017	45
General Rental Development Bonds	2014B	9/15/2017	32
Total unscheduled debt redemptions subsequent to June 30, 2017			**$ 147,384**

Note P. Litigation

MassHousing is involved in certain litigation and disputes incidental to its operations. Because it is generally difficult to predict the outcome of lawsuits, MassHousing cannot give any assurance as to the outcome of such litigation. Based upon the information it presently possesses, however, it is management's judgment that such litigation will not have a material adverse impact upon the financial condition of MassHousing.

Required Supplemental Schedule 1
Unaudited

Schedules of Required Supplementary Information
Schedule of changes in the Agency's Net Pension Liability and related ratios
(Dollar amounts in thousands)

	FY 2017	FY 2016	FY 2015
Total Pension Liability			
Service Cost	$ 3,247	$ 3,129	$ 2,695
Interest	11,623	10,443	9,984
Changes in Benefit Terms	-	-	-
Differences between expected and actual experience	-	(265)	-
Changes of assumptions *	-	7,362	-
Benefit payments, including refunds of employee contributions	(5,958)	(5,161)	(5,134)
Net change in total pension liability	8,912	15,508	7,545
Total pension liability - beginning	149,708	134,200	126,655
Total pension liability - ending (a)	$158,620	$149,708	$134,200
Plan fiduciary net position			
Contributions - employer	$ 6,093	$ 6,065	$ 3,946
Contributions - employee	3,274	3,219	3,497
Net Investment Income	11,087	(3,352)	4,114
Benefit payments, including refunds of employee contributions	(5,958)	(5,161)	(5,134)
Adminstrative expenses	(380)	(366)	(419)
Other changes	-	-	-
Net change in plan fiduciary net position	14,116	405	6,004
Plan fiduciary net position - beginning	114,280	113,875	107,871
Plan fiduciary net position - ending (b)	$128,396	$114,280	$113,875
Net Pension Liability - ending (a)-(b)	$ 30,224	$ 35,428	$ 20,325
Plan fiduciary net position as a percentage of total pension liability	80.9%	76.3%	84.9%
Covered Employee Payroll	$ 33,641	$ 32,430	$ 28,044
Net Pension Liability as a percentage of covered employee payroll	89.8%	109.2%	72.5%

* Changes in assumptions - Mortality rates for FY 2016 were changed from RP-2000 with Mortality Table for Males or Females, as appropriate, projected for 18 years using Scale AA to RP-2000 projected with Scale BB and Generational Mortality. The discount rate used to measure the total pension liability was reduced to 7.75 percent from 7.875 percent. These changes in assumptions resulted in a $7.3 million increase to Net Pension Liability in FY 2016.

Required Supplemental Schedule 2
Unaudited

Schedule of Agency Contributions
(Dollar amounts in thousands)

	FY 2017	FY 2016	FY 2015
Actuarial Determined Contribution	$ 6,093	$ 6,065	$ 3,946
Contributions made	6,093	6,065	3,946
Contribution deficiency (excess)	$ -	$ -	$ -
Covered Payroll	$ 33,641	$ 32,430	$ 28,044
Contribution as a percentage of covered employee payroll	18.1%	18.7%	14.1%

Notes to Schedule

Methods and assumption used to determine contribution rates:

Actuarial cost method	Entry age, normal
Amortization method	Level payment, closed
Remaining amortization period	6 years
Asset valuation method	Market value adjusted by accounts receivable and accounts payable
Inflation	3 percent
Salary Increases	5 percent grading down to 3.5%
Investment rate of return	7.75 percent, net of pension plan investment expense
Mortality	In the 2015 acturial valuation, the Agency adopted the RP-2000 projected with Scale BB and Generational Mortality
Measurement Date	December 31, 2016
Valuation Date	January 1, 2015
Changes in assumptions	Mortality rates for the current year were changed from RP-2000 with Mortality Table for Males or Females, as appropriate, projected for 18 years using Scale AA to RP-2000 projected with with Scale BB and Generational Mortality. The discount rate used to measure the total pensionliability was reduced to 7.75% from 7.875%.

Required Supplemental Schedule 3
Unaudited

SCHEDULE OF FUNDING PROGRESS FOR MASSACHUSETTS HOUSING FINANCE AGENCY OPEB TRUST

Required Supplementary Information
Schedule of Funding Progress for
Massachusetts Housing Finance Agency OPEB Trust
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability*	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL As a % of Covered Payroll
1/1/2017	$ 25,999	$ 44,671	$ 18,672	58%	$ 34,025	55%
1/1/2015	20,944	37,878	16,934	55%	31,769	53%
1/1/2013	15,547	30,859	15,312	50%	28,490	54%

* Changes in Actuarial Accrued Liability - Increases in the Actuarial Accrued Liability are largely the result of reductions in the discount rate used to measure the Actuarial Accrued Liability from 7.50% in the 1/1/13 actuarial valuation to 7.40% for the 1/1/15 actuarial valuation to 7.25% for the 1/1/17 actuarial valuation.

SCHEDULE 1 INVESTMENTS AND CASH EQUIVALENTS

		Investment Maturities (In Years) In thousands of dollars				
		Total Cost, Amortized Cost, or Fair Value	**6/30/2018 Less Than 1**	**6/30/2022 1-5**	**6/30/2027 6-10**	**More Than 10**
Working Capital Fund and Affiliates						
	U.S. Government Obligations	$ 114,357	$ 33,262	$ 81,095		
	Government and Government Agency Obligations	11,845				$ 11,845
	Cash Equivalents	495,683	495,683			
	Total Investments and Cash Equivalents	$ 621,885	$ 528,945	$ 81,095		$ 11,845
Rental Housing Mortgage Revenue Bond Program						
	Guaranteed Investment Contracts	$ 2,627				$ 2,627
	Cash Equivalents	14,820	$ 14,820			
	Total Investments and Cash Equivalents	$ 17,447	$ 14,820			$ 2,627
General Rental Development Bond Program						
	Guaranteed Investment Contracts	$ 431			$ 431	
	Cash Equivalents	7,589	$ 7,589			
	Total Investments and Cash Equivalents	$ 8,020	$ 7,589		$ 431	
Multi-Family Housing Bond Program						
	Cash Equivalents	$ 25,010	$ 25,010			
	Total Investments and Cash Equivalents	$ 25,010	$ 25,010			

SCHEDULE 1 INVESTMENTS AND CASH EQUIVALENTS

		Investment Maturities (In Years) In thousands of dollars				
		Total Cost, Amortized Cost, or Fair Value	**6/30/2018 Less Than 1**	**6/30/2022 1-5**	**6/30/2027 6-10**	**More Than 10**
Housing Bond Program						
	U.S. Government Obligations	$ 30,841		$ 30,841		
	Guaranteed Investment Contracts	12,534			$ 12,534	
	Cash Equivalents	294,677	$ 294,677			
	Total Investments and Cash Equivalents	$ 338,052	$ 294,677	$ 30,841	$ 12,534	
Single Family Housing Revenue Bond Program						
	Government and Government Agency Obligations	$ 590,632	$ 11,487			$ 579,145
	Cash Equivalents	131,558	131,558			
	Total Investments and Cash Equivalents	$ 722,190	$ 143,045			$ 579,145
Residential Mortgage Revenue Bond Program						
	Government and Government Agency Obligations	$ 72,512	$ 1,412			$ 71,100
	Cash Equivalents	73	73			
	Total Investments and Cash Equivalents	$ 72,585	$ 1,485			$ 71,100
Combined Totals Memorandum Only						
	U.S. Government Obligations	$ 145,198	$ 33,262	$ 111,936		
	Government and Government Agency Obligations	674,989	12,899			$ 662,090
	Guaranteed Investment Contracts	15,592	-		$ 12,965	2,627
	Cash Equivalents	969,405	969,405			
	Total Investments and Cash Equivalents	$ 1,805,184	$ 1,015,566	$ 111,936	$ 12,965	$ 664,717

SCHEDULE 2: MORTGAGE / CONSTRUCTION LOAN OBLIGATIONS AND COMMITMENTS

Project Name	Interest Rate	Maturity Date	In thousands Mortgage Obligation	Advances Construction/ Mortgage Loans	Balance of Commitment	Notes
Working Capital Fund and Affiliates						
100 Centre Plaza	8.250%	11/01/2026	$ 478			
11 Long Point Road	5.550%	01/01/2029	105			
1199 Hixville Road	5.350%	08/01/2026	83			
2 Pierce Lane	5.350%	07/01/2026	83			
225 Centre Street	0.000%	08/01/2054	5,600			
3 Flintlock Lane	5.550%	12/01/2026	89			
38 Winfield Street	5.350%	08/01/2026	85			
706 Huntington Ave.	0.000%	11/01/2049	402			
808 Memorial Drive	7.750%	03/01/2021	516			
808 Memorial Drive	8.150%	03/01/2021	819			
Academy Hill School	9.150%	01/01/2023	225			
AEI Group Homes-Braintree	5.350%	08/01/2026	126			
AEI Group Homes-Centerville	5.350%	07/01/2026	113			
AEI Group Homes-Kingston	5.550%	02/01/2027	125			
AEI Group Homes-Marshfield	5.550%	05/01/2028	133			
Ames Privilege Unit 2	4.800%	10/01/2054	1,376			
Ames Privilege Unit 2	2.600%	10/01/2054	118			
Anderson Park	2.750%	04/01/2018		$ 1,397	$ 1,093	
Appleton Mills Redevelopment Phase 1B	6.350%	04/01/2052	169			
Arlington Park	4.000%	02/01/2037	989			
Auburn Court	2.500%	06/01/2018		7,065		
Aurora Hotel	2.600%	03/01/2056	632			
Barstow Village	0.010%	07/01/2053	877			
Bedford Towers	3.550%	04/01/2050	354			
Berkshire Peak	2.450%	09/01/2018		3,184	2,620	
Bowdoin Apartments	0.000%	01/01/2042			40,475	
Brandy Hill	2.500%	04/01/2018		2,616		
Brayton Hill	3.000%	03/01/2018	121			
Bridle Path Apartments	5.430%	01/01/2049	333			
Brooks School	8.000%	01/01/2028	5,238			
Brooks School	0.000%	01/01/2028	122			
Brookside Terrace	3.000%	03/01/2019	361			
Brown Kaplan Townhomes	0.000%	08/25/2049	548			
Burbank Gardens	0.000%	10/10/2018	5,070			
Cable Gardens	4.500%	01/01/2036	7,547			
Canal Crossing	7.370%	07/01/2012	1,087			
Canton Village	6.490%	06/01/2046	454			
Carter Heights	3.540%	03/01/2052			8,386	
Central Grammar	0.000%	04/01/2053	695			
Chapman House	3.290%	04/10/2064	2,056			
Chatham West I	3.500%	05/01/2019		2,875		
Chauncy House	2.500%	10/01/2017		4,214		
Cheriton Heights Senior Housing	0.000%	11/22/2053	1,000			
Chestnut Park	0.000%	07/01/2020	200			
Chestnut Park	3.000%	07/01/2020	2,137			
Cobbet Hill	2.340%	12/01/2018		5,399	1,715	
Cobbet Hill	2.260%	12/23/2066	1,000			
Cobbet Hill	3.000%	12/01/2018			786	
Codman Square Apartments	2.640%	01/01/2054	840			
Coe's Pond Village	3.000%	07/29/2017		1,890		
Colonial Village	8.250%	03/01/2018	16			

SCHEDULE 2: MORTGAGE / CONSTRUCTION LOAN OBLIGATIONS AND COMMITMENTS

Project Name	Interest Rate	Maturity Date	Mortgage Obligation (In thousands)	Advances Construction/ Mortgage Loans (In thousands)	Balance of Commitment (In thousands)	Notes
Conant Village	6.000%	07/01/2045	$ 700			
Curtain Lofts	0.000%	11/01/2052	783			
Edgewater Apartments	5.500%	01/01/2018	243			
Florence Apartments	0.000%	12/11/2049	1,000			
Forest Park Apartments	7.500%	03/01/2041	929			
Forestvale	0.000%	12/11/2049	1,000			
Founders Court Apts.	3.000%	10/01/2017		$ 1,127		
Franklin Highlands	0.000%	02/01/2056			$ 6,834	
Franklin Hill Revitalization Phase 2A	6.000%	05/01/2059	1,350			
Franklin Hill Revitalization Phase 2B	0.100%	12/31/2059	1,000			
Franklin School	5.250%	12/31/2049	3,433			
Gateway Residences on Washington	3.250%	10/01/2018			9,464	
Gateway Residences On Washington	0.000%	10/01/2058	1,600			
Glen Meadow Apartments	0.000%	05/01/2057	1,750			
Greenway Apartments	3.850%	06/01/2053	1,000			
Habitat for Humanity - Boston, Inc.	2.500%	05/01/2023	291			
Hampton Court	3.120%	06/20/2064	17,891			
Hanover Woods	1.890%	08/01/2066	7,029			
Haynes House	0.000%	03/01/2019	122			
Hayward Landing	2.570%	11/04/2065	19,379			
Hebronville Mill	8.000%	12/01/2016	336			
Hebronville Mill	9.616%	02/01/2020	4,710			
Hebronville Mill	8.500%	06/01/2018	1,166			
Hemenway Apts	0.000%	05/06/2055			34,000	
Heritage Common	0.700%	06/01/2050	11,136			
Heritage Common	0.000%	06/16/2051	1,500			
Heywood Wakefield Village	4.790%	12/31/2041	16,107			
Highland Apartments	3.040%	07/01/2054	5,896			
Highland Village	3.000%	01/01/2018		260		
Hillside Village	5.230%	12/01/2043	600			
Houghton Village	2.700%	06/01/2058		3,089	4,386	
Houghton Village	0.000%	06/01/2058	1,545			
Island Creek Vlge North- Age Restricted	0.000%	05/13/2055			1,000	
Island Creek Vlge North Age Unrestricted	0.000%	05/21/2055			17,241	
Latin Academy	0.000%	06/01/2050	698			
Leyden Woods Apartments	2.500%	02/01/2018		20,408	600	
Leyden Woods Apartments	2.750%	02/01/2018		3,692		
Lincoln Village	8.250%	03/01/2018	218			
Lincoln Village	2.625%	03/01/2018	1,082			
Lincoln Village	3.000%	03/01/2018		5,341		
Lincoln Woods	2.740%	07/01/2057	1,200			
Lincoln Woods	0.000%	08/01/2057	291			
Linwood Mill	0.010%	07/01/2053	1,000			
Littlebrook	2.450%	06/19/2063	1,792			
Loring Towers	1.000%	12/20/2049	450			
Madison Park III	2.750%	01/01/2018		14,000		
Majestic Apartments	0.000%	01/01/2044	95			
Mansfield Meadows	3.250%	09/19/2063	10,384			
Maple Commons	2.400%	09/01/2018		8,579	12,421	
Maple Ridge Phase I	0.000%	06/01/2052	2,000			
Marble St. Apts	0.000%	10/01/2051			26,700	
Mariner's Hill	3.240%	05/15/2064	2,066			
Mashpee Village	7.000%	06/01/2056	1,500			

SCHEDULE 2: MORTGAGE / CONSTRUCTION LOAN OBLIGATIONS AND COMMITMENTS

			In thousands			
Project Name	Interest Rate	Maturity Date	Mortgage Obligation	Advances Construction/ Mortgage Loans	Balance of Commitment	Notes
Mason Place	5.680%	04/01/2024	$ 852			
Mass Mills I	3.120%	07/01/2049	798			
Mass Mills II	3.120%	07/01/2049	818			
Mass Mills III	0.000%	12/04/2045			$ 3,500	
Middlebury Arms	3.320%	09/30/2055	3,986			
Mill House	2.870%	10/16/2064	862			
Mill Valley Estates	2.550%	11/18/2060	10,840			
Museum Square	2.720%	07/24/2065	15,164			
Mystic Place	0.000%	03/31/2043	119			
Neptune Towers	0.000%	04/01/2032	100			
Nor-Al	5.250%	01/01/2034	2,287			
Oak Terrace	4.290%	06/01/2058		$ 309	690	
Oak Terrace	2.340%	01/01/2019		4,100		
Orchard Hill	6.680%	07/01/2027	802			
Oxford House at Queeney Square	2.720%	01/01/2050	4,411			
Pacific Mills Re-Development Phase One	0.000%	01/01/2057			22,805	
Palmer Green Est	3.000%	07/01/2018		885	1,407	
Palmer Green Est	3.250%	07/01/2036	3,945			
Parmalee Court	3.070%	08/31/2064	1,136			
Pelham I Apartments	5.086%	12/01/2064	5,762			
Pilot Grove Hill	3.750%	12/01/2049	43			
Pilot Grove Hill	0.000%	12/01/2049	379			
Pine Gardens	7.350%	09/01/2044	750			
Pine Grove Village	0.000%	03/01/2019	40			
Pleasant Plaza	3.025%	01/01/2065	11,162			
Pleasant Plaza	2.650%	01/01/2065	9			
Pondside at Littleton	3.141%	09/01/2064	12,332			
Powdermill Village	4.500%	03/01/2018	2,888			
Princeton at Boston Road	0.000%	11/30/2038	31			
Princeton At Chelmsford Apts Homes	0.000%	12/01/2051			23,672	
Quincy Heights	2.290%	06/01/2041	970			
Quincy Tower	2.340%	01/12/2019		10,293	6,501	
Quincy Tower	3.000%	01/12/2019		2,905	1,881	
Residences at Canal Bluffs	7.640%	06/01/2051	782			
Residences at Canal Bluffs	5.250%	06/01/2051	1,850			
Residences At Fairmont Station	0.000%	03/01/2052			1,704	
Rindge Apts	2.500%	02/28/2018		7,500		
Riverboat Village	5.010%	12/31/2033	6,655			
Riverview Meadows	2.180%	03/16/2065	4,996			
Riverview Towers	0.000%	11/10/2054			13,415	
Riverview Towers	5.500%	03/01/2018	140			
Rock Harbor Vlge	5.000%	07/01/2052	129			
Roxbury Corners	4.000%	01/01/2050	1,073			
Roxbury Corners	0.000%	01/01/2050	1,196			
S.S.C.R.II-Bridgewater	5.550%	03/01/2027	106			
S.S.C.R.II-Mattapoisett	5.550%	10/01/2026	93			
S.S.C.R.II-Stoughton	5.550%	03/01/2027	93			
School House Brookledge	0.010%	12/04/2048	1,000			
School House Kenilworth	0.010%	06/01/2049	1,000			
Shillman House	0.000%	11/01/2051	2,604			
Shillman House	0.000%	12/17/2051	972			
Ships Watch	2.780%	07/24/2063	6,787			
Single Family Home Improvement Loans	4.000% to 6.750%		1,190			

SCHEDULE 2: MORTGAGE / CONSTRUCTION LOAN OBLIGATIONS AND COMMITMENTS

Project Name	Interest Rate	Maturity Date	Mortgage Obligation (In thousands)	Advances Construction/ Mortgage Loans (In thousands)	Balance of Commitment (In thousands)	Notes
Single Family Long Term Assets	0.000% to 7.500%		$ 4,946			
Single Family Mass Advantage Loans	0.000%		2,658			
Single Family Modification Loans	0.000%		150			
Single Family Mortgage (Warehouse) Loans	3.500% to 5.000%		44,908			
Single Family Tax Credit Loans	4.375% to 6.250%		206			
Single Family Veterans Assistance Loans	0.000%		350			
Sitkowski School Apartments	2.000%	07/01/2056	1,645			
Smith House	2.450%	11/01/2018		$ 16,000		
Solemar Apts	2.750%	06/01/2052	1,500			
South Canal Apartments	5.500%	01/01/2055			$ 5,850	
South Canal Apartments	0.000%	03/01/2017	197			
Spring Gate	3.000%	03/01/2018	167			
St Mathieus School	4.000%	06/01/2053	1,867			
Susan Bailis Assisted Living	5.730%	07/01/2043	1,464			
Sycamore Village	0.000%	12/11/2049	1,000			
Temple Landing	5.500%	03/01/2018	207			
Temple Landing	0.000%	02/01/2043	1,260			
The Coolidge	4.460%	06/30/2051	750			
The Fairways at Lebaron Hills	7.000%	02/01/2051	385			
The Homes at Easthampton Meadow	0.000%	07/01/2017	1,759			
The Millery	2.970%	09/01/2049	685			
The Preserve	6.450%	01/01/2046	2,873			
The Ropewalk	1.000%	11/01/2044			19,773	
The Settlement	7.160%	05/01/2013	2,200			
Tribune Apartments	2.340%	03/01/2018		4,547		
Tribune Apartments	3.000%	03/01/2018		153		
Trinity Village	5.500%	12/01/2018	225			
Van Ness Terrace	3.120%	06/24/2064	8,123			
Village at Mansfield Depot I	3.570%	09/01/2064	8,111			
Village at Mansfield Depot I	3.212%	09/01/2064	9,834			
Voke Lofts	3.400%	01/01/2055	209			
Voke Lofts	0.000%	01/01/2055	695			
Wakefield Place	8.250%	12/31/2034	21,092			
Warren House	3.500%	01/01/2018		2,992		
Whitney Carriage Park	3.470%	07/01/2030	15,585			
Whittier Terrace	7.500%	05/27/2019	131			
Woods at Wareham	5.500%	07/01/2054	8,946			
Sub-total			**$ 422,874**	**$ 134,820**	**$ 268,919**	**(a)**
Rental Housing Mortgage Revenue Bond Program Adopted December 31, 1994						
Avalon Oaks West	6.600%	04/01/2043	$ 1,386			
Avalon Orchards	6.900%	07/01/2033	15,853			
Broadway Tower	5.850%	12/01/2022	1,355			
Kimball Court II	7.270%	09/18/2023	18,267			
Mt. Pleasant Apartments- Boston	6.750%	12/01/2043	1,588			
Neptune Towers	7.550%	03/01/2032	9,884			
Neptune Towers	6.250%	03/01/2022	3,320			
Plantation Tower	6.000%	04/01/2047	4,579			
Seabury Heights	5.548%	04/01/2022	2,473			
SEMASS Housing I-Raynham	6.650%	10/01/2025	97			
SEMASS Housing I-Somerset	6.650%	09/01/2025	94			

SCHEDULE 2: MORTGAGE / CONSTRUCTION LOAN OBLIGATIONS AND COMMITMENTS

Project Name	Interest Rate	Maturity Date	Mortgage Obligation (In thousands)	Advances Construction/ Mortgage Loans (In thousands)	Balance of Commitment (In thousands)	Notes
SEMASS Housing I-Taunton	6.650%	10/01/2025	$ 102			
South Cove Apartments	6.360%	09/01/2023	3,333			
South End Tenants Houses II	6.190%	12/01/2045	4,296			
South Shore-Easton	6.650%	06/01/2025	103			
South Shore-Pembroke	6.650%	03/01/2025	104			
Trinity Terrace	7.700%	01/31/2035	1,255			
Victoria Apartments	6.833%	09/01/2043	8,110			
Woodlands at Abington Station	6.150%	01/01/2044	868			
Sub-total			**$ 77,067**			
General Rental Development Bond Program Adopted April 13, 2004						
113 Spencer	7.150%	05/01/2050	$ 1,919			
Barstow Village	5.500%	06/01/2053	1,187			
Blackstone	4.500%	07/01/2053	30,721			
Curtain Lofts	7.250%	11/01/2052	1,075			
Franklin Square House	4.500%	09/01/2053	33,547			
Greenway Apartments	6.720%	06/01/2053	1,173			
Joseph's House	6.300%	09/01/2050	6,055			
Linwood Mill	6.180%	07/01/2053	975			
Machado House @ Peter's Grove	5.300%	07/01/2053	6,327			
Maple Ridge Phase II	6.500%	02/01/2053	1,169			
Nazing Court	6.720%	07/01/2044	7,418			
Ocean Shores at Mansfield	7.250%	07/01/2052	1,961			
Oliver Lofts	7.250%	03/01/2052	1,362			
Princeton at Westford (variable rate)	0.920%	01/01/2034	32,755			
Providence House	6.350%	01/01/2045	8,424			
Regency Towers I	1.000%	04/01/2040	430			
Rita Hall	5.250%	11/01/2053	6,346			
Rock Harbor Village	5.300%	05/01/2053	6,372			
School House Kenilworth	8.000%	06/01/2049	1,226			
South Cove Apartments	6.320%	09/01/2043	13,852			
Tecumseh Mill	5.250%	02/01/2054	6,910			
Temple Landing	6.500%	02/01/2043	1,992			
Tri-Town Landing Apartments	6.700%	12/01/2051	1,397			
Victory Gardens Plaza	5.070%	04/01/2054	8,088			
Village at Hospital Hill II	6.830%	03/01/2050	1,366			
Clinton Housing Authority	5.200%	01/01/2026	372			
Quincy Housing Authority	5.090%	01/01/2026	2,090			
Winchendon Housing Authority	5.190%	01/01/2026	423			
Sub-total			**$ 186,932**			
Multi-Family Housing Bond Program Adopted November 10, 2009						
225 Centre Street	3.600%	01/01/2055	$ 15,494			
225 Centre Street	5.500%	01/01/2055	737			
Castle Square	5.100%	01/01/2053	42,334			
Cedar Glen	4.850%	01/01/2051	14,192			
Central Grammar	5.250%	04/01/2053	2,793			
Charlesview Redevelopment	4.800%	10/01/2054	44,918			
Charlesview Redevelopment	0.000%	06/30/2055	560			
Cheriton Grove	5.070%	05/01/2053	4,878			

SCHEDULE 2: MORTGAGE / CONSTRUCTION LOAN OBLIGATIONS AND COMMITMENTS

			In thousands			
Project Name	**Interest Rate**	**Maturity Date**	**Mortgage Obligation**	**Advances Construction/ Mortgage Loans**	**Balance of Commitment**	**Notes**
Chestnut Glen	4.850%	01/01/2051	$ 13,347			
Glen Grove	4.850%	01/01/2051	19,115			
Gosnold Grove	4.850%	01/01/2053	2,030			
Heritage Apartments	4.610%	02/01/2053	19,119			
Heritage Green	4.850%	01/01/2051	10,644			
Inman/Cast 2 Apartments	4.500%	07/01/2052	13,312			
Kensington Court at Lakeville	0.000%	08/01/2050	2,243			
Longfellow Glen	4.850%	01/01/2051	12,147			
Lower Mills Apartments	4.750%	08/01/2052	8,591			
Nehoiden Glen	4.850%	01/01/2051	9,588			
Noonan Glen	4.850%	01/01/2051	2,072			
Norton Glen	4.660%	01/01/2051	15,274			
Old Mill Glen	4.850%	01/01/2051	5,998			
Regency Towers I	0.000%	04/01/2040	950			
Tri-Town Landing Apartments	0.000%	12/01/2051	1,317			
Westminster Village	4.500%	10/01/2051	42,407			
Sub-total			**$ 304,060**			
Housing Bond Program Adopted February 19, 2003						
100 Centre Plaza	6.050%	11/01/2042	$ 5,041			
113 Spencer	0.000%	05/01/2050	1,000			
120 Centre Court	6.050%	11/01/2042	7,627			
144 Worcester Street	7.048%	03/01/2019	30			
1550 Beacon Plaza	0.374%	11/01/2042	796			
27 Jackson Street	0.000%	07/01/2048	3,572			
808 Memorial Drive	7.694%	03/01/2021	3,030			
808 Memorial Drive	13.500%	03/01/2021	360			
929 House	6.901%	03/01/2019	796			
A.O Flats at Forest Hills	4.190%	06/01/2057			$ 12,510	
Academy Hill School	10.610%	01/01/2023	998			
Academy Homes I	5.850%	07/01/2040	6,227			
Academy Knoll	6.958%	03/01/2018	133			
Adams Templeton	3.870%	08/01/2058		$ 12,608		
Algonquin Heights	6.922%	03/01/2019	663			
Allen Park Apartments I	7.750%	01/01/2035	3,158			
Allen Park Apartments II	7.750%	01/01/2026	1,108			
Ames Privilege	8.250%	06/01/2024	1,480			
Amory Street Residences	3.000%	07/01/2045	844			
Amy Lowell House	5.900%	07/28/2039	8,310			
Anderson Park	3.870%	12/01/2058		22,000		
Appleton Mills Redevelopment Phase IA	6.300%	04/01/2052	1,415			
Appleton Mills Redevelopment Phase IA	0.010%	07/01/2051	1,640			
Arbor Point at Woodland Station	5.650%	01/01/2048	37,476			
Arbor Point at Woodland Station	0.000%	01/01/2048	2,700			
Arbor Point at Woodland Station	0.000%	01/01/2018	225			
Asher's Path	6.910%	11/01/2048	691			
Asher's Path	0.000%	11/01/2048	563			
Ashland Commons	11.728%	05/01/2024	2,736			
Auburn Court	3.530%	06/01/2048		6,303	8,097	
Avalon at Chestnut Hill	5.320%	10/01/2047	38,355			
Avalon Oaks West	6.600%	04/01/2043	13,941			

SCHEDULE 2: MORTGAGE / CONSTRUCTION LOAN OBLIGATIONS AND COMMITMENTS

Project Name	Interest Rate	Maturity Date	Mortgage Obligation (In thousands)	Advances Construction/ Mortgage Loans (In thousands)	Balance of Commitment (In thousands)	Notes
Babcock Tower	7.048%	03/01/2019	$ 761			
Babcock Tower	14.500%	03/01/2019	35			
Babcock Tower	12.625%	04/01/2019	17			
Back of the Hill	5.400%	10/01/2048	6,906			
Bay Meadows	5.400%	01/01/2049	7,867			
Beachmont Apartments	6.500%	05/01/2049	2,046			
Beacon House	5.500%	07/01/2054	13,695			
Beacon House	3.500%	07/01/2024	1,933			
Beacon Park	6.875%	07/01/2044	384			
Bedford Village	6.958%	03/01/2018	116			
Bedford Village	14.500%	03/01/2018	9			
Bergen Circle	6.922%	03/01/2019	824			
Bergen Circle	7.023%	03/01/2018	11			
Berkshire Peak	3.470%	09/01/2058		$ 4,169		
Binnall House	0.438%	04/01/2043	525			
Bixby Brockton Apartments	6.150%	01/01/2046	670			
Blackstone	5.000%	07/01/2052	1,178			
Blossom Court Apartments	7.133%	03/01/2019	46			
Blossom Court Apartments	10.570%	02/01/2019	74			
Blue Elm	6.335%	08/01/2024	234			
Blue Elm	6.050%	08/01/2044	1,137			
Blue Elm	5.689%	03/01/2025	263			
Blue Elm	6.000%	03/01/2045	1,009			
Boott Mills Apartments	5.900%	01/01/2046	13,600			
Boott Mills Apartments	3.000%	01/01/2046	2,325			
Bowdoin Apartments	6.250%	08/01/2042	14,635			
Brandy Hill	3.900%	10/01/2058		8,229	$ 2,771	
Bridle Path Apartments	5.430%	01/01/2049	8,994			
Briston Arms	4.640%	03/01/2057	35,711			
Brown School Residences	6.950%	08/01/2048	2,123			
Canalside	7.937%	03/01/2018	129			
Canterbury Tower	6.958%	03/01/2018	240			
Capitol Square	7.500%	11/01/2045	1,097			
Carter Heights	7.200%	10/01/2043	250			
Casa Maria	5.500%	12/01/2048	4,165			
Cedar Meadows	7.300%	03/17/2020	165			
Central Annex	5.250%	07/01/2055	5,353			
Charlysade Apartments	7.937%	03/01/2018	15			
Chauncy House	5.050%	07/01/2057		9,200		
Chelsea Village	7.000%	04/01/2048	13,748			
Cheriton Heights Senior Housing	6.000%	08/01/2053	1,441			
Chestnut Gardens	5.400%	01/01/2049	5,462			
Chestnut Park	6.901%	03/01/2019	2,380			
Chestnut Park	12.625%	03/01/2019	99			
Clarendon Hill	6.030%	03/01/2052	20,612			
Cleaves Dimock-Bragdon Apts	4.000%	03/01/2057	10,094			
Cobbet Hill	4.290%	12/01/2058			7,600	
Codman Square Apartments	5.500%	01/01/2054	1,073			
Col Lovell's Gate	6.958%	03/01/2018	253			
Colonial Apts	7.048%	03/01/2019	99			
Colonial Village	7.937%	03/01/2018	135			
Columbia West Apartments	5.900%	03/01/2045	4,027			
Columbia West Apartments	5.340%	03/01/2045	300			

SCHEDULE 2: MORTGAGE / CONSTRUCTION LOAN OBLIGATIONS AND COMMITMENTS

			In thousands			
Project Name	**Interest Rate**	**Maturity Date**	**Mortgage Obligation**	**Advances Construction/ Mortgage Loans**	**Balance of Commitment**	**Notes**
Conant Village	0.000%	05/01/2057	$ 1,167			
Concord Houses	6.958%	03/01/2018	282			
Conway Court	4.150%	11/01/2053	2,131			
Cordovan at Haverhill Station	6.760%	09/01/2048	7,099			
Cotton Mill Apartments	7.133%	03/01/2019	190			
Counting House Lofts	6.000%	12/01/2045	2,242			
Cromwell Court	5.360%	01/01/2052	5,731			
Davenport Commons	4.920%	08/01/2031	25,626			
Dom Polski	5.400%	12/01/2048	2,345			
East Boston Rehab	7.133%	03/01/2019	250			
East Boston Rehab	7.750%	03/01/2019	107			
Everett Sq Plaza	6.922%	03/01/2019	536			
Fairweather Apartments	5.450%	12/01/2048	16,460			
Fitchburg Green	6.870%	01/01/2048	11,219			
Florence Apartments	7.310%	08/01/2050	14,796			
Forbes Building	7.133%	03/01/2019	482			
Forestvale	7.380%	08/01/2050	15,274			
Founders Court Apts.	3.600%	10/01/2057		$ 1,495	$ 398	
Founders Court Apts.	6.650%	01/01/2026	33		35	
Franklin Hill Revitalization Phase 2A	7.000%	10/01/2050	1,903			
Franklin Hill Revitalization Phase 2B	6.000%	10/01/2050	1,141			
Gardner Apartments	7.937%	03/01/2018	72			
Gateway Residences On Washington	4.100%	10/01/2058		645	9,435	
Genesis Brighton	3.900%	01/01/2049		34,100	22,690	
Genesis Brighton	7.694%	03/01/2019	87			
Genesis Brighton	11.850%	02/01/2019	6			
Georgetown Homes I	4.520%	05/01/2056	71,759			
Georgetown Homes II	4.520%	05/01/2056	44,087			
Glendale Court	6.958%	03/01/2018	36			
Golda Meir House II	3.900%	04/01/2059		13,323	24,477	
Hadley Building Apartments	0.000%	01/31/2048	2,199			
Haley House	6.250%	05/01/2029	500			
Hamilton Wade Douglas	4.100%	01/01/2057	12,946			
Hamilton Wade Douglas	3.500%	01/01/2057	5,673			
Harborview Towers	4.200%	07/01/2052	6,395			
Hemenway Apartments	6.930%	08/01/2047	13,430			
Heritage at Bedford Springs	4.725%	08/01/2048	25,868			
Heritage House	6.750%	08/01/2047	6,283			
High Rock Homes	5.650%	05/01/2050	2,548			
High Rock Homes	0.000%	05/01/2050	1,500			
Highland Village	7.700%	03/01/2033	977			
Hillside Village	7.050%	05/01/2045	2,535			
Historic South End Apartments	5.250%	06/01/2055	22,565			
Holyoke Farms	6.350%	12/01/2039	6,136			
Hope Gardens	6.850%	07/01/2047	8,525			
Hotel Raymond	5.950%	01/01/2044	1,748			
Houghton Village	7.150%	03/31/2026	202			
Hunter Place	7.133%	03/01/2019	203			
Hunter Place	7.500%	02/01/2019	27			
Independence Manor	6.958%	03/01/2018	123			
Island Creek East - I	6.850%	12/01/2048	4,424			
Jaclen Tower	4.150%	11/01/2053	9,062			
Jarvis Heights	7.133%	03/01/2019	465			

SCHEDULE 2: MORTGAGE / CONSTRUCTION LOAN OBLIGATIONS AND COMMITMENTS

Project Name	Interest Rate	Maturity Date	Mortgage Obligation (In thousands)	Advances Construction/ Mortgage Loans (In thousands)	Balance of Commitment (In thousands)	Notes
Jarvis Heights	12.625%	04/01/2019	$ 32			
Kennedy Building Apts	4.850%	12/01/2051			$ 1,725	
Kensington Court at Lakeville	7.310%	08/01/2050	4,069			
King James Court	5.038%	04/01/2043	5,419			
King'S Beach Towers	7.300%	06/30/2020	583			
Kings Landing	5.000%	06/01/2054	4,204			
King's Lynne	7.694%	03/01/2020	3,650			
Landmark at Fall River	5.850%	08/01/2039	3,863			
Lawrenceville	9.211%	03/01/2018	85			
Lawrenceville	9.600%	03/01/2018	1			
LBB Housing	3.400%	01/01/2054	3,830			
Lebanese Community Housing	5.750%	10/01/2049	2,615			
Leeds Village Apartments	7.937%	03/01/2018	25			
Leisure Towers	5.250%	07/01/2054	17,715			
Leyden Woods Apartments	3.850%	10/01/2057		$ 25,229	971	
Lincoln Woods	3.750%	08/01/2057		12,600		
Linwood Court	6.958%	03/01/2018	70			
Linwood Court	7.500%	02/01/2018	16			
Lionhead Apartments	4.540%	12/27/2055	7,033			
Loring Towers	5.400%	01/01/2050	9,224			
Louis Barett Residences	4.600%	03/01/2057	15,661			
Lucerne Gardens	9.000%	07/01/2024	530			
Madison Park III	4.090%	01/01/2058		19,073	1,927	
Majestic Apartments	5.950%	01/01/2044	1,472			
Maple Commons	9.740%	10/01/2022	2,849			
Maple Commons	9.740%	06/01/2023	292			
Maple Commons	8.150%	06/01/2023	516			
Maple Ridge Phase I	7.000%	06/01/2052	3,876			
Marble Street Apartments	9.000%	09/01/2021	2,027			
Marcus Garvey Gardens	8.000%	01/01/2021	1,726			
Martensen Village	7.133%	03/01/2019	70			
Martensen Village	14.500%	03/01/2019	3			
Mary Colbert Apartments	5.500%	07/01/2055	3,205			
Mashpee Village	4.900%	05/01/2056	4,063			
Mason Place	6.050%	04/01/2044	4,923			
Mason Place	5.680%	04/01/2024	3,302			
Mass Pike Towers	5.310%	03/01/2040	3,468			
Mass Pike Towers	4.380%	03/01/2040	2,784			
Mattapan Heights II	5.850%	02/01/2046	1,070			
Mattapan Heights Ii	2.000%	02/01/2046	2,000			
Mattapan Heights III	5.330%	03/01/2048	2,855			
Maverick Landing Phase I	6.300%	11/01/2035	2,263			
Maverick Landing Phase II	7.000%	11/01/2035	1,258			
Maverick Landing Phase III	7.100%	01/01/2037	1,718			
Maverick Landing Phase IV	5.940%	06/01/2037	1,562			
Meadowbrook Apartments	6.000%	01/01/2046	8,948			
Melville Towers	5.750%	01/01/2048	1,248			
Melville Towers	6.650%	02/01/2018	26			
Mercantile Bldg	6.958%	03/01/2018	257			
Metropolitan (Rental)	7.900%	06/01/2045	11,544			
Middlebury Arms	5.250%	09/01/2055	1,284			
Mission Park	7.050%	02/01/2040	41,198			
Mohawk Forest Apartments	4.780%	08/01/2039	1,750			

SCHEDULE 2: MORTGAGE / CONSTRUCTION LOAN OBLIGATIONS AND COMMITMENTS

Project Name	Interest Rate	Maturity Date	Mortgage Obligation (In thousands)	Advances Construction/ Mortgage Loans (In thousands)	Balance of Commitment (In thousands)	Notes
Mohawk Forest Apartments	5.225%	08/01/2039	$ 1,310			
Moorings at Squantum I	5.650%	05/01/2048	10,900			
Moorings at Squantum I	4.730%	01/01/2046	3,113			
Moorings at Squantum II	7.050%	05/01/2048	5,141			
Morgan Woods	5.550%	01/01/2048	4,489			
Mt. Pleasant Apartments - Boston	6.750%	12/01/2043	4,837			
Mtn View Terrace	5.500%	07/31/2050	13,962			
Mystic Place	5.000%	05/01/2051	29,320			
Mystic Place	7.750%	03/31/2043	273			
New Girls Latin Academy	6.960%	07/01/2038	1,102			
New Port Antonio Apartments	4.000%	12/01/2027	25,000			
Newcastle/Saranac	6.958%	03/01/2018	102			
Newcastle/Saranac	14.500%	03/01/2018	25			
Nor-Al	5.250%	01/01/2055	5,842			
North Village at Webster	4.650%	01/01/2056	5,476			
Northridge Homes	6.958%	03/01/2018	146			
Northridge Homes	7.500%	02/01/2018	63			
Norton Glen	5.400%	11/01/2025	2,074			
Oak Terrace	4.290%	06/01/2058		$ 3,570	$ 7,980	
Ocean Shores	6.850%	06/01/2048	18,347			
Orchard Hill	6.922%	03/01/2019	637			
Orchard Hill	13.500%	02/01/2019	57			
Orchard Hill	6.320%	03/01/2019	60			
Orchard Hill	8.370%	03/01/2019	216			
Oxford Place	11.728%	11/01/2023	1,075			
Palmer Green Est	3.320%	07/01/2058		11,509		
Pequot Highlands	4.140%	07/01/2059		30,132	11,163	
Pine Commons	7.800%	12/01/2037	887			
Pine Commons	6.900%	12/01/2043	1,561			
Pine Crest	5.062%	02/01/2044	2,730			
Pine Gardens	7.800%	12/01/2037	619			
Pine Grove Village	7.133%	03/01/2019	78			
Pine Grove Village	14.500%	03/01/2019	5			
Powdermill Village	7.750%	01/01/2042	1,069			
Power Town	3.750%	11/01/2056	6,886			
Quincy Heights	2.290%	06/01/2041	15,438			
Quincy Tower	4.290%	02/01/2059		20,961		
Redwood Terrace	6.900%	11/01/2032	591			
Regency Towers I	0.000%	04/01/2040	5,151			
Residence at Cedar Dell	6.050%	04/01/2045	9,525			
Rindge Apts	4.250%	07/01/2058		16,192	4,908	
Rita Hall	6.958%	03/01/2018	127			
River Place Towers	4.125%	04/01/2055	15,766			
Riverview Towers	6.958%	03/01/2018	207			
Rockledge Apartments	7.048%	03/01/2019	163			
Rockledge Apartments	13.500%	03/01/2019	24			
Rolfe House	6.500%	01/01/2047	329			
School House Brookledge	7.200%	01/01/2049	1,544			
Seabury Heights	5.340%	02/01/2043	12,401			
Seabury Heights	5.548%	04/01/2022	897			
Seton Manor	6.200%	01/01/2020	184			
Shillman House	6.500%	11/01/2051	12,310			
Silver Leaf Terrace	5.730%	12/01/2040	12,218			

SCHEDULE 2: MORTGAGE / CONSTRUCTION LOAN OBLIGATIONS AND COMMITMENTS

			In thousands			
Project Name	**Interest Rate**	**Maturity Date**	**Mortgage Obligation**	**Advances Construction/ Mortgage Loans**	**Balance of Commitment**	**Notes**
Sitkowski School Apartments	5.000%	07/01/2056	$ 1,737			
Smith House	3.750%	12/01/2058		$ 1,380	$ 12,030	
South Cove Apartments	6.360%	09/01/2023	5,350			
South End Apartments	6.760%	06/01/2043	3,935			
South End Tenants Houses II	6.190%	12/01/2045	11,615			
South End Tenants Houses II	5.250%	12/01/2023	2,458			
Spring Gate	7.250%	07/01/2056	5,365			
St Stephen'S Tower	3.600%	01/01/2034	16,383			
Stratton Hill	4.560%	08/01/2059			9,890	
Summer Hill Glenn	4.150%	11/01/2053	11,728			
Susan S Bailis Assisted Living	6.500%	07/01/2043	2,011			
Sycamore Village	6.810%	08/01/2050	9,732			
Symphony Plaza East	6.385%	09/01/2020	5,482			
Symphony Plaza East	6.150%	09/01/2029	3,390			
Symphony Plaza West	6.300%	09/01/2020	5,486			
Symphony Plaza West	6.150%	09/01/2029	5,331			
Taurus At Ftn Hill	8.000%	07/01/2021	889			
Taurus At Ftn Hill	9.625%	07/01/2021	67			
The Carruth	5.850%	10/01/2048	5,298			
The Chester	7.937%	03/01/2018	153			
The Chester	14.500%	03/01/2018	12			
The Chester	6.500%	01/01/2032	559			
The Commons at Boston Road (variable rate)	0.910%	11/30/2038	15,447			
The Commons at Chelmsford (variable rate)	0.910%	08/31/2038	10,036			
The Coolidge	5.300%	07/01/2050	3,758			
The Coolidge	4.460%	08/01/2049	2,131			
The Stearns Apartment	6.400%	02/01/2042	6,437			
The Stearns Apartment	6.575%	02/01/2021	4,260			
The Tannery	6.958%	03/01/2018	293			
The Watson	4.150%	07/01/2052			29,301	
Traditions of Dedham	6.650%	03/01/2044	9,628			
Treehouse at Easthampton Meadow	7.100%	09/01/2037	637			
Tribune Apartments	4.290%	05/01/2058		1,931	2,419	
Trinity Terrace	7.700%	01/31/2035	449			
Trinity Village	7.800%	03/01/2019	784			
UE Apartments	5.500%	01/01/2053	4,253			
Uphams Corner Market	6.470%	12/01/2042	1,397			
Upton Inn	7.937%	03/01/2018	48			
Valebrook	5.000%	04/01/2051	8,301			
Van Der Hayden	8.000%	09/01/2021	502			
Victoria Apartments	6.833%	09/01/2043	17,824			
Victory Gardens Plaza	7.800%	07/01/2019	460			
Village at Hospital Hill II	4.000%	01/20/2050	1,300			
Viviendas Apartments	6.833%	11/01/2042	15,501			
Voke Lofts	3.400%	01/01/2055	2,086			
Wait Street	8.800%	11/01/2021	1,236			
Walden Square Apartments	7.130%	01/01/2043	8,718			
Wardman Apartments	7.482%	01/01/2042	4,690			
Warren House	6.947%	12/01/2023	2,510			
Washington Park Apartments	3.400%	01/01/2055	3,202			
Waterway Apartments	5.000%	02/01/2052	5,398			
Waverley Woods	6.980%	07/01/2049	1,665			
Waverley Woods	0.000%	07/01/2049	1,750			

SCHEDULE 2: MORTGAGE / CONSTRUCTION LOAN OBLIGATIONS AND COMMITMENTS

Project Name	Interest Rate	Maturity Date	Mortgage Obligation (In thousands)	Advances Construction/ Mortgage Loans (In thousands)	Balance of Commitment (In thousands)	Notes
Weeks School Apartments	6.720%	06/01/2047	$ 1,070			
Wellington Community	7.520%	01/01/2022	2,430			
Wellington Community	9.625%	01/01/2022	366			
West Stoughton Village	6.900%	06/01/2024	747			
Westborough Village	7.133%	03/01/2019	257			
Westland Avenue Apartments	6.050%	02/01/2046	9,487			
Wilbraham Commons	7.000%	03/19/2048	9,879			
Wilkins Glenn	4.150%	11/01/2053	10,896			
Willow Apartments	5.300%	05/01/2047	3,209			
Wollaston Manor	7.900%	01/01/2041	4,299			
Wood Ridge Homes	7.800%	11/01/2019	163			
Woodbourne Apartments	5.600%	07/01/2049	2,938			
Woodbury Building	7.800%	03/01/2019	74			
Woodlands At Abington Station	6.150%	01/01/2044	1,172			
Worcester Loomworks Phase I	4.900%	01/01/2056	1,349			
Worcester Loomworks Phase II	6.000%	01/01/2056	1,065			
Zelma Lacey House Of Charlestown	5.900%	11/01/2044	5,806			
Sub-total			**$ 1,405,923**	**$ 254,649**	**$ 170,327**	
Single Family Housing Revenue Bond Program Adopted September 12, 1985						
Home Improvement Loans	6.250%		$ 4			
Single Family Mortgages Receivable	3.125% - 8.500%		359,817			
Sub-total			**$ 359,821**			
Total			**$ 2,756,677**	**$ 389,469**	**$ 439,246**	

(a) This balance includes Single Family mortgages funded by the Agency's Working Capital Fund and held for pending subsequent sale of loans, or loans wrapped by MBS, either to outside investors or to one or more of the Agency's bond programs.

SCHEDULE 3: BONDS PAYABLE

In thousands of dollars

	Final Maturity Date	Next Scheduled Principal Payment Date	Interest % Rate Range From	To	Outstanding June 30, 2016	Issued and Compounded	Retired or Exchanged	Outstanding June 30, 2017	Unamortized Bond/Note Discount/Premium	Adjusted Totals
Rental Housing Mortgage Revenue Bond Program										
2002 Series B (var)	01/01/2044	07/01/2017	.7200	1.3100	$ 15,955		$ 395	$ 15,560		$ 15,560
2002 Series D (var)	01/01/2045	07/01/2017	.7200	1.3100	36,150		665	35,485		35,485
2002 Series G (var)	01/01/2046	07/01/2017	.7200	1.3100	15,805		1,235	14,570		14,570
2003 Series A (var)	07/01/2043	07/01/2017	.7200	1.3100	18,780		245	18,535		18,535
Sub-total					**$ 86,690**		**$ 2,540**	**$ 84,150**		**$ 84,150**
Multi-Family Development Revenue Bond Program										
1996 Series A (var)	05/15/2031		.4100	.6600	$ 20,300		$ 20,300	$ -		$ -
Sub-total					**$ 20,300**		**$ 20,300**	**$ -**		**$ -**
General Rental Development Bond Program										
2005 Series AB	01/01/2026		4.0000	4.5000	$ 5,810		$ 5,810	$ -		$ -
2005 Series AC	01/01/2026	01/01/2018	4.0000	4.5000	405		33	372		372
2005 Series AQ	01/01/2026	01/01/2018	4.0000	4.5000	2,275		185	2,090		2,090
2005 Series AW	01/01/2026	01/01/2018	4.0000	4.5000	460		37	423		423
2012 Issue One	06/01/2053	12/01/2017	1.3750	4.6250	12,845		115	12,730		12,730
2012 Series A	06/01/2053	12/01/2017	4.0000	4.0000	65,070		690	64,380		64,380
2014 Series A	01/15/2046	07/15/2017	4.3750	4.3750	37,199		6,772	30,427		30,427
2014 Series B	04/15/2054	07/15/2017	4.5000	4.5000	44,576		374	44,202		44,202
VRHB 2015A (var)	01/01/2034	01/01/2034	.4200	.9600	33,170		415	32,755		32,755
Sub-total					**$ 201,810**	**$ -**	**$ 14,431**	**$ 187,379**	**$ -**	**$ 187,379**
Multi-Family Housing Bond Program										
2009 Series A, Subseries 1	12/01/2051	12/01/2038	3.0100	3.0100	$ 85,280		$ -	$ 85,280		$ 85,280
2009 Series A, Subseries 2	12/01/2051	06/01/2033	3.5500	3.5500	50,170			50,170		50,170
2009 Series A, Subseries 3	12/01/2051	06/01/2035	2.5800	2.5800	42,830			42,830		42,830
2009 Series A, Subseries 4	12/01/2051	12/01/2017	2.3200	2.3200	15,370		240	15,130		15,130
2010 Series A	12/01/2038	12/01/2017	2.7000	5.3000	63,320		1,610	61,710		61,710
2011 Series A	12/01/2032	12/01/2017	2.2000	4.8750	16,135		660	15,475		15,475
2011 Series B	12/01/2053	12/01/2017	1.7500	5.1250	29,475		745	28,730		28,730
Sub-total					**$ 302,580**		**$ 3,255**	**$ 299,325**		**$ 299,325**
Housing Bond Program										
2003 Series C	12/01/2016		4.9000	4.9000	$ 315	$ -	$ 315	$ -	$ -	$ -
2003 Series F (var)	12/01/2037	12/01/2017	.5300	1.1800	415		25	390		390
2003 Series H	06/01/2043	12/01/2017	4.8750	5.1250	13,930		5,055	8,875		8,875
2006 Series B	12/01/2048		4.2000	4.7500	12,175		12,175	-		-
2006 Series F	12/01/2041		5.2100	5.7000	6,100		6,100	-		-
2007 Series A	06/01/2049		4.7500	5.3000	55,210		55,210	-		-
2007 Series B	12/01/2039		5.9620	6.5820	32,845		32,845	-		-
2007 Series C	12/01/2049		4.5000	5.4000	18,360		18,360	-		-
2007 Series E	12/01/2039		6.5000	6.5000	6,380		6,380	-		-
2007 Series F	06/01/2040	12/01/2017	5.7000	5.7000	37,170		740	36,430		36,430
2007 Series G	06/01/2040	12/01/2017	6.7000	6.7000	10,990		190	10,800		10,800
2008 Series A (var)	05/01/2048	07/01/2017	.7000	1.7100	85,415		780	84,635		84,635
2008 Series B	12/01/2038	12/01/2017	5.0000	7.0000	41,115		840	40,275		40,275
2009 Series A (var)	01/01/2043	07/01/2017	.4100	.9400	14,230		200	14,030		14,030
2009 Series B (var)	01/01/2044	07/01/2017	.4500	1.2000	12,008		200	11,808		11,808
2009 Series C	12/01/2049	12/01/2017	3.1500	5.3500	33,070		495	32,575		32,575
2009 Series D	06/01/2040	12/01/2017	3.5000	5.0500	23,370		5,310	18,060		18,060
2010 Series A	12/01/2022	12/01/2017	3.3750	4.2500	69,115		42,060	27,055		27,055
2010 Series B	06/01/2041	12/01/2017	3.9500	5.5000	10,165		2,155	8,010		8,010
2010 Series C	12/01/2042	12/01/2017	3.3500	5.3500	104,875		27,495	77,380		77,380
2010 Series D	12/01/2042	12/01/2017	4.7820	7.0180	32,590		15,995	16,595		16,595
2010 Series E	06/01/2053	12/01/2017	3.4500	5.1250	12,185		140	12,045		12,045
2011 Series A	12/01/2041	12/01/2017	2.8500	5.3000	25,970		6,555	19,415	(48)	19,367
2011 Series B	12/01/2021		3.9000	3.9000	720		720	-		-
2012 Series A	12/01/2031	12/01/2017	1.1500	3.5000	28,980		1,565	27,415		27,415
2012 Series B	06/01/2053	12/01/2017	1.1500	4.0200	39,005		565	38,440		38,440
2012 Series C	06/01/2043	12/01/2017	1.6020	4.8360	98,805		25,560	73,245		73,245
2012 Series E	12/01/2054	12/01/2017	1.0000	3.7500	24,485		460	24,025		24,025
2012 Series F	06/01/2043	12/01/2017	1.0000	3.5000	20,255		7,640	12,615		12,615
2013 Series A	12/01/2041	12/01/2017	1.2700	5.0860	78,500		47,300	31,200		31,200
2013 Series B	06/01/2056	12/01/2017	.9500	4.5000	116,675		1,235	115,440	114	115,554
2013 Series C	12/01/2049	12/01/2017	1.2000	5.3500	23,645		740	22,905		22,905
2013 Series D	06/01/2019		1.2000	2.3000	2,425		2,425	-		-
2013 Series E	12/01/2054	12/01/2017	.9500	5.2500	29,270		235	29,035	(106)	28,929
2013 Series F (var)	12/01/2038	12/01/2017	.4200	.9500	26,130		550	25,580		25,580
2014 Series A	12/01/2055	12/01/2017	.5000	4.6000	24,530		1,180	23,350		23,350
2014 Series B	12/01/2047	12/01/2017	.7000	4.7000	101,850		17,705	84,145		84,145
2014 Series C	12/01/2045	12/01/2017	.9350	5.0000	9,695		7,800	1,895		1,895
2014 Series D	12/01/2054	12/01/2017	.5000	4.2500	29,580		180	29,400		29,400
2014 Series E	12/01/2045	12/01/2017	.7500	4.3500	39,040		780	38,260		38,260
2015 Series A	12/01/2048	12/01/2017	.7500	4.5000	47,100		615	46,485		46,485
2015 Series B	12/01/2053	12/01/2017	1.1500	4.6140	31,915		745	31,170		31,170
2015 Series C	06/01/2055	12/01/2017	.5500	4.2500	21,180		205	20,975		20,975
2015 Series D	12/01/2045	12/01/2017	.8000	4.3000	35,785		155	35,630		35,630

SCHEDULE 3: BONDS PAYABLE

In thousands of dollars

	Final Maturity Date	Next Scheduled Principal Payment Date	Interest % Rate Range From	To	Outstanding June 30, 2016	Issued and Compounded	Retired or Exchanged	Outstanding June 30, 2017	Unamortized Bond/Note Discount/Premium	Adjusted Totals
2015 Series E	12/01/2045	12/01/2017	.7000	4.2000	$ 28,515		$ 180	$ 28,335		$ 28,335
2015 Series G	12/01/2050	12/01/2017	.7500	4.1000	51,600		410	51,190		51,190
2015 Series H	12/01/2050	12/01/2017	.7500	4.1000	21,100		360	20,740		20,740
2015 Series I	12/01/2050	06/01/2022	3.4500	3.4500	25,000			25,000		25,000
2016 Series A	12/01/2055	06/01/2018	.8000	4.1000	24,835			24,835		24,835
2016 Series B	12/01/2048	12/01/2017	.6250	4.2500	13,685		265	13,420		13,420
2016 Series C	12/01/2055	12/01/2017	1.5000	5.0000	23,310		420	22,890		22,890
2016 Series D	12/01/2048	12/01/2027	2.9000	3.4500		$ 48,530		48,530		48,530
2016 Series E	12/01/2027	12/01/2018	1.5000	3.2000		12,790		12,790		12,790
2016 Series F	06/01/2057	06/01/2019	.9500	3.6250		73,510		73,510		73,510
2016 Series G	12/01/2058	12/01/2018	3.8500	3.8500		9,980		9,980		9,980
2016 Series H	12/01/2046	12/01/2018	1.3000	4.4000		52,240		52,240		52,240
2016 Series I (var)	12/01/2056	06/01/2047	1.8942	2.0757		25,000		25,000		25,000
2017 Series A	12/01/2049	12/01/2017	.9000	4.5500		72,405		72,405		72,405
2017 Series B	12/01/2039	12/01/2017	1.3000	3.8500		15,760		15,760		15,760
2017 Series C	12/01/2052	12/01/2019	1.1500	4.0500		43,280		43,280		43,280
Sub-total					**$ 1,675,613**	**$ 353,495**	**$ 359,615**	**$ 1,669,493**	**$ (40)**	**$ 1,669,453**
Single Family Housing Revenue Bond Program										
Series 76 (var)	12/01/2030	12/01/2017	1.0700	1.6600	$ 15,725	$ -	$ 560	$ 15,165	$ -	$ 15,165
Series 128	12/01/2038		4.8000	4.8750	24,460		24,460	-		-
Series 129	06/01/2017		3.9500	4.0000	585		585	-		-
Series 130	12/01/2037		5.0000	5.0000	20,175		20,175	-		-
Series 135	12/01/2016		3.8750	3.8750	385		385	-		-
Series 143	12/01/2017	12/01/2017	3.6500	4.0500	2,195		1,785	410		410
Series 146	06/01/2017		3.1000	3.4000	2,105		2,105	-		-
Series 147	12/01/2025	06/01/2023	4.6000	4.6000	10,150		8,265	1,885		1,885
Series 149, Subseries A	12/01/2041	12/01/2028	3.1600	3.1600	23,170		2,790	20,380		20,380
Series 149, Subseries C	12/01/2041	12/01/2033	2.9200	2.9200	8,780		1,270	7,510		7,510
Series 149, Subseries D	12/01/2041	06/01/2029	2.9200	2.9200	12,150		1,770	10,380		10,380
Series 151	12/01/2027	12/01/2026	2.3500	4.1000	1,820		1,430	390		390
Series 152	12/01/2028	12/01/2017	2.5000	4.1500	9,405			9,405		9,405
Series 153	12/01/2023	12/01/2019	3.0000	4.4000	5,320		185	5,135		5,135
Series 154	12/01/2027	12/01/2027	2.3500	4.1000	6,650		5,595	1,055		1,055
Series 155	12/01/2028	12/01/2017	2.3000	5.0000	7,805		1,795	6,010	309	6,319
Series 156	06/01/2029	12/01/2017	1.8500	4.5000	10,040		1,710	8,330	124	8,454
Series 157	12/01/2023	12/01/2017	2.0000	4.3500	31,485		2,525	28,960		28,960
Series 158	06/01/2017		1.5000	1.5000	875		875	-		-
Series 159	12/01/2032	12/01/2017	1.3500	4.0500	16,670		7,440	9,230		9,230
Series 160	06/01/2034	12/01/2017	1.6500	3.7500	19,210		4,095	15,115	213	15,328
Series 161	12/01/2042	12/01/2017	1.1000	3.8750	4,105		1,230	2,875		2,875
Series 162	12/01/2042	12/01/2017	1.0000	3.5000	90,335		3,090	87,245	472	87,717
Series 163	12/01/2033	12/01/2017	1.3500	4.0000	54,530		12,950	41,580	683	42,263
Series 164	06/01/2017		1.0000	1.1000	835		835	-		-
Single 165	12/01/2043	12/01/2017	1.0000	4.0000	47,185		9,560	37,625		37,625
Series 166	12/01/2026	12/01/2017	1.1150	3.7910	20,415		1,000	19,415		19,415
Series 167	12/01/2043	12/01/2018	1.8000	4.2500	42,260		20,455	21,805	1,164	22,969
Series 168	12/01/2026	12/01/2017	.6000	3.7500	20,430		1,350	19,080		19,080
Series 169	12/01/2044	06/01/2021	2.5500	4.4000	32,510		17,320	15,190	1,132	16,322
Series 170	12/01/2023	12/01/2017	1.0180	4.0500	15,050		710	14,340		14,340
Series 171	12/01/2044	12/01/2017	.5000	4.0000	46,660		8,525	38,135	1,173	39,308
Series 172	06/01/2045	06/01/2027	3.3000	4.0000	61,165		6,415	54,750	2,342	57,092
Series 173	12/01/2026	12/01/2025	3.0000	3.1000	3,080			3,080		3,080
Series 174	12/01/2025	12/01/2017	.7500	3.4000	23,350		2,275	21,075		21,075
Series 175	12/01/2045	06/01/2028	3.6500	4.1000	25,060		4,575	20,485	1,891	22,376
Series 176	12/01/2025	12/01/2024	.5000	3.0000	5,280		2,160	3,120		3,120
Series 177	06/01/2039	12/01/2017	1.0500	4.0000	54,850		6,710	48,140		48,140
Series 178	06/01/2042	06/01/2029	3.5000	3.7000	69,810		5,420	64,390	2,578	66,968
Series 179	12/01/2025	12/01/2017	.8000	2.9000	15,815		1,680	14,135		14,135
Series 180	12/01/2028	06/01/2018	.9000	3.5000	26,530		4,260	22,270		22,270
Series 181	12/01/2044	12/01/2028	3.2500	4.0000	43,935		1,685	42,250	1,543	43,793
Series 182	12/01/2028	12/01/2017	.6000	3.3000	22,000		1,400	20,600		20,600
Series 183	12/01/2046	06/01/2027	2.8000	3.5000		40,590	1,180	39,410	1,820	41,230
Series 184	06/01/2027	12/01/2017	.8800	2.6250		11,210	550	10,660		10,660
Series 185	06/01/2046	06/01/2021	2.1000	4.2000		46,995		46,995	1,957	48,952
Series 186	06/01/2039	12/01/2017	1.1000	4.0000		56,325	1,665	54,660		54,660
Sub-total					**$ 954,350**	**$ 155,120**	**$ 206,800**	**$ 902,670**	**$ 17,401**	**$ 920,071**
Residential Mortgage Revenue Bond Program										
2012 Series A	10/01/2042		3.0270	3.0270	$ 45,392		$ 8,304	$ 37,088	$ 2,216	$ 39,304
2012 Series B	12/01/2042		2.5270	2.5270	41,628		8,119	33,509	1,061	34,570
Sub-total					**$ 87,020**	**$ -**	**$ 16,423**	**$ 70,597**	**$ 3,277**	**$ 73,874**
					$ 3,328,363	**$ 508,615**	**$ 623,364**	**$ 3,213,614**	**$ 20,638**	**$ 3,234,252**

SCHEDULE 4: NOTES AND OTHER INDEBTEDNESS

	Scheduled Redemption Date	Interest Rate Range From	Interest Rate Range To	In thousands of dollars Outstanding June 30, 2016	Issued and Compounded	Retired	Outstanding June 30, 2017	Unamortized Bond/Note Discount/Premium	Adjusted Totals
Working Capital Fund									
General Obligation Notes Payable									
Construction Loan Notes									
2013 Series A	10/01/2017	3.4500	3.4500	$ 29,742		$ 29,742	$ -		$ -
2014 Series A	12/01/2016	0.6500	0.6500	85		85	-		-
2015 Series A	06/01/2018	1.8500	1.8500	22,575		11,900	10,675		10,675
2016 Series B	06/01/2019	2.0000	2.0000		$ 34,755		34,755		34,755
2016 Series C	06/01/2019	2.2500	2.2500		5,760		5,760		5,760
2017 Series A	12/01/2020	1.8500	1.8500		22,550		22,550		22,550
Total				**$ 52,402**	**$ 63,065**	**$ 41,727**	**$ 73,740**	**$ -**	**$ 73,740**
Direct Purchase Construction Loan Notes									
DIRECT PURCHASE IS 1 BLK1	05/30/2017	2.0200	2.0200	$ 9,200		$ 9,200	$ -		$ -
DIRECT PURCHASE IS 1 BLK2	08/14/2017	2.2100	2.2100	9,315		9,315	-		-
DIRECT PURCHASE IS 1 BLK4	08/14/2017	2.1000	2.1000	8,000		-	8,000		8,000
DIRECT PURCHASE IS 1 BLK5	10/29/2018	2.4900	2.4900	7,065	$ 12,730	-	19,795		19,795
DIRECT PURCHASE IS 1 BLK6	10/29/2017	1.9400	1.9400	7,200		-	7,200		7,200
DIRECT PURCHASE IS 1 BLK7	12/17/2017	2.3100	2.3100	16,525	5,450	-	21,975		21,975
DIRECT PURCHASE IS 1 BLK8	08/17/2018	2.1000	2.1000		5,375	-	5,375		5,375
DIRECT PURCHASE IS 1 BLK9	10/27/2018	2.1600	2.1600		24,480	-	24,480		24,480
DIRECT PURCHASE IS 2	03/01/2019	1.8000	1.8000		18,256	-	18,256		18,256
Total				**$ 57,305**	**$ 66,291**	**$ 18,515**	**$ 105,081**	**$ -**	**$ 105,081**
Housing Bond Program									
2016 ISSUE ONE BLK 1 NOTES	06/29/2018	0.8800	1.5100	$ 250			$ 250		$ 250
2016 ISSUE ONE BLK 2 NOTES	09/30/2016	0.5700	0.6200	21,286		$ 21,286	-		-
2016 ISSUE ONE BLK 3 NOTES	12/30/2016	0.6200	0.6600		$ 29,740	29,740	-		-
Total				**$ 21,536**	**$ 29,740**	**$ 51,026**	**$ 250**	**$ -**	**$ 250**
Grand Total				**$ 131,243**	**$ 159,096**	**$ 111,268**	**$ 179,071**	**$ -**	**$ 179,071**

SCHEDULE 5: DEBT SERVICE REQUIREMENTS

	In thousands of dollars												
	2018		**2019**		**2020**		**2021**		**2022**		**2023-2027**		**2028-**
	Interest	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
Working Capital Fund *	$ 3,543	$ 47,850	$ 2,132	$ 120,340	$ 417	$ 22,550							
Rental Housing Mortgage Revenue Bond Program **	1,094	2,710	1,056	2,875	1,019	3,060	$ 974	$ 3,225	$ 930	$ 3,450	$ 4,092	$ 13,465	$ 3,096
General Rental Development Bond Program**	6,861	1,215	6,820	1,159	6,775	1,207	6,726	1,276	6,676	1,324	32,518	7,226	31,073
Multi-Family Housing Bond Program	10,730	3,400	10,631	3,565	10,517	3,745	10,388	3,915	10,236	4,105	48,406	23,640	42,434
Housing Bond Program**	65,627	66,515	63,914	33,780	62,848	36,115	61,650	37,315	60,459	35,180	283,103	187,390	242,958
Single Family Housing Revenue Bond Program **	29,729	32,020	29,129	34,425	28,355	39,845	27,325	36,860	26,355	35,055	116,306	155,680	90,418
Residential Mortgage Revenue Bond Program	1,969	1,412	1,969		1,969		1,969		1,969		9,847		9,847
Totals ***	$ 119,553	$ 155,122	$ 115,651	$ 196,144	$ 111,900	$ 106,522	$ 109,032	$ 82,591	$ 106,625	$ 79,114	$ 494,272	$ 387,401	$ 419,826

*The Direct Purchase Construction Loan Note Issue One, Blocks I-VII, are being drawn down in increments based on the draw schedules in the Block Certificate. As of June 30, 2017, the amounts outstanding were $86,825,000 in total. However, the schedule above includes the total payments of $2,455,000, which will be fully drawn by June 30,2018. Also, the Construction Loan Note 2016A draw for $9,464,000 has been added to the total and will be fully drawn by June 30,2018.

** The bond programs indicated above include weekly variable rate debt in some or all of the outstanding principal balance. For purposes of the table above, interest is calculated at the rate in effect on June 30, 2017. Most of the variable rate debt is subject to weekly redetermination by the remarketing agent, while some series are based on LIBOR (London Interbank Offer Rate) or SIFMA (The Securities Industry And Financial Markets Association Municipal Swap Index) index rates.

*** The total Principal amount shown excludes any amounts for unamortized bond / note discount / premium. In addition, the future principal and interest payments have been adjusted for contractual amounts or scheduled payments paid during the first quarter of FY 2018 for notices received by the Agency as of June 30,2017.

In thousands of dollars

-2032	2033-2037		2038-2042		2043-2047		2048-2052		2053-2057		2058-2062		Scheduled Maturity	
Principal	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**
													$ 6,092	$ 190,740
$ 17,390	$ 1,940	$ 15,025	$ 1,035	$ 14,615	$ 129	$ 8,335							$ 15,365	$ 84,150
7,310	28,408	41,845	25,862	11,580	21,349	45,007	$ 13,256	$ 18,375	$ 3,836	$ 49,855			$ 190,160	$ 187,379
29,830	34,663	37,705	26,428	48,200	17,989	64,030	7,355	71,050	342	6,140			$ 230,119	$ 299,325
227,120	191,874	273,075	129,379	294,850	72,672	245,848	30,166	156,655	6,416	75,320	$ 19	$ 580	$ 1,271,085	$ 1,669,743
170,700	58,415	180,690	28,131	152,050	5,072	65,345							$ 439,235	$ 902,670
	9,847		9,847		798	69,185							$ 50,031	$ 70,597
$ 452,350	$ 325,147	$ 548,340	$ 220,682	$ 521,295	$ 118,009	$ 497,750	$ 50,777	$ 246,080	$ 10,594	$ 131,315	$ 19	$ 580	$ 2,202,087	$ 3,404,604

SCHEDULE 6: MBS Forward Contracts - Hedging Derivative Instruments

Forward Contracts to sell TBA Mortgage Backed Securities	Notional Amount Jun. 30, 2017	Trade Date	Delivery Date	Coupon Rate	Fair Value Adjustments Jun. 30, 2017	Counterparty Credit Rating
FNMA TBA 3.5 JUL 2017	$ 3,000,000	4/19/2017	7/13/2017	3.50%	$ (1,875)	NA/Aaa
FNMA TBA 3.5 JUL 2017	4,000,000	5/1/2017	7/13/2017	3.50%	(14,844)	NA/Aaa
FNMA TBA 3.5 JUL 2017	5,000,000	4/26/2017	7/13/2017	3.50%	(32,422)	NA/Aaa
FNMA TBA 3.5 JUL 2017	3,000,000	5/4/2017	7/13/2017	3.50%	(15,938)	NA/Aaa
FNMA TBA 3.5 JUL 2017	3,000,000	5/3/2017	7/13/2017	3.50%	(10,781)	NA/Aaa
FNMA TBA 3.5 JUL 2017	3,000,000	4/11/2017	7/13/2017	3.50%	(14,063)	NA/Aaa
FNMA TBA 3.5 JUL 2017	3,000,000	4/13/2017	7/13/2017	3.50%	(6,094)	NA/Aaa
FNMA TBA 3.5 JUL 2017	2,000,000	5/9/2017	7/13/2017	3.50%	(13,125)	NA/Aaa
FNMA TBA 4.0 JUL 2017	3,000,000	4/13/2017	7/13/2017	4.00%	(3,750)	NA/Aaa
FNMA TBA 4.0 JUL 2017	2,000,000	4/19/2017	7/13/2017	4.00%	(1,250)	NA/Aaa
FNMA TBA 4.0 JUL 2017	3,000,000	5/1/2017	7/13/2017	4.00%	(8,438)	NA/Aaa
FNMA TBA 4.0 JUL 2017	2,000,000	5/3/2017	7/13/2017	4.00%	(5,313)	NA/Aaa
FNMA TBA 4.0 JUL 2017	3,000,000	5/4/2017	7/13/2017	4.00%	(11,250)	NA/Aaa
FNMA TBA 4.0 JUL 2017	4,000,000	5/9/2017	7/13/2017	4.00%	(19,375)	NA/Aaa
FNMA TBA 4.0 JUL 2017	2,000,000	4/11/2017	7/13/2017	4.00%	(8,125)	NA/Aaa
FNMA TBA 3.5 AUG 2017	5,000,000	5/25/2017	8/14/2017	3.50%	8,203	NA/Aaa
FNMA TBA 3.5 AUG 2017	4,000,000	5/17/2017	8/14/2017	3.50%	10,000	NA/Aaa
FNMA TBA 3.5 AUG 2017	4,000,000	6/1/2017	8/14/2017	3.50%	8,750	NA/Aaa
FNMA TBA 3.5 AUG 2017	4,000,000	6/8/2017	8/14/2017	3.50%	17,500	NA/Aaa
FNMA TBA 3.5 AUG 2017	2,000,000	5/12/2017	8/14/2017	3.50%	(6,406)	NA/Aaa
FNMA TBA 3.5 AUG 2017	5,000,000	5/19/2017	8/14/2017	3.50%	2,344	NA/Aaa
FNMA TBA 3.5 AUG 2017	5,000,000	6/7/2017	8/14/2017	3.50%	26,563	NA/Aaa
FNMA TBA 4.0 AUG 2017	3,000,000	6/7/2017	8/14/2017	4.00%	13,594	NA/Aaa
FNMA TBA 4.0 AUG 2017	4,000,000	5/12/2017	8/14/2017	4.00%	(7,813)	NA/Aaa
FNMA TBA 4.0 AUG 2017	2,000,000	6/8/2017	8/14/2017	4.00%	7,813	NA/Aaa
FNMA TBA 4.0 AUG 2017	3,000,000	6/1/2017	8/14/2017	4.00%	6,094	NA/Aaa
FNMA TBA 4.0 AUG 2017	3,000,000	5/17/2017	8/14/2017	4.00%	7,500	NA/Aaa
FNMA TBA 4.0 AUG 2017	2,000,000	5/25/2017	8/14/2017	4.00%	3,516	NA/Aaa
FNMA TBA 3.5 SEP 2017	6,000,000	6/20/2017	9/13/2017	3.50%	23,438	NA/Aaa
FNMA TBA 3.5 SEP 2017	5,000,000	6/28/2017	9/13/2017	3.50%	16,797	NA/Aaa
FNMA TBA 3.5 SEP 2017	2,000,000	6/13/2017	9/13/2017	3.50%	4,688	NA/Aaa
FNMA TBA 4.0 SEP 2017	4,000,000	6/13/2017	9/13/2017	4.00%	8,125	NA/Aaa
FNMA TBA 4.0 SEP 2017	2,000,000	6/20/2017	9/13/2017	4.00%	4,688	NA/Aaa
FNMA TBA 4.0 SEP 2017	2,000,000	6/28/2017	9/13/2017	4.00%	4,843	NA/Aaa
Total	$ 112,000,000				$ (6,406)	

SCHEDULE 6: MBS Forward Contracts - Hedging Derivative Instruments

Forward Contracts to sell TBA Mortgage Backed Securities	Notional Amount Jun. 30, 2016	Trade Date	Delivery Date	Coupon Rate	Fair Value Adjustments Jun. 30, 2016	Counterparty Credit Rating
FNMA TBA 3.0 JUL 2016	$ 5,000,000	4/12/2016	7/14/2016	3.00%	$ (85,156)	NA/Aaa
FNMA TBA 3.0 JUL 2016	4,000,000	4/13/2016	7/14/2016	3.00%	(63,125)	NA/Aaa
FNMA TBA 3.0 JUL 2016	5,000,000	4/19/2016	7/14/2016	3.00%	(82,813)	NA/Aaa
FNMA TBA 3.5 JUL 2016	5,000,000	4/21/2016	7/14/2016	3.50%	(71,094)	NA/Aaa
FNMA TBA 3.0 JUL 2016	4,000,000	4/26/2016	7/14/2016	3.00%	(90,313)	NA/Aaa
FNMA TBA 3.5 JUL 2016	4,000,000	4/26/2016	7/14/2016	3.50%	(59,219)	NA/Aaa
FNMA TBA 3.5 JUL 2016	4,000,000	4/27/2016	7/14/2016	3.50%	(52,500)	NA/Aaa
FNMA TBA 3.0 JUL 2016	4,000,000	4/27/2016	7/14/2016	3.00%	(81,875)	NA/Aaa
FNMA TBA 3.0 JUL 2016	3,000,000	5/3/2016	7/14/2016	3.00%	(48,633)	NA/Aaa
FNMA TBA 3.5 JUL 2016	4,000,000	5/3/2016	7/14/2016	3.50%	(39,844)	NA/Aaa
FNMA TBA 3.0 JUL 2016	5,000,000	5/5/2016	7/14/2016	3.00%	(72,656)	NA/Aaa
FNMA TBA 3.5 JUL 2016	4,000,000	5/5/2016	7/14/2016	3.50%	(36,875)	NA/Aaa
FNMA TBA 3.0 JUL 2016	4,000,000	5/9/2016	7/14/2016	3.00%	(54,375)	NA/Aaa
FNMA TBA 3.5 JUL 2016	4,000,000	5/9/2016	7/14/2016	3.50%	(33,125)	NA/Aaa
FNMA TBA 3.0 JUL 2016	675,388	6/7/2016	7/14/2016	3.00%	(7,704)	NA/Aaa
FNMA TBA 3.5 JUL 2016	2,689,679	6/7/2016	7/14/2016	3.50%	(18,912)	NA/Aaa
FNMA TBA 3.0 AUG 2016	5,000,000	5/12/2016	8/11/2016	3.00%	(71,875)	NA/Aaa
FNMA TBA 3.0 AUG 2016	5,000,000	5/16/2016	8/11/2016	3.00%	(71,094)	NA/Aaa
FNMA TBA 3.5 AUG 2016	2,000,000	5/16/2016	8/11/2016	3.50%	(18,438)	NA/Aaa
FNMA TBA 3.0 AUG 2016	3,000,000	5/18/2016	8/11/2016	3.00%	(59,531)	NA/Aaa
FNMA TBA 3.5 AUG 2016	4,000,000	5/18/2016	8/11/2016	3.50%	(53,750)	NA/Aaa
FNMA TBA 3.0 AUG 2016	5,000,000	5/19/2016	8/11/2016	3.00%	(91,406)	NA/Aaa
FNMA TBA 3.5 AUG 2016	2,000,000	5/19/2016	8/11/2016	3.50%	(23,750)	NA/Aaa
FNMA TBA 3.5 AUG 2016	4,000,000	5/23/2016	8/11/2016	3.50%	(45,000)	NA/Aaa
FNMA TBA 3.0 AUG 2016	4,000,000	5/23/2016	8/11/2016	3.00%	(70,000)	NA/Aaa
FNMA TBA 3.0 AUG 2016	5,000,000	5/25/2016	8/11/2016	3.00%	(92,969)	NA/Aaa
FNMA TBA 3.5 AUG 2016	4,000,000	5/25/2016	8/11/2016	3.50%	(49,375)	NA/Aaa
FNMA TBA 3.0 AUG 2016	3,000,000	5/27/2016	8/11/2016	3.00%	(50,391)	NA/Aaa
FNMA TBA 3.5 AUG 2016	3,000,000	5/27/2016	8/11/2016	3.50%	(32,109)	NA/Aaa
FNMA TBA 3.0 AUG 2016	5,000,000	6/1/2016	8/11/2016	3.00%	(77,344)	NA/Aaa
FNMA TBA 3.5 AUG 2016	2,000,000	6/1/2016	8/11/2016	3.50%	(20,313)	NA/Aaa
FNMA TBA 3.0 AUG 2016	5,000,000	6/3/2016	8/11/2016	3.00%	(56,250)	NA/Aaa
FNMA TBA 3.5 AUG 2016	3,000,000	6/3/2016	8/11/2016	3.50%	(20,625)	NA/Aaa
FNMA TBA 3.0 AUG 2016	5,000,000	6/7/2016	8/11/2016	3.00%	(57,813)	NA/Aaa
FNMA TBA 3.5 AUG 2016	2,000,000	6/7/2016	8/11/2016	3.50%	(14,375)	NA/Aaa
FNMA TBA 3.0 AUG 2016	5,000,000	6/8/2016	8/11/2016	3.00%	(54,688)	NA/Aaa
FNMA TBA 3.5 AUG 2016	2,000,000	6/8/2016	8/11/2016	3.50%	(13,438)	NA/Aaa
FNMA TBA 3.0 AUG 2016	5,000,000	6/10/2016	8/11/2016	3.00%	(44,531)	NA/Aaa
FNMA TBA 3.5 AUG 2016	2,000,000	6/10/2016	8/11/2016	3.50%	(11,563)	NA/Aaa
FNMA TBA 3.0 SEP 2016	5,000,000	6/14/2016	9/14/2016	3.00%	(43,750)	NA/Aaa
FNMA TBA 3.5 SEP 2016	2,000,000	6/14/2016	9/14/2016	3.50%	(10,625)	NA/Aaa
FNMA TBA 3.0 SEP 2016	5,000,000	6/16/2016	9/14/2016	3.00%	(30,469)	NA/Aaa
FNMA TBA 3.5 SEP 2016	3,000,000	6/16/2016	9/14/2016	3.50%	(10,313)	NA/Aaa
FNMA TBA 3.0 SEP 2016	7,000,000	6/20/2016	9/14/2016	3.00%	(67,813)	NA/Aaa
FNMA TBA 3.0 SEP 2016	7,000,000	6/21/2016	9/14/2016	3.00%	(78,750)	NA/Aaa
FNMA TBA 3.0 SEP 2016	4,000,000	6/23/2016	9/14/2016	3.00%	(45,000)	NA/Aaa
FNMA TBA 3.5 SEP 2016	4,000,000	6/23/2016	9/14/2016	3.50%	(27,500)	NA/Aaa
FNMA TBA 3.0 SEP 2016	8,000,000	6/27/2016	9/14/2016	3.00%	(11,250)	NA/Aaa
FNMA TBA 3.0 SEP 2016	6,000,000	6/29/2016	9/14/2016	3.00%	(9,375)	NA/Aaa
Total	$ 198,365,067				$ (2,333,692)	

Supplemental Schedule 7
Massachusetts Housing Finance Agency and Affiliates

COMBINING STATEMENTS OF NET POSITION
June 30, 2017

In thousands	Working Capital Fund and Affiliates	Rental Housing Mortgage Revenue Bond Program	Multi-Family Development Revenue Bond Program	General Rental Development Bond Program	Multi-Family Housing Bond Program	Housing Bond Program	Single Family Housing Revenue Bond Program	Residential Mortgage Revenue Bond Program	Eliminations	June 30, 2017
Assets										
Current assets										
Cash and cash equivalents	$ 498,840	$ 14,896		$ 7,645	$ 25,010	$ 295,944	$ 131,843	$ 73		$ 974,251
Investments	33,262						11,487	1,412		46,161
Interest and fees receivable on construction and mortgage loans, net	785	451		678	1,219	7,036	1,312			11,481
Current portion of loans receivable, net	124,071	3,287		2,380	3,431	39,669	10,713			183,551
Interfund accounts receivable (payable)	213	(16)		(10)			(187)			
Other assets	8,597	394		5	11	427	1,794	201	$ (73)	11,356
Total current assets	**665,768**	**19,012**		**10,698**	**29,671**	**343,076**	**156,962**	**1,686**	**(73)**	**1,226,800**
Non-current assets										
Investments	92,940	2,627		431		43,375	579,145	71,100		789,618
Non-current portion of loans receivable, net	230,742	73,780		184,124	299,679	1,600,888	345,894			2,735,107
Escrowed funds	506,779					80				506,859
Investment derivative instruments						135				135
Other assets	54,451	8,042				1,249	1,705			65,447
Total non-current assets	**884,912**	**84,449**		**184,555**	**299,679**	**1,645,727**	**926,744**	**71,100**		**4,097,166**
Total assets	**1,550,680**	**103,461**		**195,253**	**329,350**	**1,988,803**	**1,083,706**	**72,786**	**(73)**	**5,323,966**
Deferred outflow of resources										
Pensions	14,237									14,237
Hedging derivative instruments	6	11,831				2,088				13,925
Total deferred outflow of resources	**14,243**	**11,831**				**2,088**				**28,162**
Total assets and deferred outflow of resource	**$ 1,564,923**	**$ 115,292**		**$ 195,253**	**$ 329,350**	**$ 1,990,891**	**$ 1,083,706**	**$ 72,786**	**$ (73)**	**$ 5,352,128**
Liabilities										
Current liabilities										
Current portion of long term debt, net	$ 47,850	$ 2,710		$ 1,215	$ 3,400	$ 66,515	$ 32,020	$ 1,412		$ 155,122
Obligation line of credit	75,000									75,000
Accrued interest payable	530	987		494	896	7,035	2,488	165		12,595
Other liabilities	12,492			852		32		73	$ (73)	13,376
Hedging derivative instruments	6									6
Total current liabilities	**135,878**	**3,697**		**2,561**	**4,296**	**73,582**	**34,508**	**1,650**	**(73)**	**256,099**
Non-current liabilities										
Non-current portion of long term debt, net	130,971	81,440		186,164	295,925	1,603,188	888,051	72,462		3,258,201
Long term- loan	9,180									9,180
Net pension liability	30,224									30,224
Other liabilities	31,237	460				902				32,599
Escrowed funds payable	506,779					80				506,859
Hedging derivative instruments		11,831				2,088				13,919
Total non-current liabilities	**708,391**	**93,731**		**186,164**	**295,925**	**1,606,258**	**888,051**	**72,462**		**3,850,982**
Total liabilities	**844,269**	**97,428**		**188,725**	**300,221**	**1,679,840**	**922,559**	**74,112**	**(73)**	**4,107,081**
Deferred inflow of resources										
Pensions	1,872									**1,872**
Total deferred inflow of resources	**1,872**									**1,872**
Total liabilities and deferred inflow of resources	**846,141**	**97,428**		**188,725**	**300,221**	**1,679,840**	**922,559**	**74,112**	**(73)**	**4,108,953**
Commitments and contingencies										
Net position										
Restricted by bond resolutions		17,864		6,528	29,129	311,051	161,147	(1,326)		524,393
Restricted by contractual or statutory agreements	218,260									218,260
Unrestricted	500,522									500,522
Total net position	**$ 718,782**	**$ 17,864**		**$ 6,528**	**$ 29,129**	**$ 311,051**	**$ 161,147**	**$ (1,326)**		**$ 1,243,175**

Supplemental Schedule 7

Massachusetts Housing Finance Agency and Affiliates

COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the fiscal year ended:
June 30, 2017

In thousands	Working Capital Fund and Affiliates	Rental Housing Mortgage Revenue Bond Program	Multi-Family Development Revenue Bond Program	General Rental Development Bond Program	Multi-Family Housing Bond Program	Housing Bond Program	Single Family Housing Revenue Bond Program	Residential Mortgage Revenue Bond Program	Eliminations	Fiscal 2017
Operating revenues										
Interest on loans	$ 12,968	$ 5,523	$ 21	$ 9,103	$ 14,210	$ 85,714	$ 20,711			$ 148,250
Investment earnings:										
Interest income	5,851	184		32	52	1,729	20,319	$ 2,440		30,607
Net (decrease) in fair value of investments	(1,366)					(65)	(17,212)	(2,907)		(21,550)
Fee income	72,320				499	2,646				75,465
Miscellaneous income	3,895					348	1,599		$ (1,690)	4,152
Total operating revenues	**93,668**	**5,707**	**21**	**9,135**	**14,761**	**90,372**	**25,417**	**(467)**	**(1,690)**	**236,924**
Operating expenses										
Interest on bonds and notes, net of discount/premium	4,679	5,242	21	7,282	10,807	69,361	29,794	1,556		128,742
Financing costs	788			4		7,513	1,554			9,859
Administrative expenses	79,995	40		14	2	741	3,582	16		84,390
Asset protection and support services expenses (recoveries)	18						(131)			(113)
Miscellaneous expenses	3,522						551		(1,690)	2,383
Total operating expenses	**89,002**	**5,282**	**21**	**7,300**	**10,809**	**77,615**	**35,350**	**1,572**	**(1,690)**	**225,261**
Operating income (loss) before reduction to loan losses and other items	4,666	425		1,835	3,952	12,757	(9,933)	(2,039)		11,663
Reduction to loan losses	(16,579)			(519)	(743)	(2,330)	(399)			(20,570)
Other items, net	(1,087)									(1,087)
Total Reduction to loan losses	**(17,666)**			**(519)**	**(743)**	**(2,330)**	**(399)**			**(21,657)**
Operating income (loss) after reduction to loan losses and other items	**22,332**	**425**		**2,354**	**4,695**	**15,087**	**(9,534)**	**(2,039)**		**33,320**
Change in net position	**22,332**	**425**		**2,354**	**4,695**	**15,087**	**(9,534)**	**(2,039)**		**33,320**
Interfund transfers	31,793			(1,700)	(3,082)	(29,572)	2,866	(305)		
Net position at the beginning of the fiscal year	664,657	17,439		5,874	27,516	325,536	167,815	1,018		1,209,855
Net position at the end of the fiscal year	**$ 718,782**	**$ 17,864**		**$ 6,528**	**$ 29,129**	**$ 311,051**	**$ 161,147**	**$ (1,326)**		**$ 1,243,175**

Supplemental Schedule 7

Massachusetts Housing Finance Agency and Affiliates

COMBINING STATEMENTS OF CASH FLOWS

For the fiscal year ended:
June 30, 2017

In thousands	Working Capital Fund and Affiliates	Rental Housing Mortgage Revenue Bond Program	Multi-Family Development Revenue Bond Program	General Rental Development Bond Program	Multi-Family Housing Bond Program	Housing Bond Program	Single Family Housing Revenue Bond Program	Residential Mortgage Revenue Bond Program	Eliminations	Fiscal 2017
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS										
Cash flows from operating activities:										
Collections on mortgage loans, construction loan repayments and loan sales	$ 978,540	$ 8,889	$ 20,427	$ 22,352	$ 17,581	$ 253,087	$ 101,513			$ 1,402,389
Loan advances to borrowers	(941,148)					(202,678)	(13,729)			(1,157,555)
Interest collections on construction loans	2,758									2,758
Fees collected	73,174				499	4,458				78,131
Cash payments to employees for services	(33,337)	(40)								(33,377)
Cash payments to other suppliers of goods and services	(36,909)		(1)	(92)	(1)	(1,437)	(3,421)	$ (16)		(41,877)
Miscellaneous receipts (disbursements)	(4,053)		(2,782)	48						(6,787)
Transfer from escrows	40,851									40,851
Federal and state subsidy receipts	104,700									104,700
Federal and state subsidy disbursements	(116,590)									(116,590)
Escrow disbursements, net	(28,961)									(28,961)
Net cash provided by (used for) operating activities	**39,025**	**8,849**	**17,644**	**22,308**	**18,079**	**53,430**	**84,363**	**(16)**		**243,682**
Cash flows from non-capital financing activities:										
Sale of bonds and notes and draw down on line of credit	138,536					383,235	159,112			680,883
Bond issuance / redemption costs	(710)					(6,192)	(1,605)			(8,507)
Retirement of bonds and notes and pay down on line of credit	(60,242)	(2,540)	(20,300)	(14,430)	(3,255)	(410,641)	(206,800)	(16,423)		(734,631)
Interest on bonds and notes	(4,540)	(5,697)	(25)	(7,423)	(10,814)	(68,997)	(31,895)	(2,167)		(131,558)
Fund transfers	33,982			(1,004)	(3,082)	(29,572)		(324)		
Net cash provided by (used for) non-capital financing activities	**107,026**	**(8,237)**	**(20,325)**	**(22,857)**	**(17,151)**	**(132,167)**	**(81,188)**	**(18,914)**		**(193,813)**
Cash flows from capital financing activities:										
Acquisition of capital assets	(50)									(50)
Net cash (used for) capital financing activities	**(50)**									**(50)**
Cash flows from investing activities:										
Purchase of investments	(61,907)	(5,700)		(5)		(30,911)	(127,470)			(225,993)
Proceeds from sales of investments	21,000	5,319		820		1,766	85,101	16,423		130,429
Investment earnings, net of rebate	5,821	178		30	41	1,430	20,189	2,488		30,177
Net cash provided by (used for) investing activities	**(35,086)**	**(203)**		**845**	**41**	**(27,715)**	**(22,180)**	**18,911**		**(65,387)**
Net increase (decrease) in cash and cash equivalents	110,915	409	(2,681)	296	969	(106,452)	(19,005)	(19)		(15,568)
Cash and cash equivalents at the beginning of the fiscal year	387,925	14,487	2,681	7,349	24,041	402,396	150,848	92		989,819
Cash and cash equivalents at end of the fiscal year	**$ 498,840**	**$ 14,896**		**$ 7,645**	**$ 25,010**	**$ 295,944**	**$ 131,843**	**$ 73**		**$ 974,251**

Supplemental Schedule 7

Massachusetts Housing Finance Agency and Affiliates

COMBINING STATEMENTS OF CASH FLOWS
(continued)

For the fiscal year ended:
June 30, 2017

In thousands	Working Capital Fund and Affiliates	Rental Housing Mortgage Revenue Bond Program	Multi-Family Development Revenue Bond Program	General Rental Development Bond Program	Multi-Family Housing Bond Program	Housing Bond Program	Single Family Housing Revenue Bond Program	Residential Mortgage Revenue Bond Program	Eliminations	Fiscal 2017
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES										
Operating income (loss)	**$ 22,332**	**$ 425**		**$ 2,354**	**$ 4,695**	**$ 15,087**	**$ (9,534)**	**$ (2,039)**		**$ 33,320**
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:										
Amortization of bond original discount (premium) and deferred issue costs, net							(1,918)	(572)		(2,490)
Depreciation and amortization	7,907									7,907
Reduction to losses on loans, net	(17,666)			(519)	(743)	(2,330)	(399)			(21,657)
Loss on property dispositions	126									126
Recognition of fee income	(3,149)	(2)				(86)				(3,237)
Investment earnings	(5,851)	(184)		(32)	(52)	(1,729)	(20,319)	(2,440)		(30,607)
Change in fair value of investments	1,366					65	17,212	2,907		21,550
Interest expense on bonds and notes	4,679	5,242	$ 21	7,282	10,807	69,360	31,712	2,128		131,231
Financing expenses	788			4		7,514	1,554			9,860
Changes in assets and liabilities:										
Decrease in mortgage loans and other receivables and mortgage-backed securities	51,655	3,380	20,300	14,443	3,359	61,807	64,600			219,544
Increase in construction loans receivable	(22,960)					(98,961)				(121,921)
Decrease (increase) in interest and fees receivable on loans	123	(12)	4	250	13	469	181			1,028
Decrease (increase) in interfund balances	(23)			(26)		(6)	55			
Decrease in other assets and other receivables	23,056					2,070	1,219			26,345
Increase (decrease) in accounts payable and other liabilities	(23,358)		(2,681)	(1,448)		170				(27,317)
Total adjustments	**16,693**	**8,424**	**17,644**	**19,954**	**13,384**	**38,343**	**93,897**	**2,023**		**210,362**
Net cash provided by (used for) operating activities	**$ 39,025**	**$ 8,849**	**$ 17,644**	**$ 22,308**	**$ 18,079**	**$ 53,430**	**$ 84,363**	**$ (16)**		**$ 243,682**

Supplemental Schedule 7
Massachusetts Housing Finance Agency and Affiliates

COMBINING STATEMENTS OF NET POSITION
June 30, 2016

In thousands	Working Capital Fund and Affiliates	Rental Housing Mortgage Revenue Bond Program	Multi-Family Development Revenue Bond Program	General Rental Development Bond Program	Multi-Family Housing Bond Program	Housing Bond Program	Single Family Housing Revenue Bond Program	Residential Mortgage Revenue Bond Program	Eliminations	June 30, 2016
Assets										
Current assets										
Cash and cash equivalents	$ 387,925	$ 14,487	$ 2,681	$ 7,349	$ 24,041	$ 402,396	$ 150,848	$ 92		$ 989,819
Investments	21,185						10,603	1,740		33,528
Interest and fees receivable on construction and mortgage loans, net	909	439	4	928	1,232	7,505	1,493			12,510
Current portion of loans receivable, net	162,721	3,379		2,821	3,274	48,107	22,000			242,302
Hedging derivative instruments-current										
Interfund accounts receivable (payable)	3,103	(16)		(32)		(6)	(3,049)			
Other assets	12,665	346		2		96	1,660	248	$ (92)	14,925
Total current assets	**588,508**	**18,635**	**2,685**	**11,068**	**28,547**	**458,098**	**183,555**	**2,080**	**(92)**	**1,293,084**
Non-current assets										
Investments	65,465	2,247		1,246		14,300	554,872	90,101		728,231
Non-current portion of loans receivable, net	202,451	77,067	20,300	198,307	302,452	1,554,321	398,807			2,753,705
Escrowed funds	547,630					80				547,710
Investment derivative instruments						102				102
Other assets	52,290	8,342				3,451	2,927		(950)	66,060
Total non-current assets	**867,836**	**87,656**	**20,300**	**199,553**	**302,452**	**1,572,254**	**956,606**	**90,101**	**(950)**	**4,095,808**
Total assets	**1,456,344**	**106,291**	**22,985**	**210,621**	**330,999**	**2,030,352**	**1,140,161**	**92,181**	**(1,042)**	**5,388,892**
Deferred outflow of resources										
Pensions	18,743									18,743
Hedging instruments	2,334	18,516				3,370				24,220
Total deferred outflow of resources	**21,077**	**18,516**				**3,370**				**42,963**
Total assets and deferred outflow of resources	**$ 1,477,421**	**$ 124,807**	**$ 22,985**	**$ 210,621**	**$ 330,999**	**$ 2,033,722**	**$ 1,140,161**	**$ 92,181**	**$ (1,042)**	**$ 5,431,855**
Liabilities										
Current liabilities										
Current portion of long term debt, net	$ 9,285	$ 2,540		$ 1,635	$ 3,255	$ 167,706	$ 34,295	$ 1,740		$ 220,456
Obligation line of credit	75,000									75,000
Accrued interest payable	391	961	$ 3	632	903	6,619	2,670	202		12,381
Other liabilities	14,760		2,682	2,305		27		92	$ (1,042)	18,824
Hedging derivative instruments	2,334									2,334
Total current liabilities	**101,770**	**3,501**	**2,685**	**4,572**	**4,158**	**174,352**	**36,965**	**2,034**	**(1,042)**	**328,995**
Non-current liabilities										
Non-current portion of long term debt, net	100,422	84,150	20,300	200,175	299,325	1,529,396	935,381	89,129		3,258,278
Long term - loan										
Net pension liability	35,427									35,427
Other liabilities	27,291	1,201				988				29,480
Escrowed funds payable	547,630					80				547,710
Hedging derivative instruments		18,516				3,370				21,886
Total non-current liabilities	**710,770**	**103,867**	**20,300**	**200,175**	**299,325**	**1,533,834**	**935,381**	**89,129**		**3,892,781**
Total liabilities	**812,540**	**107,368**	**22,985**	**204,747**	**303,483**	**1,708,186**	**972,346**	**91,163**	**(1,042)**	**4,221,776**
Deferred inflow of resources										
Pensions	224									**224**
Hedging instruments										
Total deferred inflow of resources	**224**									**224**
Total liabilities and deferred inflow of resources	**812,764**	**107,368**	**22,985**	**204,747**	**303,483**	**1,708,186**	**972,346**	**91,163**	**(1,042)**	**4,222,000**
Commitments and contingencies										
Net position										
Restricted by bond resolutions		17,439		5,874	27,516	325,536	167,815	1,018		545,198
Restricted by contractual or statutory agreements	206,225									206,225
Unrestricted	458,432									458,432
Total net position	**$ 664,657**	**$ 17,439**		**$ 5,874**	**$ 27,516**	**$ 325,536**	**$ 167,815**	**$ 1,018**		**$ 1,209,855**

Supplemental Schedule 7
Massachusetts Housing Finance Agency and Affiliates

COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the fiscal year ended
June 30, 2016

In thousands	**Working Capital Fund and Affiliates**	**Rental Housing Mortgage Revenue Bond Program**	**Multi-Family Development Revenue Bond Program**	**General Rental Development Bond Program**	**Multi-Family Housing Bond Program**	**Housing Bond Program**	**Single Family Housing Revenue Bond Program**	**Residential Mortgage Revenue Bond Program**	**Eliminations**	**Fiscal 2016**
Operating revenues										
Interest on loans	$ 15,155	$ 6,024	$ 27	$ 10,570	$ 14,488	$ 92,702	$ 24,842			$ 163,808
Investment earnings:										
Interest income	4,406	138		8	3	1,499	17,995	$ 2,935		26,984
Net increase (decrease) in fair value of investments	395					(1,086)	11,824	2,218		13,351
Fee income	71,766				381	3,655				75,802
Miscellaneous income	9,901					381	2,352		$ (2,106)	10,528
Total operating revenues	**101,623**	**6,162**	**27**	**10,578**	**14,872**	**97,151**	**57,013**	**5,153**	**(2,106)**	**290,473**
Operating expenses										
Interest on bonds and notes, net of discount/premium	4,622	5,329	27	8,143	10,879	70,497	31,587	1,995		133,079
Financing costs	631			269		7,100	1,656			9,656
Administrative expenses	76,231	33		43	1	809	5,217	16		82,350
Asset protection and support services expenses	156						197			353
Miscellaneous expenses	4,947						1,395		(2,106)	4,236
Total operating expenses	**86,587**	**5,362**	**27**	**8,455**	**10,880**	**78,406**	**40,052**	**2,011**	**(2,106)**	**229,674**
Operating income before provision for loan losses and other items	15,036	800		2,123	3,992	18,745	16,961	3,142		60,799
Provision for (reduction to) loan losses	(26,391)			(73)	1,693	18,449	(89)			(6,411)
Other items, net	(148)									(148)
Total provision for (reduction to) loan losses and other items	**(26,539)**			**(73)**	**1,693**	**18,449**	**(89)**			**(6,559)**
Operating income after provision for (reduction to) loan losses and other items	**41,575**	**800**		**2,196**	**2,299**	**296**	**17,050**	**3,142**		**67,358**
Special items										
Change in net position	**41,575**	**800**		**2,196**	**2,299**	**296**	**17,050**	**3,142**		**67,358**
Interfund transfers	21,568	(4)		(3,220)	(3,114)	(14,859)		(371)		
Net position at beginning of the fiscal year	601,514	16,643		6,898	28,331	340,099	150,765	(1,753)		1,142,497
Net position at end of the fiscal year	**$ 664,657**	**$ 17,439**		**$ 5,874**	**$ 27,516**	**$ 325,536**	**$ 167,815**	**$ 1,018**		**$ 1,209,855**

Supplemental Schedule 7
Massachusetts Housing Finance Agency and Affiliates

COMBINING STATEMENTS OF CASH FLOWS

For the fiscal year ended
June 30, 2016

In thousands	**Working Capital Fund and Affiliates**	**Rental Housing Mortgage Revenue Bond Program**	**Multi-Family Development Revenue Bond Program**	**General Rental Development Bond Program**	**Multi-Family Housing Bond Program**	**Housing Bond Program**	**Single Family Housing Revenue Bond Program**	**Residential Mortgage Revenue Bond Program**	**Eliminations**	**Fiscal 2016**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS										
Cash flows from operating activities:										
Collections on mortgage loans, construction loan repayments and loan sales	$ 949,902	$ 17,330	$ 607	$ 42,447	$ 18,287	$ 315,384	$ 114,573			$ 1,458,530
Loan advances to borrowers	(901,332)			(33,300)	(567)	(171,964)	(7,627)			(1,114,790)
Interest collections on construction loans	3,916									3,916
Fees collected	71,064				368	5,207				76,639
Cash payments to employees for services	(33,382)									(33,382)
Cash payments to other suppliers of goods and services	(41,198)	(38)	(1)	(98)	(1)	(323)	(4,457)	$ (16)		(46,132)
Miscellaneous receipts (disbursements)	(4,247)		1	57						(4,189)
Transfer to escrows	(65,951)									(65,951)
Federal and state subsidy receipts	198,967									198,967
Federal and state subsidy disbursements	(206,318)									(206,318)
Escrow receipts, net	73,302									73,302
Net cash provided by (used for) operating activities	**44,723**	**17,292**	**607**	**9,106**	**18,087**	**148,304**	**102,489**	**(16)**		**340,592**
Cash flows from non-capital financing activities:										
Sale of bonds and notes and draw down on line of credit	72,705			33,300		209,581	183,591			499,177
Bond issuance / redemption costs	(636)			(269)		(7,092)	(1,638)			(9,635)
Retirement of bonds and notes and pay down on line of credit	(103,211)	(7,260)		(31,750)	(3,105)	(162,750)	(200,830)	(12,681)		(521,587)
Interest on bonds and notes	(4,632)	(6,104)	(24)	(8,195)	(10,885)	(70,385)	(33,172)	(2,585)		(135,982)
Fund transfers	27,569	(4,642)		(3,220)	(3,114)	(16,207)		(386)		
Other financing activity										
Net cash (used for) non-capital financing activities	**(8,205)**	**(18,006)**	**(24)**	**(10,134)**	**(17,104)**	**(46,853)**	**(52,049)**	**(15,652)**		**(168,027)**
Cash flows from capital financing activities:										
Acquisition of capital assets	(544)									(544)
Net cash (used for) capital financing activities	**(544)**									**(544)**
Cash flows from investing activities:										
Purchase of investments	(11,343)	(5,297)		(2)			(140,361)			(157,003)
Proceeds from sales of investments	15,000	5,273		10		14,739	66,943	12,681		114,646
Investment earnings, net of rebate	4,876	137		6	3	1,657	17,801	2,972		27,452
Net cash provided by (used for) investing activities	**8,533**	**113**		**14**	**3**	**16,396**	**(55,617)**	**15,653**		**(14,905)**
Net increase (decrease) in cash and cash equivalents	44,507	(601)	583	(1,014)	986	117,847	(5,177)	(15)		157,116
Cash and cash equivalents at beginning of the fiscal year	343,418	15,088	2,098	8,363	23,055	284,549	156,025	107		832,703
Cash and cash equivalents at end of fiscal year	**$ 387,925**	**$ 14,487**	**$ 2,681**	**$ 7,349**	**$ 24,041**	**$ 402,396**	**$ 150,848**	**$ 92**		**$ 989,819**

Supplemental Schedule 7
Massachusetts Housing Finance Agency and Affiliates

COMBINING STATEMENTS OF CASH FLOWS
(continued)
For the fiscal year ended
June 30, 2016

In thousands	Working Capital Fund and Affiliates	Rental Housing Mortgage Revenue Bond Program	Multi-Family Development Revenue Bond Program	General Rental Development Bond Program	Multi-Family Housing Bond Program	Housing Bond Program	Single Family Housing Revenue Bond Program	Residential Mortgage Revenue Bond Program	Eliminations	Fiscal 2016
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES										
Operating income (loss)	**$ 41,575**	**$ 800**		**$ 2,196**	**$ 2,299**	**$ 296**	**$ 17,050**	**$ 3,142**		**$ 67,358**
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:										
Amortization of bond original discount (premium) and deferred issue costs, net				11			(1,423)	(560)		(1,972)
Depreciation and amortization	6,711									6,711
Provision for (reduction to) losses on loans, net	(26,539)			(73)	1,693	18,449	(89)			(6,559)
Recognition of fee income	(2,127)	(2)				(86)				(2,215)
Investment earnings	(4,406)	(138)		(8)	(3)	(1,499)	(17,995)	(2,935)		(26,984)
Change in fair value of investments	(395)					1,086	(11,824)	(2,218)		(13,351)
Interest expense on bonds and notes	4,622	5,329	$ 27	8,131	10,879	70,497	33,010	2,555		135,050
Financing expenses	631			270		7,100	1,656			9,657
Changes in assets and liabilities:										
Decrease (increase) in mortgage loans and other receivables and mortgage-backed securities	(98,600)	11,230		(1,544)	(25,176)	21,194	82,203			(10,693)
Decrease in construction loans receivable	125,921				28,383	28,456				182,760
Decrease (increase) in interest and fees receivable on loans	576	78	(3)	(45)	12	635	806			2,059
Decrease (increase) in interfund balances	188	(5)		3		6	(192)			
Decrease (increase) in other assets and other receivables	(81,235)					2,179	(606)			(79,662)
Increase (decrease) in accounts payable and other liabilities	77,801		583	165		(9)	(107)			78,433
Total adjustments	**3,148**	**16,492**	**607**	**6,910**	**15,788**	**148,008**	**85,439**	**(3,158)**		**273,234**
Net cash provided by (used for) operating activities	**$ 44,723**	**$ 17,292**	**$ 607**	**$ 9,106**	**$ 18,087**	**$ 148,304**	**$ 102,489**	**$ (16)**		**$ 340,592**