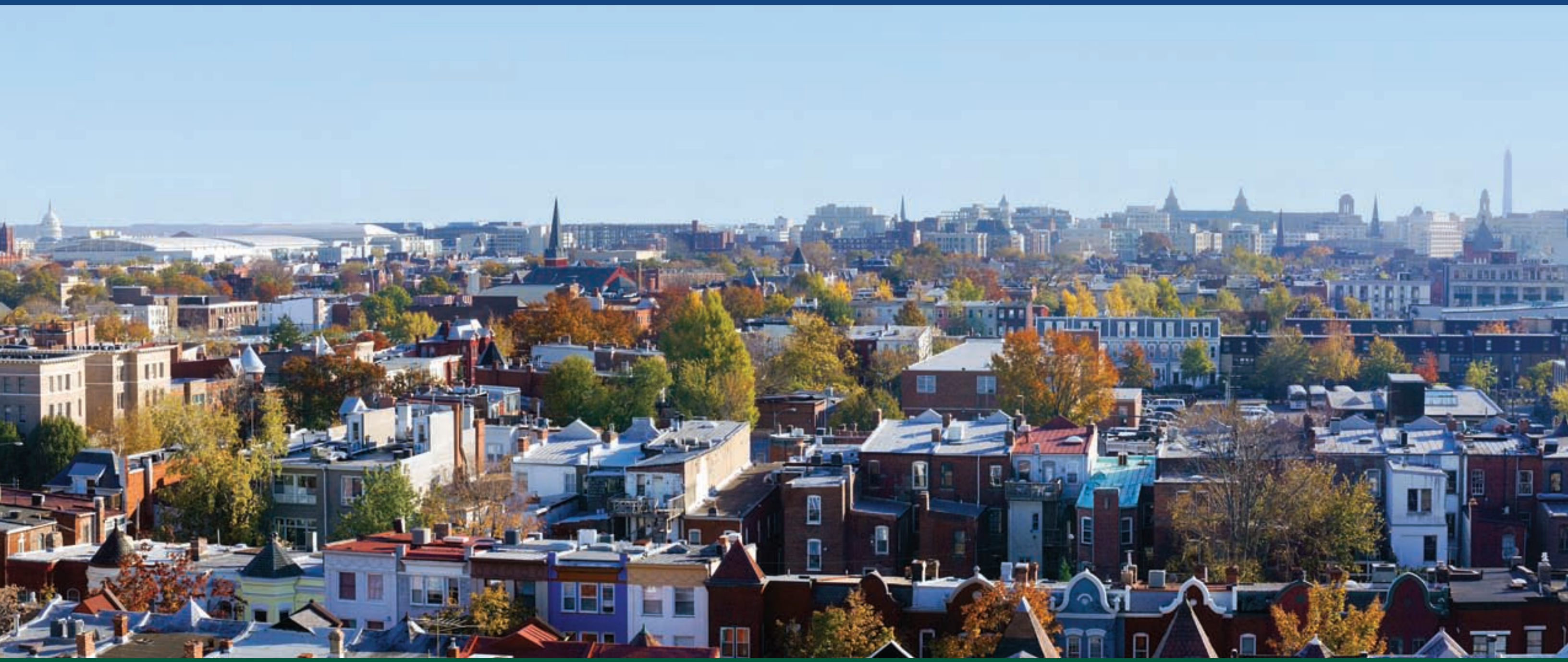
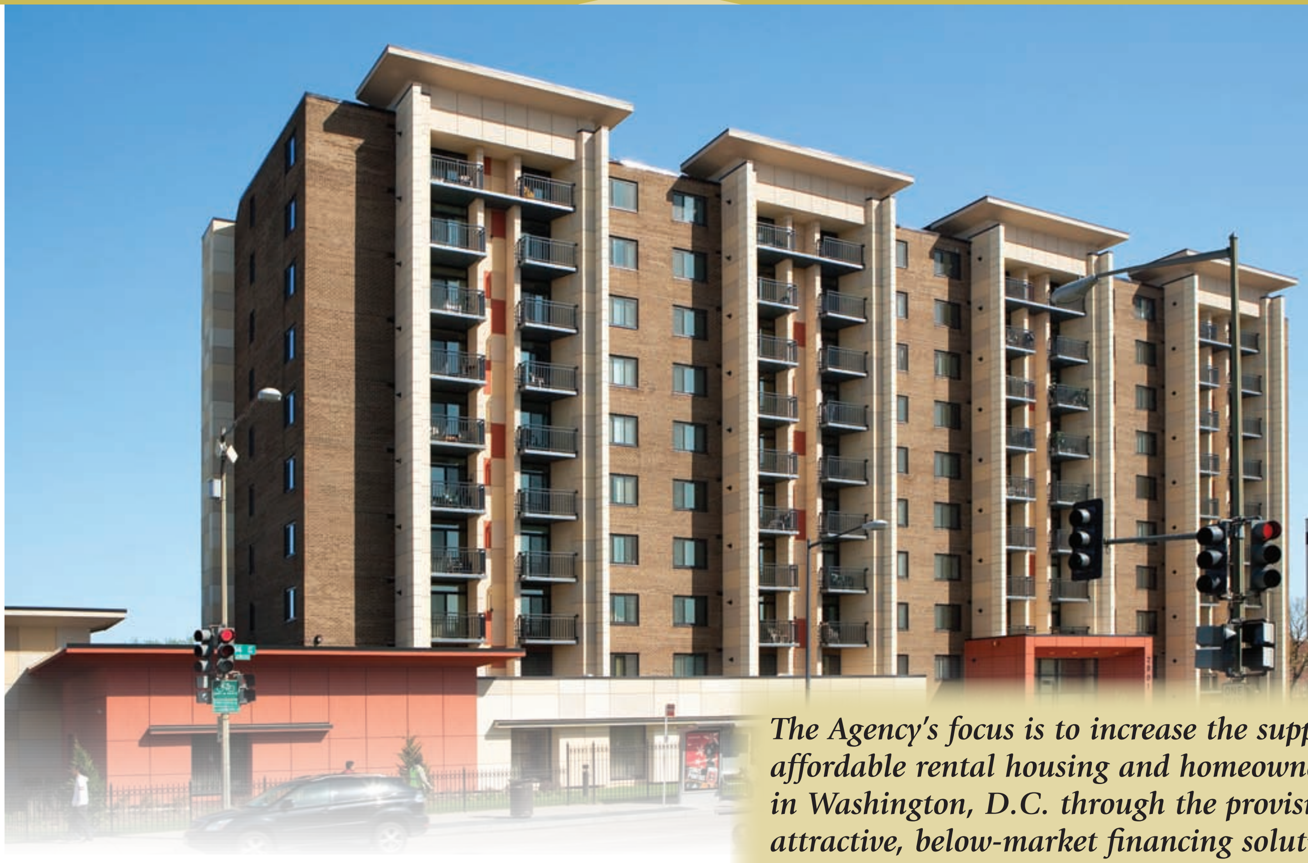


THE **FUTURE** OF **AFFORDABLE HOUSING** IN **WASHINGTON DC**

DISTRICT OF COLUMBIA
HOUSING FINANCE AGENCY
ANNUAL REPORT 2012



The Agency's focus is to increase the supply of affordable rental housing and homeownership in Washington, D.C. through the provision of attractive, below-market financing solutions.

Harry D. Sewell

EXECUTIVE DIRECTOR AND CEO, DCHFA

A VISION FOR THE FUTURE

In the past and in the present there has been a demand for affordable housing throughout Washington, D.C. Current local and national market conditions should not stand in the way of striving to meet this vital demand. District of Columbia Housing Finance Agency (DCHFA) is focused on financing the construction and rehabilitation of low and moderate income housing for the betterment of families who call the nation's capital home. In conjunction with housing partners throughout the city and across the nation DCHFA strives to ensure that the future of affordable housing exceeds its past – resulting in more quality, safe homes for those in need.

Our Mission – What We Do

DCHFA was established in 1979 to stimulate and expand homeownership and rental housing opportunities in Washington, D.C. We accomplish our mission by issuing mortgage revenue bonds that lower the homebuyers' costs of purchasing homes and the developers' costs of acquiring, constructing and rehabilitating rental housing. We embrace our responsibility with conviction and pledge our best efforts to serve as the city's champion for homeowners and renters and to act as the city's principal catalyst for neighborhood investment.

Our Services – How We Do It

Our Agengy has two primary program areas: (1) MultiFamily Housing Development; and (2) Homeownership. DCHFA utilizes tax-exempt bonds, taxable bonds, 4% Low Income Housing Tax Credits (LIHTC), and McKinney Act Savings Funds to increase the availability of affordable housing opportunities to residents of the District of Columbia. The tax-exempt and taxable bond proceeds are used for multifamily and single family purposes.

Above: Samuel J. Simmons, NCBA Estates – financed in 2010.

FROM THE CHAIRMAN

DEDICATION

The District of Columbia Housing Finance Agency report for the fiscal year ending September 30, 2012 is respectfully submitted to:

The Honorable Vincent C. Gray
Mayor of the District of Columbia

The Honorable Phil Mendelson
Council Chairman of the District of Columbia

The Honorable Michael A. Brown
Councilmember At-Large

The Honorable David A. Catania
Councilmember At-Large

The Honorable Vincent Orange
Councilmember At-Large

The Honorable Jim Graham
Councilmember, Ward 1

The Honorable Jack Evans
Councilmember, Ward 2

The Honorable Mary M. Cheh
Councilmember, Ward 3

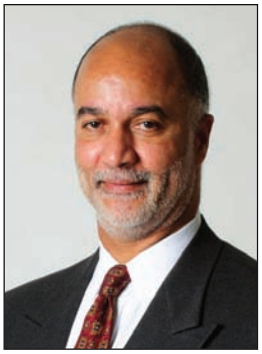
The Honorable Muriel Bowser
Councilmember, Ward 4

The Honorable Kenyan R. McDuffie
Councilmember, Ward 5

The Honorable Tommy Wells
Councilmember, Ward 6

The Honorable Yvette Alexander
Councilmember, Ward 7

The Honorable Marion Barry
Councilmember, Ward 8



It is with mixed feelings that I sat down to compose this, my last "Letter from the Board Chairman" for the Annual Report of the D.C. Housing Finance Agency. After nearly 12 years as a member of the Board of the Agency, the last five as chairman, my term is coming to an end this year.

The last 12 years have been a period of remarkable success by the Agency in the production and preservation of housing for low-income residents of the District. I am pleased at the extent to which our efforts have led to more Washington, D.C. families having access to quality housing.

Seniors and youth, the disabled and the homeless, working class families, the unemployed and the underemployed – all are receiving support from our efforts. Yet, we need to continue to help more of our residents. That is why our Board has worked with the Agency's staff, investors and developers to construct financing structures that will make sure housing for our target service group – those earning 60 percent of the Area Median Income (AMI) and below – continues to be available. But our efforts as an Agency go beyond merely providing financing. We also scrutinize the track records of property managers and assess the provision of resident services to insure that DCHFA-financed buildings make available to their residents a safe, well maintained place in which to live.

During the last year I visited several of the properties we helped finance throughout the city: Victory Square in Parkside, Foundry Lofts in Near Southeast and SOME-Bedford Falls in Marshall Heights. While at those buildings, I met property managers that truly have a passion for meeting the needs of their residents. I have seen facilities with amenities that provide for a quality standard of living and I have met residents whose lives have improved since they moved into their new homes.

The challenge is still great to make Washington affordable to more families. As a long-time Washingtonian I am optimistic about the **future of affordable housing** in the nation's capital. Families of all backgrounds should be able to call Washington home in the coming decades and to have access to affordable housing. DCHFA needs to continue to improve its role in financing residences that help provide a better future for our families. I am sure that my colleagues are up to that challenge.

It has been a privilege serving the residents of Washington as a member of the Board these last twelve years. I wish the Agency, its Board and staff continued success in meeting the challenges ahead.

Michael L. Wheet CHAIRMAN

From the Executive Director and CEO

The **future of affordable housing** finance will be deeply impacted by the pivotal governmental decisions made in the next year. President Barack Obama's administration and Congress are slated to address the financial state of the nation and the role of Government Sponsored Enterprises (Fannie Mae and Freddie Mac). These decisions can help solidify a sustained recovery in housing that not only stabilizes our national economy, but is beneficial for the personal economy of families across the U.S. who are in need of housing.

At the District of Columbia Housing Finance Agency we will ready ourselves for the outcome of these decisions and how they may impact the challenge of financing affordable housing in the nation's capital. We have made considerable progress in our current environment. During the 2012 fiscal year we financed more than 1,600 multi-family rental housing units, more than twice our total from the prior fiscal year.

I am confident that leaders in our local affordable housing community will continue to work together. The conversation and cooperation between local residents, property managers, developers, investors, banking institutions, housing advocates and housing agencies has been constructive and encouraging. In addition, although financing rental housing is our main focus at the DCHFA, we remain committed to single family homeownership in Washington.

Our HomeSaver Program provided $6.4 million to help 295 D.C. families stay in their homes. These funds ensured that Washingtonians, who have been impacted by unemployment, now have some financial stability in their households. We are proud to have played a role in helping our residents remain in their homes despite trying times. This focus on homeownership in Washington will continue into 2013 and beyond.

Clearly, our work is undone. As the D.C. housing market remains quite profitable for many investors and developers it must also be affordable for its residents. As Washington's population grows commitment to affordable housing must continue to increase as well. I am very thankful for the tireless work ethic of our Board of Directors and staff. At the DCHFA we will keep pursuing innovative solutions to make the future of affordable housing in D.C. better than its past.

Harry D. Sewell EXECUTIVE DIRECTOR AND CEO

EXECUTIVE LEADERSHIP TEAM

Harry D. Sewell
Executive Director and CEO

Fran D. Makle
Deputy Executive Director

Allison Ladd
Associate Executive Director

Anthony Waddell
Director of Public Finance

Carisa D. Stanley
Director of Single Family Programs

David L. Jefferson*
Director of Compliance and Asset Management

Maria Day-Marshall
General Counsel

Sergei V. Kuzmenchuk
Chief Financial Officer

*Former Employee

On the cover:
Panoramic view of Washington, D.C. by Spielmann Studio Photography and provided courtesy of Donatelli Development

MULTIFAMILY

As the D.C. real estate market continues to be one of the most robust in the nation the DCHFA works hard to finance affordable rental housing in the nation's capital[1]. Throughout the year our Agency celebrates the opening of new properties, breaks ground on preservation projects and newly constructed buildings, and closes deals that will be home to D.C. residents in the future years. Affordable housing must be preserved and created in Washington, and by working with residents, investors, developers, property managers, city agencies, advocacy groups, financial institutions, and others DCHFA is committed to financing a healthier affordable housing market where more of those in need have quality, safe places to live.

Most often DCHFA finances multifamily housing for residents with incomes at or below 60 percent of the Area Median Income (AMI)[2]. In the 2012 fiscal year our Agency closed financing on nine properties, in six of Washington's eight wards. The properties ranged from just under 70 units to more than 400 units.

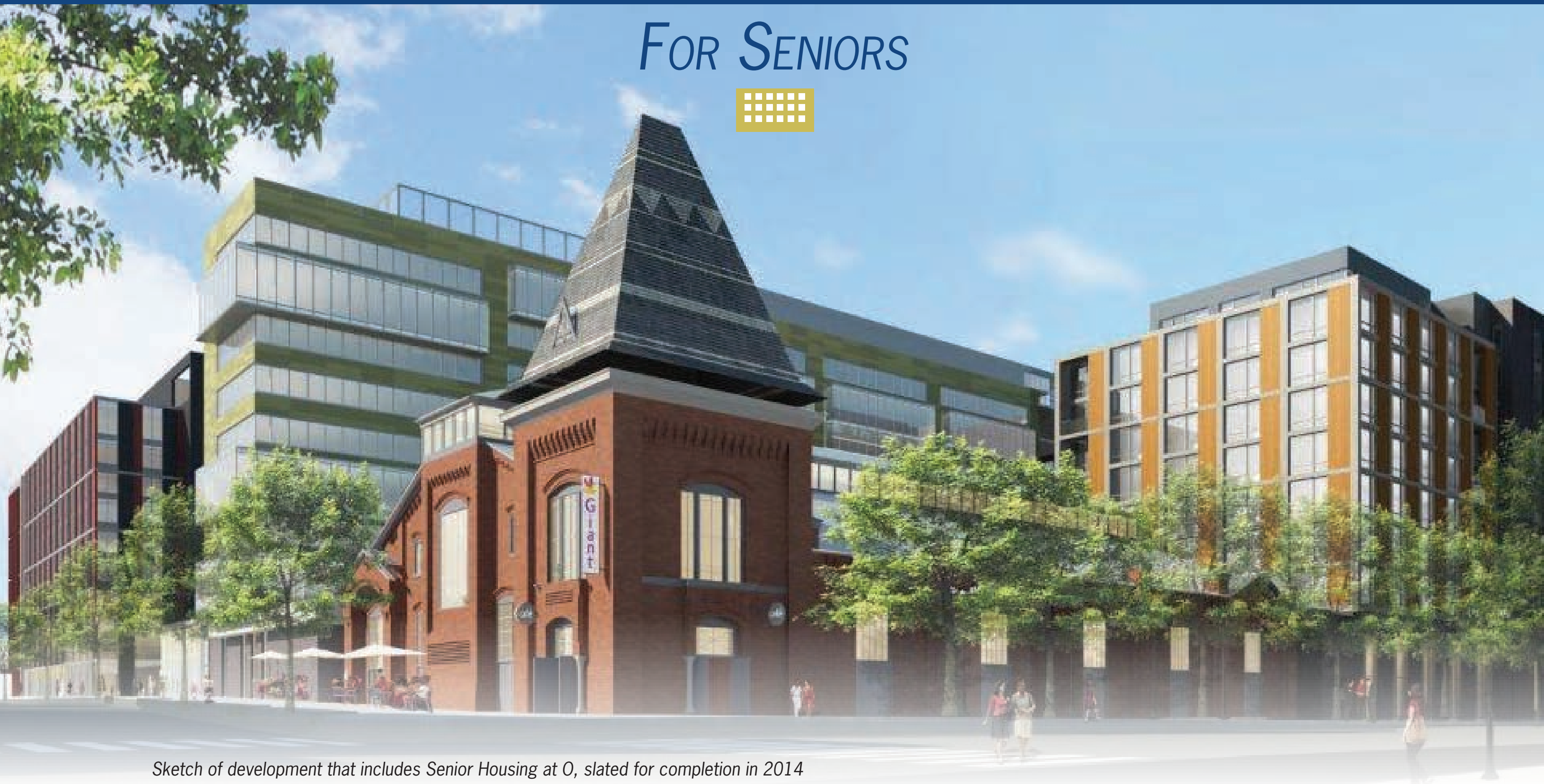
Among these deals there were five rehabilitation projects and four new construction projects. **House of Lebanon Apartments** is an example of a rehabilitation project which will convert the former MM Washington School into senior housing. Preserving existing buildings in Washington can be financially advantageous with regard to development cost, the reuse can be environmentally-friendly and it can help maintain an existing neighborhood feel. **Park 7 at Minnesota Benning**, on the other hand, is being newly constructed right next to the new Department of Employment Services building and the Benning Road Metro Station. This project underscores the importance of creating new buildings for D.C. residents near community resources and mass transportation. In the coming years the DCHFA will continue to finance projects like these to ensure that there are more quality, affordable housing options for D.C. residents.

CLOSED PROJECTS FY 2012	Units	Ward	Owner/Developer	Tax Exempt Bonds	LIHTC Equity Investment
MAYFAIR MANSIONS III	160	7	MM Property, LLC	$16,730,000	9,179,241
ALABAMA AVENUE APARTMENTS	91	8	Alabama Avenue Affordable Housing, L.P.	$7,438,979	5,315,553
SAMUEL KELSEY APARTMENTS	150	1	Samuel Kelsey Redevelopment Lmtd Partnership	$24,400,000	7,200,000
THE NANNIE HELEN AT 4800	70	7	The Charliemay, LLC/(AWA Holdings Inc.)	$8,227,194	5,691,471
CAPITOL HILL TOWERS	204	6	The Orlean Co. & Renewal Housing Associates, LLC	$22,980,000	9,179,241
THE HEIGHTS AT GEORGIA AVENUE*	69	4	Georgia and Lamont Limited Partnership	$12,377,163	8,283,841
HOUSE OF LEBANON APARTMENTS	82	5	MM Washington Redevelopment Partners LLC	$12,120,000	6,802,522
PARK 7 AT MINNESOTA BENNING	376	7	Donatelli Development, Inc.	$45,250,000	19,000,000
FAIRWAY PARK APARTMENTS	406	5	WCS Carver Terrace Limited Partnership	$33,482,000	16,032,351
	1608			**$183,005,336**	**86,684,220**

GREEN = RENOVATION BLUE = NEW CONSTRUCTION **Groundbreaking pictured above.*

1 Nick Timiraus, How Home Prices Compare With Four Years, *Wall Street Journal*, October 29, 2012
2 Area Median Income was $107,500 in the District of Columbia in 2012, *DCHFA.org*, December 1, 2011

FOR SENIORS



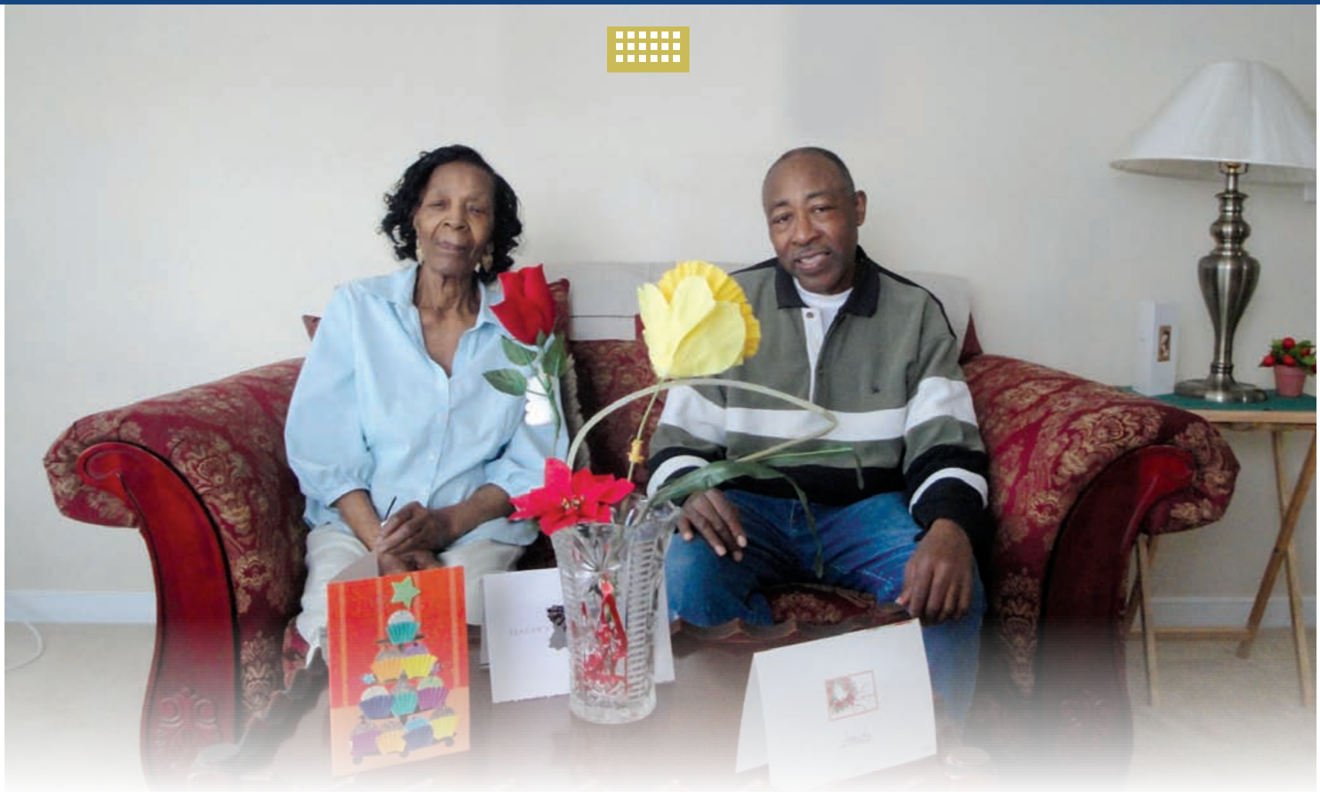
Sketch of development that includes Senior Housing at O, slated for completion in 2014

HOUSING FOR SENIORS

For tens of thousands of Washingtonians the nation's capital is home, and they want to keep it that way – even as they age. Our seniors sometimes need support in securing housing in their later years and the DCHFA has a role in financing those housing opportunities. Since 2007 the DCHFA has financed seven senior housing buildings and two additional buildings at which at least a third of the units are dedicated to seniors. These buildings have a total of 1105 units that serve as quality homes to Washington seniors.

As we face the future challenges of sustaining affordable housing in Washington it makes sense to build off of what has worked in the past, and make sure not to replicate prior mistakes. Long-time Washingtonians have a unique perspective on how we can best move forward. Their memories in Washington, the strides their children have made here and the deep personal meaning of affordable housing to them teaches us a lot about how we got here and where we need to go.

SENIOR HOUSING BUILDINGS	Number of Senior Units
WESLEY HOUSE APARTMENTS	127
VIDA SENIOR RESIDENCES AT BRIGHTWOOD	**36**
VICTORY SQUARE APARTMENTS	98
SAMUEL J. SIMMONS, NCBA ESTATES	**174**
PAUL LAURENCE DUNBAR APARTMENTS	171
CAPITAL HILL TOWERS	**204**
HOUSE OF LEBANON APARTMENTS	82
PARTIAL SENIOR HOUSING BUILDINGS	
THE OVERLOOK AT OXON RUN	**181**
MATTHEWS MEMORIAL TERRACE	32
TOTAL NUMBER OF UNITS	**1105**



Dora and Sylvester Credle

VICTORY SQUARE

It is often said to know where we are going, we have to know where we have been. Dora Credle is as qualified as anyone to tell the story of Washington, D.C.

She was born in 1913, in Wilson, NC. Dora recalled her father was a preacher and they grew up in a strict household, but perhaps what she remembers the most is that they 'always had a decent place to live'. She moved to Washington in 1941 where she raised her children in Marshall Heights with her husband, Raymond Credle. Together, they managed several properties in Marshall Heights – and their tenants were often very pleased by how they cared for their properties. With this background Dora truly appreciates having a well-managed place to live. She and her son, Sylvester Credle, 63, moved into the Victory Square Apartments in Parkside on June 12, 2012.

"I make this my home," Dora said. "I love the place. I feel protected, the people are nice, it is clean, and there are rules."

Victory Square is one of many senior housing residences that the DCHFA has financed. The residence consists of 98 units and all but one of them is reserved for those with incomes at 60 percent of AMI or below. The one unit has been set aside for an on-site maintenance staff person. Victory Square features a fitness and wellness center, community room, library and beauty salon. This residence, like many sections of Washington, is located in an area that is slated for market-rate residential development. It is a priority of the DCHFA and other housing partners to make sure affordable senior housing remains in this area.

Dora and Sylvester Credle were among the first on the list for Victory Square. While they expressed that rent for their two-bedroom apartment could be more affordable, they are thankful for their new home.

"She helped me," Sylvester said. "Now we help each other." He also has thoughts on the future of affordable housing in Washington.

"The younger generation is taking over," Sylvester said. "Affordable housing is so important for them. It seems like Washington is more expensive than ever."

Victory Square Apartments, financed in 2011 and developed by Banc of America Community Development Corporation

Increasing costs in Washington's residential real estate market has been impacting residents for decades. However, in the face of these conditions the DCHFA continues to find financing solutions to make sure quality housing options exist for those in need.

For those who are looking for affordable housing right now in a word from the wise Dora, who has always been determined, has some advice.

"Keep looking," she said. "Never give up."

A motto she lives by and has done so for a century – and great advice for all of us.

FINANCE STRUCTURE FOR VICTORY SQUARE

The total development cost for the Project was **$18.3 million** (approximately **$187,000** per unit).

The sources of funds included:

- $1.6 million in permanent and $7.1 million in short term tax exempt bonds The short term tax exempt bonds are not included in the TDC
- $3.6 million in a subordinate loan from DHCD's HPTF
- $2.4 million in a subordinate loan from DHCD's TCAP
- $4.7 million in equity raised through the syndication of 4% LIHTCs
- $5.0 million in DCHA Housing Replacement Factor Funds
- $410,000 in deferred developer fee
- $242,000 in BACDC member loan
- $150,000 in grants from Victory Housing Inc.
- $100,000 in grants from the Center for Strategic and International Studies
- $50,000 in grants from the Green Communities program sponsored by The Enterprise Foundation

Kenneth Newsome

THE AVENUE

It is vital that our veterans, especially those who are seniors, have a safe and decent place to live. That is what Kenneth Newsome has found in The Avenue at Park Morton. At 65, this long-time Washington native moved in on September 28, 2012 and he has enjoyed his home since that day.

"I'm very happy to be living at The Avenue," Kenneth said. "I used to live with my sister until she sold her house. Since then I had been moving between the VA hospital and different rehabilitation centers."

"I really enjoy the sense of community, the location, and the staff – however, I have to say my favorite part has been that there's nothing quite as nice as having your own home."

The DCHFA exists to help make stories like Kenneth's possible. The Avenue is a newly constructed building with 83 units of affordable housing. All of the units are reserved for households with incomes at or below 60 percent of AMI.

While sitting in the lobby at The Avenue, Kenneth talked about the influx of people coming into Washington, D.C. nowadays – and how the city can be unaffordable. He also had memories about how the neighborhood he currently lives in now has changed over the years.

"There were times when you couldn't sit right here and talk," Kenneth said, as he looked at out the building's large, first floor glass window. Just outside crime used to be more of a problem on Georgia Avenue NW in the present day Columbia Heights neighborhood.

He also remarked about his memory of the quality of low income housing in Washington.

"In the 60s and 70s they wouldn't put low income people in a place like this," Kenneth said.

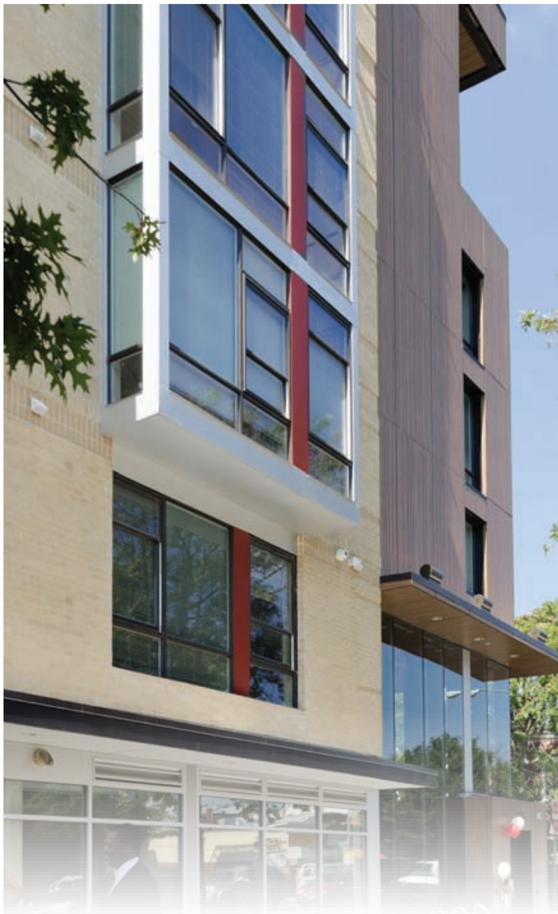
The Avenue includes amenity spaces such as meeting rooms, a lounge, a fitness center, underground parking, and ground floor retail. For Kenneth, Washington is home – he has lived here most of his life – and his apartment in The Avenue is a home he enjoys.

FINANCE STRUCTURE FOR THE AVENUE AT PARK MORTON

The estimated total development cost for the project was **$27.3 million** (approximately **$328,000** per unit).

- $3.6 million in long term tax exempt bonds
- $7.4 million Taxable Bridge Construction Loan (Capital One North America)**
- $15.7 million Subordinate Loan from DMPED
- $7.4 million in equity raised through the syndication of 4% LIHTCs
- $626,000 Deferred Developer Fee

**This amount bridged the gap until equity proceeds came into the deal, without it in the capital structure the sources of funds equal the total development cost.



The Avenue Ribbon Cutting in September 2012 – the building was financed in 2010 and was developed by Landex Development Corporation

Arthur Capper II was financed in 2010 and developed by Urban Atlantic and Forest City Washington

Arthur Capper II

AT CAPITAL QUARTER

So often a new or remodeled building can change the entire feel and look of a community for the better. Arthur Capper II is definitely an example of furthering neighborhood transformation. The DCHFA is committed to working with our partners every year to improve many blocks of the city, not only so they look better, but so that more Washington families in need have a quality, safe place to call home.

FINANCE STRUCTURE

The estimated total development cost (TDC) for the Project was **$11.65** million (**$247,831** per unit).

The sources of funds included:

- $5.7 million in short term tax exempt bonds
- $1,012,400 DCHA Loan
- $3.8 million in equity raised through the syndication of 4% LIHTCs
- $1.03 million in DCHA funding through the American Recovery and Reinvestment Act

SINGLE FAMILY

KEEPING WASHINGTONIANS IN THEIR HOMES

The national housing market has continued to rebound over the last year, but there are still Americans that need assistance to save their homes. Fortunately, President Barack Obama started the HomeSaver: A Hardest Hit Fund Initiative to aid homeowners across the country. DCHFA has been very focused on helping Washingtonians recover and keep their homes through the HomeSaver program.

In the 2012 fiscal year 295 families have been helped with more than $6.4 million in assistance. The Department of the U.S. Treasury has weighed in on the successes of DCHFA's management of this program.

"Through the Hardest Hit Fund, the District of Columbia and participating states are exploring innovative solutions to some of the most difficult challenges in an unprecedented housing crisis," said Mark McArdle, Treasury Deputy Chief for Homeownership Preservation and Director of the Hardest Hit Fund. "The program has provided the DCHFA an opportunity to work with partners across the city to reach those struggling families who can most benefit from the aid. As a result, every month the DCHFA is helping hundreds of families avoid foreclosure."

In the 2013 fiscal year DCHFA plans to help even more families keep their homes by expanding the program to the underemployed as well. **Job loss or underemployment does not have to lead to home loss.** Our Agency will continue to work with partners at all levels to strengthen the **future of affordable homeownership** in the District of Columbia.

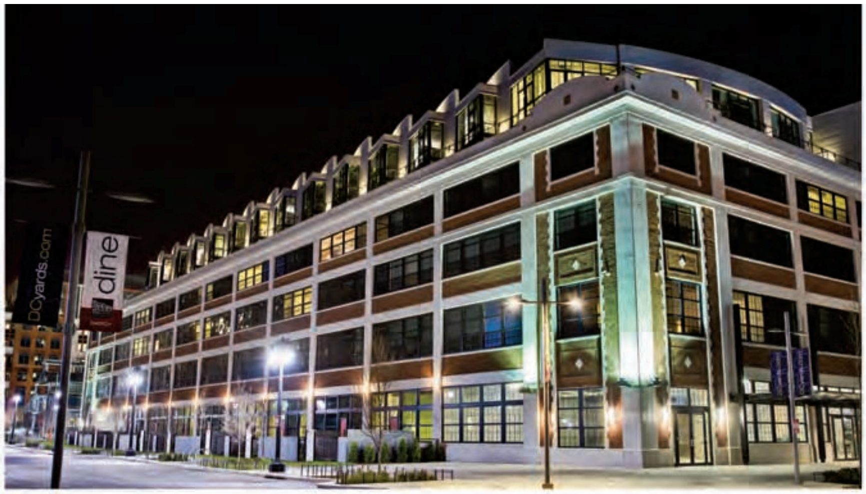
TOTAL BORROWERS	ASSISTANCE BY WARD
WARD 1	17
WARD 2	10
WARD 3	7
WARD 4	49
WARD 5	66
WARD 6	24
WARD 7	70
WARD 8	52
TOTAL	295

AVERAGE ASSISTANCE	BY WARD
WARD 1	$1,874
WARD 2	$1,921
WARD 3	$2,051
WARD 4	$1,818
WARD 5	$1,687
WARD 6	$1,661
WARD 7	$1,286
WARD 8	$1,274
CITY-WIDE AVERAGE	$1,575

In The News

DCHFA Makes Headlines

For our efforts in MultiFamily and Single Family affordable housing DCHFA has properties and programs have been features in news articles. Our Agency is proud of the impact it has made in the District of Columbia and is always looking for innovative financing solutions to do more. Washingtonians deserve no less.



adaptive reuse

Foundry Lofts

WHEN CLEVELAND-BASED FOREST CITY RESIDENTIAL DECIDED TO TAKE on a development project in the historic Washington, D.C., Navy Yards, it noticed right away that much of the construction around the new site was brand-new. But the company wanted to preserve the history of Foundry Lofts, constructed in 1917 as a large-scale woodworking shop and pattern storehouse, not far from where baseball stadium Nationals Park now stands.

"If there's one thing you won't find an abundance of in the D.C. apartment market, it's historical loft renovation," says Joseph Szabo, marketing manager for Forest City. "The city is home to plenty of brownstones and historic apartment buildings, but it lacks the stock of older industrial buildings that give historic lofts their charm and character. Which makes Foundry Lofts, with its historic location, about as unique and authentically D.C. as an apartment can be."

Szabo says the company's goal was to leave every visible sign of history exposed and celebrated. That means exposed brick walls and concrete pillars in all units, refinished wood floors, concrete ceilings, open ductwork, and industrial lighting. But residents also enjoy distinctly modern touches, including stainless steel appliances; energy-efficient windows; and a courtyard with a yoga platform, sculpture garden, and movie screen.

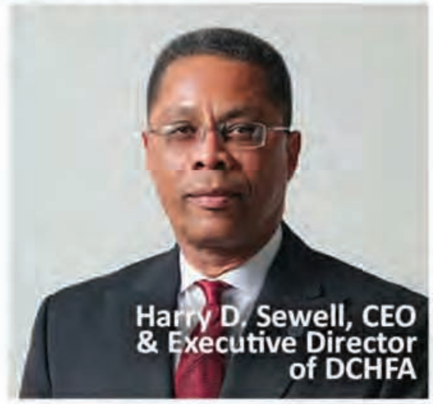
"It truly has an industrial feel while offering all the luxuries the modern renter craves," Szabo says. —J.M.W.

Location: Washington, D.C.
Developer: Forest City Residential
Builder: KBS
Architect: SK&I
Opened: November 2011
Number of units: 170
Rents: $2,320 to $3,535

Published in *MultiFamily Executive* in 2012

In The News

DC Housing Finance Agency and the HomeSaver Program


Harry D. Sewell, CEO & Executive Director of DCHFA

As part of its mission, CEO & Executive Director Harry D. Sewell and the District of Columbia Housing Finance Agency (DCHFA) are working hard to make a better life for District of Columbia families and to ensure the dream of homeownership remains attainable. By offering low-cost, fixed-rate mortgages, the Agency helps everyday people realize that the American Dream of homeownership can be affordable.

"The Agency's sole focus is to increase the supply of affordable rental housing and homeownership opportunities throughout Washington, DC through the provision of attractive, below-market financing solutions," said Sewell.

For homeowners, the DCHFA's "HomeSaver Program" is an effective and comprehensive foreclosure prevention program that administers its allocation of the U.S. Treasury Hardest Hit Fund Initiative and assists as many unemployed District homeowners as possible. Funds are administered on a "first-come, first-served" basis.

The DCHFA partners with HomeFree-USA, and other HUD-certified organizations, to provide consumers free homebuyer education workshops, credit and budget counseling, and foreclosure prevention assistance, such as the HomeSaver Program. "We feel very proud of our success in helping DC families and our communities. The HomeSaver Program has assisted more than 400 families to date, and will assist approximately 1,000 homeowners who have experienced involuntary job loss," said Sewell. "The Program assists qualified District homeowners who are at risk of foreclosure by maintaining their monthly mortgage payments and thus, allowing them to remain in their homes." The agency is in the process of working to expand the HomeSaver Program to include underemployed consumers.

The program consists of three components:

1. Lifeline Assistance
2. Mortgage Assistance, and
3. Restore Assistance, for the recently employed.

Published in *HOMEFREE NOW* in 2012

COHN REZNICK
ACCOUNTING + TAX + ADVISORY

CohnReznick LLP
cohnreznick.com

Independent Auditor's Report

Board of Directors
District of Columbia Housing Finance Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the consolidated balance sheets of the District of Columbia Housing Finance Agency, (the Agency) as of September 30, 2012, and the related consolidated statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended (not presented herein); and in our report dated January 25, 2013, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

The consolidated financial statements of the Agency as of, and for the year ended, September 30, 2011 were audited by other auditors whose report dated January 9, 2012 expressed an unqualified opinion on those financial statements. In addition, the other auditors also issued a separate report dated January 9, 2012 on condensed consolidated financial statements that had been derived from the Agency's consolidated financial statements for the year ended September 30, 2011, and stated that in their opinion, the information set forth in the condensed consolidated financial statements was fairly stated, in all material respects, in relation to the consolidated financial statements from which it had been derived.

CohnReznick LLP

Baltimore, Maryland
January 25, 2013

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
BALANCE SHEETS
SEPTEMBER 30, 2012 AND 2011

ASSETS	2012	2011
CURRENT ASSETS		
Unrestricted current assets:		
Cash and cash equivalents	$ 24,316,950	$ 17,448,820
Mortgage and construction loans receivable	167,730	-
Other receivables	11,206,641	9,321,694
Total unrestricted current assets	**35,691,321**	**26,770,515**
Restricted current assets:		
Cash and cash equivalents	107,485,752	167,101,023
Mortgage-backed securities at fair value	5,119,885	8,368,179
Mortgage and construction loans receivable	23,320,886	32,805,959
Accrued interest receivable	5,453,239	5,514,362
Other receivables	62,392	63,044
Total restricted current assets	**141,442,154**	**213,852,565**
TOTAL CURRENT ASSETS	**177,133,475**	**240,623,080**
NON-CURRENT ASSETS		
Unrestricted non-current assets:		
Investments	6,042,929	8,923,737
Mortgage and construction loans receivable	417,396	-
Prepaid expenses	10,857	12,773
Total unrestricted non-current assets	**6,471,181**	**8,936,509**
Restricted non-current assets:		
Investments held in trust	52,226,369	51,597,682
Mortgage-backed securities at fair value	187,960,438	240,289,292
Mortgage and construction loans receivable	647,335,404	543,714,223
Loans receivable	2,611,404	2,567,435
McKinney Act loans receivable	1,511,430	2,025,326
Other receivables	56,019	79,988
Bond issue costs, net	894,657	1,714,631
Total restricted non-current assets	**892,595,720**	**841,988,578**
Capital assets:		
Land	573,000	573,000
Property and equipment	3,919,487	3,809,705
Leasehold improvements	1,723,053	1,471,366
Less accumulated depreciation and amortization	(3,578,198)	(3,349,943)
Total capital assets, net	**2,637,342**	**2,504,128**
TOTAL NON-CURRENT ASSETS	**901,704,244**	**853,429,216**
TOTAL ASSETS	**$ 1,078,837,719**	**$ 1 ,094,052,295**

LIABILITIES AND NET ASSETS	2012	2011 (As Restated)
CURRENT LIABILITIES		
Current liabilities payable from unrestricted assets:		
Accounts payable and accrued liabilities	$ 2,609,714	$ 1,464,498
Accrued salary and vacation payable	235,811	223,301
Deferred revenue	1,041,577	504,180
Total current liabilities payable from unrestricted assets	**3,887,103**	**2,191,979**
Current liabilities payable from restricted assets:		
Accounts payable and accrued liabilities	143,569	269,593
Project funds held for borrower and other liabilities	98,100,076	85,672,889
Deferred revenue	331,567	565,323
Interest payable	9,640,556	10,045,959
Loans payable	-	5,000,000
Bonds payable	25,741,032	35,329,084
Certificates of participation	135,000	130,000
Total current liabilities payable from restricted assets	**134,091,800**	**137,012,848**
TOTAL CURRENT LIABILITIES	**137,978,902**	**139,204,828**

continued

LIABILITIES AND NET ASSETS	2012	2011 (As Restated)
NON-CURRENT LIABILITIES		
Non-current liabilities payable from restricted assets:		
Loans payable	575,444	484,605
Bonds payable	845,670,004	866,342,275
Certificates of participation	790,000	925,000
Total non-current liabilities payable from restricted assets	**847,035,449**	**867,751,880**
TOTAL LIABILITIES	**985,014,351**	**1,006,956,708**
NET ASSETS		
Invested in capital assets, net of related debt	**1,712,342**	**1,449,128**
Restricted for:		
Bond Fund, collateral and Risk Share Program	42,185,718	45,295,037
McKinney Act Fund	8,926,106	8,839,007
Total restricted net assets	**51,111,823**	**54,134,044**
Unrestricted net assets	**40,999,202**	**31,512,415**
TOTAL NET ASSETS	**93,823,368**	**87,095,587**
TOTAL LIABILITIES AND NET ASSETS	**$ 1,078,837,719**	**$ 1,094,052,295**

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

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011 (As Restated)
OPERATING REVENUES		
Investment interest income	$ 3,203,285	$ 3,490,543
Mortgage-backed security interest income	13,646,776	12,796,777
Interest on mortgage and construction loans	32,089,494	31,066,955
McKinney Act interest revenue	94,333	120,930
Application and commitment fees	183,422	172,282
Service project receipts	6,536,023	7,267,771
Other	11,386,435	10,713,015
Total operating revenues	**67,139,768**	**65,628,273**
OPERATING EXPENSES		
General and administrative	6,591,266	6,602,247
Personnel and related costs	4,053,725	3,661,739
Interest expense	38,625,017	41,687,263
Depreciation and amortization	228,255	199,313
Service project payments	6,532,506	7,267,246
Bond cost of issuance amortization	983,208	385,194
Trustee fees and other expenses	1,189,441	2,898,363
Total operating expenses	**58,203,419**	**62,701,365**
OPERATING INCOME	**8,936,349**	**2,926,908**
NON-OPERATING REVENUES/EXPENSES		
(Decrease) / Increase in fair value of mortgage-backed securities	(2,208,568)	4,077,133
CHANGE IN NET ASSETS	**6,727,781**	**7,004,040**
Net assets, beginning of year (as restated)	87,095,587	80,091,547
Net assets, end of year	**$ 93,823,368**	**$ 87,095,587**

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
Cash Flows From Operating Activities		
Interest received on loans	$ 31,992,385	$ 29,988,087
Other cash receipts	74,820,540	53,596,764
Payments to vendors	(5,814,128)	(7,202,666)
Payments to employees	(4,031,590) (	3,634,426)
Net mortgage and construction loans (disbursements) receipts	(94,207,338)	(33,665,163)
Receipts of service project income	6,536,023	7,267,771
Payments of service project expenses	(6,532,506)	(7,267,246)
Principal and interest received on mortgage-backed securities	78,424,017	42,414,206
Purchase of mortgage-backed securities	(11,153,800)	(33,910,003)
Other cash payments	(53,389,572)	(38,741,030)
Net cash provided by operating activities	**16,644,031**	**8,846,293**
Cash Flows from Capital and Related Financing Activities		
Acquisition of fixed assets	(361,469)	(324,196)
Payments of bonds and long-term debt	(130,000)	(120,000)
Net cash used in capital and related financing activities	**(491,469)**	**(444,196)**
Cash Flows From Non-Capital Financing Activities		
Interest paid on bonds	(42,312,896)	(41,381,538)
Proceeds from bond issuances	126,399,423	82,877,997
Principal payments on issued debt	(158,286,431)	(130,268,738)
Bond cost of issuance	(154,156)	-
Net cash used in non-capital financing activities	**(74,354,060)**	**(88,772,279)**
Cash Flows From Investing Activities		
Interest received on investments	3,283,380	3,651,977
Sale of investments	28,608,961	44,823,810
Purchase of investments	(26,330,545)	(30,746,010)
Arbitrage rebate paid	(107,439)	(935,843)
Net cash provided by investing activities	**5,454,356**	**16,793,934**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(52,747,141)**	**(63,576,248)**
Cash and cash equivalents, beginning of year	**184,549,843**	**248,126,091**
Cash and cash equivalents, end of year	**$ 131,802,702**	**$ 184,549,843**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 8,936,349	$ 2,926,908
Depreciation and amortization	228,255	199,313
Amortization of deferred items	(3,154,383)	(927,568)
Interest on bonds	42,312,896	41,381,538
Amortization of discount on investments	39,475	29,908
Provision for uncollectible other revenue	14,449	18,545
Provision for uncollectible interest revenue	(48,990)	22,790
Contingent loss expense	1,407,966	152,602
Decrease (increase) in mortgage and construction loans	(95,095,485)	(33,665,163)
Decrease in mortgage-backed securities	64,522,380 2	9,603,748
Purchase of mortgage-backed securities	(11,153,800)	(33,910,003)
Arbitrage rebate paid	107,439	935,843
Decrease (increase) in fair value of investments	(26,294)	56,935
Interest received on investments	(3,283,380)	(3,651,977)
Asset / (liability) adjustment	-	1,199,443
Decrease (increase) in assets:		
Receivables	129,987	(776,657)
Other current assets	(29,600)	(44,018)
Other receivables	(1,899,591)	(1,402,096)
Increase (decrease) in liabilities:		
Accounts payables and accrued liabilities	1,031,702	(368,157)
Deferred revenue	590,036	(77,418)
Project funds held for borrower and other liabilities	12,420,024	6,338,855
Accrued interest payable	(405,404)	802,921
Net cash provided by operating activities	**$ 16,644,031**	**$ 8,846,293**

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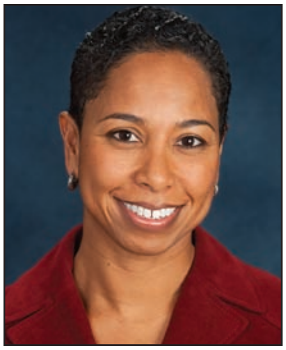

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* Former Employee

A More Affordable Future

This annual report describes and accounts the DCHFA's mission, aims and actions. At the core of this Agency we are about serving those of low and moderate income in the nation's capital. The below represents some of the highlights of this report. As an Agency we are always striving toward the goal of making Washington, D.C. affordable to those in need. We are extremely thankful to all of our partners in this who help us head toward this goal – during the 2012 fiscal year and into the future.

HFA DC District of Columbia Housing Finance Agency

FUTURE of Affordable Housing

AT CAPITAL QUARTER

VICTORY SQUARE THE AVENUE

HomeSaver Program

District of Columbia

Foundry Lofts

WeMakeDCaffordable

LowIncomeHousingTaxCredits

MixedUse

House of Lebanon Apartments

Park 7 at Minnesota Benning

Designed by Custom Designers, Incorporated

Printed by Accurate Printing

Written by Lee Whack, DCHFA Public Relations Manager

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Housing Finance Agency

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