

# April 21, 2020 Board Meeting

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**Board of Commissioners Meeting – April 21, 2020      9:00 A.M. – 12:00 P.M.**

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

ITEM

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9:00	Adopt Agenda (VOTE)	Lincoln Merrill
	Approve minutes of March 17, 2020 meeting (VOTE)	All
	Communications and Conflicts	All
	Chair of the Board Updates	Lincoln Merrill
	Director Updates	Dan Brennan
9:30	Swearing in of New Commissioner Laura Buxbaum	Peter Merrill
9:35	Commence Rulemaking – Home Energy Assistance Program (VOTE)	Troy Fullmer
10:05	Commence Rulemaking – Qualified Allocation Plan (VOTE)	Mark Wiesendanger
10:30	2019 Audit Report	Darren Brown / Tom Cary Jason Emery (Baker, Newman & Noyes)
	<u>Department Reports:</u>	All
	Asset Management	
	Communications and Planning	
	Development	
	Energy and Housing Services	
	Finance Monthly Report	
	Financial & Budget Report	
	Finance Delinquency Report & Charts	
	Homeless Initiatives	
	Homeownership	
	Housing Choice Voucher	
	Information Technology	
	Adjourn (VOTE)	All
	Building Committee Meeting to Follow	

*The next meeting of the Board is scheduled for May \_\_\_\_, 2020  
at MaineHousing, 353 Water Street, Augusta, Maine*

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## Minutes of the Board of Commissioners Meeting March 17, 2020

### **MEETING CONVENED**

A regular meeting of the Board of Commissioners for MaineHousing convened on March 17, 2020 at the offices of MaineHousing, 353 Water Street, Augusta, Maine. Notice of the meeting was published on March 6, 2020 in Central Maine newspapers.

Chair Lincoln Merrill called the meeting to order at 9:00 a.m. The meeting convened with Director Dan Brennan present. Commissioners Bonita Usher and Kevin Joseph were absent. Commissioner Tom Davis attended by telephone because he was travelling out of state. There were no other persons at his location. Commissioners Donna Talarico, Larry Gross and State Treasurer Henry Beck all attended by telephone because of COVID-19. There were no other persons at their locations. There was a quorum present.

### **PUBLIC ATTENDANCE**

Guests and staff present for all or part of the meeting included: Linda Uhl, Chief Counsel; Peter Merrill, Deputy Director; Tom Cary, Treasurer; Daniel Drost, Director of Energy and Housing Services; Lori McPherson, HEAP Program Officer-Vendor Relations, Troy Fullmer, Manager of HEAP & Weatherization Services; Mark Wiesendanger, Director of Development; Karen Lawlor, Executive Administrator; Denise Lord, Senior Director of Communications and Planning; Don McGilvery, Construction Services Manager; Linda Grotton, Director of Audit and Compliance; Brenda Sylvester, Community Housing of Maine, Inc.; and Gerrylynn Ricker, Paralegal and Note taker. Patrick Clancy and Laura Buxbaum attended the meeting by telephone.

### **ADOPT AGENDA**

*Commissioner Gross made a motion seconded by Commissioner Davis to adopt the March 17, 2020 agenda. The vote carried unanimously.*

### **APPROVE MINUTES OF FEBRUARY 18, 2020 MEETING**

*Commissioner Davis made a motion seconded by State Treasurer Henry Beck to accept the February 18, 2020 minutes as written. 4 members voted in favor of the motion and 1 member abstained.*

### **COMMUNICATIONS AND CONFLICTS**

Chair Merrill reported that he received an e-mail communication from former Representative Heather Sorocki of Scarborough regarding housing, Section 8, and various things as it related to the Town of Scarborough. Chair Merrill also reported he met with Brian Sites of Volunteers of America (VOA) regarding the VOA project in Belfast. Commissioner Gross spoke with an accountant who inquired whether MaineHousing would issue any guidance regarding deadlines, such as audit deadlines. Director Brennan assured Commissioner Gross that MaineHousing is meeting daily regarding the pandemic and will definitely provide that guidance to our partners.

### **CHAIR OF THE BOARD UPDATES**

None

## **DIRECTOR UPDATES**

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

- Two new Commissioners pending. Pat Clancy and Laura Buxbaum. Congratulations to both of them. Unanimous confirmation from the Oversight Committee. The Senate will vote on their nominations. Thank you to Tom Davis for your service.
- Repairs have begun on the elevator.
- Deputy Director Peter Merrill and Director Brennan met with the new Portland Mayor, Kate Snyder, and City Manager, Jon Jennings, regarding housing issues in Portland.
- Visit with Megan Gean-Gendron, Director of York County Shelter Programs, accompanied by Don Gean, a former MaineHousing commissioner.
- Meeting with city officials of Bangor and DHHS regarding Housing First options
- Held a meeting here with various Community Land Trusts.
- New York City meetings with Treasurer Tom Cary and Chief Counsel Linda Uhl. Met with our bond underwriter partners, the rating agencies, and our analyst, CFX.
- Attended the Maine Affordable Housing Coalition meeting. Celebrated the State Low Income Housing Tax Credit with Representative Fecteau. Heather Johnson from Economic and Community Development attended. Following that there was a meeting with Genesis at Drummond Woodsum to discuss implementing the State Low Income Housing Tax Credit.
- Deputy Director Peter Merrill and Director Brennan went to Washington, D.C. and met with our 4 Congressional offices. We were asked to perhaps speak at a public hearing on affordable housing with Senator Susan Collins. Great opportunity for Maine.
- Will be meeting with Lewiston Housing Authority to discuss the next phase of the tree street neighborhood project.
- Will be meeting with Mary Herman from the Department of Education.
- Working on a business continuity plan around COVID-19. Senior Director of Communications and Planning Denise Lord and Counsel John Bobrowiecki are attending daily briefings with the CDC. We are currently following all CDC guidance.

## **HOME ENERGY ASSISTANCE PROGRAM (HEAP) DISCUSSION**

Manager of HEAP & Weatherization Services Troy Fullmer recognized Energy and Housing Director Daniel Drost and HEAP Program Officer – Vendor Relations Lori McPherson. Ms. McPherson has been with MaineHousing for over 25 years. Troy reviewed for the Commissioners the stakeholder input and planning for the program year 2021. At next month's Board meeting, he will ask permission to commence rulemaking.

## **AUDIT COMMITTEE UPDATE**

Director of Audit and Compliance Linda Grotton presented an overview of the Audit Committee and the Internal Audit functions at MaineHousing. She included copies of the Audit Committee Charter and the Internal Audit Charter for review. Commissioner Gross commented that Linda does a very thorough job.

## **QUALIFIED ALLOCATION PLAN (QAP) DRAFT**

Director of Development Mark Wiesendanger reviewed with the Commissioners the stakeholder meetings that have been held and presented a redline version of the proposed Rule. Mark explained the proposed changes. Mark will come to the Board next month and ask permission to commence rulemaking.

## **EDISON DRIVE PRESENTATION**

Construction Services Manager Don McGilvery gave an update on the progress at our new building

on Edison Drive. Some key points are:

- Exterior is basically complete;
- Front vestibule glass has been installed;
- Permanent heat will be on in about two weeks;
- First floor carpet is 95% complete;
- Ceiling grids are in;
- Stair steel frame is installed;
- Second floor DIRT offices are installed; and
- Five tractor trailers delivered furniture;

Our contractor, Landry French expects to continue to work through the COVID-19 crisis but will keep Don informed of any delays.

### **DEPARTMENT REPORTS**

Commissioner Gross complimented Homeownership Director Craig Reynolds' report and wondered if we could have a similar key performance indicator for all the programs.

### **ADJOURN**

*Commissioner Davis made a motion seconded by State Treasurer Beck to adjourn the meeting. The meeting was adjourned at 10:54 a.m. by unanimous vote of the Board.*

Respectfully submitted,

Donna Talarico, Secretary

**Energy & Housing Services Department Memorandum**

**To:** MaineHousing Board of Commissioners

**From:** Troy Fullmer, Manager of HEAP

**Date:** April 15, 2020

**Subject:** Proposed Changes to Home Energy Assistance Program Rule (Chapter 24) for PY2021

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The following highlights the major changes being proposed for the PY2021 Home Energy Assistance Program (HEAP). The proposed changes are a result of the collaborative efforts of MaineHousing, Maine Community Action Agencies, and the HEAP Working Group.

**Section 1: Definitions**

**Item X.** “Dwelling unit” has been amended to more fully reflect that eligible households live in a variety of dwelling types that include dwellings that may not be hooked up to standard utilities.

**Item VV.** “Live-in Care Attendant” has been amended and to bring parity with HUD’s definition of live-in care attendant and supports accommodating certain household’s living arrangements and needs.

**Item III.** “Priority Applicant” has been amended from including household members who are susceptible to hypothermia as diagnosed by and documented by a statement from a physician to a more general definition that includes a household member with a disability. This amendment supports U.S. DHHS’s guidance on targeting HEAP benefits to vulnerable households.

**Section 2: Application**

**Section C.11.** MaineHousing is proposing to strike language requiring that government-issued photo identification shall be “valid”. Making this change will allow Community Action Agencies to consider accepting an expired government-issued photo identification card when a Primary Applicant cannot provide an unexpired government-issued photo identification card.

**Section 3: Eligibility**

**Section D.7.** MaineHousing is proposing to modify Dwelling Unit Eligibility in order to provide the opportunity for eligible households who reside a variety of dwelling types to be considered for HEAP benefits.

**Section H.1.** MaineHousing is proposing to recoup 50% of a household’s current and future program year’s benefits towards outstanding Overpayments instead of 100% of a

household's benefit. This change will help incentivize households with Overpayments to continue applying for HEAP; help reduce the amount of outstanding Overpayments; and support households by providing them some benefits.

#### **Section 4: Benefit Determination**

**Sections C.1., C.2.a., C.2.b** MaineHousing is proposing to add language that clarifies that households with no calculated energy costs are only eligible to receive a benefit in an amount to maximize benefits under the Supplemental Nutrition Assistance Program.

#### **Section 8: Energy Crisis Intervention Program (ECIP)**

**Sections B.2., B.4., C.1.** MaineHousing is proposing language to allow ECIP funds to be used to pay for delivery fees and heating system start up fees when delivering fuel from a regular HEAP benefit in order to address energy crisis situations.

#### **Section 9: Central Heating Improvement Program (CHIP)**

**Section L.** MaineHousing is proposing that Subgrantees only have to perform final inspections on CHIP services for heating system replacement jobs instead of requiring final inspections on CHIP services in excess of \$1,000.

#### **Section 12: Subgrantees**

**Section D.** MaineHousing is proposing to allow Subgrantees to charge support costs associated with taking and processing HEAP applications to Program dollars versus Administrative dollars.

#### **Section 14: Vendors**

**Section I.** MaineHousing is proposing that HEAP benefits cannot be retroactively applied to home energy deliveries previously made and paid for by the Household or other private individual prior to a Household being awarded a HEAP benefit.

#### **Section 15: Errors and Program Abuse**

**Sections F.2, F.3.** MaineHousing is proposing that the minimum monthly payment amount for households entering into a repayment agreement for Overpayments be set at \$5.00 per month; and to recoup 50% of a household's current and future program year's benefits towards outstanding Overpayments instead of 100% of a household's benefit.

#### **Section 16: Appeal**

**Section F.** MaineHousing is proposing language that clarifies that HEAP Applicants will be provided an opportunity for a fair administrative hearing if the Applicant disputes the amount of their HEAP benefit.

We are submitting a copy of the proposed rule to the Office of the Attorney General for a legal preview. The public hearing will be held at the May Board meeting. Notice of the hearing will be published on our website and in newspapers statewide. The public comment period will be open for a period of 10 days following the public hearing. If there are no significant changes to the proposed rule after the hearing and comment period, we will ask the Board to adopt the proposed rule at the June Board meeting.

**PROPOSED MOTION:**

*To authorize MaineHousing to commence the rulemaking process to repeal Chapter 24 of MaineHousing's rules and replace it with the proposed Chapter 24 provided to the Commissioners in the Board packet and described in the memorandum from Manager of HEAP, Troy Fullmer to the Commissioners dated April 15, 2020.*



## INDEPENDENT AGENCIES

## MAINE STATE HOUSING AUTHORITY

## CHAPTER 24

## Home Energy Assistance Program Rule

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

## 1. Definitions.

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

- M. “CHIP” means the Central Heating Improvement Program component of HEAP.
- N. “Contractor” means a provider of materials or services to EligibleHouseholds.
- O. “Countable Asset” means a resource that is available to meet the immediate and urgent needs of a Household, and includes: cash and funds on prepaid debit cards, money in a checking or savings account (health savings accounts, educational funds, and burial accounts are excluded), stocks or bonds, U.S. Treasury bills, money market funds, and retirement accounts provided there are no penalties or fees for withdrawals.
- P. “Close-out” means the reconciliation of receipts and use of all Fuel Assistance and ECIP funds by Vendor. It is Vendor’s responsibility to keep this information by Eligible Household and provide it to MaineHousing upon request.
- Q. “Consumption Based” means the method for determining an Eligible Household’s Home Energy consumption using actual energy deliveries as reported by the Vendor.
- R. “Credit Notification Report” means the document sent to the Vendor guaranteeing payment post-delivery for Eligible Households.. The Credit Notification Report lists each Primary Applicant’s name, address, Home Energy type, account information, and, as applicable, Benefit or TANF Supplemental Benefit.
- S. “CTE” means to clean, tune, and evaluate a Heating System to ensure safe and efficient operation.
- T. “Date of Application” means the date an Application isreceived by the Subgrantee.
- U. “Date of Discovery” means the date MaineHousing receives information relating to suspected fraud.
- V. “DHLC” means the design heat load calculation method for estimating Home Energy consumption.
- W. “Direct Energy Cost” means an Energy Cost that is directly paid by the Household.
- X. “Dwelling Unit” means a building or structure or part thereof that is used as a primary residence by one or more persons who maintain a household~~, an occupied residential housing structure with one or more rooms that is used customarily as a domicile for one or more persons, when permanently connected to the required utilities (including plumbing, electricity and Heating Systems) and contains bathroom and kitchen facilities specific to that unit. A Dwelling Unit has its own private entrance from the outside or off an enclosed hallway leading from the outside that does not pass through or offer an open access to any other unit within the structure. A Dwelling Unit does not include a Camper, boat, railroad car, bus, yurt or other structure designed and constructed to provide temporary living quarters.~~
- Y. “ECIP” means the Energy Crisis Intervention Program component of HEAP.
- Z. “Elderly Person” means a person who is 60 years old or older, or a member of an Indian Tribe who is 55 years old or older.
- AA. “Eligible Household” means a Household that satisfies all eligibility and income requirements of the HEAP Act and requirements of this Rule.
- BB. “Energy Cost” means cost of energy used for heating a Dwelling Unit, Apartment, or Rental Unit.
- CC. “Energy Crisis” shall have the same meaning as set forth in [42 U.S.C.A. §8622\(3\)](#), as same may

be amended from time to time. The term "energy crisis" means weather-related and supply shortage emergencies and other household energy-related emergencies.

- DD. "Errors and Program Abuse" means the act of obtaining assistance to which one is not entitled by means of submitting false statements or withholding information pertinent to the determination of eligibility or benefits. Also applies to Vendors who retain Benefits that should be returned or use Benefits for something other than intended purpose.
- EE. "Fuel Assistance" means the component of HEAP that assists Eligible Households with their Home Energy costs.
- FF. "HEAP" means the Home Energy Assistance Program established pursuant to the HEAP Act and the Act.
- GG. "HEAP Act" means [42 U.S.C.A. §8621 et seq.](#), and the regulations promulgated there under, including [45 C.F.R. § 96.1](#) through 96.68 and [45 C.F.R. § 96.80 et seq.](#), all as may be amended from time to time.
- HH. "HEAP Handbook" means the handbook in effect for a Program Year that is used as a resource and guide for the administration of HEAP.
- II. "HEAP Weatherization" means the weatherization component of HEAP that provides Low- cost/no-cost Weatherization Activities and other cost-effective energy-related home repairs or installations.
- JJ. "Heating Season" means the period of time beginning October 1 and ending April 30.
- KK. "Heating Source" means any device used to provide heat to a Dwelling Unit.
- LL. "Heating System" means a permanently installed system that is used to heat the Dwelling Unit. A portable space heater is not considered to be a Heating System.
- MM. "Heat Pump" means a ductless secondary heating system that provides heat by extracting heat from outside air and delivering it indoors as needed.
- NN. "Home Energy" means a source of heating or cooling in residential dwellings as set forth in [42 U.S.C.A. §8622\(6\)](#), as same may be amended from time to time.
- OO. "Household" means any individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy in the form of rent as set forth in [42 U.S.C.A. §8622\(5\)](#), as same may be amended from time to time.
- PP. "Household Income" means the total income from all sources before taxes and deductions as further defined in this Rule.
- QQ. "Incidental Costs" means costs of services billed to a Household by a Vendor related to the use or delivery of Home Energy including, but not limited to: surcharges, penalty charges, reconnection charges, clean and repair service charges, security deposits, delivery charges, and insurance.
- RR. "Incidental Repairs" means those repairs necessary for the effective performance or preservation of weatherization materials.

- SS. “Indian Tribe” means the Penobscot Indian Nation, the Passamaquoddy Indian Tribe, and the Houlton Band of Maliseet Indians as defined in the Maine Indian Claims Settlement Act, [30 M.R.S.A. §6201 et seq.](#), and the Aroostook Band of Micmacs as defined in the Micmac Settlement Act, [30 M.R.S.A. §7201](#) et seq.
- TT. “Indirect Determinable Energy Cost” means a cost for Home Energy used by the Household that is not directly paid for by the Household. For example, heat included as part of the rent for a Rental Unit.
- UU. “Invitation to Bid” or “Request for Proposals” means the process to solicit bids or proposals to satisfy the requirements of this Rule.
- VV. “Live-in Care Attendant” means a person, not considered part of the household, who: (i) provides needed health/supportive services to a member of the households as documented by a qualified professional; (ii) would not be living in the unit except to provide the necessary supportive services; and (iii) does not contribute financially to the household.~~a person, not considered part of the Household, who; (i) is not related by birth, marriage, or adoption to any member of the Household; (ii) does not contribute financially to the Household; and (iii) provides needed health/supportive services to a member of the Household as documented by a qualified professional. Live-in care attendants who do not meet all of these criteria are considered part of the Household.~~
- WW. “Life Threatening Crisis” means the household is currently without heat or utility service to operate a Heating Source or a Heating System.
- XX. “Low-cost/no-cost Weatherization Activities” means those activities authorized pursuant to [10 C.F.R. §440.20](#), as may be amended from time to time.
- YY. “MaineHousing” means the Maine State Housing Authority.
- ZZ. “Manufactured/Mobile Home” means a residence that is constructed at a manufacturing facility on a permanent chassis (i.e. the wheel assembly necessary to transport the residence is removable, but the steel undercarriage remains intact as a necessary structural component) and is transportable in one or more sections, which in traveling mode is 12 body feet or more in width and as erected on site is 600 or more square feet.
- AAA. “Modular” means a residence that is constructed at a manufacturing facility, but not constructed on a permanent chassis, and is transportable in one or more sections on an independent chassis such as a truck or train.
- BBB. “Non-occupying Co-owner” means a person who shares a legal ownership interest in the Dwelling Unit occupied by the Applicant Household. The Non-occupying Co-owner does not reside in the Dwelling Unit being considered for CHIP services.
- CCC. “Notice of Termination of Subgrantee” means a written statement notifying the Subgrantee of the cause and effective date of its termination.
- DDD. “Open Enrollment” means period of time a vendor can request and/or file an application to participate as a contracted Vendor.
- EEE. “Overpayment” means any HEAP benefits paid to, or on behalf of, any Applicant or Household that exceeds the amount the Applicant or Household was eligible to receive.

FFF. “Person with a Disability” means a person who (1) has a physical or mental impairment that substantially limits one or more of a person’s major life activities; (2) has a physical or mental impairment that significantly impairs physical or mental health, which means having an actual or expected duration of more than 6 months and impairing health to a significant extent as compared to what is ordinarily experienced in the general population; (3) has a physical or mental impairment that requires special education, vocational rehabilitation or related services; (4) has without regard to severity unless otherwise indicated, absent, artificial or replacement limbs, hands, feet or vital organs; alcoholism; amyotrophic lateral sclerosis; autism, bipolar disorder; blindness or abnormal vision loss; cancer; cerebral palsy; chronic obstructive pulmonary disease; Crohn’s disease; cystic fibrosis; deafness or abnormal hearing loss; diabetes; substantial disfigurement; drug addiction; emotional illness; epilepsy; heart disease; HIV or AIDS; kidney or renal diseases; lupus; major depressive disorder; mastectomy; mental retardation; multiple sclerosis; muscular dystrophy; paralysis; Parkinson’s disease; pervasive development disorders; rheumatoid arthritis; schizophrenia; speech impairment, and acquired brain injury; (5) has a record of any of the physical or mental impairments described in the foregoing clauses (1) through (4); or (6) is regarded as having or is likely to develop any of the physical or mental impairments described in the foregoing clauses (1) through (4). The existence of a physical or mental disability is determined without regard to the ameliorative effects of mitigating measures such as medication, auxiliary aids or prosthetic devices.

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

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

HHH. “Primary Applicant” means a person who signs the completed Application.

III. “Priority Applicant” means a Household with a direct energy cost as well as a member in a household who is (i) an elderly person, or (ii) has a disability, or (iii) 72 months (6 years) or younger. ~~Household with a Direct Energy Cost as well as a member in the Household who is (i) an Elderly Person, or (ii) susceptible to hypothermia as diagnosed by and documented by a statement from a physician, or (iii) 72 months (6 years) or younger.~~

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

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

LLL. “Rental Unit” means a Dwelling Unit that is rented.

MMM. “Reporting Vendor” means a Vendor who is contractually obligated to report the Home Energy deliveries the Vendor has made on behalf of an Eligible Household.

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

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

amount, Home Energy type, account information, and Subgrantee.

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

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

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

## 2. Application.

- A. An Applicant may have only one certified eligible standard Application and/or one ECIP Application per Program Year.
- B. An Applicant may resubmit a new Application if the Household’s Application has either been denied or withdrawn any time prior to the issuance of a Benefit.
- C. The Application will be processed in accordance with the requirements of this Section:
  - 1. The Subgrantee will begin taking Applications as prescribed by MaineHousing each Program Year.
  - 2. A Subgrantee will continue taking Applications until July 15 (or the first business day following July 15 if it falls on a weekend) of the Program Year.
  - 3. The Subgrantee shall accept Applications during normal business hours, which shall consist of a minimum of thirty (30) hours during each week through April 30 and a minimum of eight (8) hours during each week May 1 through July 15 of the Program Year.
  - 4. The Subgrantee must use forms provided or approved by MaineHousing to administer the Programs. Additional forms may be used by the Subgrantee provided the forms have been reviewed and approved by MaineHousing. Forms will be submitted for review and approval annually prior to the commencement of taking applications each program year.
  - 5. The Subgrantee will make a reasonable and good-faith effort during the first ninety (90) days it takes Applications to interview, process, and serve Priority Applicants who have a Direct Energy Cost.
  - 6. The Subgrantee will make a reasonable and good-faith effort to conduct outreach



activities and process applications for any Household that has wood as its primary Home Energy source within the first ninety (90) days of taking Applications for the Program Year.

7. At Applicant's request, and as otherwise appropriate, the Subgrantee must make reasonable accommodations for a Person with a Disability.
8. Any Applicant may apply via telephone. The telephone Application process includes completing the Application over the telephone with the Subgrantee administering the Programs in the Service Area in which the Household resides; the Subgrantee mails the completed Application and other appropriate documents to the Primary Applicant for review, signature, and date.
9. Limited English Proficiency (LEP) can be a barrier to accessing important benefits or services, understanding and exercising important rights, complying with applicable responsibilities, or understanding other information provided by the HEAP program. In order to address this concern Subgrantees must comply with MaineHousing's Language Assistance Plan.
10. Application must be made with the Subgrantee administering the Programs in the Service Area in which the Household resides. In the event an Application is received by a Subgrantee for a Household residing in a Service Area other than the Subgrantee's designated Service Area, the Subgrantee shall notify the Primary Applicant of the error and forward the Application and supporting documentation to the applicable Subgrantee.
11. Primary Applicant is responsible for providing all information necessary to establish the eligibility of a Household. The Subgrantee must verify the income and identity of the Applicant(s) as prescribed by HEAP Handbook.

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

- a. Driver's license;
  - b. State issued ID card;
  - c. Passport or passport card;
  - d. U.S. Military ID; or
  - e. SNAP electronic benefit transfer (EBT) card with photo.
12. All Applicant(s) two years of age or older must provide proof of their Social Security Number (SSN), unless the Applicant's SSN can be verified by using the electronic verification process established between MaineHousing and the Social Security Administration. One of the following documents is acceptable provided it contains all nine digits of the Applicant's SSN and the Applicant's full name:
    - a. Social Security Card issued by the Social Security Administration;
    - b. SSA-1099 tax form;



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

If the Household includes a child under the age of two who has not received a SSN, the Application is processed. However, the Primary Applicant must provide the child’s SSN for subsequent Program Year Applications.

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

13. As part of the application process all Applicants 18 years of age or older must sign a release to grant permission to share their personal information, as follows:
  - a. Maine Department of Health and Human Services, the Maine Department of Labor, and the Social Security Administration to share information with the Subgrantee or MaineHousing regarding information relevant to the Application about the Applicant at each of those agencies, including the benefits received from each of those agencies.
  - b. Subgrantee and MaineHousing to provide information to and obtain information from the agencies listed above or others as needed to determine and confirm eligibility for MaineHousing programs and other programs administered by the Subgrantee.
  - c. Subgrantee and MaineHousing to disclose Applicant information for the determination of eligibility for programs administered by State, federal, and local agencies.

D. The information on an Application may be considered conflicting if it is inconsistent with verbal information provided by an Applicant, with other information on the Application, with prior Program Year Applications, or with information received from a third party.

1. No information received from a third party, other than a government agency, will be used to determine eligibility, unless it is verified by an independent, reliable source.
2. In the case where an Applicant's eligibility is in question because of conflicting

information received from a third party, the Subgrantee or MaineHousing shall allow the Primary Applicant an opportunity to amend the current Application or reaffirm the information on it. Primary Applicant may also withdraw Application at any time (prior to payment of Benefit). A new Application (rather than amended) would be required should an Applicant pursue assistance after withdrawal.

3. If the Primary Applicant elects not to amend the Application, eligibility shall be based on information contained in the Application and documentation provided by the Primary Applicant, documentation provided by a government agency, or information verified by other sources.
4. If verified information results in the Household being ineligible or determines the existence of Errors and Program Abuse or willful misrepresentation, the Application may be subject to denial or termination of Benefits.

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

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

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

### 3. Eligibility.

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

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

D. Dwelling Unit Eligibility.

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

E. Household Eligibility.

1. A Household is eligible for a Benefit if, on the Date of Application:
  - a. it is a full-time resident of the State and resides or will reside in the Dwelling full-time for at least four (4) months during the Heating Season and;
  - b. it intends to reside in the State through April 30; ~~and;~~

- c. it has a Direct Energy Cost or Indirect Determinable Energy Cost.

If the Date of Application is on or after February 1, the Household may be eligible for a Benefit if the Household provides documentation that it has been a full-time resident of the State for at least 60 days.

2. Pursuant to definition of Household, Eligible Household Members may also include:

- a. aliens who have obtained the status of an alien lawfully admitted for temporary residence under Section 210 of the Immigration and Nationality Act by approval of an application and are categorized as Special Agricultural Workers (SAW) who perform seasonal agricultural work during a specified period of time;
- b. an alien who has obtained the status of an alien lawfully admitted for temporary residence under Section 245A of the Immigration and Nationality Act by approval of an application and who is aged, blind and/or disabled as defined in Section 1605 of the Social Security Act ([Public Law 74-271](#)) or Cuban or Haitian aliens as defined in [Public Law 96-422](#), Section 501 (e). Applicants are considered eligible if they have a Social Security card issued by the Social Security Administration, Green Card or show permanent Residents (I-551 Alien Registration Card, Passport, I-688B Employment authorization card, I-766 Employment Authorization Document, I-94 with R-1 or R-2 status designation). I-94 documents with no status designated only show permission to enter the U.S. but do not establish residency;
- c. Eligible minor children residing with ineligible non-citizens;
- d. a member of the Household who is away from the home part of the time is included as a Household member and their income must be included on the Application;
- e. a live-in care attendant will be considered part of the Household if the live-in care attendant does not meet the definition of a Live-in Care Attendant in Section 1 of this Rule.

3. A full-time college student, up to age 23 years old, who is a dependent of the Household and resides in the Dwelling Unit on the Date of Application, may be excluded from the Household if the Primary Applicant chooses as long as the college student is not the Primary Applicant. If excluded from the Household, his or her income would not be counted. The Applicant must provide proof of student status and enrollment at a university, vocational college, business college, or other accredited institution for twelve (12) credit hours or more per semester.

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

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

1. Household Income received during the three (3) calendar months or twelve (12) calendar months preceding the Date of Application. Primary Applicants must provide pay stubs, or a statement from all current or former employer(s), documenting Household Income received during the three (3) calendar months or twelve (12) calendar months income period prior to the Date of Application.
2. Household Income includes, but is not limited to, the following:
  - a. Wages, salaries, and bonuses before any taxes or deductions;
  - b. Self-employment income. Households with self-employment income must use a current year's tax return if filed. If the Household has not filed a current year's tax return then the tax return for the previous year may be used. When supported by a tax return, self-employment income is defined as the total of net income (including net rental income) plus the total net gain from sales of capital goods or equipment plus depreciation. If the Applicant has not filed a tax return for the current or previous year, the Applicant may complete a self-employed income statement/worksheet accounting for the last 365 days of income. Supporting documentation must be provided to substantiate the information on the statement/worksheet. Deductions or expenses related to self-employment income shall not be factored in to the amounts counted as income unless the Applicant provided the complete tax return from the current or prior year. If the Household is using the three (3) month income verification period, self-employed income for the last 365 days, or annual income from tax return, will be prorated to three (3) months;
  - c. Social Security Retirement (SS), Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) Benefits. Benefits and Applicant identity may be verified by using the electronic verification process established between MaineHousing and the Social Security Administration. Errors documented by this process will be researched by the Subgrantee and corrected as applicable. In situations where Social Security benefits or Supplemental Security Income cannot be verified via the electronic verification process, the Subgrantee will assist the Primary Applicant in understanding the documentation requirements;
  - d. Unemployment and worker's compensation and/or strike benefits from union funds;
  - e. Spousal support or alimony received by an Applicant, or mortgage/rent payments in lieu of or in addition to payments;
  - f. Court ordered or voluntary child support payments received by an Applicant, or mortgage/rent payments in lieu of or in addition to support payments;
  - g. Military allotments (pay);
  - h. Veteran's Benefits;

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

- n. Any funds received for education from grants, loans and scholarships, ~~not to include and~~ work study ~~received as earned income~~;
- o. Retroactive payments and overpayment adjustments from an entitlement program for a time period outside of the period being considered for HEAP eligibility (i.e. worker's comp, Social Security Benefits, etc.);
- p. Income earned by an Applicant who is a full time high school student;
- q. Income earned by a full-time college student who is not counted as a Household member pursuant to Section E.3 of this Rule;
- r. Combat zone pay to the military;
- s. Credit card loans/advances;
- t. All income used to fulfill a Social Security Administration Program to Achieve Self-Sufficiency (PASS);
- u. Federal payments or benefits excluded by law as set forth below:
  1. Payments received under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (84 Stat. 1902, [42 U.S.C. 4636](#)).
  2. Payments of land settlement judgments distributed to or held in trust for members of certain Indian Tribes under Public Laws [92-254](#), [93-134](#), [93-531](#), [94-114](#); [94-540](#), [97-458](#), [98-64](#), [98-123](#) and [98-124](#).
  3. Funds available or distributed pursuant to [Public Law 96-420](#), the Maine Indian Claims Settlement Act of 1980 ([25 U.S.C. 1721 et. seq.](#)) to members of the Passamaquoddy Tribe, the Penobscot Nation and the Houlton Band of Maliseet Indians.
  4. The value of the allotment provided a household under the Supplemental Nutrition Assistance Program ([7 U.S.C.A. 51](#)).
  5. The value of assistance to children as excluded under the National School Lunch Act ([42 U.S.C. 1760\(c\)](#)) and under the Child Nutrition Act of 1966 ([42 U.S.C. 1780\(b\)](#)).
  6. The value of commodities distributed under the Temporary Emergency Food Assistance Act of 1983 ([Public Law. 98-8](#), [7 U.S.C. 612c](#)).
  7. Allowances, earnings and payments to individuals participating in programs under the Workforce Innovation and Opportunity Act <https://www2.ed.gov/about/offices/list/ovae/pi/AdultEd/wioa-reauthorization.html>
  8. Program benefits received under the Older Americans Act of 1965 ([42 U.S.C. sub-section 3020\(a\)\(b\)](#)) as wages under the Senior Community

Service Employment Program (SCSEP).

9. Payments to volunteers under the Domestic Volunteer Service Act of 1973 ([Public Law 93-113](#), [42 U.S.C. 5044](#)).
10. The value of any assistance paid with respect to a dwelling unit under the United States Housing Act of 1937, the National Housing Act, Section 101 of the Housing and Urban Development Act of 1965, or Title V of the Housing Act of 1949.



11. The tax-exempt portions of payments made pursuant to the provisions of the Alaska Native Claims Settlement Act ([Public Law 92-203, 43 U.S.C. 1620\(a\)](#)).
  12. Payments for supportive services or reimbursement of out-of-pocket expenses made to individual volunteers serving as foster grandparents, senior health aides, or senior companions, and to persons serving in the Service Corps of Retired Executives (SCORE) and Active Corps of Executives (ACE) and any other programs under Titles II and III, pursuant to Section 418 of [Public Law 93-113](#).
  13. Any wages, allowances or reimbursement for transportation and attendant care costs, unless accepted on a case-by-case basis, when received by an eligible handicapped individual employed in a project under Title VI of the Rehabilitation Act of 1973 as amended by Title II of [Public Law No. 95-602](#).
  14. All student financial assistance including the following programs funded under Title IV of the Higher Education Act as amended:
    - a. Pell Grants;
    - b. Supplemental Educational Opportunity Grants;
    - c. Grants to States for State Student Incentives;
    - d. Special Programs for Students from Disadvantaged Backgrounds;
    - e. Special Programs for Students Whose Families are Engaged in Migrant and Seasonal Farm work;
    - f. Robert C. Byrd Honors Scholarship Program;
    - g. Assistance to Institutions of Higher Education;
    - h. Veterans Education Outreach Program;
    - i. Special Child Care Services for Disadvantaged College Students.
    - j. Payments to veterans for Aid and Attendance benefits.
4. For any Applicant who pays court ordered child support, the Subgrantee will deduct paid and documented child support payments made during the income period from the Applicant's gross income.
- G. For any Household found ineligible due to being over income, the Subgrantee will deduct paid and documented medical expenses not reimbursed for the income period from the gross income in an amount only enough to make Household eligible. Medical expenses may include medical and dental insurance premiums and transportation to medical appointments. Subgrantees will use Internal Revenue Service Publication 502, as same may be amended from time to time, to identify eligible medical and dental expenses.

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

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

4. Benefit Determination.

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

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

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

Calculated or Reported Energy Cost	Points
<del>\$0.01</del> -\$400	5
\$401-\$800	10
\$801-\$1200	15
\$1201-\$1600	20
\$1601-\$2000	25
\$2001-\$2500	30
\$2501 and over	35
Calculated or Reported Energy Cost falling between brackets will be rounded to the next higher or lower dollar amount, as appropriate. For example: \$400.01-\$400.49 will be rounded to \$400; \$400.50-\$400.99 will be rounded to \$401.	

Poverty Level as Calculated under the Federal Poverty Income Guidelines (FPIG)	Percentage of Points
0%-25%	130%
26%-50%	120%
51%-75%	110%
76%-100%	100%
101%-125%	90%
126%-150%	80%
>than 150% FPIG but not exceeding the maximum of the greater of 150% FPIG or 60% state median income	70%
Calculated poverty level amounts falling between brackets will be rounded to the next higher amount. For example: income at 75.1% will be rounded to 76%.	

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

2. Calculating Energy Costs. Energy Costs are calculated by the Consumption Based or DHLC method.
  - a. Consumption Based. Energy Costs will be based on the Eligible Household's actual Home Energy deliveries, as reported on the Annual Consumption Report, for the primary Heating System as declared on the Eligible Household's Application.
    1. If the primary Heating System is electric, Energy Costs will be calculated by deducting \$600 from the annual electricity cost as reported by the Vendor on the Annual Consumption Report. The \$600 deduction ~~eliminates accounts for~~ the non-heating usage of electricity.
    2. If an Eligible Household resides in Subsidized Housing and has a Direct Energy Cost, any annual utility allowance for heating will be deducted from the Eligible Household's Energy Cost reported by the Vendor on the Annual Consumption Report.
    - ~~2.3.~~ If after the \$600 is deducted for non-heating usage of electricity when applicable, and after annual utility allowances for heating are deducted from annual Household Energy Cost reported by the Vendor on the Annual Consumption report, the Household has a calculated energy cost of less than or equal to zero (0), the Household is only eligible to receive a Bbenefit in an amount to maximize benefits under the Supplemental Nutrition Assistance Program (SNAP)
    - ~~3.4.~~ Energy Cost will be calculated using the Consumption Based method provided the Eligible Household meets the following requirements:
      - a. The Eligible Household has a Direct Energy Cost and;
      - b. An Applicant occupied the residence for the entire previous Heating Season and;
      - c. An Applicant had an eligible Application in the prior

Program Year and;

- d. The Eligible Household purchased all of their Home Energy for their primary Heating System from a Reporting Vendor(s) for the previous Heating Season and;
  - e. Reporting Vendor(s) submitted an Annual Consumption Report to MaineHousing that provided the Eligible Household's Home Energy delivery information and;
  - f. The Eligible Household's Energy Costs, as reported by Vendor(s) to MaineHousing, is for their residence only and;
  - g. The Eligible Household's primary Heating System does not use wood, wood pellets, corn, coal, or bio-bricks.
- b. Design Heat Load Calculation. DHLC shall be used to estimate the Energy Costs for Eligible Households that do not meet the requirements of the Consumption Based method. Under the DHLC, the number of rooms occupied by the Eligible Household shall be multiplied by the number of BTUs needed to heat an average sized room in a Dwelling Unit. That product will then be multiplied by the number of square feet of an average sized room in a Dwelling Unit. Next, that second product will be multiplied by the number of heating degree days of the Service Area in which the Eligible Household's Dwelling Unit is located. That third product is then divided by one million BTUs. The quotient is then multiplied by the cost of the Eligible Household's primary Home Energy type per one million BTUs. That fourth product is then divided by the efficiency rate of the primary Home Energy type to arrive at the Eligible Household's amount of energy consumption. The cost per one million BTUs and efficiency rate of the Applicant's Home Energy type will be periodically established by MaineHousing. The DHLC is based on the following factors:
1. The total number of rooms in the Dwelling Unit as listed on the Application. Hallways, bathrooms, and closets are not counted in the total number of rooms;
  2. An assumed standard room size for the Dwelling Unit type. Standard room sizes and BTUs required to heat a Dwelling Unit vary by Dwelling Unit type because average room size and surface area exposure to the elements vary by Dwelling Unit type. The standard room sizes and BTUs used for each Dwelling Unit type are as follows:

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

3. The heating degree days for the Service Area. Heating degree days are determined by the National Weather Station in Gray,

Maine.

<b>Subgrantee</b>	<b>Service Area - counties</b>	<b>Heating Degree Days</b>
Aroostook County Action Program	Aroostook	9543
Community Concepts, Inc.	Androscoggin, Oxford	7373
Downeast Community Partners	Washington, Hancock	7771
Kennebec Valley Community Action Program	Kennebec, Somerset	7680
Kennebec Valley Community Action Program	Lincoln, Sagadahoc	7420
Penquis Community Action Program	Penobscot, Piscataquis	8245
Penquis Community Action Program	Knox	7359
The Opportunity Alliance	Cumberland	7426
Waldo Community Action Partners	Waldo	7297
Western Maine Community Action	Franklin	8866
York County Community Action Corporation	York	7012

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

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

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

7.8. If after annual utility allowances for heating are deducted from annual Household Energy Cost reported by the Vendor on the Annual Consumption report, the Household has a calculated energy cost of less

than or equal to zero (0), the Household is only eligible to receive a Benefit in an amount to maximize benefits under the Supplemental Nutrition Assistance Program (SNAP)

5. Payment of Benefits.

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

6. TANF Supplemental Benefits.

- A. Except as may be expressly provided for elsewhere in this Rule, the use and administration of TANF Supplemental Benefits is subject to the standards for HEAP Benefits set forth in this Rule.
- B. Eligibility. A Household may be eligible for a TANF Supplemental Benefit if its Application for HEAP has been certified eligible in the current Program Year and if on the Date of Application:
1. it included at least one member who was under the age of eighteen (18); and
  2. it did not reside in Subsidized Housing with heat included.
- C. Benefit Determination. The TANF Supplemental Benefit per Eligible Household per Program Year

shall be determined each Program Year by MaineHousing based on the projected number of Households eligible for TANF Supplemental Benefits and available funding.

- D. Payment of Benefits. Except in the case of utility Vendors, MaineHousing will make payment for a TANF Supplemental Benefit after the Vendor makes delivery as authorized by MaineHousing. The Vendor must submit a delivery ticket or invoice to MaineHousing together with a detailed account history showing delivery activity and payment activity from the previous May 1 through the date of the delivery being invoiced. MaineHousing will make payment within ten (10) business days of MaineHousing's receipt and approval of the required documentation.

7. Benefit Returns and Transfer:

- A. Program benefits may not be sold, released or otherwise conveyed, with or without consideration, by the Eligible Household or the Vendor without written authorization from MaineHousing. MaineHousing will only authorize such conveyances when circumstances arise that prevent the Eligible Household from using the Benefit and MaineHousing determines such conveyance is in the best interest of the Eligible Household and is consistent with the intent of the HEAP Act.
- B. Program benefits may be available for reissue or transfer during the Program Year of issue and up until April 30<sup>th</sup> of the Program Year immediately following when:
  - 1. All Applicant(s) move in State but continue with same Vendor.
  - 2. All Applicant(s) move in State and change Home Energy vendors.
  - 3. Household changes Vendor.
  - 4. All Applicant(s) move in State from a Dwelling Unit with Direct Energy Cost to a Dwelling Unit with heat included in their rent (not including Subsidized Housing).
  - 5. All Applicant(s) move in State to Subsidized Housing with Direct Energy Cost.
  - 6. Household changes Home Energy type.
  - 7. Primary Applicant has deceased and there are surviving Applicants remaining in the Household (unless surviving Applicant moves in State to a Household that has received a Benefit in the current Program Year).
- C. Household may be required to provide in writing the following in order to receive a Benefit reissue or transfer:
  - 1. Primary Applicant's name.
  - 2. Previous address.
  - 3. Current address.
  - 4. Current phone number.
  - 5. Current rental agreement or current property tax bill, whichever is relevant.
  - 6. Current electric/utility company name and account number.

7. Name on the electric/utility company account.
8. Primary Heating System and Home Energy type.
9. Fuel tank location.
10. Current Home Energy Vendor name, address, and account number.
11. Primary Applicant's signature and date submitted.

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

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

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

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

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

8. Energy Crisis Intervention Program (ECIP).

- A. A Household may be eligible for ECIP if a Household member's health and safety is threatened by an Energy Crisis situation and the Household does not have the financial means to avert the Energy



Crisis. The Subgrantee will determine whether the Household is experiencing an Energy Crisis on the Date of Application.

1. An Eligible Household is income eligible for ECIP. If a Household has not been certified eligible for a Benefit, the Household's income eligibility for ECIP will be based on one of the following timeframes, whichever allows eligibility:
  - a. The twelve (12) calendar months immediately preceding the Date of Application for ECIP;
  - b. The three (3) calendar months immediately preceding the Date of Application for ECIP;
  - c. The calendar month immediately preceding the Date of Application for ECIP; or
  - d. The thirty (30) days immediately preceding the Date of Application for ECIP.
2. To determine if Household is in Energy Crisis:
  - a. Reading of 1/8 tank or less on a standard 275 gallon heating oil tank;
  - b. Reading of 25% or less on a propane tank;
  - c. 3-day or less supply for other delivered Home Energy types.
3. To determine an Energy Crisis with respect to utility terminations:
  - a. Household has received a disconnection notice; and
  - b. Household has exhausted its ability to negotiate and pay the terms of a reasonable payment arrangement.

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

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

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

C. Unallowable Expenditures:

~~1. ECIP funds cannot be used to pay solely for a delivery charge.~~

~~2.1.~~ ECIP funds cannot be used if the Household has any other Heating System that is safe, operable and is capable of heating the dwelling adequately during severe cold weather, and has a supply of product for that Heating System.

~~3.2.~~ ECIP funds cannot be used to pay for surcharges, reconnection charges, or penalties related to a final utility disconnect when that utility is not required for the operation of the primary Heating System.

~~4.3.~~ ECIP funds cannot be used to pay for Home Energy deliveries or Heating System repairs if the Applicant resides in Subsidized Housing with heat included or a Rental Unit with heat included.

~~5.4.~~ An Applicant with an Overpayment balance is not eligible for ECIP benefits unless they have entered into and are in compliance with the terms of a repayment agreement with MaineHousing to resolve the Overpayment.

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

E. ECIP will be administered pursuant to HEAP:

1. ECIP timeframe is November 1 through the following April 30;

2. Conditioned on the availability of ECIP funds, some form of assistance that will resolve the Energy Crisis, if Household is eligible to receive such benefits, will be provided within 48 hours after Household has been certified eligible for ECIP;

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

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

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

H. ECIP Payment to Vendors.

1. Except in the case of wood Vendors, MaineHousing, or a Subgrantee as allowed by MaineHousing, will make payment for ECIP after the Vendor makes delivery as

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

2. In the case of wood Vendors, MaineHousing, or a Subgrantee as allowed by MaineHousing, will make payment for ECIP after the Vendor makes delivery as authorized by MaineHousing/Subgrantee. The Vendor must return a completed purchase order, including Applicant and Vendor signatures, to MaineHousing/Subgrantee. Receipt of the purchase order must be entered into the MaineHousing database. Contingent on database entry, MaineHousing/Subgrantee will make payment within ten (10) business days of the signed purchase order receipt date.

9. Central Heating Improvement Program (CHIP).

A. Eligibility. A Household may be eligible for CHIP if the Household:

1. is eligible for HEAP Fuel Assistance benefits;
- 4.2. has a household income less than or equal to 200% Federal Poverty Level;
- 2.3. has an eligible Application that was certified within the preceding twelve (12) months; and
- 3.4. does not have a more recent Application that has been certified-denied.

B. Subgrantees shall provide CHIP services based on the following priority order:

1. Eligible Households experiencing an Energy Crisis caused by Heating System malfunction or failure.
2. Non-wood Heating Systems that cannot achieve a minimum steady state efficiency of 70% (as determined by a CTE).
3. Preventative CTE and minor repairs on a non-emergency basis (owner-occupied dwelling units only). Date of the last CTE by a licensed technician must be more than twelve (12) months prior to the initiation of services date.
4. The installation of a Heat Pump.

Eligible Households shall be served on a first-come, first-served basis with respect to each level of priority except when the Subgrantee is providing weatherization services to a Dwelling Unit. In this case, CHIP activities to Eligible Households that enable the Subgrantee to leverage funds may be served first.

C. Subgrantees shall administer and operate CHIP in their Service Areas unless otherwise determined by MaineHousing.

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

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

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

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

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

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

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

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

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

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

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

1. Dwelling Unit is a Rental Unit that has received prior CHIP services to the life-time maximum benefit;

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

I. CHIP Allowable Uses:

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

10. Optimizing the firing rate;
11. Cleaning of the chimney;
12. Smoke Alarms;
13. Fire extinguishers;
14. Carbon Monoxide detectors;
15. Oil tanks;
- 15,16. Oil tank gauges;
16. Installation of a Heat Pump;
17. Other measures necessary to bring Heating Systems into compliance with applicable State and local codes and Maine Fuel Board requirements; and
18. Other measures necessary to correct any Heating System problems that pose an immediate threat to the health and safety of the Eligible Household.

J. CHIP Unallowable Uses:

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

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

L. Subgrantee must perform a final inspection on all CHIP services ~~in excess of \$1,000~~ for heating system replacement jobs. Inspections will include an evaluation to determine:

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

M. Specific Procurement Requirements. Prior to the performance of CHIP services, the Subgrantee shall follow the procedures below:

1. Procurement less than or equal to \$10,000. Procurement of services, including materials, equipment and services from specialized trades, such as electricians,

plumbers, masons and oil burner repair people shall be performed in accordance with the following procedures.

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

exists and only one known source can provide the required goods or services within the time needed. Emergency or urgent situations include, but are not limited to, natural disasters or a Life Threatening Crisis.

2. Uniqueness. The item or service is available from only one source, based on a reasonable, good faith review of the market for the type of item or service needed.
  3. Inadequate Competitive Proposals. After evaluation of all proposals submitted in a competitive procurement, all proposals are determined to be inadequate.
- b. Subgrantee shall submit a written statement justifying the use and approval of all sole source procurements, in excess of \$10,000 to MaineHousing for its consideration prior to the installation of services.
  - c. Subgrantee will retain a copy of the solicitation and the proposal received in response, a record of the approval by MaineHousing in Subgrantee's records.

#### 10. HEAP Weatherization.

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

Apart from the eligibility criteria identified in D.1-3., a Household may qualify for HEAP Weatherization if the:

- i. Household's Application was denied solely based on the Household Income exceeding the income limits for Benefits; and
  - ii. Household Income does not exceed the DOE income threshold.
- E. Proof of Ownership. The Subgrantee shall verify ownership of all Dwelling Units and Rental Units prior to performing any work. Proof of ownership may include current property tax bill, statement from the local tax assessor, town clerk or similar municipal official, or documentation from electronic registry.



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

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

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

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

G. Allowable Uses:

1. Weatherization needs assessments/audits;
2. Air sealing and insulation;
3. Storm windows;
4. Heating System modifications/repairs;
5. Heating System replacements;
6. Heating System cleaning, tuning, and evaluating;
7. Compact fluorescent light bulbs;

8. Energy related roof repairs;
  9. Major appliance repairs/replacements, including water heaters, provided total cost of the appliances does not exceed 20% of the labor and material costs associated with the installation of energy conservation measure or one appliance if the 20% will not cover the repair/replacement cost of one appliance;
  10. Incidental Repairs – per unit average not to exceed 20%;
  11. Health and safety measures – per unit average not to exceed \$1,200;
  12. Replacement windows and doors are allowable only under exceptional circumstances and only after all other reasonable repair options have been considered and rejected.
- H. Fuel Switching: As a general guideline, the practice of fuel switching when replacing Heating Systems is not allowed. However, if the Subgrantee determines that the switching of a fuel source is warranted, then a written waiver request should be submitted to MaineHousing for review and consideration (on a case-by-case basis) prior to the installation.
- I. Work on an eligible Dwelling Unit previously weatherized under a MaineHousing program may be reopened if:
1. the reopening occurs within six (6) months of completion of the original weatherization service; and
  2. The reopening is required because the previous service is the proximate cause of an immediate threat to the health and safety of the occupants; or
  3. The quality of weatherization material or its installation is deemed deficient by MaineHousing.
- J. Subgrantees shall administer and operate HEAP Weatherization in their Service Areas, unless otherwise authorized by MaineHousing.
- K. For the purposes of HEAP Weatherization, Subgrantees must conduct a public bid process to secure weatherization contractors at least annually as prescribed by MaineHousing.

#### 11. Administration of the Program.

- A. MaineHousing will prepare and submit to the Secretary of the United States Department of Health and Human Services an annual State Plan for HEAP in conformity with the provisions of the HEAP Act. MaineHousing will notice a public hearing for the purpose of taking comments on the State Plan and will also prepare a transcript of such comments.
- B. HEAP Handbook. The HEAP Handbook is an operations manual for the administration of the Programs. This Rule shall control in the event of any inconsistency between the HEAP Handbook and this Rule.
- C. General. To the extent practicable, MaineHousing will contract with Subgrantees for the purpose of administering the Programs and may require the Subgrantee to provide benefits in connection therewith, including Supplemental Benefits if such benefits become available during the Program

Year, to Eligible Households. MaineHousing may, in its discretion, provide benefits in connection with the Programs and make prepayments, installment payments and advances with or without interest in connection therewith, including without limitation, payment of direct benefits to Eligible Households or Vendors, or may contract with other entities, such as municipalities, to administer the Programs and provide benefits.

- D. Conflict of Interest. No employee, officer, board member, agent, consultant or other representative of Subgrantee, Vendor, or Contractor who exercises or has exercised any function or responsibility with respect to Programs' activities or who is in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from Programs' activities or have an interest in any contract, subcontract or agreement regarding the Programs' activities, or the proceeds there under, which benefits him or her or any person with whom he or she has business or family ties. Subgrantees, Vendors, and Contractors shall notify MaineHousing of any potential conflict of interest.

- E. Confidentiality. Subgrantees, Vendors, Contractors, and their employees and agents shall keep confidential:

Applicant or beneficiary information obtained in the administration of the Programs, including without limitation, an individual's name, address and phone number, household income, assets or other financial information, and benefits received ("Confidential Information").

Subgrantees, Vendors, Contractors, and their employees and agents shall safeguard and protect from disclosure at all times Confidential Information including, without limitation, taking the following steps:

1. Put measures in place to prevent the loss, theft, misappropriation or inadvertent disclosure of Confidential Information.
2. Encrypt all Confidential Information contained on computers, laptops, and other electronic devices and media used in whole or in part, in the operation or administration of the Programs.
3. Send e-mail or e-mail attachments containing Confidential Information only if encrypted or only through a secure e-mail server.
4. Make their employees, officers, agents, contractors, sub-contractors and other representatives who operate or administer any of the Programs or otherwise provide services under the Programs aware that the responsibility to safeguard and protect Confidential Information applies at all times, whether or not they are at a work location during normal business hours.
5. Limit disclosure to persons with a direct need to know.

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

## 12. Subgrantees.

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

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

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

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

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

D. Subgrantee Administrative and Program Expenses. Subgrantees shall be permitted administrative and program expenses necessary to carry out their responsibilities under this Rule and the Programs. Such expenses will be allowed in a manner consistent with the provisions of the HEAP Act and must be reasonable in amount as determined by MaineHousing following its review of the Subgrantee work plans and budgets. Allowable administrative and program expenses for each of the Programs are listed below. Other expenses may be allowed if authorized by MaineHousing before the expenses are incurred.

Fuel Assistance and ECIP	Expense Category
Salary and fringe benefit costs for the actual time an individual performs intake, processing, or eligibility determination functions associated with an active Application	Program
Salary and fringe benefit costs for the actual time an individual participates in administering Fuel Assistance or ECIP and is not performing functions associated with an active Application	<del>Administrative</del> Program

<u>Salary and fringe benefits and other related and reasonable costs for specific HEAP and ECIP training and professional development of individuals performing intake, application processing, eligibility determination, and administration of HEAP fuel assistance and ECIP</u>	<u>Program</u>
Space costs/rent, telephone, copier/printing, office supplies, postage, transportation/travel, data processing/computer costs, equipment repairs and maintenance, equipment purchase/lease, and consultants/professional services <u>associated with the above referenced activities.</u>	<u>Administrative Program</u>
Indirect costs	Administrative
<u>Salary and fringe benefits and other related and reasonable costs for specific HEAP and ECIP training and professional development for individuals whose salary and fringe benefits are not budgeted directly to Administrative Costs or for whom salary and fringe are included in the agency's Indirect Rate</u>	<u>Administrative</u>
<u>Salary and fringe costs, space costs, rent, telephone, copying, printing, office supplies, postage, transportation, travel, data processing, computer costs, equipment repairs and maintenance, equipment purchase or lease, consultant fees and professional services associated with the administration of HEAP not included in the agency's Indirect Rate or allowable from program funding</u>	<u>Administrative</u>
<b>HEAP Weatherization and CHIP</b>	<b>Expense Category</b>
Material/labor costs for Heating system repairs/replacements and measures installed as part of weatherization	Program
Either salary and fringe benefit costs for the actual time staff participates in administering HEAP Weatherization or CHIP or a program management fee established by MaineHousing.	Program
Space costs/rent, telephone, copier/printing, office supplies, postage, transportation/travel, equipment purchase/lease, liability insurance, pollution occurrence insurance, and consultants/professional services.	Program
Indirect costs	Administrative
<b>Assurance 16 Services</b>	<b>Expense Category</b>
Salary and fringe benefit costs for staff providing direct services and the direct administrative costs associated with providing the services, such as the costs for supplies, equipment, travel, postage, utilities, rental and maintenance of office space	Program

E. Assurance 16 Activities. Subgrantees may submit annual proposals, for MaineHousing's

consideration, describing their planned activities and expenses associated with providing services to Applicants pursuant to Assurance 16 of the HEAP Act.

F. Subgrantee's Responsibilities. The responsibilities of the Subgrantee include, but are not limited to, the following and as further defined in the annual Subgrant Agreement:

1. To conduct client outreach in a manner consistent with the HEAP Act and as prescribed in this Rule.
2. To accept and verify Applications from Primary Applicants in a manner consistent with provisions of the HEAP Act and as prescribed in this Rule.
3. To determine Household eligibility in a manner consistent with provisions of the HEAP Act and as prescribed in this Rule.
4. To pay benefits, if required by MaineHousing, to or on behalf of Eligible Households in a manner consistent with provisions of the HEAP Act and as prescribed in this Rule.
5. To provide documentation and assistance as needed for MaineHousing to conduct informal reviews and fair hearings.
6. To pay Supplemental Benefits, if required by MaineHousing, if such benefits become available during the Program Year.
7. To use MaineHousing database software and equipment.
8. To address no-heat emergencies.
9. To cost effectively administer and operate the Programs.
10. To prioritize Eligible Households for HEAP Weatherization services in accordance with the HEAT Enterprise software.
11. To coordinate services between Programs.
12. To submit to MaineHousing production schedules for the Programs.
13. To submit to MaineHousing work plans and budgets, monthly status reports and any other such reports or information required in connection with the Programs.
14. To submit to MaineHousing billing information, including zero billings, for open contracts by 20th of each month.
15. To use forms provided or approved by MaineHousing to administer the Programs.
16. To protect personally identifiable information.
17. At Applicant's request, to make reasonable accommodations for a Person with a Disability.
18. To ensure that procurement of materials and services is conducted in a manner to provide open and free competition and to avoid any appearance of impropriety, the Subgrantee

shall be bound by general federal procurement principles at [45 CFR §§ 75.327](#) to 75.335 and property management principles at [45 CFR §§ 75.316](#) to 75.323..

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

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

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

I. Noncompliance.

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

4. MaineHousing may bar a Subgrantee's participation in programs administered by MaineHousing for its malfeasance or misfeasance with respect to the administration or operation of any of the Programs.

### 13. Indian Tribes.

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

### 14. Vendors.

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

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

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

#### B. Enrollment.

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

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

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



and

- c. Pursue other remedies as determined by MaineHousing.
- D. Vendors must comply with State law concerning consumer home heating rights, which is described in Office of the Maine Attorney General Consumer Law Guide Chapter 19.
- E. Vendor may not consider an Eligible Household's outstanding indebtedness to Vendor in calculating the Retail Cash Price applicable to a delivery of Home Energy to that Eligible Household.
- F. Return of Payments.
  1. In the event Vendor receives a Benefit Return form requesting the return of Benefits paid to Vendor on behalf of Eligible Households, Vendor shall return such Benefits to MaineHousing, or Subgrantee as allowed by MaineHousing, within fifteen (15) calendar days of date of Benefit Return form.
  2. In the event Vendor becomes aware of any of the events listed below affecting an Eligible Household, Vendor shall within fifteen (15) calendar days of the date that Vendor becomes aware of any such event, submit to MaineHousing a completed Benefit Return form and return any remaining Benefits paid to Vendor on behalf of the affected Eligible Household, unless the remaining Benefits are less than \$25.

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

    - a. The death of an individual who was the sole member of an Eligible Household;
    - b. The institutionalization of an individual who was the sole member of an Eligible Household;
    - c. Vendor's receipt of a written notice from an Eligible Household that it no longer desires to receive Home Energy deliveries from Vendor;
    - d. An Eligible Household has not received deliveries of Home Energy for twelve (12) consecutive months;
    - e. An Eligible Household has moved out of Vendor's Service Area;
    - f. An Eligible Household has moved out of State;
    - g. Vendor has been paid an excessive Benefit on behalf of the Eligible Household.
  3. Vendor shall return to MaineHousing all unused Benefits in its possession or custody, whether directly or indirectly, within fifteen (15) calendar days of the termination of the Vendor Agreement.
  4. With respect to each return of Benefits, the Vendor agrees to provide in writing: the name and address of the Vendor; the name and address of the Eligible Household; the Eligible Household's account number; the Benefit amount being returned; and a concise explanation for the return of funds. In addition Vendor must include a detailed account

history showing delivery activity and payment activity from twelve (12) months prior to the date the Benefit was received by Vendor to the current date. Vendor must also provide any other information required by MaineHousing related thereto.

5. Vendors may refund credit balances to Eligible Households only to the extent that such credit balances can be documented and demonstrated to be the Eligible Household's funds and not Fuel Assistance funds.

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

H. Use of Benefits.

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

- c. The Household's Home Energy storage tanks are either being replaced or do not meet code.

~~I. If Vendor has delivered Home Energy to an Eligible Household on or after October 1st of the current Program Year and the Eligible Household or a private individual (such as a relative or a friend) has paid Vendor for the delivery or there is an outstanding balance for the delivery, Vendor may apply HEAP Benefit funds received for the account of the Eligible Household to that Home Energy delivery. After an amount of HEAP Benefit funds equal to the cost of the Home Energy delivery has been applied, the amount previously paid by the Eligible Household or the private individual must be credited to the Eligible Household's account with Vendor. The funds credited to the Eligible Household's account become the Eligible Household's funds and are not HEAP Benefits. The use of these funds/credit balances is subject to the terms and conditions in place between the Vendor and its customer.~~

~~Any deliveries paid by an organization, including but not limited to Citizen's Energy, Keep ME Warm, churches, general assistance programs, and municipalities are not subject to this clause and cannot be covered with HEAP Benefits.~~

~~J.I.~~ In the case of electricity and natural gas Vendors, the Vendor may apply HEAP Benefit funds received for the account of the Eligible Household to past due charges for Home Energy deliveries to the Eligible Household, with the oldest charges being paid first. HEAP Benefits cannot be applied to Incidental Costs.

~~K.I.~~ Vendor Watch List. In the event MaineHousing determines, in its sole judgment based on Vendor's actions or omissions or other information obtained by MaineHousing directly or from any third party, that such actions, omissions or other information raises issues concerning Vendor's continued ability to make Home Energy deliveries or otherwise comply with the terms of the Vendor Agreement, or that Vendor's performance is out of compliance with the requirements of the Vendor Agreement, MaineHousing may place, in its sole discretion, Vendor on a Watch List.

~~L.K.~~ Prohibited Discrimination. The Vendor is prohibited from discriminating against any Eligible Household regarding the extension of credit to purchase Home Energy or other services, the price of Home Energy or other services, or the terms or conditions of the delivery of Home Energy or other services solely on the basis of its being an Eligible Household.

## 15. Errors and Program Abuse.

### A. Reports of Errors and Program Abuse:

1. Subgrantees must report in writing to MaineHousing suspected Errors and Program Abuse related to Programs.
2. Any individual may report to MaineHousing suspected Errors and Program Abuse related to Programs:
  - a. By telephone at 1-800-452-4668 or (207) 626-4600
  - b. In writing to MaineHousing, ATTN: ~~LI~~HEAP Errors and Program Abuse, 353 Water Street, Augusta, Maine 04333
  - c. By e-mail to [LIHEAPcompliance@mainehousing.org](mailto:LIHEAPcompliance@mainehousing.org);

- d. Or via MaineHousing's website at  
<http://mainehousing.org/contact/info-request-form>

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

- B. MaineHousing will investigate all reported Errors and Program Abuse. If there is documented information to indicate Errors and Program Abuse, MaineHousing may notify the Applicant and provide them an opportunity to respond. Based on the response, MaineHousing will determine what, if any, appropriate action should be taken.
- C. Once Errors and Program Abuse is confirmed or if an Applicant fails to respond to inquiries regarding suspected Errors and Program Abuse, an Overpayment will be calculated and communicated to the Applicant. In addition to the Overpayment, the communication will include: 1) the facts surrounding the decision, 2) the reason for the decision, and 3) the manner by which the Applicant can request an appeal. MaineHousing ~~will~~may investigate the previous three (3) Program Years from the Date of Discovery. The Overpayment may include any or all of those three (3) years.
- D. When calculating an Overpayment MaineHousing will use the HEAP Handbook in effect for the applicable years the Overpayment occurred.
- E. An Applicant may request a fair hearing to dispute an Overpayment. The Applicant must submit to MaineHousing a written request for a fair hearing no later than thirty (30) calendar days from the postmark date of the first notification from MaineHousing of suspected Errors and Program Abuse. All requests for fair hearing shall follow the Rule as set forth in Section 15.
- F. MaineHousing will pursue recouping of Overpayments by any and all of the following:
1. Applicant may pay MaineHousing the full amount an Overpayment.
  2. Applicant may enter into a payment arrangement. Minimum monthly payment allowed will be set at ~~\$205~~.00 a month.
  3. Despite the existence of a repayment agreement, MaineHousing will recoup any current and future Benefits to offset against an Overpayment balance. MaineHousing will recoup 50% of a Household's current Program Year's Benefit and 50% of a Household's future Program Years' Benefits until the Overpayment has been paid in full.
  4. MaineHousing will recoup Benefits on account with the Applicant's Vendor to offset against an Overpayment balance.
- G. When Applicant fails to repay Overpayment, the case may be referred to other parties for additional action.
- H. MaineHousing may close an Overpayment for any of the following reasons:
1. Overpayment has been paid in full.
  2. The overpayment is determined to be invalid based on a fair hearing decision or a court decision.

3. All adult persons(s) responsible for Overpayment are deceased.

## 16. Appeal.

### A. The benefit notification shall:

1. State the Benefit amount;
2. State the date the Benefit was sent to the Vendor;
3. State the approved Home Energy type;
4. State the manner by which the Applicant can request an informal review, if applicable;
5. State the manner by which the Applicant can request an appeal, if applicable.

### B. The denial notification shall:

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

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

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

### D. Written requests for appeal may be mailed to MaineHousing, 353 Water Street, Augusta, Maine 04330; or emailed to [LIHEAPcompliance@mainehousing.org](mailto:LIHEAPcompliance@mainehousing.org).

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

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

### F. Fair Hearing.

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

1. Fair hearings shall be conducted in accordance with the Maine Administrative Procedures Act, Title 5, Chapter 375 by the Director of MaineHousing (or his/her designee) or such other contractor selected by MaineHousing. The parties may receive a transcript of the hearing upon payment of the reasonable cost for the production thereof.
2. Within thirty (30) calendar days of the hearing's conclusion the hearing officer will prepare a recommended hearing decision. Copies of the recommended decision will be provided to the appellant.
3. A final decision and order will be made by the Director of MaineHousing in writing within sixty (60) calendar days of receipt of the hearing officer's recommendation. In the event the Director of MaineHousing presides over a hearing, she/he shall render his/her decision and order within sixty (60) calendar days of the hearing's conclusion or sixty (60) calendar days of the recommended decision. The Director's decision and order shall include findings of fact sufficient to apprise the parties of its basis. A copy of the decision and order will be provided promptly to each party to the proceeding or his representative of record. Written notice of the party's right to appeal the decision and other relevant information will be provided to the parties at the time of the decision and order. The decision and order will be implemented by the Subgrantee no later than ten (10) calendar days after receipt if it is in the Appellant's favor and otherwise forty-five (45) calendar days unless stayed on appeal.

G. TANF Supplemental Benefits are not subject to appeal.

#### 17. Additional Provisions.

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

powers contained in the Act, shall make all decisions and take all action necessary to implement this Rule. Such action of the Director shall constitute final agency action.

**BASIS STATEMENT:** This replacement rule repeals and replaces in its entirety the current Home Energy Assistance Program Rule. The rule establishes standards for administering fuel assistance, emergency fuel assistance, TANF Supplemental Benefits, weatherization, and heating system repair and replacement funds to low-income households in the State of Maine. This replacement rule: amends the definitions of “Dwelling Unit”, “Live-in Care Attendant”, and “Priority Applicant”; allows expired government-issued photo identification cards to be accepted as documentation for a Primary Applicant; expands Dwelling Unit eligibility; modifies the amount of a Household’s HEAP Benefit that can be recuperated to address Overpayments; establishes the Benefit amount available for eligible Households that have no calculated energy costs; expands allowable costs for Energy Crisis Intervention Program funds; removes the requirement that all Central Heating Improvement Program jobs over \$1,000 have a final inspection; allows Subgrantees to charge support costs associated with taking and processing HEAP Applications to Administrative dollars; removes the option to have HEAP Benefits retroactively applied to Home Energy deliveries that have already been paid; adjusts the minimum monthly payment amount for Households entering into a repayment agreement for an Overpayment; and clarifies that HEAP Applicants will be provided an opportunity for a fair administrative hearing if they dispute the amount of their HEAP Benefit. ~~is needed to implement a heat pump installation initiative in response to P.L. 2019, ch. 306, § 3, “An Act To Transform Maine’s Heat Pump Market To Advance Economic Security and Climate Objectives.”~~ Other changes correct errors or provide clarification to the previous version of the rule.

**PUBLIC COMMENT:**

*Process:*

*Summary of Comments and Responses to Comments:*

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

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

**EFFECTIVE DATE:**

## Finance Department Memorandum

**To:** Board of Commissioners

**From:** Darren Brown and Tom Cary

**Date:** April 14, 2020

**Subject:** 2019 Financial Results and Audit Review

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At the April meeting we will review MaineHousing's 2019 financial results. Information presented in the 2019 audited financial statements will be reviewed. We will also review the final budget results for the year ended December 31, 2019.

Jason Emery, Managing Director, from Baker Newman & Noyes will be at the meeting to review their audit work and to answer any questions. Please find enclosed the following information:

- 2019 Budget Results Report - This report presents the budget results for the year and provides an overview of each budget attachment. It also summarizes the major variances between budget and actual amounts.
- December 31, 2019 Audited Financial Statements-The Independent Auditors' Report, **pages 1 – 2**, that accompanies the financial statements contains an unmodified/unqualified opinion. This is also referred to as a "clean opinion" and means that the financial statements were properly prepared and are presented in accordance with Generally Accepted Accounting Principles.

The Management's Discussion and Analysis (MD&A) section of the financial statements, pages **3 – 10**, provides an overview of the structure and presentation of the financial statements. The MD&A also summarizes the financial highlights and provides an analysis of the financial activities for the year.

The Auditors' Report on Internal Controls and Compliance is presented on pages **47 – 48**. This report states that the audit did not identify any significant deficiencies or material weaknesses with MaineHousing's internal controls or disclose any instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

- The Auditor's Communication with those charged with Governance report – The auditors are required to communicate certain matters to the Board. This report summarizes the auditor's responsibilities regarding the audit as well as certain observations arising from the audit.



## Finance Department Memorandum

**To:** Board of Commissioners

**From:** Darren R. Brown

**Date:** April 14, 2020

**Subject:** Budget Report – December 31, 2019

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Attached are the budget results for the year ended December 31, 2019. The following is a summary of each attachment:

### **CONSOLIDATED OPERATING REVENUES AND EXPENSES BUDGET**

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

#### **Revenues**

Total operating revenues were budgeted at \$82.2 million. Total actual revenues amounted to \$80.5 million and were under budget by \$1.7 million or 2%. The underage is due primarily to lower interest income from mortgage investments.

Interest from mortgages and notes was \$1.5 million under budget because average loan balances and yields were below budget projections. Average loan balances were lower because single-family loan production was below budget estimates, while loan run-offs due to prepayments exceeded projections. Average loan yields were impacted by declining interest rates throughout the year.

#### **Expenses**

Total operating and program administrative expenses were budgeted at \$72.2 million. Total actual expenses amounted to \$71.3 million and were under budget by \$0.9 million or 1%. The underage is attributed to lower operating and program administrative expenses.

Operating and program administrative expenses were below budget by a combined amount of approximately \$1 million. An itemized listing of these expenses are presented on **Attachment B** and explanations for the larger variances are provided on the next page.

#### **Excess Revenues Over Expenses**

Operating revenues exceeded expenses for the year by \$9.2 million, which was \$0.8 million lower than the budget amount.

## OPERATING & OTHER PROGRAM ADMINISTRATIVE EXPENSES BUDGET

### Operating Expenses

Operating expenses were budgeted at approximately \$18.5 million for 2019. Total actual operating expenses amounted to \$18 million and were under budget by \$0.5 million or 3%. Operating expenses were under budget due primarily to the following:

- Salaries and benefits (lines 1 - 5) were below budget by a combined amount of approximately \$126,000. Full-time equivalents were under budget by approximately two positions. There were a number of position turnovers and internal position changes throughout the year. Some positions were vacant for an extended period due to a tight labor market in central Maine.
- Printing (line 7) was over budget by \$29,000 as a result of higher than projected costs for the annual report, new logo, and program announcements and brochures for certain energy and housing programs.
- Staff education and trainings (lines 11 and 12) were under budget by approximately \$123,000. Staff education and training was impacted by position turnovers and vacancies and staff did not acquire trainings, attend conferences or take college courses to the level planned and budgeted.
- Computer maintenance (line 20) was under budget by approximately \$50,000. The amounts budgeted for the multifamily database, MERAC (old LIHEAP system), Hancock Weatherization and QuickReports systems were either not needed or needed to the level anticipated.
- Depreciation (line 24) was under budget by approximately \$86,000. Depreciation is based on capital expenditures and when capital items are acquired and placed into service. There were several capital items budgeted for 2019 that were either not acquired, were acquired later than initially planned or were acquired and not placed into service in 2019 (refer to Capital Budget section below).
- Professional services (line 33) were under budget by approximately \$49,000. Amounts for outsourcing certain program monitoring and other consultant work, and temporary employment services were not needed to the extent projected.

### Other Program Administrative Expenses

Other Program Administrative expenses were budgeted at \$8.8 million and actual expenses amounted to approximately \$8.3 million. Expenses were under budget by \$0.5 million or 6% due primarily to the following:

- Loan foreclosure, REO and provisions for losses on loans and REO's (lines 1- 3) were under budget by a combined amount of \$396,000 due to a continuing improvement with the performance of the single-family loan portfolio and lower delinquency and foreclosure activities.
- Bond issuance costs (line 6) was under budget by \$120,000 because the budget was based on a total of five bond issuances during the year and there were only four.
- Cash flow/arbitrage/swap consultants/legal (line 11) expenses were over budget by \$102,000 because there were unbudgeted legal expenses for restructuring several Standby Purchase Agreements and remarketing Interest Rate Swap agreements. These restructurings will lower future remarketing and liquidity facilities costs associated with variable rate bonds.

- Program administrator fees (line 13) were under budget \$52,000 because Section 8 portability fees, which are required to be paid to public housing authorities when voucher recipients relocate and leave MaineHousing's portfolio, were less than projected.

## CAPITAL BUDGET

The Capital Budget, **Attachment C**, presents items that provide an economic benefit to MaineHousing over a period of time. Items are recorded as assets and depreciated over their estimated useful life. The total authorized capital budget for 2019 was approximately \$14.1 million and actual expenditures were \$10.4 million.

Development costs associated with the new office building and the acquisition of equipment, workstations, and other furnishings for the building were budgeted at \$13.8 million and makeup 98% of the capital budget for 2019. Building renovation expenditures were below budget by \$2.8 million and expenditures for equipment and furnishings were below budget by a combined amount of approximately \$0.7 million. These amounts will be expended and reflected in the 2020 Capital Budget.

The new phone system and several software items were not acquire as originally planned. Unused amounts for the phone system and certain computer software and office equipment items were carried forward and included in the 2020 Capital Budget.

**MAINE STATE HOUSING AUTHORITY  
CONSOLIDATED OPERATING REVENUES AND EXPENSES BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2019**

*(IN THOUSANDS OF DOLLARS)*

	<b>Total Budget</b>	<b>Total Actual</b>	<b>\$ Variance Under(Over)</b>	<b>% Variance Under(Over)</b>
<b>REVENUES:</b>				
Interest from mortgages and notes	63,356	61,852	1,504	2%
Income from investments	8,807	8,497	310	4%
Fee income	9,818	9,608	210	2%
Other revenue	218	558	(340)	(156%)
Total Revenues	82,199	80,515	1,684	2%
<b>EXPENSES:</b>				
Operating expenses	18,449	17,952	497	3%
Other program administrative expenses	8,853	8,336	517	6%
Interest expense	44,900	45,016	(116)	(0%)
Total Expenses	72,202	71,304	898	1%
<b>Excess Revenues Over Expenses</b>	<u>9,997</u>	<u>9,211</u>	<u>786</u>	<u>8%</u>

**MAINE STATE HOUSING AUTHORITY  
OPERATING AND OTHER PROGRAM ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**ATTACHMENT B**

	<b>Total Budget</b>	<b>Total Actual</b>	<b>\$ Variance Under(Over)</b>	<b>% Variance Under(Over)</b>
<b>Operating Expenses</b>				
1. Salaries	9,975,522	9,894,378	81,144	1%
2. Payroll Taxes	727,792	726,002	1,790	0%
3. Retirement	964,556	933,019	31,537	3%
4. Medical and Life Insurance	2,654,279	2,640,917	13,362	1%
5. Other Fringe Benefits	12,000	13,575	(1,575)	(13%)
6. Office Supplies	60,165	38,738	21,427	36%
7. Printing	87,300	116,595	(29,295)	(34%)
8. Membership and Dues	57,852	49,647	8,205	14%
9. Subscriptions	18,024	18,773	(749)	(4%)
10. Sponsorships	16,500	11,500	5,000	30%
11. Staff Educ/Train/Conf	203,693	125,208	78,485	39%
12. Travel/Meals - Staff Educ/Train/Conf	162,898	118,353	44,545	27%
13. Partner/Client Train/Meetings	144,480	143,881	599	0%
14. Travel/Meals - Partner/Client Training	116,285	120,839	(4,554)	(4%)
15. Staff Events	20,500	23,706	(3,206)	(16%)
16. Meals - Staff Events	23,730	19,872	3,858	16%
17. Leased Vehicles	131,000	126,353	4,647	4%
18. Computer Supplies	85,500	63,542	21,958	26%
19. Computer licenses - SAAS	139,817	123,607	16,210	12%
20. Computer Maintenance	657,580	607,262	50,318	8%
21. Building Rent & Utilities	847,520	848,574	(1,054)	0%
22. Building Repairs and Maintenance	82,245	71,051	11,194	14%
23. New Office Building - Property Expenses	82,600	91,121	(8,521)	(10%)
24. Depreciation	320,000	233,841	86,159	27%
25. Rent-Other	34,530	31,639	2,891	8%
26. Telephone	68,800	63,490	5,310	8%
27. Employment Advertising	3,600	3,144	456	13%
28. Postage and Shipping	91,610	94,075	(2,465)	(3%)
29. Insurance	98,649	89,480	9,169	9%
30. Recording Fees	600	1,920	(1,320)	(220%)
31. Payroll Services	26,440	25,192	1,248	5%
32. Audit Services	142,800	141,000	1,800	1%
33. Professional Services	390,473	341,561	48,912	13%
<b>Total Operating Expenses</b>	<b>18,449,340</b>	<b>17,951,855</b>	<b>497,485</b>	<b>3%</b>

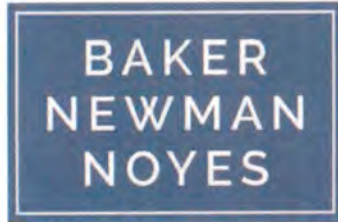
**Other Program Administrative Expenses**

1. Loan foreclosure expenses	500,000	307,122	192,878	39%
2. REO expenses	60,000	46,046	13,954	23%
3. Provision for losses on loans & REOs	250,000	61,041	188,959	76%
4. Mortgage Servicing fees	1,690,000	1,672,156	17,844	1%
5. Loan Origination expenses	3,050,000	3,035,311	14,689	0%
6. Bond Issuance Costs	750,000	629,388	120,612	16%
7. Trustee/Bank fees	152,400	166,475	(14,075)	(9%)
8. Program advertising/printing	150,160	158,315	(8,155)	(5%)
9. Bond and mortgagee insurance	13,500	16,900	(3,400)	(25%)
10. Variable rate bond remarket/liquidity facilities	1,070,780	1,051,802	18,978	2%
11. Cash flow/arbitrage/swap consultants/legal	514,000	616,046	(102,046)	(20%)
12. Homebuyer education	95,000	91,050	3,950	4%
13. Program administrator fees	512,696	460,691	52,005	10%
14. Section 8 security deposits/landlord incentives	45,000	23,946	21,054	47%
<b>Total Other Program Administration Expenses</b>	<b>8,853,536</b>	<b>8,336,289</b>	<b>517,247</b>	<b>6%</b>

**MAINE STATE HOUSING AUTHORITY  
CAPITAL BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**ATTACHMENT C**

Description	Total Budget	Total Actual	\$ Variance Under(Over)	% Variance Under(Over)
<b>Computer Hardware:</b>				
New Office Building - network switches	1,500	20,137	(18,637)	
Phone system replacement - hardware	30,000	0	30,000	
Laptop replacements (32)	45,440	29,006	16,434	
Printer replacements (2)	3,000	0	3,000	
New Office Building - network servers	0	35,490	(35,490)	
Total computer hardware	79,940	84,633	(4,693)	106%
<b>Computer Software:</b>				
Mobile device management software	5,000	0	5,000	
Phone system replacement - software/licensing	100,000	0	100,000	
Faxing software	5,000	0	5,000	
Single Family loan servicing system modifications	10,000	0	10,000	
Single Family lender & loan tracking systems modifications	10,000	2,910	7,090	
Section 8 HCV Elite system modifications	6,000	0	6,000	
Hancock/LIHEAP system implementation	50,000	8,000	42,000	
Hancock/LIHEAP system - payment software	5,000	0	5,000	
EHS program tracking database	50,000	59,439	(9,439)	
Website Redesign	0	8,906	(8,906)	
Total computer software	241,000	79,255	161,745	33%
<b>Office Equipment:</b>				
Desktop scanners (10)	11,000	0	11,000	
Edison Drive - AV Equipment Sound Masking	0	137,400	(137,400)	
Edison Drive - workstations & furniture	1,600,000	778,483	821,517	
Edison Drive - security & life safety equipment	97,000	65,626	31,374	
Total office equipment	1,708,000	981,508	726,492	57%
<b>Office Building &amp; Land: - Acquisition/Rehab</b>	12,053,902	9,274,408	2,779,494	77%
<b>Total</b>	14,082,842	10,419,805	3,663,037	74%



## **Maine State Housing Authority**

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

Year Ended December 31, 2019

# MAINE STATE HOUSING AUTHORITY

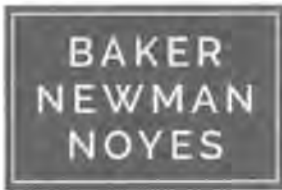
## FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Maine State Housing Authority

### Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### ***Opinions***

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

### ***Other Matter – Required Supplementary Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2020 on our consideration of MaineHousing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MaineHousing's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MaineHousing's internal control over financial reporting and compliance.

*Baker Newman & Noyes LLC*  
Portland, Maine  
March 25, 2020

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

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

**FINANCIAL HIGHLIGHTS**

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

**OVERVIEW OF MAINEHOUSING**

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

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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

### **Agency-wide Statements**

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

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

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

### **Fund Financial Statements**

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

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

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

**AN OVERVIEW OF MAINEHOUSING'S FINANCIAL POSITION AND OPERATIONS**

MaineHousing's financial position and operations are summarized on the following pages for the years ended December 31, 2019 and 2018 based on the information included in the financial statements.

Statement of Net Position  
(in millions of dollars)

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

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

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

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

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

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

***Cash and Investments***

Total cash and investments decreased by \$18.5 million or 4.6%. Certain investments were used to retire outstanding debt during the year and there was also a reduction in the amount of undisbursed bonds proceeds that were invested at December 31, 2019. MaineHousing's investment portfolio is comprised of securities of the U.S. Government, certain Federal agencies or repurchase agreements and money market funds that are secured by such securities. Investments are carried at fair value and unrealized gains and losses due to fluctuations in market values are recognized in revenues. In 2019, the fair value of investments increased and MaineHousing recognized \$4.6 million of unrealized gains compared with \$2.7 million of unrealized losses in 2018.

***Mortgage and Other Notes Receivable***

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

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

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

***Bonds and Notes Payable***

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

***Net Position***

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

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

MaineHousing's business activities are in the proprietary funds and are dissimilar to the activities in the governmental funds. The combined results of operations for both MaineHousing's proprietary and governmental funds are presented on the following table for the years ended December 31, 2019 and 2018:

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

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

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

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

**RESULTS OF OPERATIONS**

*Proprietary Funds Results*

The net position of MaineHousing's proprietary funds increased by \$15.3 million to \$322.7 million at December 31, 2019. The following table summarizes the Statement of Revenues, Expenses and Changes in Net Position of MaineHousing's proprietary funds for the years ended December 31, 2019 and December 31, 2018:

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

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

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

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



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

*Governmental Fund Results*

The net position of MaineHousing's governmental funds increased \$10.8 million or 30.3% to \$46.4 million at December 31, 2019. The following table summarizes the Statement of Revenues, Expenditures, and Changes in Fund Balances of MaineHousing's governmental funds for the years ended December 31, 2019 and December 31, 2018:

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

MaineHousing's total revenues from governmental activities are generated primarily from federal grants and rent subsidy income. MaineHousing also receives program revenues from the State of Maine. Revenues from governmental activities total \$186.3 million in 2019, which is an increase of \$10.7 million or 6.1%.

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

**Maine State Housing Authority  
Management's Discussion and Analysis  
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MaineHousing earns fees for administering federal programs, which amounted to \$7.9 million in 2019. Typically fees earned provide MaineHousing with a revenue source adequate to recover direct and indirect costs of delivering related services.

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

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

**DEBT ACTIVITY**

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

MaineHousing is authorized to issue housing revenue bonds to purchase or originate mortgages or notes on single-family and multi-family residential properties. Total bonds outstanding at December 31, 2019 amounted to \$1.45 billion. Bond issuances in 2019 totaled \$157.2 million, while principal payments on bonds totaled \$142.6 million. MaineHousing redeemed prior to maturity \$107.2 million of its outstanding bonds in 2019 from reserve funds, mortgage prepayments, surplus revenues, and the proceeds from refunding bonds. Scheduled principal payments on bonds totaled \$35.4 million in 2019.

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

Bonds in MaineHousing's General Mortgage Purchase Bond Resolution were rated Aa1 and AA+ by Moody's Investor Service and Standard & Poor's, respectively, in 2019.

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

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

**ADDITIONAL INFORMATION**

The purpose of this financial report is to provide information needed to understand MaineHousing's financial position and results of operations for the year ended December 31, 2019. Inquiries for additional information may be directed to the Director of Finance at Maine State Housing Authority, 353 Water Street, Augusta, Maine 04330, at (207) 626-4600 or at [www.mainehousing.org](http://www.mainehousing.org).

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

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

*See accompanying notes to the financial statements*

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

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

*See accompanying notes to the financial statements*

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

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

*See accompanying notes to the financial statements*

**MAINE STATE HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
*(IN THOUSANDS OF DOLLARS)*

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

*See accompanying notes to the financial statements*

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

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

See accompanying notes to the financial statements

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

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

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

Total fund balances in governmental funds	\$47,917
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Pension expense deferrals reported as deferred outflows of resources in governmental activities are not financial resources and therefore are not reported in the governmental funds.	226
Pension liabilities reported in governmental activities are not due and payable in the current period and therefore not reported in the governmental funds.	(844)
Pension credit deferrals reported as deferred inflows of resources in governmental activities are not available to pay for current period expenditures and therefore are not reported in the governmental funds.	(321)
Interfund balances related to the allocation of pension liabilities and deferrals of resources reported in governmental activities are not due and payable in the current period and therefore not reported in the governmental funds.	(587)
Net Position of governmental activities	<u>\$46,391</u>

See accompanying notes to the financial statements



**MAINE STATE HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
*(IN THOUSANDS OF DOLLARS)*

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

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

Change in Fund Balances - total governmental funds	\$10,909
Amounts reported for governmental activities in the Statement of Activities are different because:	
Expenses reported in the Statement of Activities include a pension expense, which does not effect the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.	<u>(115)</u>
Change in Net Position of governmental activities	<u>\$10,794</u>

*See accompanying notes to the financial statements*

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

**(1.) ORGANIZATION AND NATURE OF OPERATIONS**

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

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

**(2.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

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

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

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

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

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

**Fund Structure**

*PROPRIETARY FUNDS*

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

*Mortgage Purchase Fund*

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

*Bondholder Reserve Fund*

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

*General Administrative Fund*

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

*GOVERNMENTAL FUNDS*

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

*Home Fund*

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

*Section 8 Housing Programs*

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

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

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

*Low Income Home Energy Assistance Program*

MaineHousing is the designated administrator of the Low Income Home Energy Assistance Program for the State of Maine. This program is federally funded through the Department of Health and Human Services. Under this program, funds are provided to low income homeowners and renters to assist with the payment of heating costs. The funding level is established annually by the federal government and MaineHousing receives annual fees for the administration of the program.

*Maine Energy, Housing and Economic Recovery Fund*

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

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

*Other Federal and State Programs*

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

**U.S. Department of Housing and Urban Development**

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

**U.S. Department of Energy**

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

**U.S. Department of Health and Human Services**

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

**State of Maine**

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

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

**Private**

Low Income Assistance Plan  
Verified Emission Reduction Program

**Net Position**

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

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

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

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

**Fund Balances**

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

**Cash and Cash Equivalents**

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

**Investments**

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

**Mortgage Notes Receivable**

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

**Allowances For Losses On Loans**

MaineHousing has established allowances for losses on mortgages and other notes receivable. The allowances are established through provisions for losses on loans charged to expenses. Losses are charged against the allowances when MaineHousing believes that collection of the loan principal is unlikely.

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

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

**Assets Held for Sale**

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

**Capital Assets**

Capital assets consisting of building, land, equipment and leasehold improvements are stated at cost less accumulated depreciation and are reported in the agency-wide and proprietary funds financial statements. MaineHousing capitalizes assets with an initial cost of one thousand dollars or more. Depreciation is computed using the straight line method over the estimated useful lives of the assets, which range from three to forty years. Land and assets that are being developed are not depreciated.

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

**Other Real Estate Owned**

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

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

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

**Loan Origination Fees and Costs**

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

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

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

**Revenues, Expenses and Expenditures**

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

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

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

**Derivatives and Hedging Instruments**

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

**Fair Value Methodology**

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

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

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

**Defined Benefit Pension Plan**

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

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

**Use of Estimates**

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

**New Accounting Standards**

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

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

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

**(3.) CASH AND INVESTMENTS**

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

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

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



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

MaineHousing's investment balances and stated maturities as of December 31, 2019 are presented in the following table. Actual maturities may differ due to investments being called by the issuer.

Investment Type	Investment Maturities in Years					Moody's Credit Rating
	Carrying Amount	Less than 1	1-5	6-10	More than 10	
<b>PROPRIETARY FUNDS</b>						
<b>MORTGAGE PURCHASE FUND</b>						
Repurchase Agreements	\$92,202	\$92,202	\$0	\$0	\$0	NR
Federal Farm Credit Bank (FFCB)	21,227	0	0	12,143	9,084	Aaa
Federal National Mortgage Association (FNMA)	29,992	29,992	0	0	0	P-1
Federal Home Loan Bank (FHLB)	133,582	98,919	0	27,703	6,960	P-1/Aaa
Total - Mortgage Purchase Fund	277,003	221,113	0	39,846	16,044	
<b>BONDHOLDERS RESERVE FUND</b>						
Repurchase Agreements	8,080	8,080	0	0	0	NR
<b>GENERAL ADMINISTRATIVE FUND</b>						
Repurchase Agreements	17,417	17,417	0	0	0	NR
Money Market Funds	227	227	0	0	0	NR
Certificates of Deposit	4,917	4,917	0	0	0	NR
Federal Farm Credit Bank (FFCB)	5,015	0	5,015	0	0	Aaa
Total - General Administrative Fund	27,576	22,561	5,015	0	0	
Total - Proprietary Funds	\$312,659	\$251,754	\$5,015	\$39,846	\$16,044	
<b>GOVERNMENTAL FUNDS</b>						
<b>HOME FUND</b>						
Repurchase Agreements	\$24,784	\$24,784	\$0	\$0	\$0	NR
<b>MAINE ENERGY, HOUSING &amp; ECONOMIC RECOVERY FUND</b>						
Repurchase Agreements	5,269	5,269	0	0	0	NR
<b>OTHER FEDERAL AND STATE PROGRAMS</b>						
Repurchase Agreements	2,078	2,078	0	0	0	NR
Total - Governmental Funds	\$32,131	\$32,131	\$0	\$0	\$0	

MaineHousing generally invests in repurchase agreements and money market funds for short-term investments, which are not credit rated and are continuously and fully secured by permitted investments. It is MaineHousing's policy to require that collateral be held by MaineHousing's trustee in MaineHousing's name, wherever practicable.

A market approach is used to determine fair value using Level 2 inputs for investments carried at fair value. Prices and other relevant information are generated by market transactions involving identical or comparable investments.

At December 31, 2019, \$278,968 was invested in short-term repurchase agreements, money market funds, and government sponsored enterprises with maturity dates of less than one year and interest rates up to 1.60%. Investments other than repurchase agreements and money market funds are registered in MaineHousing's name. Investments issued by Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA), and Federal Home Loan Bank (FHLB) make up 8%, 11%, and 48% of total investments, respectively, in the Mortgage Purchase Fund. Investments issued by FFCB make up 18% of total investments in the General Administrative Fund.

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

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

**(4.) MORTGAGE AND OTHER NOTES RECEIVABLE:**

For financial statement presentation, the allowance for losses on loans has been netted against the noncurrent portion of mortgage notes receivable and other notes receivable. However, where there is no noncurrent portion for other notes receivable, the allowance is netted against the current amount. A summary of mortgage notes receivable at December 31, 2019 is as follows:

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

**Maine State Housing Authority**  
**Notes to Financial Statements – December 31, 2019**  
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A summary of other notes receivable at December 31, 2019 is as follows:

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

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

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

**(5.) BONDS AND NOTES PAYABLE**

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

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

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

**Maine State Housing Authority**  
**Notes to Financial Statements – December 31, 2019**  
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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2012 SERIES A BONDS (S/F):							
2012 Series A-1 (AMT)							
Serial Bonds	42,610	0	2.60%				
Term Bonds	21,885	0	4.00%				
Term Bonds	22,575	3,355	4.50%	2026-2027	1,210	-	2,145
2012 Series A-3 (Non-AMT)							
Serial Bonds	5,000	2,000	2.70% - 2.85%	2021-2022		1,000	
Term Bonds	20,000	6,975	3.85%	2029		6,975	
	112,070	12,330					
2012 SERIES B BONDS (M/F):							
2012 Series B-2 (Non-AMT)							
Serial Bonds	1,735	990	2.65% - 2.95%	2021-2023	315	-	350
Term Bonds	1,220	0	3.50%				
	2,955	990					
2013 SERIES B BONDS (S/F):							
2013 Series B (Non-AMT)							
Serial Bonds	7,540	7,030	2.20% - 2.75%	2021-2024	1,685	-	1,835
Term Bonds	3,890	2,000	3.00%	2026-2027	985	-	1,015
Term Bonds	38,690	38,690	3.45%	2028-2032	7,215	-	8,280
Term Bonds	28,880	28,880	3.60%	2033-2036	2,230	-	9,205
Term Bonds	27,000	5,410	4.00%	2036-2037	2,370	-	3,040
	106,000	82,010					
2013 SERIES C BONDS (S/F-M/F):							
2013 Series C (Federally Taxable)							
Serial Bonds	61,900	27,000	2.74% - 3.09%	2021-2023		9,000	
Term Bonds	24,910	17,295	3.84%	2025-2027		5,765	
Term Bonds	8,560	5,700	4.32%	2029-2030	2,840	-	2,860
	95,370	49,995					
2013 SERIES D BONDS (S/F):							
2013 Series D-2 (Non-AMT)							
Term Bonds	12,990	0	4.00%				
Term Bonds	12,010	5,110	4.50%	2036-2037	2,500	-	2,610
	25,000	5,110					
2014 SERIES A BONDS (S/F):							
2014 Series A-1 (AMT)							
Serial Bonds	5,595	0	2.40% - 2.85%				
Term Bonds	4,445	0	4.45%				
Term Bonds	11,545	3,350	3.25%	2038-2042	115	-	895
	21,585	3,350					
2014 SERIES C BONDS (S/F):							
2014 Series C-1 (AMT)							
Serial Bonds	14,860	10,585	2.55% - 3.10%	2021-2024	1,370	-	3,105
Term Bonds	2,000	0	3.63%				
Term Bonds	7,620	5,415	4.00%	2032-2034	1,800	-	1,810
Term Bonds	17,465	6,615	3.50%	2034-2041	365	-	1,625
2014 Series C-2 (Non-AMT)							
Term Bonds	29,000	29,000	3.75%	2030-2034	3,485	-	8,065
	70,945	51,615					
2015 SERIES A BONDS (M/F)							
2015 Series A-1 (AMT)							
Serial Bonds	13,485	8,740	2.50% - 3.05%	2021-2025	1,650	-	1,855
2015 Series A-2 (Non-AMT)							
Term Bonds	6,555	6,205	3.25%	2026-2029	525	-	2,675
2015 Series A-3 (Non-AMT)							
Serial Bonds	8,050	0	1.20%				
Term Bonds	11,220	11,220	3.50%	2030-2034	2,085	-	2,410
Term Bonds	13,505	13,505	3.63%	2035-2039	2,505	-	2,905
Term Bonds	16,225	16,225	3.75%	2040-2044	2,995	-	3,500
	69,040	55,895					
2015 SERIES B BONDS (S/F)							
2015 Series B (Non-AMT)							
Serial Bonds	9,750	6,660	1.55% - 2.60%	2020-2025	1,055	-	1,175
Term Bonds	10,750	10,750	3.20%	2026-2030	2,015	-	2,285
Term Bonds	1,610	1,610	3.45%	2031-2034	380	-	425
Term Bonds	9,890	4,125	3.50%	2035-2040	595	-	755
	32,000	23,145					

**Maine State Housing Authority**  
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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2015 SERIES C BONDS (M/F)							
2015 Series C (Federally Taxable)							
Serial Bonds	9,480	6,650	2.40% - 3.04%	2021-2025	1,260	-	1,410
Term Bonds	18,000	18,000	3.59%	2026-2030	3,190	-	4,100
Term Bonds	<u>12,520</u>	<u>12,520</u>	3.95%	2036-2040	2,315	-	2,700
	<u>40,000</u>	<u>37,170</u>					
2015 SERIES D BONDS (S/F)							
2015 Series D (Non-AMT)							
Serial Bonds	7,105	6,325	2.00% - 3.30%	2020-2026	810	-	1,000
Term Bonds	3,340	1,130	3.75%	2030		1,130	
Term Bonds	4,890	4,890	4.00%	2031-2035	660	-	1,300
Term Bonds	7,585	7,585	4.25%	2036-2040	1,165	-	1,880
Term Bonds	<u>7,080</u>	<u>3,335</u>	4.00%	2041-2045	505	-	845
	<u>30,000</u>	<u>23,265</u>					
2015 SERIES E BONDS (S/F)							
2015 Series E-1 (AMT)							
Serial Bonds	30,115	17,065	2.60% - 3.60%	2021-2026	2,570	-	4,155
Term Bonds	26,690	0	4.00%				
Term Bonds	26,325	11,640	3.50%	2031-2034	1,420	-	4,025
2015 Series E-2 (Non-AMT)							
Term Bonds	2,105	2,105	3.80%	2031-2033	650	-	755
Term Bonds	8,360	8,360	4.05%	2039-2040	4,085	-	4,275
Term Bonds	14,535	11,625	4.15%	2041-2045	2,515	-	3,285
2015 Series E-3 (AMT)							
Term Bonds	<u>30,000</u>	<u>30,000</u>	Variable - 1.70%	2035-2038	5,455	-	8,975
	<u>138,130</u>	<u>80,795</u>					
2015 SERIES F BONDS (M/F)							
2015 Series F-1 (AMT)							
Serial Bonds	8,800	4,400	2.00% - 2.20%	2020-2021		2,200	
2015 Series F-2 (Non-AMT)							
Serial Bonds	2,450	2,450	2.05% - 2.85%	2022-2026	450	-	500
2015 Series F-3 (Non-AMT)							
Serial Bonds	15,005	0	1.10%				
Term Bonds	6,340	6,270	3.40%	2027-2030	1,115	-	1,785
Term Bonds	9,565	9,565	3.85%	2031-2035	1,310	-	2,195
Term Bonds	<u>11,840</u>	<u>11,840</u>	3.95%	2036-2040	1,635	-	2,720
	<u>54,000</u>	<u>34,525</u>					
2015 SERIES G BONDS (S/F)							
2015 Series G (Non-AMT)							
Serial Bonds	8,185	8,185	2.00% - 3.00%	2021-2027	630	-	2,095
Term Bonds	1,730	1,730	3.35%	2028-2030	535	-	615
Term Bonds	2,125	2,125	3.65%	2031-2035	325	-	525
Term Bonds	12,060	12,060	3.85%	2036-2040	2,295	-	2,535
Term Bonds	<u>5,900</u>	<u>3,200</u>	3.50%	2041-2045	515	-	705
	<u>30,000</u>	<u>27,300</u>					
2016 SERIES A BONDS (S/F)							
2016 Series A (Non-AMT)							
Serial Bonds	6,065	5,395	1.30% - 2.45%	2020-2026	690	-	855
Term Bonds	6,520	6,520	2.90%	2027-2030	1,545	-	1,720
Term Bonds	4,630	4,630	3.30%	2031-2035	865	-	990
Term Bonds	10,900	10,900	3.55%	2036-2040	1,960	-	2,355
Term Bonds	<u>6,885</u>	<u>4,030</u>	4.00%	2041-2045	775	-	845
	<u>35,000</u>	<u>31,475</u>					
2016 SERIES B BONDS (S/F)							
2016 Series B-1 (Non-AMT)							
Serial Bonds	19,260	16,825	1.35% - 2.55%	2020-2027	1,830	-	2,410
Term Bonds	3,885	3,885	2.70%	2028-2029	1,675	-	2,210
Term Bonds	18,855	9,955	3.50%	2040-2046	615	-	1,645
2016 Series B-2 (AMT)							
Term Bonds	<u>28,000</u>	<u>28,000</u>	Variable - 1.73%	2029-2037	2,720	-	3,420
	<u>70,000</u>	<u>58,665</u>					

**Maine State Housing Authority**  
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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2016 SERIES C BONDS (S/F)							
2016 Series C (Non-AMT)							
Serial Bonds	13,620	13,620	1.10% - 2.50%	2020-2028	890	-	3,475
Term Bonds	5,670	5,670	2.75%	2029-2031	1,185	-	2,285
Term Bonds	8,975	8,975	3.00%	2032-2036	1,305	-	2,510
Term Bonds	3,355	3,355	3.15%	2037-2041	625	-	720
Term Bonds	8,380	5,450	3.50%	2042-2046	1,020	-	1,170
	<u>40,000</u>	<u>37,070</u>					
2016 SERIES D BONDS (M/F)							
2016 Series D (Federally Taxable)							
Serial Bonds	32,000	32,000	2.24% - 2.99%	2023-2029	825	-	8,185
Term Bonds	8,000	8,000	3.29%	2030-2031		4,000	
	<u>40,000</u>	<u>40,000</u>					
2016 SERIES E BONDS (S/F)							
2016 Series E (Non-AMT)							
Serial Bonds	6,250	5,650	1.70% - 3.15%	2020-2027	620	-	800
Term Bonds	3,050	800	3.63%	2031		800	
Term Bonds	10,385	10,385	3.90%	2032-2036	1,940	-	2,230
Term Bonds	8,315	6,460	4.00%	2037-2046	555	-	745
	<u>28,000</u>	<u>23,295</u>					
2017 SERIES A BONDS (S/F)							
2017 Series A (Non-AMT)							
Serial Bonds	5,920	5,920	1.55% - 3.15%	2020-2028	555	-	765
Term Bonds	3,360	3,360	3.65%	2029-2032	790	-	895
Term Bonds	6,315	6,315	4.00%	2033-2037	1,170	-	1,360
Term Bonds	7,625	7,625	4.05%	2038-2042	1,405	-	1,645
Term Bonds	6,780	5,565	4.00%	2043-2047	915	-	1,695
	<u>30,000</u>	<u>28,785</u>					
2017 SERIES B BONDS (S/F)							
2017 Series B (Non-AMT)							
Serial Bonds	8,680	8,680	1.25% - 3.00%	2020-2030	650	-	1,010
Term Bonds	4,215	4,215	3.25%	2031-2032	2,090	-	2,125
Term Bonds	6,170	6,170	3.65%	2033-2037	1,150	-	1,325
Term Bonds	8,745	8,745	3.75%	2038-2044	1,115	-	1,355
Term Bonds	7,190	6,220	4.00%	2045-2047	2,045	-	2,115
	<u>35,000</u>	<u>34,030</u>					
2017 SERIES D BONDS (M/F)							
2017 Series D-1 (Non-AMT)							
Serial Bonds	13,175	10,175	1.38% - 2.95%	2020-2029	1,000	-	1,175
Term Bonds	14,320	14,320	3.50%	2033-2037	2,250	-	3,980
Term Bonds	5,870	5,870	3.65%	2038-2042	1,090	-	1,265
Term Bonds	7,810	7,810	3.75%	2043-2047	1,445	-	1,680
2017 Series D-2 (AMT)							
Term Bonds	50,000	50,000	Variable - 1.83%	2042-2046		10,000	
	<u>91,175</u>	<u>88,175</u>					
2017 SERIES E BONDS (S/F)							
2017 Series E (Federally Taxable)							
Term Bonds	60,000	60,000	Variable - 1.65%	2042-2052	5,000	-	10,000
	<u>60,000</u>	<u>60,000</u>					
2017 SERIES F BONDS (S/F)							
2017 Series F (Non-AMT)							
Serial Bonds	13,180	12,320	1.25% - 3.00%	2020-2030	890	-	1,675
Term Bonds	2,055	2,055	3.15%	2031-2032	1,005	-	1,050
Term Bonds	5,920	5,920	3.50%	2033-2037	1,090	-	1,280
Term Bonds	7,000	7,000	3.65%	2038-2042	1,320	-	1,490
Term Bonds	11,845	10,500	3.50%	2043-2047	1,635	-	3,570
	<u>40,000</u>	<u>37,795</u>					
2017 SERIES G BONDS (S/F - M/F)							
2017 Series G-1 (Federally Taxable)							
Term Bonds	55,000	55,000	Variable - 1.71%	2045-2050	8,290	-	10,090
2017 Series G-2 (Federally Taxable)							
Term Bonds	3,520	3,520	0.00%	2022		3,520	
	<u>58,520</u>	<u>58,520</u>					

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

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

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

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

Interest on bonds is payable semi-annually for the Mortgage Purchase Fund and the Maine Energy, Housing & Economic Recovery Fund. Scheduled principal payments on bonds are due November 15 for the Mortgage Purchase Fund and June 15 for the Maine Energy, Housing & Economic Recovery Fund.



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The interest calculations shown in the table below are based on the variable rate in effect at December 31, 2019 and may not be indicative of actual interest expense that will be incurred. As rates vary, variable rate bond interest payments and net swap payments will vary. The following table provides a summary of MaineHousing's bond debt service requirements and net interest rate swap payments through 2024 and in five-year increments thereafter to maturity:

Year(s)	Mortgage Purchase Fund					Maine Energy, Housing & Economic Recovery Fund	
	Fixed and Variable Unswapped		Variable Swapped		Swaps Net Interest	Fixed	
	Principal	Interest	Principal	Interest		Principal	Interest
2020	\$17,285	\$39,048	\$3,310	\$3,238	\$1,261	\$3,340	\$921
2021	44,575	38,710	230	3,211	1,230	3,450	810
2022	45,060	37,695	255	3,207	1,222	3,565	696
2023	47,065	36,676	285	3,203	1,045	3,680	579
2024	45,730	35,587	295	3,201	861	3,800	424
2025-2029	233,450	159,441	4,485	15,911	3,801	8,135	339
2030-2034	242,620	121,182	20,635	14,984	2,543	0	0
2035-2039	210,325	79,480	51,910	11,334	573	0	0
2040-2044	188,805	41,653	30,000	8,793	0	0	0
2045-2049	119,250	14,627	64,910	3,784	0	0	0
2050-2054	39,075	1,773	10,090	173	0	0	0
Total	<u>\$1,233,240</u>	<u>\$605,872</u>	<u>\$186,405</u>	<u>\$71,039</u>	<u>\$12,536</u>	<u>\$25,970</u>	<u>\$3,769</u>

MaineHousing's bonds are a special obligation of MaineHousing and do not constitute a debt or liability of the State of Maine. The bonds are secured in accordance with bond resolutions. Security for bonds in the Mortgage Purchase Fund includes the mortgage loans made or purchased under the resolution and all monies and investments in the fund and accounts pledged under the resolution. Bonds in the Mortgage Purchase Fund may be redeemed in excess of the annual maturities in accordance with the terms of the resolution. Bonds in the Maine Energy, Housing & Economic Recovery Fund are secured by a portion of the Real Estate Transfer Tax revenues collected by the State of Maine and the bonds may not be redeemed in excess of the annual maturities until June 15, 2020.

**Notes Payable**

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

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

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

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

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

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

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

***Moral Obligation Debt***

The reserve funds of the Mortgage Purchase Fund are secured by a non-binding obligation (moral obligation) from the State of Maine to replenish by appropriation any deficiency in such reserve funds. MaineHousing is authorized to have an aggregate amount not to exceed \$2,150,000 of outstanding bonds secured by this obligation. Of that amount, \$1,419,645 was outstanding at December 31, 2019.

***Other Debt***

MaineHousing uses its tax-exempt debt issuing authority to provide financial assistance to private sector developers for the acquisition and rehabilitation, or the construction of multi-family housing projects serving low-to-moderate income households. The debt, which is referred to as conduit debt, is collateralized by revenues generated by the properties financed and is repayable solely from payments received on the underlying mortgage loans and any specific third-party credit enhancement associated with the individual financings. MaineHousing has a total of \$28,803 outstanding at December 31, 2019. The debt does not constitute a liability or a pledge of faith and credit of MaineHousing and is not reported in the accompanying financial statements.

**(6.) INTEREST RATE SWAP AGREEMENTS**

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

The swaps have an aggregate negative fair value of \$10,860 at December 31, 2019. During 2019, the fair value of the swaps decreased by \$6,241. The fair value was estimated using a zero-coupon method and level 3 inputs. This method calculates the future net settlement payments required by the swaps, assuming that the current forward rates implied by the current yield curve correctly anticipate future spot interest rates. These payments are then discounted using spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. These amounts are adjusted for estimated unwinding costs.

The swaps have been determined to constitute an effective hedge of a portion of the variable rate bond portfolio equal to the notional amount of the swaps at December 31, 2019 by using the regression analysis and synthetic instrument methods. The aggregate fair value is classified as a derivative instrument liability and a deferred outflow of resources, which represents the accumulated decrease in fair value. Variable rate bonds outstanding at December 31, 2019 total \$286,405.

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

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

- 1 MaineHousing has the option of termination, with no Termination Payment on November 15, 2026 and on each May 15 and November 15 thereafter.

**Credit Risk** – The swaps contain varying collateral agreements with the counterparties in order to mitigate the potential for credit risk. The requirements of the collateral agreements are met as of December 31, 2019. MaineHousing is not exposed to credit risk for the swaps that have negative fair values. MaineHousing is exposed to credit risk on swaps that have a positive fair value. At December 31, 2019, there is one swap that has a positive fair value of \$10. This amount represents MaineHousing's credit exposure to the related counterparties and the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. Fair value is only a factor upon termination.

**Basis Risk** – The floating rate payments provided by the counterparties are based upon either the SIFMA index or the LIBOR index. MaineHousing's floating rate bonds will have rates adjusted weekly. The LIBOR rate will be adjusted on a monthly basis, except for 2005 Series B and 2017 Series G-1, which are adjusted on a quarterly basis. MaineHousing's bonds are expected to track with the SIFMA Index, which differs from the LIBOR index. If the floating rate tax exempt bonds, which should correspond to the SIFMA index, trade at a value significantly different than their historical relationship to LIBOR, the net cost to MaineHousing could increase or decrease. As of December 31, 2019, the thirty day LIBOR rate and the ninety day LIBOR rate were 1.76% and 1.91%, respectively and the SIFMA rate was 1.61%.

**Termination Risk** – In addition to the optional terminations embedded in some of MaineHousing's swap agreements, agreements may be terminated in whole or in part prior to the respective maturities of the bonds under certain circumstances (including certain events of default with respect to MaineHousing or the swap providers). Following certain terminations of the swap agreements, either MaineHousing or the swap providers, as applicable, may owe a termination payment equal to the fair value of the swap to the other, depending upon market conditions and the events that caused such swap agreements to terminate. Under certain circumstances, this termination payment could be substantial. Such termination payment by MaineHousing would be payable on a basis subordinate to the payments on the bonds.

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

**(7.) RETIREMENT BENEFITS**

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

**Defined Contribution Plan**

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

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

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

**Defined Benefit Plan**

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

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

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

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

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*Contributions:* Retirement benefits are funded by contributions from participants and employers and by earnings from MainePERS investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Participant and employer normal cost contributions are each a percentage of applicable participant compensation. Participant contribution rates are defined by the MainePERS Board of Trustees. Employers' contributions are determined by actuarial valuations. As of December 31, 2019, the established MainePERS employer contribution rate is 10.0% and employee contribution rates are 8.10% for participants with a normal retirement age of 60 and 7.35% for participants with a normal retirement age of 65. MaineHousing pays on behalf of its employees 0.50% of the MainePERS employee contribution rate. Total employer contributions were \$477 for the year ended December 31, 2019.

***Actuarial Methods and Assumptions***

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions, applied to all periods included in the measurement:

*Actuarial Cost Method* – The Entry Age Normal cost method is used to determine costs. Under this cost method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each member. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his/her expected future salary. The normal cost for each member is the product of his/her pay and his/her normal cost rate. The normal cost for the group is the sum of the normal costs for all members. Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

*Asset Valuation Method* – The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

*Amortization* – The net pension liability is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

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

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

*Inflation Rate* – 2.75%.

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

*Cost of Living Benefit Increases* – 1.91%

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

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

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

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

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

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

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

1% Decrease <u>@ 5.75%</u> \$5,199	Current Discount Rate <u>@ 6.75%</u> \$2,282	1% Increase <u>@ 7.75%</u> (\$446)
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Changes in net pension liability are recognized in pension expense for the year ended December 31, 2019 with the following exceptions:

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

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*Differences Between Projected and Actual Investment Earnings* – Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Changes in Assumptions* – Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The actuarial assumptions for the June 30, 2019 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* For the year ended December 31, 2019, MaineHousing recognized pension expense of \$311 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$270	\$0
Employer contributions subsequent to the measurement date	225	0
Net difference between projected and actual earnings on pension plan investments	0	572
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	295
Changes of assumptions	115	0
Total	<u>\$610</u>	<u>\$867</u>

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

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

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

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*Pension plan fiduciary net position:* Detailed information about the plan's fiduciary net position is available in the separately issued MainePERS' Comprehensive Annual Financial Report at [www.mainebers.org](http://www.mainebers.org).

**(8.) AVAILABLE BONDS PROCEEDS**

**MORTGAGE PURCHASE FUND**

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

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

**MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND**

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

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

**(9.) COMMITMENTS**

**MORTGAGE COMMITMENTS**

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

**LEASE COMMITMENT**

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



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

**(10.) RESERVE FUNDS**

**MORTGAGE PURCHASE FUND – HOUSING RESERVE FUND**

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

In calculating the Housing Reserve Minimum and the Housing Reserve Maximum requirements, MaineHousing assumes a 12% rate for variable rate bonds, which is the maximum interest rate under the terms of the bonds. Swap payments and receipts are not included in the calculation. At December 31, 2019, valuation of the investments in the Housing Reserve Fund, computed at the lower of par or cost in accordance with the General Mortgage Purchase Program Bond Resolution, was \$134,228.

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

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

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

**(11.) EXCESS ARBITRAGE TO BE REBATED**

Tax-exempt bonds issued by MaineHousing are subject to Internal Revenue Service regulations that limit the amount of income that can be earned with non-mortgage investments to an amount not greater than the amount that would have been earned had the funds been invested at the yield on the bonds. Excess earnings must be rebated every five years. At December 31, 2019, there are no arbitrage liabilities to be rebated.

Prior rebate payments made by MaineHousing that are eligible for refund from the United States Treasury, based on estimated arbitrage rebate calculations, are recorded as a receivable in other assets. MaineHousing has receivables in the amount of \$184 in the Mortgage Purchase Fund at December 31, 2019.

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

**(12.) FUND TRANSFERS AND INTERFUND BALANCES**

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

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

MaineHousing reports interfund balances among its funds. These balances generally consist of amounts for various revenues or expenses due to a fund, but received or paid to another and funds for loan closings. These amounts are generally paid or received within the subsequent year.

Interfund accounts receivable (payable) balances at December 31, 2019 consisted of the following:

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

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

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

**(13.) REDEMPTION OF BONDS**

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

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

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

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

**(14.) CONTINGENCIES**

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

**(15.) SUBSEQUENT EVENTS**

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

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

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

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

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

**MAINE STATE HOUSING AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF SELECTED PENSION INFORMATION - UNAUDITED  
PRESENTED FOR YEARS INFORMATION IS AVAILABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(IN THOUSANDS OF DOLLARS)**

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

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Employer's Proportion of the Net Pension Liability	0.746717%	0.834117%	0.906494%	0.922203%	1.181151%	1.420739%
Employer's Proportionate Share of the Net Pension Liability	\$2,282	\$2,823	\$3,712	\$4,899	\$3,768	\$2,186
Employer's Covered-Employee Payroll	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598	\$4,691
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	50.2%	60.6%	75.9%	101.9%	81.9%	46.6%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	91.1%	91.1%	86.4%	81.6%	88.3%	94.1%

**Schedule of MaineHousing's Pension Contributions  
Last Ten Fiscal Years  
As of Measurement Date of June 30:**

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

The above schedules are intended to show information for 10 years. Retroactive information is not required to be presented. Information will be presented each year until 10 years of such information is available.

**Notes to Required Supplementary Information**

***Changes of Benefit Terms:***

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

***Changes of Assumptions:***

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



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

Board of Commissioners  
Maine State Housing Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Maine State Housing Authority (MaineHousing), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise MaineHousing's basic financial statements, as listed in the table of contents, and have issued our report thereon dated March 25, 2020.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Baker Newman & Noyes LLC*

Portland, Maine  
March 25, 2020





The Board of Commissioners  
Maine State Housing Authority

We are pleased to present this report related to our audit of the financial statements of the Maine State Housing Authority (MaineHousing) as of and for the year ended December 31, 2019. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for MaineHousing's financial reporting process.

This report is intended solely for the information and use of the Board of Commissioners and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to MaineHousing.

*Baker Newman & Noyes LLC*

Portland, Maine  
March 25, 2020

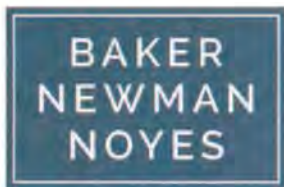
## Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<b>Our Responsibilities With Regard to the Financial Statement Audit</b>	<p>Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States have been described to you in our arrangement letter dated December 12, 2019. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.</p>
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	<p>We have issued a separate communication regarding the planned scope and timing of our audit and identified significant risks.</p>
<b>Accounting Policies and Practices</b>	<p><b>Preferability of Accounting Policies and Practices</b> Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practices.</p> <p><b>Adoption of, or Change in, Accounting Policies</b> Management has the ultimate responsibility for the appropriateness of the accounting policies used by MaineHousing. MaineHousing did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p><b>Significant or Unusual Transactions</b> We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p><b>Management's Judgments and Accounting Estimates</b> Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates follows.</p> <p>Management provides for an allowance for loan losses at a level that management believes will be adequate to absorb probable loan losses based on evaluations of the collectibility of the loans and prior loss experience. The evaluation takes into consideration such factors as changes in the nature and volume of the portfolio, overall portfolio quality, specific problem loans, and current economic conditions that may affect the borrowers' ability to pay.</p>

## Required Communications (Continued)

Area	Comments
<b>Accounting Policies and Practices (Continued)</b>	<p>Management estimates the fair value of the interest rate swaps by engaging valuation specialists and by reviewing the methods and assumptions used in the valuation.</p> <p>We reviewed management's assumptions and concluded their estimates were reasonable in relation to the financial statements taken as a whole.</p>
<b>Audit Adjustments</b>	<p>There were no audit adjustments made to the original trial balance presented to us to begin our audit.</p>
<b>Uncorrected Misstatements</b>	<p>We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.</p>
<b>Disagreements With Management</b>	<p>We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.</p>
<b>Consultations With Other Accountants</b>	<p>We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p>
<b>Significant Issues Discussed With Management</b>	<p>No significant issues arising from the audit were discussed or were the subject of correspondence with management.</p>
<b>Significant Difficulties Encountered in Performing the Audit</b>	<p>We did not encounter any significant difficulties in dealing with management during the audit.</p>
<b>Significant Written Communications Between Management and Our Firm</b>	<p>Copies of certain significant written communications between our firm and the management of MaineHousing are attached.</p>



December 12, 2019

The Audit Committee  
Maine State Housing Authority  
c/o Ms. Linda Grotton, Internal Auditor  
353 Water Street  
Augusta, Maine 04330

Dear Members of the Audit Committee:

### **The Objective and Scope of the Audit of the Financial Statements**

We will perform an audit of the basic financial statements of Maine State Housing Authority (MaineHousing), a component unit of the State of Maine, which collectively comprise the governmental activities, business-type activities, each major fund and the aggregate remaining fund information as of and for the year ending December 31, 2019. We understand that the financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America. You have also requested we report on whether the supplemental schedule (Financial Data Schedule for Certain HUD Programs) is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The supplemental schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

We will also perform the audit of MaineHousing as of December 31, 2019 so as to satisfy the audit requirements imposed by the *Single Audit Act* and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); *Government Auditing Standards* issued by the Comptroller General of the United States (GAS); the provisions of the *Single Audit Act*; Subpart F of Title 2 U.S. CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the U.S. Office of Management and Budget's (OMB) Compliance Supplement. Those standards, regulations, supplements or guides require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to MaineHousing's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Audit Committee *(a)* any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and *(b)* any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

You will provide us with a list of funds that you have told us are maintained by MaineHousing and that are to be included as part of our audit.

You will provide us with a list of federal financial assistance programs and awards that you participate in and that are to be included as part of the single audit.

We are responsible for the compliance audit of major programs under the Uniform Guidance, including determination of major programs, the consideration of internal control over compliance, and reporting responsibilities.

Our reports on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and circulars identified above. Our reports on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards and circulars identified above.

#### **The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Our audit will be conducted on the basis that management acknowledges and understands that it has responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not evaluate subsequent events earlier than the date of the management representation letter referred to below;

- c. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- d. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
- e. For report distribution; and
- f. To provide us with:
  - (1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
  - (2) Additional information that we may request from management for the purpose of the audit;
  - (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
  - (4) When applicable, a summary schedule of prior audit findings for inclusion in the single audit reporting package; and
  - (5) If applicable, responses to any findings reported on the schedule of findings and questioned costs.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit, including among other items:

- a. That management has fulfilled its responsibilities as set out in the terms of this letter; and
- b. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that MaineHousing complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud or abuse affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse, or suspected fraud or abuse, affecting the entity received in communications from employees, former employees, analysts, regulators or others.

Management is responsible for the preparation of the required supplementary information (RSI) and supplementary information presented in relation to the financial statements as a whole in accordance with accounting principles generally accepted in the United States of America and as required by HUD. Management agrees to include the auditor's report on the RSI and supplementary information in any document that contains the supplementary information and indicates that the auditor has reported on such RSI and supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

Because the audit will be performed in accordance with the Single Audit Act and the Uniform Guidance, management is responsible for (a) identifying all federal awards received and expended; (b) preparing the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with Uniform Guidance requirements; (c) internal control over compliance; (d) compliance with federal statutes, regulations, and the terms and conditions of federal awards; (e) making us aware of significant vendor relationships where the vendor is responsible for program compliance; (f) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings and a corrective action plan; and (g) submitting the reporting package and data collection form.

The Audit Committee is responsible for informing us of its views about the risks of fraud or abuse within the entity, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the entity.

MaineHousing agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, MaineHousing agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering.

Our association with an official statement is a matter for which separate arrangements will be necessary. MaineHousing agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when MaineHousing seeks such consent, we will be under no obligation to grant such consent or approval.

If we agree that our association with any proposed offering is not necessary, MaineHousing agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. MaineHousing agrees that the following disclosure will be prominently displayed in any such official statement or memorandum:

*Baker Newman & Noyes LLC (BNN), our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. BNN also has not performed any procedures relating to this official statement.*

Because BNN will rely on MaineHousing and its management and Audit Committee to discharge the foregoing responsibilities, MaineHousing holds harmless and releases BNN and its principals and employees from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of MaineHousing's management that has caused, in any respect, BNN's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

#### **Records and Assistance**

If circumstances arise relating to the condition of MaineHousing's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in MaineHousing's books and records. MaineHousing will determine that all such data, if necessary, will be so reflected. Accordingly, MaineHousing will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by MaineHousing personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Darren Brown, Director of Finance. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

In connection with our audit, you have requested us to perform certain non-audit services necessary for the preparation of the financial statements, including assistance with the final editing and reproduction of the financial statements (including RSI and supplementary information) and schedule of expenditures of federal awards, and the preparation of the data collection form. The GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to MaineHousing, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. MaineHousing has agreed that Darren Brown, Director of Finance, possesses suitable skill, knowledge or experience and that he understands the services to be performed sufficiently to oversee them. Accordingly, the management of MaineHousing agrees to the following:

1. MaineHousing has designated Darren Brown, Director of Finance, a senior member of management, who possesses suitable skill, knowledge, and experience to oversee any of the services.
2. Darren Brown, Director of Finance, will assume all management responsibilities for subject matter and scope of any such services.
3. MaineHousing will evaluate the adequacy and results of the services performed.
4. MaineHousing will accept responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with MaineHousing's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the entity's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this letter documents that understanding.

#### **Other Relevant Information**

BNN may mention MaineHousing's name and provide a general description of the engagement in BNN's client lists and marketing materials.

We are not hosts for any client information. You are expected to retain all financial and non-financial information to include anything you upload to a portal and are responsible for downloading and retaining anything we upload in a timely manner. Portals are only meant as a method of transferring data, are not intended for the storage of client information, and may be deleted at any time. You are expected to maintain control over your accounting systems to include the licensing of applications and the hosting of said applications and data. We do not provide electronic security or back-up services for any of your data or records. Giving us access to your accounting system does not make us hosts of information contained within.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for confidential client information to be disclosed to, or shared with, them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In accordance with GAS, a copy of our most recent peer review report is enclosed for your information.



### **Fees, Costs, and Access to Workpapers**

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee estimate and completion of our work are based upon the following criteria:

- a. Anticipated cooperation from MaineHousing personnel
- b. Timely responses to our inquiries
- c. Timely completion and delivery of client assistance requests
- d. Timely communication of all significant accounting and financial reporting matters
- e. The assumption that unexpected circumstances will not be encountered during the engagement

Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

In the event you terminate this engagement, you will pay BNN for all services rendered (including deliverables and products delivered), expenses incurred and commitments made by BNN through the effective date of termination.

We estimate our fee for the services described in this letter will be not exceed \$96,000 for the financial statement audit and \$40,000 for the Uniform Guidance audit, including direct costs, unless the scope of the engagement is changed, the assistance which MaineHousing has agreed to furnish is not provided, or unexpected conditions are encountered, in which case we will discuss the situation with you before proceeding. All other provisions of this letter will survive any fee adjustment.

When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, BNN may, at its sole discretion, terminate this arrangement letter without further obligation to the MaineHousing. Resumption of audit work following termination may be subject to our client acceptance procedures and, if resumed, will necessitate additional procedures not contemplated in this arrangement letter. Accordingly, the scope, timing and fee arrangement discussed in this arrangement letter will no longer apply. In order for BNN to recommence work, a new arrangement letter may need to be mutually agreed upon and executed.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a principal or professional employee leaves BNN and is subsequently employed by or associated with a client in a key position. Accordingly, MaineHousing agrees it will compensate BNN for any additional costs incurred as a result of MaineHousing's employment of a principal or professional employee of BNN.

The audit documentation for this engagement is the property of BNN and constitutes confidential information.

Review of audit documentation by a successor auditor or as part of due diligence will be agreed to, accounted for and billed separately.

In the event we are requested or authorized by MaineHousing or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for MaineHousing, MaineHousing will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of BNN. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of BNN audit personnel and at a location designated by BNN.

### **Dispute Resolution**

You agree that any dispute (other than our efforts to collect an outstanding invoice) that may arise regarding the meaning, performance or enforcement of this engagement or any prior engagement that we have performed for you, will, prior to resorting to litigation, be submitted to mediation, and that the parties will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

If mediation fails to resolve the dispute or claim, the parties hereby agree to submit any action, claim or counterclaim whether based in contract, tort, statutory rights or otherwise to the Courts of State of Maine. The parties also agree that the laws of the State of Maine shall govern all legal proceedings arising from this engagement.

### **Limitation of Liability**

MaineHousing and BNN agree that no claim arising out of services rendered pursuant to this arrangement letter shall be filed more than two years after the date of the audit report issued by BNN or the date of this arrangement letter if no report has been issued. In no event shall either party be liable to the other for claims of punitive, consequential, special, or indirect damages. BNN's liability for all claims, damages and costs of MaineHousing arising from this engagement is limited to the amount of fees paid by MaineHousing to BNN for the services rendered under this arrangement letter.

MaineHousing shall upon the receipt of written notice indemnify and hold BNN and its affiliates, and their principals, and personnel, harmless against all costs, fees, expenses, damages, and liabilities (including legal defense costs) associated with any third-party claim arising from or relating to any knowing misrepresentation to BNN by MaineHousing or the intentional withholding or concealment of information from BNN by MaineHousing. In addition, MaineHousing shall upon receipt of written notice indemnify and hold BNN and its affiliates, and their principals and personnel, harmless against all punitive damages associated with any third-party claim arising from or relating to: (i) any services, work product, or deliverables from BNN that MaineHousing or its management uses or discloses to others; or (ii) this engagement generally. The terms of this paragraph shall apply regardless of the nature of any claim asserted (including those arising from contract law, statutes, regulations, or any form of negligence of MaineHousing, whether arising out of tort, strict liability, or otherwise) and whether or not BNN was advised of the possibility of the damage or loss asserted. Such terms shall also continue to apply after any termination of this agreement by either party and during any dispute between the parties. To the extent finally determined that the conduct giving rise to such punitive damages arose out of BNN's gross negligence or willful misconduct, this paragraph shall not apply.

With respect to any services, work product, or other deliverables hereunder, or this engagement generally, BNN's liability to MaineHousing shall in no event exceed the fees that it receives for the portion of the work giving rise to liability, nor shall BNN's liability include any special, consequential, incidental, or exemplary damages or loss, including any lost profits, savings, or business opportunity.

BNN may terminate this relationship immediately in its sole discretion if BNN determines that continued performance would result in a violation of law, regulatory requirements, applicable professional standards or BNN's client acceptance or retention standards, or if MaineHousing is placed on a verified sanctioned entity list or if any director or executive of, or other person closely associated with, MaineHousing or its affiliates is placed on a verified sanctioned person list, in each case, including but not limited to lists promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the United Nations Security Council, the European Union or any other relevant sanctioning authority.

If any term or provision of this arrangement letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken and all other terms and provisions will remain in full force and effect.

#### **Information Security and Miscellaneous Terms**

BNN is committed to the safe and confidential treatment of MaineHousing's proprietary information. BNN is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein.

BNN may terminate this relationship immediately in its sole discretion if BNN determines that continued performance would result in a violation of law, regulatory requirements, applicable professional standards or BNN's client acceptance or retention standards, or if MaineHousing is placed on a verified sanctioned entity list or if any director or executive of, or other person closely associated with, MaineHousing or its affiliates is placed on a verified sanctioned person list, in each case, including but not limited to lists promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the United Nations Security Council, the European Union or any other relevant sanctioning authority.

If any term or provision of this arrangement letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken and all other terms and provisions will remain in full force and effect.

#### **Reporting**

We will issue a written report upon completion of our audit of MaineHousing's financial statements. Our report will be addressed to the Board of Commissioners of MaineHousing. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on MaineHousing's financial statements, we will also issue the following types of reports:

- A report on the fairness of the presentation of MaineHousing's schedule of expenditures of federal awards for the year ending December 31, 2019;
- Reports on internal control related to the financial statements and major programs. These reports will describe the scope of testing of internal control and the results of our tests of internal controls;
- Reports on compliance with laws, regulations, and the provision of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements and any noncompliance that could have a material effect, as defined by Subpart F of Title 2 U.S. CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on each major program;
- An accompanying schedule of findings and questioned costs; and
- A report on additional information that is referred to as the Financial Data Schedule as required by the U.S. Department of Housing and Urban Development. The responsibility we are to take for the material included in this report will be the same as that we assume for other supplementary information accompanying the financial statements.

This letter constitutes the complete and exclusive statement of agreement between BNN and MaineHousing, superseding all proposals, oral and written, and all other communications with respect to the terms of the engagement between the parties.

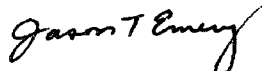
### Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

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

Very truly yours,

BAKER NEWMAN & NOYES LLC



Jason T. Emery  
Managing Director

**Confirmed by: Maine State Housing Authority**

\_\_\_\_\_  
Thomas Davis, Chairman of the Audit Committee

\_\_\_\_\_  
Date



\_\_\_\_\_  
Dan Brennan, Executive Director

\_\_\_\_\_  
12/16/2019  
Date

\_\_\_\_\_  
Thomas Cary, Treasurer

\_\_\_\_\_  
Date

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

Very truly yours,

BAKER NEWMAN & NOYES LLC



Jason T. Emery  
Managing Director

**Confirmed by: Maine State Housing Authority**

*Thomas A. Davis*

\_\_\_\_\_  
Thomas Davis, Chairman of the Audit Committee

12 / 17 / 2019  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Dan Brennan, Executive Director

\_\_\_\_\_  
Date

\_\_\_\_\_  
Thomas Cary, Treasurer

\_\_\_\_\_  
Date

Page 9  
The Audit Committee  
Maine State Housing Authority  
c/o Ms. Linda Grotton, Internal Auditor  
December 12, 2019

This letter constitutes the complete and exclusive statement of agreement between BNN and MaineHousing, superseding all proposals, oral and written, and all other communications with respect to the terms of the engagement between the parties.

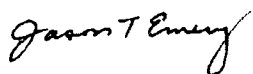
#### **Electronic Signatures and Counterparts**

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

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

Very truly yours,

BAKER NEWMAN & NOYES LLC



Jason T. Emery  
Managing Director

**Confirmed by: Maine State Housing Authority**

\_\_\_\_\_  
Thomas Davis, Chairman of the Audit Committee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Dan Brennan, Executive Director

\_\_\_\_\_  
Date

\_\_\_\_\_  
Thomas Cary, Treasurer

\_\_\_\_\_  
Date



March 25, 2020

Baker Newman & Noyes LLC  
280 Fore Street  
Portland, Maine 04112-0507

This representation letter is provided in connection with your audit of the basic financial statements (which consist of the financial statements of the governmental activities, the business-type activities, each major Fund, the aggregate remaining Fund information and the related notes to the financial statements) of Maine State Housing Authority (MaineHousing), a component unit of the State of Maine, as of and for the year ended December 31, 2019 for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of the date of this letter:

#### Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated December 12, 2019, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. There are no other organizations that are a part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 of the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, which are:
  - a. Component units.
  - b. Other organizations for which the nature and significance of their relationship with MaineHousing are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
  - c. Jointly governed organizations in which we participated.
5. We are a component unit of the State of Maine as this term is defined in Section 2100 of the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*.

6. We have identified for you all of our funds, governmental functions, and identifiable business-type activities.
7. We have properly classified all funds and activities.
8. We have properly determined and reported the major governmental and enterprise funds based on the required quantitative criteria.
9. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
  - a. To reduce receivables to their estimated net collectable amounts.
  - b. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values.
  - c. For risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through December 31, 2019 and/or for expected retroactive insurance premium adjustments applicable to periods through December 31, 2019.
  - d. For pension obligations, post-retirement benefits other than pensions and deferred compensation agreements attributable to employee services rendered through December 31, 2019.
  - e. For any material loss to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
  - f. For any material loss to be sustained as a result of purchase commitments.
  - g. For environmental clean-up obligations.
10. The following have been properly recorded and/or disclosed in the financial statements, where applicable:
  - a. Related-party transactions, including those with the State of Maine, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
  - b. Guarantees, whether written or oral, under which MaineHousing is contingently liable.
  - c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
  - d. Line of credit or similar arrangements.
  - e. Agreements to repurchase assets previously sold.
  - f. Security agreements in effect under the Uniform Commercial Code.
  - g. Any other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
  - h. The fair value of investments and interest rate swaps.
  - i. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
  - j. Any liabilities which are subordinated in any way to any other actual or possible liabilities.



- k. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
  - l. Debt issue provisions.
  - m. All leases and material amounts of rental obligations under long-term leases.
  - n. All significant estimates and material concentrations known to management which are required to be disclosed in accordance with the American Institute of Certified Public Accountants (AICPA)'s Statement of Position 94-6, *Disclosure of Certain Significant Risks and Uncertainties*. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.
  - o. Authorized but unissued bonds and/or notes.
  - p. Risk financing activities.
  - q. Derivative financial instruments.
  - r. Special and extraordinary items.
  - s. Deposits and investment categories of risk.
  - t. Arbitrage rebate liabilities or receivables.
  - u. Net positions and fund balance classifications.
  - v. The effect on the financial statements of accounting standards updates which have been issued, but which we have not yet adopted.
11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
12. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private that is not disclosed in the financial statements.
13. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

#### **Information Provided**

14. We have provided you with:
- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit;
  - c. Minutes of meetings of commissioners and committees of commissioners, or summaries of meetings for which minutes have not yet been prepared;
  - d. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
  - e. All communications from grantors, lenders, other funding sources or regulatory agencies concerning noncompliance with:
    - (1) Statutory, regulatory or contractual provisions or requirements.
    - (2) Financial reporting practices that could have a material effect on the financial statements.

15. There are no:
  - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a “potentially responsible party” by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.
  - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the *Contingencies Topic* of the FASB ASC.
16. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
17. We have no knowledge of allegations of fraud or suspected fraud affecting the entity involving:
  - a. Management.
  - b. Employees who have significant roles in the internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
18. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity’s financial statements received in communications from employees, former employees, analysts, regulators, or others.
19. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.
20. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
21. We have disclosed to you the identity of the entity’s related parties and all the related-party relationships and transactions of which we are aware.
22. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity’s ability to record, process, summarize, and report financial data.
23. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
24. We have satisfactory title to all owned assets.
25. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

26. Net positions (net investment in capital assets; restricted for bond resolutions; restricted for grants and programs; and unrestricted) and fund balances are properly classified and, when applicable, approved.
27. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
28. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
29. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.
30. We agree with the findings of specialists in evaluating the fair value of interest rate swaps and the amount of arbitrage due or receivable and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
31. The methods and significant assumptions used to estimate the fair values of investments are disclosed in the financial statements and have been consistently applied.
32. With respect to Management's Discussion and Analysis and supplementary pension information required to supplement the basic financial statements:
  - a. We acknowledge our responsibility for the presentation of such required supplementary information.
  - b. We believe such required supplementary information, including its required form and content, is fairly presented in accordance with U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
33. We are responsible for determining that significant events or transactions that have occurred since December 31, 2019 and through the date of this letter, have been recognized or disclosed in the financial statements. No events or transactions other than those disclosed in the financial statements have occurred subsequent to December 31, 2019 and through the date of this letter that would require recognition or disclosure in the financial statements. We further represent that as of the date of this letter, the financial statements were complete in a form and format that complied with U.S. GAAP, and all approvals necessary for issuance of the financial statements had been obtained.
34. We are satisfied that the financial statements contain all material disclosures required by generally accepted accounting principles.

35. During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
36. There has been no activity through December 31, 2019 related to MaineHousing, Incorporated.

### **Compliance Considerations**

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

1. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
2. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
3. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
4. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
5. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
6. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
7. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
8. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.
9. Has a process to track the status of audit findings and recommendations.
10. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
11. Has provided views on the auditors' reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report, as applicable.

12. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating Darren Brown, Director of Finance, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Very truly yours,

**Maine State Housing Authority**



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Dan Brennan, Executive Director



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Thomas Cary, Treasurer



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Darren Brown, Director of Finance

## Asset Management Department Memorandum

**To:** MaineHousing Board of Commissioners

**From:** Robert Conroy – Director, Asset Management

**Date:** April 14, 2020

**Subject:** April Board Report - Asset Management

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### Multifamily Program Action Plan

MaineHousing Asset Management is making the following temporary modifications to its Program requirements to assist Owners and Managers of Multifamily and Supportive Housing properties to best manage the daily operating challenges created by COVID-19.

**These modifications apply only to MaineHousing-financed properties.**

**Therefore, effectively immediately and until further notice:**

1. Owners are eligible to take their 'FY 19 **Distributable Surplus Cash** as stated on Sch.5 of the 'FY 19 Audited Financial Statements (AFS) immediately and ahead of the completed MaineHousing review of the AFS for the purpose of funding project needs.

MaineHousing will proceed with the review process and issue AFS letters in the coming weeks. This analysis may result in adjustments to the surplus cash calculation. Projects not financed by MaineHousing, Section 8 Projects with HUD Residual Receipts Accounts or projects subject to surplus cash approved by HUD or Rural Development are not subject to this early release provision.

2. Temporary Forbearance of **Replacement Reserve Funding**, if necessary.

3. Loans/Releases from **Project Reserves** to cover Operating shortfalls, subject to adequate reserve balances and Partnership approval, if applicable.

4. Temporary halt to **Report Submissions** except Annual LIHTC Reporting.

5. Temporary halt on **Inspections** (excluding emergencies or required move-in inspections).

6. Temporary halt on **Management audits** in the field.  
Desk reviews may continue where feasible.

7. The LIHTC Qualified Allocation Plan (QAP) includes a category granting 1 (one) scoring point when a prior year deficit is funded by the Developer in a project within its initial 15 year compliance period. This category will be waived for the upcoming QAP scoring round.

## Communications & Planning Department Memorandum

**To:** Board of Commissioners

**From:** Denise Lord

**Date:** April 13, 2020

**Subject:** April Board Report

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### MaineHousing in the News

While we had other public announcements planned this month, our attention turned to all things COVID-19. We have responded to requests for information about our role in various housing initiatives, developed a COVID page on our [mainehousing.org](http://mainehousing.org) homepage as well as a resource page for shelters on [mainehomelessplanning.org](http://mainehomelessplanning.org), and FAQs to help with responding to callers asking for assistance. The crowning achievement was Dan's editorial calling for no foreclosures, no evictions. <https://www.pressherald.com/2020/03/27/mainehousing-director-no-one-should-lose-their-home-because-of-covid-19/>

### COVID-19 Homeless Response

- MaineHousing developed a grant program for funding of additional expenses related to COVID-19 for homeless providers. The program will provide funds to shelters for staffing, supplies and hotel and motel rooms.  
<http://www.mainehomelessplanning.org/documents/2020/03/2020-covid-19-homeless-provider-grants-application.pdf/>
- Resources for shelters: This link will take you to the COVID-19 webpage that also contains the newest guidance from CDC and HUD as it is released.  
<https://www.mainehomelessplanning.org/covid-19/>
- We have been working with several sites to open 'Wellness Shelters that allow for the recommended physical distancing of guests. The USM Sullivan Gym opened in Portland last week, Presque Isle opened last week on the UMPI campus. We are also working with Bangor, Lewiston and other communities on achieving social distancing.
- We issued a RFP for lodging and will begin working with hotels and motels to secure housing for homeless persons and persons living in congregate housing such as group homes who have tested positive or are waiting for test results. We continue to look for more options – especially in the rural areas.
- The Governor's Executive Order regarding General Assistance allows for housing in hotels and motels. Many shelters are finding this an effective emergency housing solution.

CPD staff have been busily working to support various agency functions and MaineHousing partners during COVID-19 times. Our staff was part of the internal team that brought MaineHousing staff up and running remotely, and helped ensure that internal communications with staff were transparent and clear. We did the same for MaineHousing's partner communications,

including assisting departments with their initial partner communications about our COVID-19 response, and coordinating public facing information about our work during the pandemic. Additionally we assisted in the development and roll out of the new rental relief program.

### **Building**

We finalized the interior signage design for the building and the graphic for the Moxie Café wall. The exterior signage is scheduled for installation next week.

### **Strategic Plan Implementation/Innovation**

We issued an RFP for consultant assistance in drafting an application for the next round of Capital Magnet Funds. Proposals are due May 1, 2020.

We are moving forward with funding for five Recovery Residences this month. We had hoped to have all 15 recovery residences ready at the same time, but the pandemic has delayed many. We are assisting the state's participation in the national litigation against opioid manufacturers and distributors. We have asked to determine how much the MaineHousing has spent on opioid response since Jan. 1, 2007.

We have awarded the following Community Aging In Place Grants:

Augusta	50,000.00
Bath	108,817.00
Downeast	50,000.00
EMDIHA	50,000.00
Fort Fairfield	75,000.00
Lewiston	100,000.00
Old Town	50,000.00
Western ME	50,000.00
TOTALS	<hr/> 533,817.00

### **Learning and Development**

Our learning and development program has also pivoted to entirely online learning. The acquisition of the Learning platform will allow us to deliver training and professional development to a largely telecommuting staff. Our first two classes will be available April 16<sup>th</sup>.

### **Policy and Research Update**

Our researchers are taking this opportunity to develop dashboards for each department, beginning with Homeownership.

### **Partner Meetings**

- We talk every day with DHHS about supporting homeless shelters and assisting them in developing evidence based approaches to managing COVID-19; we participate in CDC and MEMA discussions; and we are providing extensive outreach to the shelters

I would like to end by thanking my team and colleagues who have been incredibly positive during these difficult times. To a person, they have taken on new assignments, new responsibilities, adopted different ways of working and communicating, and demonstrated a can do approach to finding housing solutions especially for those most in need.



**Development Department Memorandum**

**To:** MaineHousing Board of Commissioners

**From:** Mark C. Wiesendanger, Director of Development

**Date:** April 21, 2020

**Subject:** Monthly Report

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**2020 Qualified Allocation Plan (9% LIHTC)**

Included in this month's Board packet is the draft 2021-2022 Qualified Allocation Plan (QAP). This draft is the result of input from MaineHousing staff, the Board, developers, and other interested parties received since the 2020 QAP was published, and from previously held QAP discussions. There could potentially be additional changes that arise from conversations over the coming weeks, although we anticipate nothing substantive. We have shared a copy of the QAP in draft form, as a courtesy "heads up" to developers, and received their feedback in three meetings. We continue to focus on limiting costs and procuring additional outside funding, while allowing for clearer and smoother processing for our developer partners.

Proposed changes for the 2021-2022 QAP:

Throughout

- 2 year QAP
- Updated deadlines, accelerated in 2022.
- Removed unnecessary and redundant language.
- Repaired grammatical errors (e.g. capitalization, punctuation, wrong tense, awkward wording, passive voice, etc.)
- Provided updated links for reference materials.

Cover Page Newly redesigned Cover Page

Section 2: Simplified and reworded the housing priorities to match the language in the new Maine Consolidated Plan

Section 4A: Pre-apps due July 9, 2020. Moved to June in 2021

Section 4B: Applications due September 24. Moved to August in 2021.

Section 5C: TDC Index Caps. Adaptive Reuse increased to \$270K. New Construction increased to \$255K. Acquisition/Rehab increased to \$165K. Caps are increased and additional 3% for projects receiving Passive House certification.

- Section 5I: Market Studies. No longer required to be dated before the application deadline. However, a current market study will be required before award.
- Section 5J: Recreational Activities. Removed the “Safe Walking Distance” requirement. Now activities locations must be within half a mile by any common means of travel.
- Section 6L: Housing Need. Updated to reflect changing demographics. Those municipalities that have fallen off will be allowed one additional year to claim points.
- Section 6M: Tax Credit/Market Rent Differential points removed. The category favored more urban projects.
- Section 6N: Smart Growth. Proximities to Activities of Daily Living. “Safe Walking Distance” requirement removed. 2 pts. for healthcare-specific services removed and added to total.
- Section 6O. High Opportunity Areas. Updated to reflect new data regarding access to education, economic growth/jobs, income levels, access to health care, access to transportation. Those municipalities that have fallen off will be allowed one additional year to claim the points.
- Section 6Q. Owner Performance. Operating Deficit scoring will not be included this year. A deficit will not be required to be funded this year.
- Section 6S. Management Performance. Changed the way the points were awarded. They are now based off Asset Management’s physical plant inspection, project report submission and MOR scores.
- Section 6U. Review Process. Developers will be notified of their score, given a week to agree or disagree with it, then MSHA makes a final determination and ranks scores.
- Section 7F: Market Study. Will still be required, just not at application deadline.
- Section 9F: Developer Fee limits. Removed language about Developers applying for interest-bearing debt and credit only.
- Section 10D: We will give no more than 15 days’ notice for inspections as required by the IRS.
- Section 10E: We will give no more than 15 days’ notice for inspections as required by the IRS.
- Definitions: Above Average clarified. Activities Important to Daily Living clarified.



**Energy & Housing Services Department Memorandum**

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

**HOME ENERGY ASSISTANCE PROGRAM (HEAP)  
PRODUCTION STATISTICS THROUGH APRIL 10, 2020 (Week 31)**

Number of Applications	PY 2020 (4/10/2020 )	PY 2019 (3/28/2019 )	% change
Applications Taken	43,960	45,598	-3.6%
Confirmed Eligible/Paid	33,303	33,659	-1.1%
Pending (in process)	6,103	3,305	+84.7%
Other (ineligible, denied, void, etc.)	4,554	8,634	-47.3%

**Home Energy Assistance Program:**

**Post-delivery payment model:** During the PY2020 HEAP Stakeholder Meeting and Rule Making process, there was preliminary discussion regarding moving towards a post-delivery payment model for oil, kerosene and propane HEAP Vendors. On March 26, 2020, MaineHousing- Energy and Housing Services Department (EHS) convened a HEAP post-delivery payment working group meeting that was held via a conference call. The working group meeting provided a group of participating oil, kerosene and propane HEAP Vendors the opportunity to further explore the transition to a post-delivery payment model. Representatives from EHS and six HEAP Vendors participated in the meeting. Participants raised great questions and provided thoughtful input regarding points that should be considered when developing this expanded payment model. Input from the working group meeting will be utilized by EHS as next steps are taken to develop and pilot a post-delivery payment model.

**COVID 19 Funding for HEAP:** Towards the end of March 2020, in response to the COVID 19 pandemic, Congress approved \$900 million for HEAP, "... to prevent, prepare for, or respond to coronavirus...". It is anticipated that these funds will be allocated by the standard formula used by U.S. DHHS for regular HEAP allocations to Grantees. Early indications are that the funding will be treated just like regular PY2020 HEAP funding with the same requirements and program allocation restrictions. There is no information available at this time regarding when and exactly how much will be allocated to Maine, including Maine's Native American Tribal Organizations from the COVID 19 HEAP funding. Rough estimates are between \$8 million and \$9 million. This additional funding will support the forecasted increase in households that apply for and are eligible for HEAP due to the negative financial impact of COVID 19.

**DOE Weatherization:**

The current COVID-19 pandemic is having an impact on delivery of MaineHousing's Weatherization Program. MaineHousing contacted our subgrantees at the end of March to discuss guidance received from the Department of Energy (DOE). MaineHousing responded to DOE's guidance by making temporary modifications to our current billing and payment process.

MaineHousing has advised our subgrantees to follow their established Disaster Recovery/Business Continuity Plans. Some subgrantees have elected to suspend all services while others are conducting inspections on a case-by-case basis.

**Federal Lead Hazard Reduction Grant Program:**

MaineHousing selected three community action agencies; Aroostook Community Action Program (ACAP), Community Concepts, Inc. (CCI), and Penquis Community Action Program (PCAP) to administer our three year HUD-funded Lead Hazard Reduction Grant Program (LHR). Contracts and updated guides were mailed to the respective agencies last week.

## Finance Department Memorandum

**To:** Board of Commissioners

**From:** Darren R. Brown

**Date:** April 14, 2020

**Subject:** Monthly Report – Finance Department

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### ACCOUNTING AND FINANCIAL REPORTING:

- The audited financial statements for the year ended December 31, 2019 were issued on March 25<sup>th</sup>. Our auditors, Baker Newman & Noyes (BNN), issued an unmodified/unqualified (“clean”) opinion, which attests and certifies that the financial statements we prepared were done in accordance with generally accepted accounting principles and are fairly and accurately presented in all material respects. The results of the 2019 financial statements audit were positive. In addition to receiving a clean auditor’s opinion, the auditors’ report on internal controls and compliance stated that there were no internal control deficiencies or material weaknesses and there were no audit adjustments required. The financial and audit results will be presented and reviewed at this month’s meeting.

Staff from BNN are scheduled to be back on site at a later time to conduct the audit required under the Single Audit Act (Uniform Grant Guidance) for the federal financial assistance programs and awards. This audit is an annual audit of MaineHousing’s federally funded programs to determine whether the programs have been administered in compliance with federal guidelines. For the year ended December 31, 2019, MaineHousing administered and disbursed approximately \$160 million through eighteen different federal programs.

Major federal programs are audited on a rotating basis. The major programs identified for the 2019 audit are the Section 8 New Construction, Housing Trust Fund, Weatherization Assistance, Low Income Home Energy Assistance, and Emergency Solutions Grants programs. The Uniform Grant Guidance Audit needs to be completed and filed with the federal Single Audit Clearinghouse and the HUD Real Estate Assessment Center (REAC) within nine months after year end. The AFR staff will be working with the program departments to compile and prepare information for this audit in the coming weeks.

### LOAN ADMINISTRATION:

- Much of the activity in the Loan Administration area involved responding to the COVID-19 pandemic, implementing the department’s Business Continuity Plan, and preparing staff to work remotely. We worked extensively and coordinated activities with our servicers to provide information, guidance, and assistance to first-time home borrowers.

Some of the steps taken to-date include the following: Implemented a 60-day moratorium on all foreclosures, evictions and the issuance of default (Right to Cure) notices. This means that all loans currently in foreclosure have been suspended and no evictions will take place. In addition, no new

foreclosure actions will be started during this period and all scheduled foreclosure auction sales have been postponed.

Notices providing general guidance for assistance were sent directly to MaineHousing's borrowers and a FAQ (Frequently Asked Questions) was prepared and posted on MaineHousing's website. The FAQ addresses questions borrowers may have regarding what to do if they are unable to make their mortgage payment and options that are available to them for assistance.

A Servicer Notice was also issued to all MaineHousing servicers informing them of the steps that MaineHousing is taking, providing them with general directions on handling MaineHousing borrowers during this time, and informing them of the various options available to our borrowers who are facing financial hardship.

We have also setup a new helpline and designated email address for first-time home borrowers to contact and communicate directly with our Loan Administration staff as needed.

## Finance Department Memorandum

**To:** Board of Commissioners

**From:** Darren R. Brown

**Date:** April 14, 2020

**Subject:** Monthly Financial and Budget Report

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### FINANCIAL RESULTS

Attached are the Balance Sheets and Statements of Revenues, Expenses, and Changes in Net Assets for the period ended February 29, 2020.

MaineHousing's programs are accounted for in Fund Groups, based on funding sources. For financial reporting purposes, each Fund Group is a separate and standalone entity. There are seven Fund Groups and the individual Balance Sheets and Statements of Revenues, Expenses and Changes in Net Assets for each are presented in columns on the attachments (pages 1 and 2). The following is a summary of MaineHousing's total combined financial position and operating results for the current year and a brief explanation for the changes between the current and prior year net operating results.

Total combined assets are approximately \$1.9 billion and total combined liabilities approximate \$1.5 billion. Total net assets amount to approximately \$372 million. Total combined revenues approximate \$44.8 million and total expenses amount to approximately \$42.3 million, which results in a net operating income of \$2.5 million. For this two-month period in 2019, total combined net operating income was \$3.5 million. Net operating income is approximately \$1 million lower in 2020 due primarily to the activities and operating results of the Mortgage Purchase Fund (MPP), MaineHousing's largest fund group, and a smaller increase in the fair value of non-mortgage investments.

The MPP's current year net operating income is approximately \$1.2 million compared to net operating income of \$2.2 million in 2019. MPP's net operating income has decreased by \$1 million due primarily to the recognition of a smaller paper gain associated with adjusting the carrying values of non-mortgage investments. A paper gain of \$0.1 was recognized in 2020, which represents a decrease of approximately \$0.7 million compared with the paper gain of \$0.8 million recorded in 2019. The change associated with the recording of paper gains and losses is attributed to interest rate changes during the year.

The recording of paper gains and losses is required for accounting purposes. However, because MaineHousing does not actively buy and sell related investments, actual gains and losses will not occur and these amounts are ignored by the rating agencies, bond analysts, and management when assessing profitability. Excluding the paper gains, MPP's net operating income is \$1.1 million as of February 29, 2020 compared to \$1.4 million at the end February 2019. The \$0.3 million reduction is due primarily to lower interest rates and interest income from non-mortgage investments.

## **BUDGET RESULTS**

Also attached are the budget variance results for the period ended February 29, 2020. These results are summarized and presented on the attachment described below:

### **OPERATING REVENUES AND EXPENSES BUDGET**

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

The Operating Revenues and Expenses Budget, **Attachment A**, presents the revenues available to pay operating and program administrative expenses. It also presents the aggregate operating and program administrative expenses. Total budgeted revenues for 2020 are \$83.5 million and total expenses are budgeted at \$75.1 million. Total actual revenues as of February 29, 2020 amount to \$12.8 million, while total expenses amount to \$11.8 million. For the two-month period ended February 29, 2020, revenues exceed expenses by \$1 million. Actual revenue and expense activities are consistent with that anticipated for the period and there are no significant variances at this time.

The operating and other program administration expenses (the first two expense lines) are detailed on **Attachment B** and summarized below:

### **OPERATING AND OTHER PROGRAM ADMINISTRATIVE EXPENSES**

MaineHousing's overhead and operational costs for the year as well as other program administrative expenses, which are costs that are specifically and exclusively related to a particular program, are itemized on **Attachment B**.

Total 2020 operating expenses are budgeted at approximately \$19.4 million. As of February 29, 2020, approximately \$3.2 million or 16% of the total operating budget has been used. Total other program administrative expenses are budgeted at \$8.6 million and actual expenses amount to \$1.3 million as of February 29, 2020. Overall, expenditures in these areas are consistent with that anticipated for the period and there are no significant variances at this time.

### **CAPITAL BUDGET**

The Capital Budget, **Attachment C**, presents items that provide an economic benefit to MaineHousing over a period of time. Items are recorded as assets and depreciated over an estimated useful life. The total authorized capital budget for 2020 is approximately \$3.8 million. Expenditures amounted to \$1.5 million as of February 29, 2020 and were primarily for renovation work and equipment for the new office building.

### **MEMBERSHIPS, DUES AND SPONSORSHIPS**

In accordance with MaineHousing's Contributions Policy, all payments for memberships, dues and sponsorship are required to be reported to the Commissioners each month as part of the budget variance reports. **Attachment D** presents an itemized listing of the membership, dues, and sponsorship expenses as of February 29, 2020.



**MAINE STATE HOUSING AUTHORITY**  
**BALANCE SHEETS**  
**FEBRUARY 29, 2020**  
*(IN THOUSANDS OF DOLLARS)*

	<b>Memorandum Only Combined Totals</b>		<b>Mortgage Purchase Fund Group</b>	<b>Bondholder Reserve Fund</b>	<b>General Fund</b>	<b>HOME Fund</b>	<b>Federal Programs Fund</b>	<b>Other Funds</b>	<b>Maine Energy Housing &amp; Economic Recovery Funds</b>
	<b>2019</b>	<b>2020</b>							
<b>ASSETS:</b>									
Cash, principally time deposits	1,283	26,387	13,716	0	7,734	13	4,924	0	0
Investments	437,623	381,910	312,089	8,102	27,709	25,681	0	3,048	5,281
Accounts receivable - Federal	3,936	2,653	0	0	0	0	2,653	0	0
Assets held for sale	3,663	3,234	0	0	0	3,234	0	0	0
Accrued interest and other assets	10,551	12,438	8,121	4	112	3,201	984	2	14
Mortgage notes receivable, net	1,400,342	1,456,472	1,417,641	0	6,119	23,749	0	0	8,963
Other notes receivable, net	283	244	0	0	234	0	0	10	0
Land, equipment and improvements, net	3,248	14,822	22	0	14,800	0	0	0	0
Other real estate owned	602	855	847	0	8	0	0	0	0
Accumulated decrease in fair value of hedging derivatives	4,619	10,860	10,860	0	0	0	0	0	0
Deferred pension expense	616	610	326	2	56	0	0	226	0
Deferred amount on debt refundings	4,283	3,627	3,627	0	0	0	0	0	0
<b>Total Assets</b>	<b>1,871,049</b>	<b>1,914,112</b>	<b>1,767,249</b>	<b>8,108</b>	<b>56,772</b>	<b>55,878</b>	<b>8,561</b>	<b>3,286</b>	<b>14,258</b>
<b>LIABILITIES AND NET ASSETS:</b>									
Accrued interest payable	13,028	13,069	12,863	0	0	0	0	0	206
Accounts payable - Federal	458	469	0	0	0	0	469	0	0
Accounts payable & accrued liabilities	3,977	2,889	410	2	1,674	0	803	0	0
Unearned income	4,459	7,466	0	0	0	625	469	6,372	0
Net pension liability	2,283	2,282	1,222	7	209	0	0	844	0
Deferred pension credit	1,016	867	464	3	79	0	0	321	0
Derivative instrument - interest rate swaps	4,619	10,860	10,860	0	0	0	0	0	0
Interfund	0	0	3,557	23	(1,456)	(1,427)	2,663	(3,360)	0
Mortgage bonds and notes payable, net	1,494,622	1,504,584	1,458,381	0	20,103	0	0	0	26,100
Deferred grant income	0	0	0	0	0	0	0	0	0
Deferred loan origination points	31	26	26	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>1,524,493</b>	<b>1,542,512</b>	<b>1,487,783</b>	<b>35</b>	<b>20,609</b>	<b>(802)</b>	<b>4,404</b>	<b>4,177</b>	<b>26,306</b>
<b>NET ASSETS:</b>									
Restricted Net Assets	311,777	335,437	279,466	8,073	0	56,680	4,157	(891)	(12,048)
Unrestricted Net Assets	34,779	36,163	0	0	36,163	0	0	0	0
<b>Total Net Assets</b>	<b>346,556</b>	<b>371,600</b>	<b>279,466</b>	<b>8,073</b>	<b>36,163</b>	<b>56,680</b>	<b>4,157</b>	<b>(891)</b>	<b>(12,048)</b>
<b>Total Liabilities and Net Assets</b>	<b>1,871,049</b>	<b>1,914,112</b>	<b>1,767,249</b>	<b>8,108</b>	<b>56,772</b>	<b>55,878</b>	<b>8,561</b>	<b>3,286</b>	<b>14,258</b>

**MAINE STATE HOUSING AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE PERIOD ENDED FEBRUARY 29, 2020**  
*(IN THOUSANDS OF DOLLARS)*

	<b>Memorandum Only Combined Totals</b>		<b>Mortgage Purchase Fund Group</b>	<b>Bondholder Reserve Fund</b>	<b>General Fund</b>	<b>HOME Fund</b>	<b>Federal Programs Fund</b>	<b>Other Funds</b>	<b>Maine Energy Housing &amp; Economic Recovery Funds</b>
	<b>2019</b>	<b>2020</b>							
<b>REVENUES:</b>									
Interest from mortgages and notes	10,231	10,517	10,449	0	51	10	0	0	7
Income from investments	1,541	1,049	864	20	82	62	2	6	13
Net increase (decrease) in the fair value of investments	792	73	76	0	(3)	0	0	0	0
Fee income	1,389	1,358	121	0	33	0	1,155	49	0
Other revenue	6	3	3	0	0	0	0	0	0
Grant income	10,694	11,822	0	0	0	21	11,564	237	0
Income from State	2,555	2,870	0	0	0	2,870	0	0	0
Federal rent subsidy income	16,722	17,136	0	0	0	0	17,136	0	0
Gain on bond redemption	0	0	0	0	0	0	0	0	0
<b>Total Revenues</b>	<b>43,930</b>	<b>44,828</b>	<b>11,513</b>	<b>20</b>	<b>163</b>	<b>2,963</b>	<b>29,857</b>	<b>292</b>	<b>20</b>
<b>EXPENSES:</b>									
Operating expenses	2,937	3,164	0	0	3,164	0	0	0	0
Other program administrative expenses	1,001	1,049	995	0	0	0	35	19	0
Mortgage servicing fees	262	281	280	0	1	0	0	0	0
Provision for losses on loans	0	0	0	0	0	0	0	0	0
Losses on foreclosed real estate	0	0	0	0	0	0	0	0	0
Interest expense	7,577	7,496	7,340	0	0	0	0	0	156
Grant expense	11,963	12,922	0	0	0	1,013	11,672	237	0
Federal rent subsidy expense	16,617	17,378	0	0	0	0	17,378	0	0
Loss on bond redemption	0	0	0	0	0	0	0	0	0
Excess arbitrage	0	0	0	0	0	0	0	0	0
Allocated operating costs	0	0	1,721	10	(2,846)	0	1,085	30	0
<b>Total Expenses</b>	<b>40,357</b>	<b>42,290</b>	<b>10,336</b>	<b>10</b>	<b>319</b>	<b>1,013</b>	<b>30,170</b>	<b>286</b>	<b>156</b>
<b>Net Operating Income (Loss)</b>	<b>3,573</b>	<b>2,538</b>	<b>1,177</b>	<b>10</b>	<b>(156)</b>	<b>1,950</b>	<b>(313)</b>	<b>6</b>	<b>(136)</b>
<b>Transfers between funds, net</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Change in net assets</b>	<b>3,573</b>	<b>2,538</b>	<b>1,177</b>	<b>10</b>	<b>(156)</b>	<b>1,950</b>	<b>(313)</b>	<b>6</b>	<b>(136)</b>
<b>Net assets at beginning of year</b>	<b>342,983</b>	<b>369,062</b>	<b>278,289</b>	<b>8,063</b>	<b>36,319</b>	<b>54,730</b>	<b>4,470</b>	<b>(897)</b>	<b>(11,912)</b>
<b>Net assets at end of period</b>	<b>346,556</b>	<b>371,600</b>	<b>279,466</b>	<b>8,073</b>	<b>36,163</b>	<b>56,680</b>	<b>4,157</b>	<b>(891)</b>	<b>(12,048)</b>

**MAINE STATE HOUSING AUTHORITY  
OPERATING REVENUES AND EXPENSES BUDGET VARIANCE REPORT  
FOR THE PERIOD ENDED FEBRUARY 29, 2020**

*(IN THOUSANDS OF DOLLARS)*

	<b>Mortgage Lending Activities Actual</b>	<b>Federal &amp; Other Program Administration Actual</b>	<b>Total Combined Actual</b>	<b>Total Annual Budget</b>	<b>Total Under/(Over)</b>	<b>% Variance</b>
<b>REVENUES:</b>						
Interest from mortgages and notes	10,500	0	10,500	64,555	54,055	84%
Income from investments	966	8	974	8,479	7,505	89%
Fee income	154	1,204	1,358	10,399	9,041	87%
Other revenue	3	0	3	60	57	95%
<b>Total Revenues</b>	<b>11,623</b>	<b>1,212</b>	<b>12,835</b>	<b>83,493</b>	<b>70,658</b>	<b>85%</b>
<b>EXPENSES:</b>						
Operating expenses	2,049	1,115	3,164	19,413	16,249	84%
Other program administrative expenses	1,276	54	1,330	8,558	7,228	84%
Interest expense	7,340	0	7,340	47,100	39,760	84%
<b>Total Expenses</b>	<b>10,665</b>	<b>1,169</b>	<b>11,834</b>	<b>75,071</b>	<b>63,237</b>	<b>84%</b>
<b>Excess Revenues Over Expenses</b>	<b>958</b>	<b>43</b>	<b>1,001</b>	<b>8,422</b>	<b>7,421</b>	<b>88%</b>

**MAINE STATE HOUSING AUTHORITY  
OPERATING AND OTHER PROGRAM ADMINISTRATIVE EXPENSES ATTACHMENT B  
FOR THE PERIOD ENDED FEBRUARY 29, 2020**

	<b>Total Annual Budget</b>	<b>Total Year to Date Actual</b>	<b>Budget Available</b>	<b>Percentage of Budget Available</b>
<b>Operating Expenses</b>				
1 Salaries	10,258,267	1,727,429	8,530,838	83%
2 Payroll Taxes	748,530	126,957	621,573	83%
3 Retirement	997,726	170,275	827,451	83%
4 Medical and Life Insurance	2,839,935	448,154	2,391,781	84%
5 Other Fringe Benefits	12,000	3,681	8,319	69%
6 Office Supplies	47,795	4,013	43,782	92%
7 Printing	128,980	10,691	118,289	92%
8 Membership and Dues	57,087	14,240	42,847	75%
9 Subscriptions	21,565	3,448	18,117	84%
10 Sponsorships	20,000	1,500	18,500	93%
11 Staff Educ/Train/Conf	193,918	22,672	171,246	88%
12 Travel/Meals - Staff Educ/Train/Conf	163,363	26,430	136,933	84%
13 Partner/Client Train/Meetings	49,950	815	49,135	98%
14 Travel/Meals - Partner/Client Training	121,675	5,667	116,008	95%
15 Staff Events	22,100	2,661	19,439	88%
16 Meals - Staff Events	27,475	8,115	19,360	70%
17 Leased Vehicles	134,500	21,589	112,911	84%
18 Computer Supplies	66,000	4,914	61,086	93%
19 Computer License SAAS	150,611	25,419	125,192	83%
20 Computer Maintenance	661,492	88,075	573,417	87%
21 Building Rent & Utilities	429,437	139,605	289,832	67%
22 New Office Building - Interest Expense	511,944	85,213	426,731	83%
23 Building Repairs and Maintenance	49,900	13,371	36,529	73%
24 New Office Building - Property Expenses	219,775	32,481	187,294	85%
25 Depreciation	600,000	44,488	555,512	93%
26 Rent-Other	34,130	4,669	29,461	86%
27 Telephone	72,938	11,486	61,452	84%
28 Employment Advertising	3,900	0	3,900	100%
29 Postage and Shipping	90,510	22,619	67,891	75%
30 Insurance	89,074	2,305	86,769	97%
31 Recording Fees	1,000	313	687	69%
32 Payroll Services	27,300	5,247	22,053	81%
33 Audit Services	147,800	50,000	97,800	66%
34 Professional Services	411,859	35,603	376,256	91%
<b>Total Operating Expenses</b>	<b>19,412,536</b>	<b>3,164,144</b>	<b>16,248,392</b>	<b>84%</b>
<b>Other Program Administrative Expenses</b>				
1 Loan foreclosure expenses	400,000	3,381	396,619	99%
2 REO expenses	50,000	3,960	46,040	92%
3 Provision for losses on loans & REOs	225,000	0	225,000	100%
4 Mortgage Servicing fees	1,738,500	284,307	1,454,193	84%
5 Loan Origination expenses	3,000,000	547,148	2,452,852	82%
6 Bond Issuance Costs	750,000	102,935	647,065	86%
7 Trustee/Bank fees	157,000	28,400	128,600	82%
8 Program advertising/printing	170,000	5,181	164,819	97%
9 Bond and mortgagee insurance	15,000	0	15,000	100%
10 Variable rate bond remarket/liquidity facilities	925,000	188,831	736,169	80%
11 Cash flow/arbitrage/swap consultants/legal	585,000	110,711	474,289	81%
12 Homebuyer education	110,000	2,400	107,600	98%
13 Program administrator fees	422,000	50,186	371,814	88%
14 Section 8 security deposits/landlord incentives	10,500	2,836	7,664	73%
<b>Total Other Program Administration Expenses</b>	<b>8,558,000</b>	<b>1,330,276</b>	<b>7,227,724</b>	<b>84%</b>

**MAINE STATE HOUSING AUTHORITY  
CAPITAL BUDGET  
FOR THE PERIOD ENDED FEBRUARY 29, 2020**

**ATTACHMENT C**

Description	2020 Budget	2020 Actual	Budget Available	% Expended
<b>Computer Hardware:</b>				
New Office Building - network switches	200,000	0	200,000	
New Office Building - network data center equipment: (firewall/racks/storage/battery backup)	163,000	121,781	41,219	
Phone system replacement - hardware	27,000	0	27,000	
Printer	7,000	0	7,000	
Total computer hardware	397,000	121,781	275,219	31%
<b>Computer Software:</b>				
Enterprise multi-family housing system - initial costs	100,000	0	100,000	
Coordinated Entry Portal - client list software homeless programs	10,000	0	10,000	
Phone system replacement - software/licensing	153,000	0	153,000	
Faxing software	5,000	0	5,000	
Website redesign	60,000	2,019	57,981	
Web filtering server replacement	5,000	0	5,000	
Single Family loan servicing system modifications	10,000	0	10,000	
Single Family lender & loan tracking systems mods	10,200	0	10,200	
Total computer software	353,200	2,019	351,181	1%
<b>Office Equipment:</b>				
New Office Building - workstations & furniture	800,000	0	800,000	
New Office building - security & life safety equipment	25,750	24,640	1,110	
New Office building - audio visual equipment	320,600	228,999	91,601	
New Office building - fitness equipment	21,000	0	21,000	
New Office building - network fire suppression system	22,000	19,848	2,152	
Total office equipment	1,189,350	273,487	915,863	23%
<b>New Office Building: - Acquisition/Rehab</b>	1,850,000	1,061,490	788,510	57%
<b>Total</b>	3,789,550	1,458,776	2,330,774	38%

**MAINE STATE HOUSING AUTHORITY  
MEMBERSHIPS, DUES, AND SPONSORSHIPS  
FOR THE PERIOD ENDED FEBRUARY 29, 2020**

Description	Amount
<b>Memberships and Dues</b>	
Kennebec Valley Human Resource Association - (2) employee annual membership	365
Maine Real Estate & Development Association - annual membership	1,200
Kennebec Valley Board of Realtors - annual affiliate membership	171
Maine Association of Mortgage Professionals - annual membership	375
Maine Bankers Association - annual affiliate membership	950
Maine Real Estate Management Association - annual membership	125
National Leased Housing Association - annual membership	600
National Association for State Community Services Programs - annual membership	2,603
National Energy Assistance Directors' Association - annual membership	6,341
National Affordable Housing Management Association - affiliate membership	1,075
Maine Building Officials and Inspectors Association - (1) employee membership	10
Urban Land Institute - employee membership	240
Notary Public - (1) employee renewal fee	50
International Code Council - annual membership	135
Total	<u>\$ 14,240</u>
<b>Sponsorships</b>	
Northern New England Community Action - training conference sponsor	\$ 1,500
Total	<u>\$ 1,500</u>

**Finance Department Memorandum**

**To:** Board of Commissioners  
**From:** Darren Brown  
**Date:** April 6, 2020  
**Subject:** Monthly Delinquencies Report

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**MULTI-FAMILY DELINQUENCIES**

The Multi-Family portfolio totals \$636 million with 1,085 loans as of March 31, 2020. There are no delinquent loans, as shown in ***Exhibit 1***. The delinquency rate is 0.00%. The Multi-Family delinquency rate is benchmarked against MaineHousing's historical rates, as shown in ***Exhibit 2***.

**HOME IMPROVEMENT DELINQUENCIES**

The Home Improvement portfolio has 53 loans totaling \$126,415 as of March 31, 2020. The over 60-day delinquency rate is 2.89% and represents two loans in the amount of \$3,658. Delinquency rates for each participating lender are shown in ***Exhibit 3***. Historical rates for the Home Improvement portfolio are shown in ***Exhibit 4***.

**SINGLE-FAMILY DELINQUENCIES**

The Single-Family portfolio totals \$983 million with 10,998 loans as of February 29, 2020. The over 60-day delinquencies increased from 2.31% to 2.35% and the in-foreclosures decreased from 0.87% to 0.86%. The over 60-day delinquencies amount to \$23 million, with approximately \$8.5 million representing accounts in foreclosure. The over 60-day and in-foreclosure historic rates are shown in ***Exhibit 6***. MaineHousing's overall delinquency rate by loan dollars is 2.35%; and the overall delinquency rate by loan count is 2.70%. As reflected in ***Exhibit 7***, the overall delinquency rate and the in-foreclosure rate by loan count are below the rates for all Maine loans.

**Servicer Delinquencies** – As of February 29, 2020, Salem Five has the highest overall delinquency rate of 12.07%, with an in-foreclosure rate of 0.00%. The relatively small size of their portfolio is the primary reason for the higher delinquency rate. Delinquencies for our largest servicer, Mortgage Servicing Solutions, decreased from 2.59% to 2.56%, while the in-foreclosure rate increased from 0.84% to 0.90%. Camden National Bank has the lowest rate of delinquencies at 1.00%. Delinquency rates for each servicer are shown in ***Exhibit 5***.

**Delinquencies by Insurance Type** – In February 2020, FHA insured loans has the highest delinquency rate by total insurance type of 3.21%, with in-foreclosures at 1.23%. When compared to the total loan portfolio, RD insured loans has the highest delinquency rate of 1.38%, with in-

foreclosures at 0.49%. Delinquencies by insurance type and the portfolio as a whole are shown in ***Exhibit 8***.

FHA insured loans comprise 17% of the Single-Family portfolio and 23% of delinquencies, while RD insured loans comprise 58% of the portfolio and represent 59% of all delinquent loans. The current composition of the Single-Family portfolio by insurance type, along with the percentage of delinquencies by insurance type, is shown in ***Exhibit 9***.

**Foreclosure Prevention Activities** – ***Exhibit 10*** summarizes our foreclosure prevention activities, as well as the number of completed foreclosures. As of February 2020, we have assisted 191 borrowers with various foreclosure prevention options. The volume of borrowers needing assistance has decreased significantly in 2019 due to historically low delinquency rates and concerted efforts to offer foreclosure prevention options in the early stages of delinquency.



# Multi-Family Delinquent Loans

## MAINE STATE HOUSING AUTHORITY MULTI-FAMILY DELINQUENCIES 3/31/2020

### Section 8

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

### Rental Housing

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

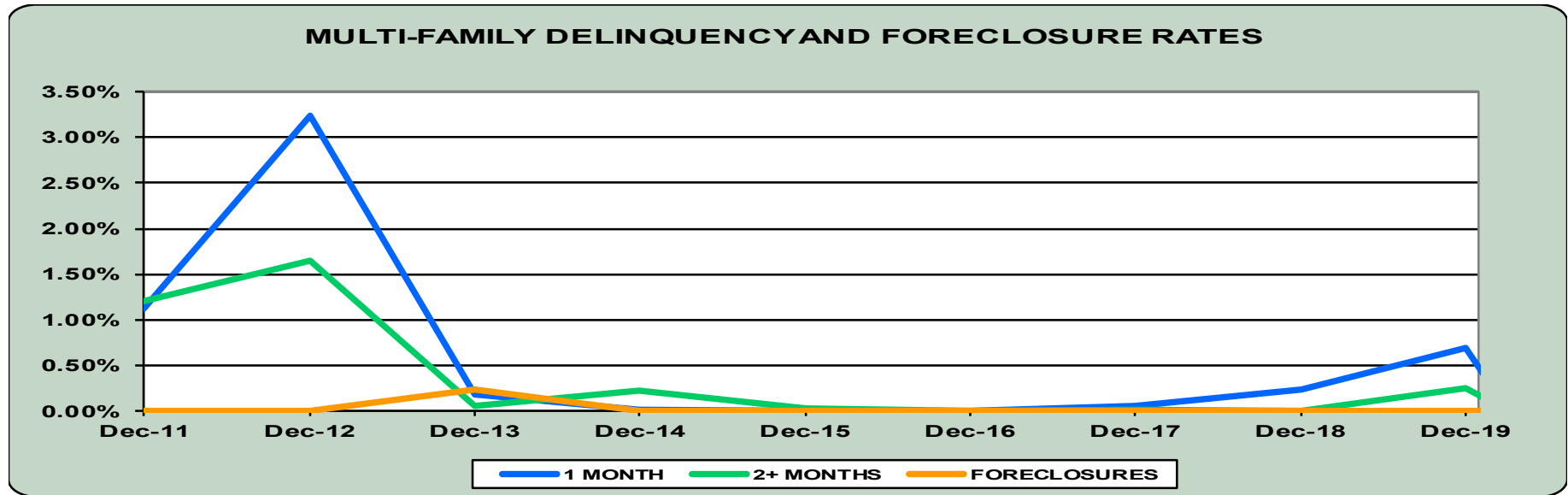
### Supportive Housing & Other

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

**Grand Total**  
**% of Portfolio Delq 60+ days**      **0.00%**  
**Total Number of Loans**              **1,085**



# Multi-Family Delinquency & Foreclosure Trends



	OUTSTANDING			1 MONTH		2+ MONTHS		FORECLOSURES	
	PRINCIPAL	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE
Mar-20	\$ 635,827,866	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Dec-19	\$ 635,961,774	\$ 4,379,009	0.69%	\$ 1,620,600	0.25%	\$ -	0.00%	\$ -	0.00%
Dec-18	\$ 630,936,475	\$ 1,473,376	0.23%	\$ 20,600	0.00%	\$ -	0.00%	\$ -	0.00%
Dec-17	\$ 608,939,257	\$ 319,836	0.05%	\$ 60,624	0.01%	\$ -	0.00%	\$ -	0.00%
Dec-16	\$ 579,916,852	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Dec-15	\$ 573,932,384	\$ -	0.00%	\$ 185,320	0.03%	\$ -	0.00%	\$ -	0.00%
Dec-14	\$ 513,937,525	\$ 77,568	0.02%	\$ 1,169,620	0.23%	\$ -	0.00%	\$ -	0.00%
Dec-13	\$ 506,871,177	\$ 896,386	0.18%	\$ 297,366	0.06%	\$ 1,166,866	0.23%	\$ -	0.00%
Dec-12	\$ 487,638,082	\$ 15,815,491	3.24%	\$ 8,056,115	1.65%	\$ -	0.00%	\$ -	0.00%
Dec-11	\$ 486,421,972	\$ 5,436,378	1.12%	\$ 5,875,983	1.21%	\$ -	0.00%	\$ -	0.00%



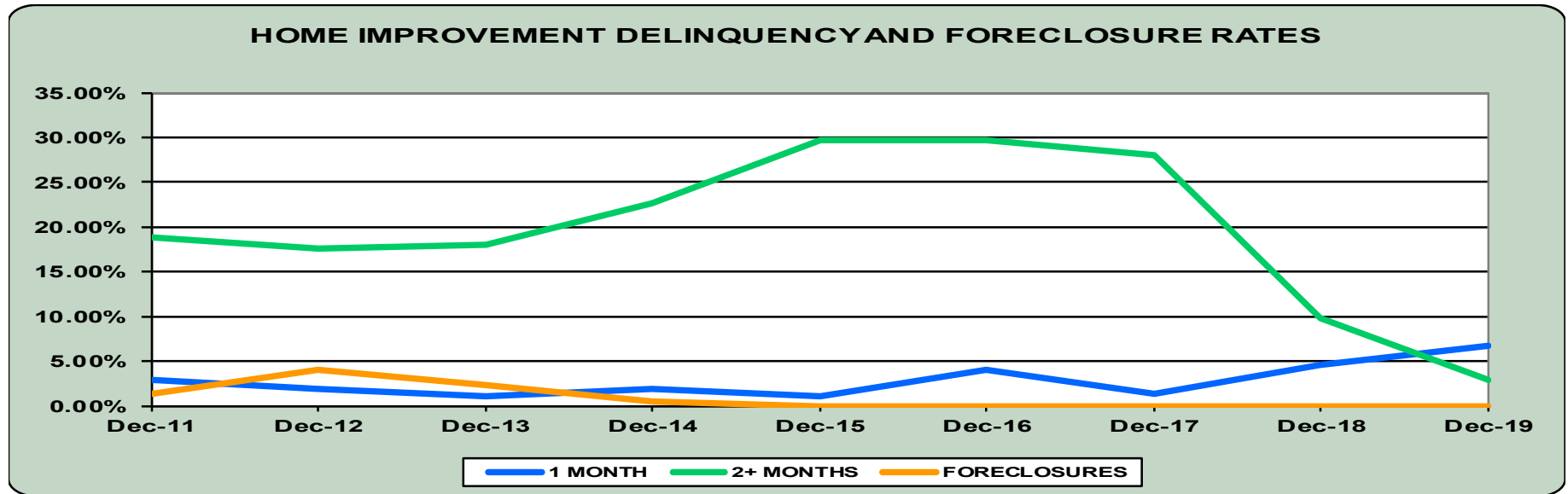
# Home Improvement Delinquent Loans

## Maine State Housing Authority Home Improvement Delinquencies by Lender 3/31/2020

LENDER	% of Portfolio Delq 60+ Days	OUTSTANDING PRINCIPAL	----- 1 MONTH	DELINQUENT 2 MONTHS	----- 3+ MONTHS
ACAP	0.00%	4,631.02	0.00	0.00	0.00
CCI	0.00%	19,214.27	0.00	0.00	0.00
CED	0.00%	966.87	0.00	0.00	0.00
KVCAP	47.30%	5,699.59	0.00	2,695.81	0.00
PCAP	0.00%	6,388.02	0.00	0.00	0.00
WCCSA	0.00%	3,957.97	0.00	0.00	0.00
WHCAP	100.00%	962.53	0.00	0.00	962.53
YCCAC	0.00%	474.32	0.00	0.00	0.00
BATH SAVINGS	0.00%	24,659.16	0.00	0.00	0.00
CAMDEN NATIONAL	0.00%	17,491.65	0.00	0.00	0.00
KENNEBUNK SAVINGS	0.00%	8,801.65	8,508.49	0.00	0.00
NORTHEAST BANK	0.00%	7,906.30	0.00	0.00	0.00
NORWAY SAVINGS	0.00%	6,118.12	0.00	0.00	0.00
SKOWHEGAN SAVINGS	0.00%	14,933.75	0.00	0.00	0.00
THE FIRST	0.00%	4,209.55	0.00	0.00	0.00
<b>TOTAL</b>	<b>2.89%</b>	<b>126,414.77</b>	<b>8,508.49</b>	<b>2,695.81</b>	<b>962.53</b>
Total Number of Loans	53				



# Home Improvement Delinquency & Foreclosure Trends



	OUTSTANDING			1 MONTH		2+ MONTHS		FORECLOSURES	
	PRINCIPAL	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE		
Mar-20	\$ 126,415	\$ 8,508	6.73%	\$ 3,658	2.89%	\$ -	0.00%		
Dec-19	\$ 156,955	\$ 7,089	4.52%	\$ 15,363	9.79%	\$ -	0.00%		
Dec-18	\$ 301,364	\$ 3,941	1.31%	\$ 84,317	27.98%	\$ -	0.00%		
Dec-17	\$ 515,603	\$ 20,749	4.02%	\$ 153,526	29.78%	\$ -	0.00%		
Dec-16	\$ 795,184	\$ 7,930	1.00%	\$ 236,299	29.72%	\$ -	0.00%		
Dec-15	\$ 1,062,015	\$ 20,041	1.89%	\$ 240,688	22.66%	\$ 5,160	0.49%		
Dec-14	\$ 1,412,221	\$ 15,722	1.11%	\$ 254,707	18.04%	\$ 32,897	2.33%		
Dec-13	\$ 2,066,062	\$ 38,101	1.84%	\$ 364,218	17.63%	\$ 84,283	4.08%		
Dec-12	\$ 2,803,309	\$ 79,925	2.85%	\$ 529,227	18.88%	\$ 38,727	1.38%		
Dec-11	\$ 3,766,637	\$ 102,824	2.73%	\$ 576,053	15.29%	\$ -	0.00%		



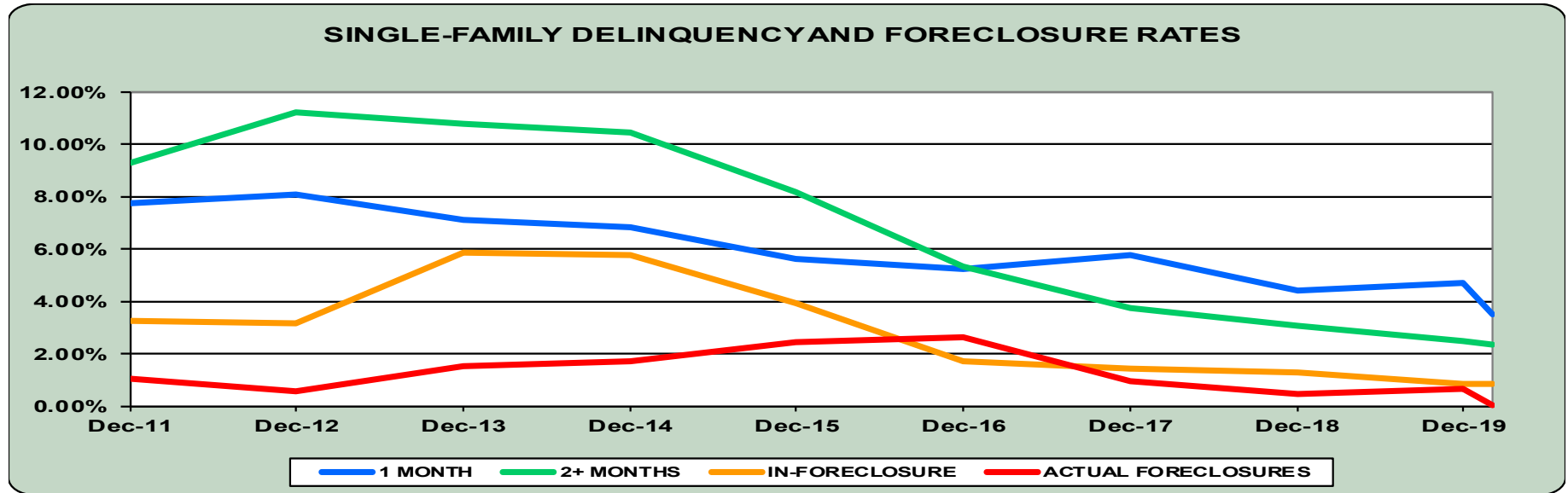
# Single-Family Delinquent Loans

## Maine State Housing Authority Single-Family Delinquencies by Servicer 2/29/2020

SERVICER	% OF PORTFOLIO	% of Portfolio Delq 60 + days	OUTSTANDING PRINCIPAL	----- 1 MONTH	DELINQUENT 2 MONTHS	----- 3+ MONTHS	IN- FORECLOSURE
MORTGAGE SERVICING SOLUTIONS	67.70%	2.56%	665,526,625.52	26,520,072.65	6,887,730.99	4,198,715.91	5,957,693.41
BANGOR SAVINGS BANK	16.30%	1.43%	160,257,179.69	3,397,056.31	949,275.96	377,259.94	973,061.87
CAMDEN NATIONAL BANK UK	9.07%	1.00%	89,127,468.40	2,340,865.34	348,026.59	250,146.28	292,373.29
MACHIAS SAVINGS BANK	5.78%	3.30%	56,842,199.98	1,583,263.77	592,287.27	434,479.60	851,050.37
BANK OF AMERICA NA	1.07%	8.55%	10,562,350.56	460,941.40	104,342.36	372,234.20	426,618.18
SALEM FIVE MORTGAGE CORP	0.08%	12.07%	809,380.75	0.00	0.00	97,707.09	0.00
TOTAL	100.00%	2.35%	983,125,204.90	34,302,199.47	8,881,663.17	5,730,543.02	8,500,797.12



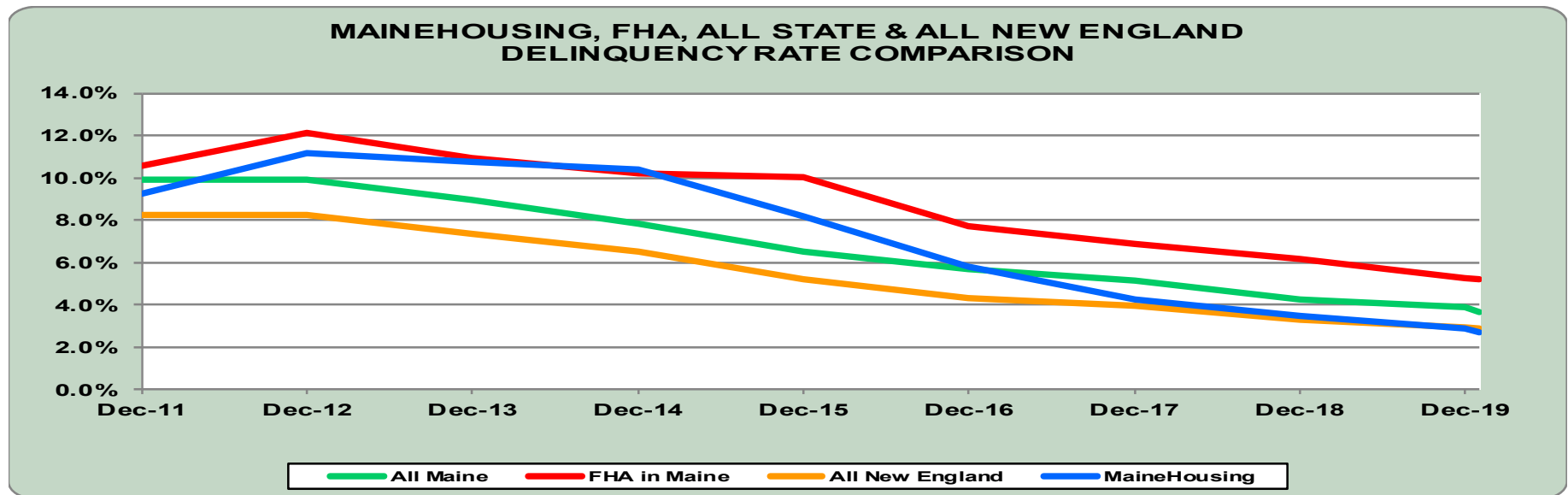
# Single-Family Delinquency & Foreclosure Trends



	OUTSTANDING PRINCIPAL	1 MONTH		2+ MONTHS		IN-FORECLOSURE		ACTUAL FORECLOSURES	
		DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE
Feb-20	\$ 983,125,205	\$ 34,302,199	3.49%	\$ 23,113,003	2.35%	\$ 8,500,797	0.86%	\$ 366,785	0.04%
Dec-19	\$ 967,171,381	\$ 45,399,415	4.69%	\$ 23,774,547	2.46%	\$ 8,037,512	0.83%	\$ 6,357,994	0.66%
Dec-18	\$ 916,608,577	\$ 40,526,473	4.42%	\$ 28,155,105	3.07%	\$ 11,647,401	1.27%	\$ 4,056,247	0.44%
Dec-17	\$ 844,497,676	\$ 48,457,930	5.74%	\$ 31,454,643	3.72%	\$ 12,099,518	1.43%	\$ 7,847,858	0.93%
Dec-16	\$ 799,557,471	\$ 41,780,468	5.23%	\$ 42,682,410	5.34%	\$ 13,625,991	1.70%	\$ 21,142,137	2.64%
Dec-15	\$ 790,409,905	\$ 44,303,365	5.61%	\$ 64,656,769	8.18%	\$ 31,066,182	3.93%	\$ 20,797,314	2.43%
Dec-14	\$ 810,139,060	\$ 55,171,703	6.81%	\$ 84,385,397	10.42%	\$ 46,711,687	5.77%	\$ 13,904,155	1.72%
Dec-13	\$ 849,385,825	\$ 60,378,599	7.11%	\$ 91,501,809	10.77%	\$ 49,783,071	5.86%	\$ 12,980,502	1.53%
Dec-12	\$ 899,788,247	\$ 72,815,090	8.09%	\$ 100,738,963	11.20%	\$ 28,237,109	3.14%	\$ 4,987,749	0.55%
Dec-11	\$ 980,359,797	\$ 75,979,115	7.75%	\$ 90,934,130	9.28%	\$ 31,846,771	3.25%	\$ 9,975,164	1.02%



# Single-Family Delinquency Comparison Trends



MAINEHOUSING LOAN COUNT COMPARISON					
	<u>Loan Count</u>	<u>2 Months</u>	<u>3+ Months</u>	<u>In-Foreclosure</u>	<u>Totals</u>
All State*	115,054	0.79%	1.13%	1.77%	3.69%
FHA for State*	18,779	1.44%	1.57%	2.20%	5.21%
All New England*	1,614,244	0.80%	1.08%	0.99%	2.87%
MaineHousing**	10,998	1.09%	0.69%	0.92%	2.70%

\*This information is obtained from MBA's National Delinquency Survey for the fourth quarter of 2019.

\*\*MaineHousing's overall delinquency rate based on loan dollars is 2.35%, whereas rates in this exhibit are based on loan count.



# Single-Family Delinquencies by Mortgage Insurer

As A Percent of Total Insurance Type

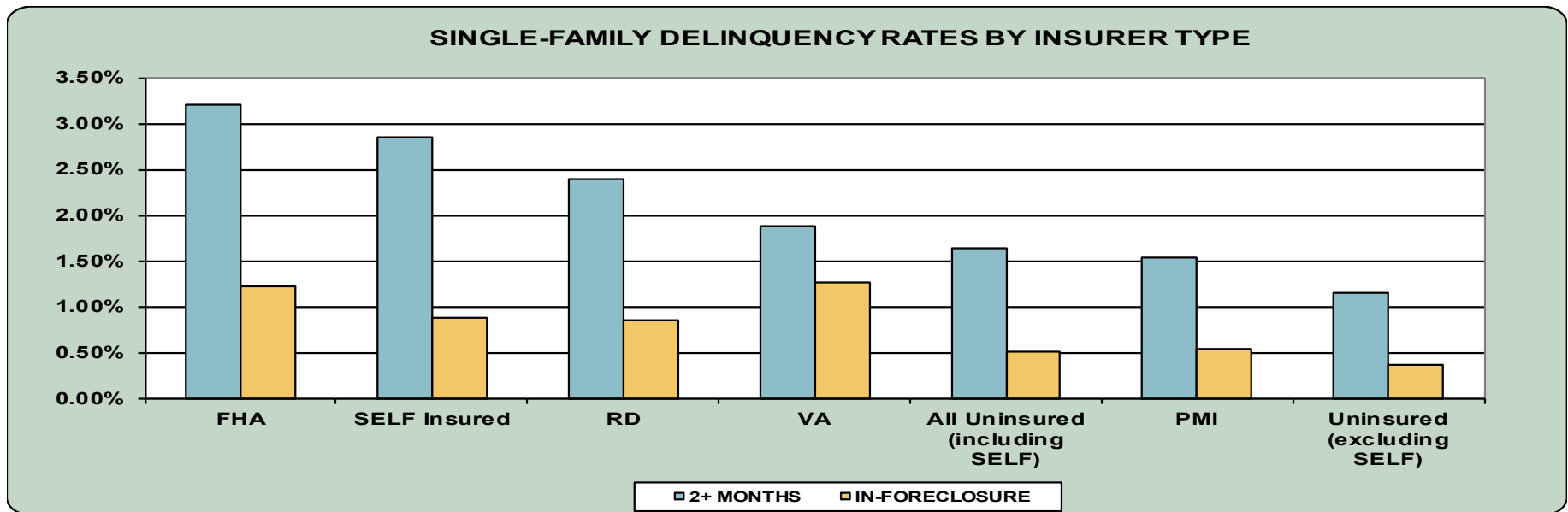
2/29/2020

TYPE	2+ MONTHS	IN-FORECLOSURE
FHA	3.21%	1.23%
SELF Insured	2.84%	0.88%
RD	2.39%	0.84%
VA	1.87%	1.27%
All Uninsured (including SELF)	1.64%	0.51%
PMI	1.54%	0.54%
Uninsured (excluding SELF)	1.15%	0.37%

As A Percent of Total Loan Portfolio

2/29/2020

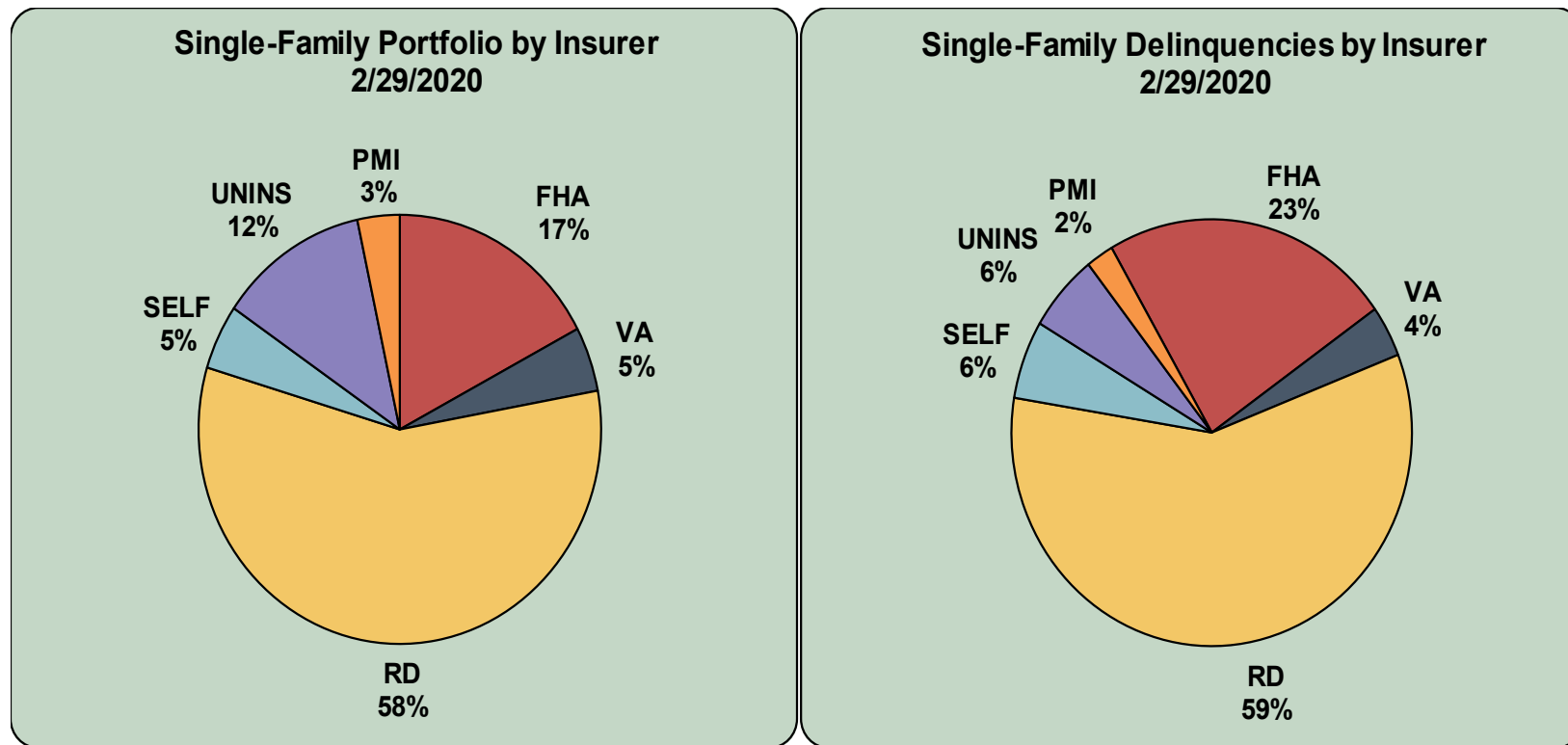
TYPE	2+ MONTHS	IN-FORECLOSURE
RD	1.38%	0.49%
FHA	0.55%	0.21%
All Uninsured (including SELF)	0.28%	0.09%
SELF Insured	0.14%	0.04%
Uninsured (excluding SELF)	0.14%	0.04%
VA	0.09%	0.06%
PMI	0.05%	0.02%



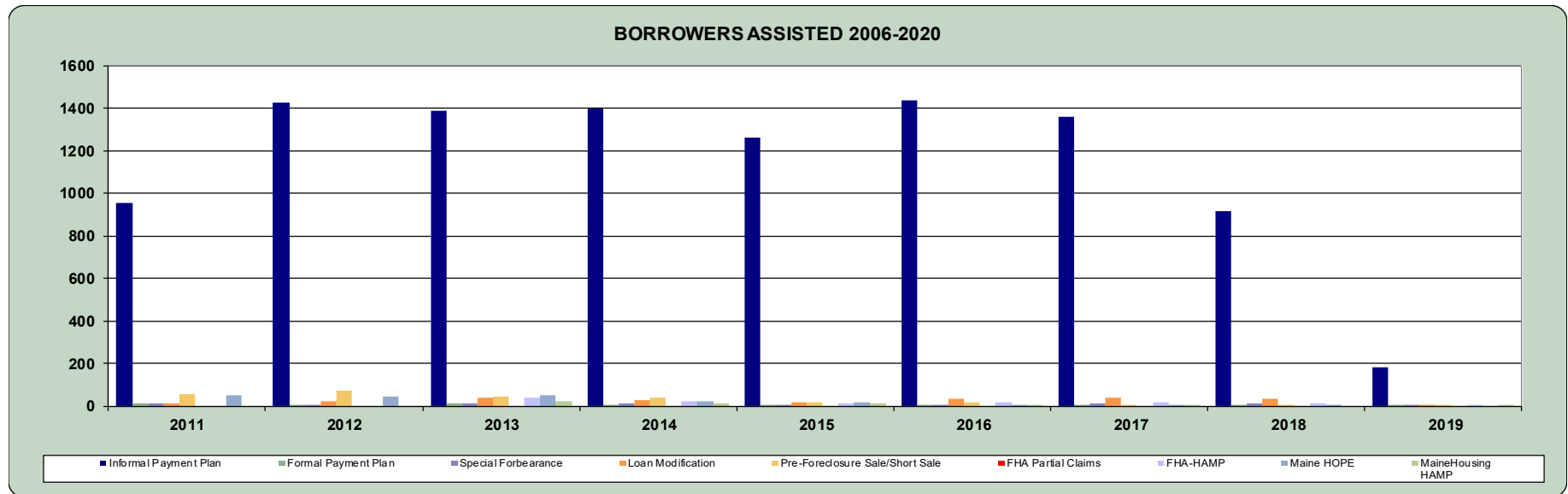


# Single-Family Delinquencies by Mortgage Insurer

The following charts show the composition of MaineHousing loans by mortgage insurer. Self insured loans are mainly mobile homes. Uninsured loans are those not needing mortgage insurance (i.e. for loans under 80% property value). The following charts are in dollar amounts.



# Single-Family Foreclosure Prevention Activities



Number of Borrowers Approved for Assistance

	Informal Payment Plan	Formal Payment Plan	Special Forbearance	Loan Modification	Pre-Foreclosure Sale/Short Sale	FHA Partial Claims	FHA-HAMP	Maine HOPE	Maine Housing HAMP	Total Workouts
Feb-20	181	1	1	3	1		3	0	1	191
Dec-19	914	3	12	32	4		10	8	0	983
Dec-18	1361	4	12	39	8		15	3	6	1448
Dec-17	1437	8	4	31	14		14	8	7	1523
Dec-16	1259	6	8	19	15		10	16	9	1342
Dec-15	1397	8	11	26	40		21	22	10	1535
Dec-14	1388	12	13	38	44		38	48	24	1605
Dec-13	1424	4	5	24	73			46		1576
Dec-12	952	9	9	9	56			47		1082
Dec-11	505	42	43	25	43	2		71		731

Actual Foreclosures

	Number of Foreclosures	Number of Loans in Portfolio	Percentage of Portfolio
Feb-20	6	10,998	0.05%
Dec-19	86	10,904	0.79%
Dec-18	57	10,673	0.53%
Dec-17	97	10,332	0.94%
Dec-16	258	10,097	2.56%
Dec-15	233	10,258	2.27%
Dec-14	162	10,526	1.54%
Dec-13	146	10,952	1.33%
Dec-12	60	11,571	0.52%
Dec-11	115	12,311	0.93%



## Homeless Initiatives Department Memorandum

**To:** Board of Commissioners

**From:** Laurie Murray, Director of Homeless Initiatives

**Date:** April 13, 2020

**Subject:** Homeless Initiatives Report

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The Homeless Initiatives team has been working with our shelters and other homeless providers to provide assistance and resources for the COVID-19 pandemic. Below is a summary of the activities and initiatives we have completed or are in process to address concerns surrounding COVID-19 for the homeless community:

- We established a separate web page on our Mainehomelessplanning website to serve as a clearinghouse and resource for information related to COVID-19. This page is updated throughout each day to ensure information is current and promptly available to shelters and other homeless providers. It also provides a question and answer section so that we can provide quick and consistent responses to inquiries.
- We developed a new, temporary grant program that provides additional funding to the shelters for costs associated with COVID-19, including medical and sanitation supplies and additional staffing costs. To date we have provided a total of \$305,000 to shelters under this program.
- We expedited the first quarter payments to the shelters under our ESHAP program to meet their critical need for immediate funds.
- We worked with shelters, our Legal Services department, and our software vendor to allow for the capturing and sharing of COVID-19 related data amongst the shelters through our HMIS system. This will allow for the shelters to more readily identify isolation needs
- We worked with Portland shelters, DHHS, and USM to obtain an additional site for the Oxford Street Shelter to accommodate physical distancing requirements for persons experiencing homelessness. We are continuing to work in other areas of the state to establish similar wellness centers.
- We participated in several multi-agency team meetings with homeless providers to share information and develop strategies to address COVID-19 issues. We are continuing to hold

these meetings which include the Statewide Homeless Council and its established task force, as well as various sub-committees of the Maine Continuum of Care (MCOC).

- We worked with HUD to obtain Emergency Solutions Grant (ESG) program waivers to provide flexibility to our emergency homeless shelters and case managers as they serve the homeless population during the COVID-19 pandemic.
- We are providing significant technical assistance to our partners and helping them as they struggle with the increased demands associated with COVID-19, particularly with staffing concerns.
- We are also providing guidance to Maine people who are struggling with many challenges and need information on various resources.

The Homeless Initiatives team is committed to helping Maine people and our partners who need critical support at this time. We continue to work with homeless providers to develop solutions that will serve people experiencing homelessness.

**To:** MaineHousing Board of Commissioners  
**From:** Craig Reynolds, Director of Homeownership  
**Date:** April 6, 2020  
**Subject:** Monthly Report – Homeownership Department

## PRODUCTION UPDATE

Purchases & Reservations Past/Current Comparison	March 2019		March 2020		
	#	\$ Volume	#	\$ Volume	% Change # (2020 vs. 2019)
Purchases (YTD)	221	\$19.9M	249	\$36.5M	12.6%
Reservations in Pipeline	189	\$24.8M	290	\$43.4M	53.4%

Monthly Reservations by Program Option		
Total Loans Reserved in March	#	\$
2 points	1	\$0.3M
0 points	11	\$1.9M
0 points with Advantage	142	\$22.1M
<b>Totals</b>	<b>154</b>	<b>\$24.3M</b>

## PROGRAM HIGHLIGHTS

### Loan Production & Market Status

The surge of loan activity that characterized the start of 2020 has shown surprising resilience even as the impact of the COVID-19 pandemic became evident in February and continued to worsen through March. As shown by the Production Update above, YTD Loan Purchases were up by 12.6% and by over \$16M in Loan Volume compared to March of 2019. Perhaps more notable is the 53.4% increase in the Loan Reservation Pipeline which equates to a remarkable increase of over \$18M in Loan Volume from this time last year.

Unfortunately due to COVID-19, the days, weeks and possibly months ahead are likely to show a significant decline in loan purchases and especially new reservations within the First Home Loan program as mandatory non-essential business closings, social distancing and the recent Stay at Home order issued by Governor Mills have effectively shut down Maine's economy at least through April, as is also happening nationwide. Although mortgage interest rates remain very favorable and home price increases have slowed, the uncertainty of additional layoffs and job cutbacks and losses even if temporary, are having a chilling impact on a consumer's confidence to make any major financial commitments such as buying a home until this threat subsides. The stimulus provided by the federal

government's CARES Act will hopefully ease the temporary loss of income for many would be homebuyers, allowing them to weather the financial hardships caused by the pandemic and emerge ready to resume their pursuit of homeownership once the threat shows clear signs of peaking and diminishing, and/or effective treatment therapies are developed and made available to the public. Until then, it is expected that housing industry activity will slow dramatically from pre-COVID-19 levels.

There are however, encouraging reports that some real estate sales are still being completed via virtual showings, and property closings are being conducted remotely or with minimal face to face contact among the parties and closing agents. The Maine Association of Realtors was successful with its petition to have real estate brokerage services designated as an Essential Business and it will continue to operate during the COVID-19 crisis in Maine subject to orders issued by the Governor's office and guidance from Maine CDC.

In the meantime, financial markets are experiencing wide swings in gains and losses which have analysts unable to predict movements on even a day to day basis. One certainty that hasn't changed is that financial markets hate uncertainty, and their responses to the growing crisis have varied. In terms of the mortgage lending industry, market interest rates were approaching historic lows just a few weeks ago before the full scope of COVID-19 began to be understood. Since then market rates have increased slightly and have averaged generally in the 3.50% - 3.75% range, but remain very attractive for those homebuyers willing and able to brave the hardships that we are all encountering.

Homeownership is closely monitoring market conditions and constantly consulting with Treasurer, Tom Cary concerning the volatile bond market and MaineHousing's projected single family bond sales which will determine the ultimate positioning of the First Home Loan base interest rate. It is expected that the current 3.00% base rate in effect at the writing of this report will have increased by the time it is distributed to MaineHousing's Board of Commissioners.

### **Homeownership Department Response to COVID-19**

As the threat of the COVID-19 became clear, Homeownership quickly adapted to the Business Continuity plans put into effect agency wide, and adhered to guidelines coming from the office of Governor Mills and Maine CDC regarding social distancing and all measures designed to help prevent the spread of the virus. 100% of Homeownership's staff have been set up to work remotely with the intention of keeping the First Home Loan (FHL) program fully operational regardless of the pandemic's duration in keeping with MaineHousing's designation as an Essential Business. A series of Lender Notices have been issued in recent weeks to assure all First Home Loan partners that the program remains open, to inform them of any procedural changes that may have occurred, and to also address how the relaxation of various guidelines by some mortgage insurers in response to the pandemic will apply to FHL program guidelines. I am extremely proud of the way every member of the Homeownership team has adapted to carry on during these very challenging times.

### **New Lender Partner**

Homeownership is pleased to welcome Bar Harbor Bank and Trust as the newest member of our lender partner network. Mortgage Lending Team Leader, Brianne McNally completed 3 online training sessions for Bar Harbor's staff which included processors, underwriters, Lender Online Administrators and their loan originating team. Brianne reported that Bar Harbor's staff is very excited and eager to offer MaineHousing's First Home Loan program to their client base.

### **Homebuyer Education Class Status**

Consumer Education Coordinator, Matthew Drost confirms that MaineHousing will continue to support homebuyer education classes throughout Maine as we believe education is fundamental to the success of any first time homebuyer. The completion of a hoMEworks approved homebuyer education class remains a requirement of all MaineHousing borrowers electing to receive the \$3,500 Advantage down payment and closing cost assistance option offered by our First Home Loan program. With the requirement of social distancing created by the COVID-19 pandemic, offering in-person homebuyer education classes is currently not feasible, therefore many education provider organizations have moved their classes to a virtual model. Organizations such as Coastal Enterprises in Brunswick, York County Community Action Corporation, and MaineStream Finance will be utilizing platforms like Zoom and Go to Meeting to continue offering homebuyer education to Maine borrowers. MaineHousing will continue to sponsor these classes, and offer any support possible to our resilient network of educators and counselors around the state. The existing online eHome America homebuyer education class continues to be another option for Maine's homebuyers.

**Housing Choice Vouchers Department Memorandum**

**To:** MaineHousing Board of Commissioners

**From:** Allison Gallagher - Director of HCV Programs

**Date:** April 21, 2020

**Subject:** Monthly Report – Housing Choice Voucher Program

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**Program Updates:**

**PIH 2020-05-COVID-19 STATUTORY AND REGULATORY WAIVERS**

MaineHousing's Housing Choice Voucher department will apply the following waivers in accordance with the PIH 2020-05:

- Annual plan submission due date extended to January 16, 2020
  - HCV update plan and notify residents of any impact-do not anticipate changes from 5 year plan submitted in October of 2019.
- PHA Administrative plan revisions
  - HCV will make changes as needed to the plan without board approval and will ensure approval of any changes by the July 31, 2020 deadline.
- Utility allowance renewal
  - HCV will update utility allowance schedule by December 31, 2020 deadline
- EIV monitoring
  - HCV will delay running EIV monitoring reports until the July 31, 2020
- Delay processing and submission of annual re-certifications-all due by December 31, 2020
  - HCV will process annual re-exams as usual unless unable to meet work load and then will process by the due date of December 31, 2020.
- Income and composition verification requirement-ends July 31, 2020
  - HCV will use self-certification as highest form of income verification for annuals and interim certifications and will accept by phone, email, fax and mail.
- Payment standards (VPS)
  - HCV will increase VPS at interims if the change qualifies the family for an increase
- HAP contract execution
  - HCV will accept HAP contracts dated up to but no later than 120 days from the effective lease date until July 31, 2020.
- Absent from unit 180 requirement
  - HCV will consider extenuating circumstances due to COVID-19 when determining if a family can be absent from their unit more than 180 days in effect until December 31, 2020
- Zero HAP 6 180 requirement



- HCV will extend participation for any family at zero HAP beyond 180 days but no later than December 31, 2020
- FSS extend contract of participation
  - HCV will add COVID-19 related reasons as a good cause reason to extend FSS contracts
- HQS-Initial, PBV turnover, QA until July 31, 2020
  - HCV will rely on owner certification for initial inspections where the unit is not vacant or cannot be inspected in accordance with COVID-19 social distancing requirements. The owner will complete a certification stating that the unit is absent of any life safety concerns as outlined by the PHA in the certification form. HCV will inspect all units passed with this certification by October 31, 2020
  - For any units where a family moved in with 30 day fails, HCV will extend assessing the abatement period an additional 30 days but no later than July 31, 2020.
  - HCV will accept owner certification for all PBV turnover units. The owner will complete a certification stating that the unit is absent of any life safety concerns as outlined by the PHA in the certification form. HCV will inspect all units passed with this certification by October 31, 2020
  - HCV will delay QA inspections until October 31, 2020

### **Inspections Update: March 2020**

Abatements: 2

STEP Abatements: 0

24 hour fails: 0

No Shows: 8

Initials: 76 (41 passed the first time, 24 passed with no life safety fails, 11 failed, 7 cancelled and 4 of those were because the LL didn't want to make the repairs) – 30 re-inspections

STEP inspections: 11 initials, 3 annuals, 8 re-inspections

Average number of days to schedule initials: 3

Average number of days to schedule homeless initials: 3

Annuals: 202 (58 passed the first time, 42 within the 30 day fail period and 11 were inspected three or more times before they passed). 91 failed

Mileage: 12,246

Landlord Repair Program: \$64,562.15

All of the Recovery House Residences were inspected. An additional one was inspected by Rob on 3/31 in Millinocket.

Recovery House Residence Inspections:

All 15 Recovery House Residences have been scheduled for their HQS inspections.

**Information Technology Department Memorandum**

**To:** Board of Commissioners

**From:** Sheila Nielsen, Director of IT

**Date:** April 14, 2020

**Subject:** Monthly Report

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The IT Department has been working on the following efforts during the last month.

- COVID – 19 related activities:
  - Expanded telecommuting environment to support over 120 staff working remotely.
  - Deployed computer equipment available to support staff working remotely.
  - Deployed RingCentral Meeting functions to support conference calls and video conferencing.
  - Developed IT schedule to allow IT team to work remotely unless physical presence is necessary.
- Completed the Exchange (email) server migration.
- Edison Drive Building Initiatives:
  - Completed design and configuration of RingCentral phone call queues. IT and CPD completed trial of chat tool functions and developed training material.
  - Network firewalls, switches and servers are installed and tested in the Edison Drive data center.
  - Data center storage has been installed. Final configuration and testing is expected to be completed this week.
  - Consolidated Communications has installed the copper phone lines necessary to support elevator and emergency phone service.
  - Audio visual vendor, Headlight, has resumed work on site after suspending work due to their COVID-19 policy.
  - Continue to work with building security vendor, Norris, to complete access control for all badge reader controlled doors.

## Board Calendar 2020

<b>JANUARY 21</b> <ul style="list-style-type: none"> <li>Legislative Preview (P. Merrill)</li> </ul> <p>NCSHA HFA Institute (Jan. 12-17) Washington, DC</p>	<b>FEBRUARY 18</b> <ul style="list-style-type: none"> <li>Introduce HEAP</li> </ul>
<b>MARCH 17</b> <ul style="list-style-type: none"> <li>HEAP discussion</li> <li>Audit Committee update</li> </ul> <p>NCSHA Legislative Conference (March 9-11) Washington, DC</p>	<b>APRIL 21</b> <ul style="list-style-type: none"> <li>Commence rulemaking HEAP</li> <li>2019 Year-end Financials</li> <li>Commence rulemaking QAP</li> </ul>
<b>MAY 26</b> <ul style="list-style-type: none"> <li>HEAP public hearing</li> <li>QAP public hearing</li> <li>Commence rulemaking State LIHTC</li> </ul>	<b>JUNE 16</b> <ul style="list-style-type: none"> <li>Adopt HEAP rule</li> <li>Introduce HCV Annual Plan</li> <li>Adopt QAP</li> <li>State LIHTC public hearing</li> </ul> <p>NCSHA Credit Connect (June 2-5) St. Louis, Missouri</p>
<b>JULY 21</b> <ul style="list-style-type: none"> <li><b>BOARD MEETING IF NEEDED</b></li> </ul>	<b>AUGUST 18</b> <ul style="list-style-type: none"> <li>HCV Annual Plan Public Hearing</li> <li>Adopt State LIHTC rule</li> </ul>
<b>SEPTEMBER 15</b> <ul style="list-style-type: none"> <li>Adopt HCV Annual Plan</li> </ul>	<b>OCTOBER 20</b> <ul style="list-style-type: none"> <li>NCSHA Annual Conf. (Oct. 24-27)</li> <li>DOE Weatherization State Plan</li> </ul>
<b>NOVEMBER 17</b> <ul style="list-style-type: none"> <li>Review Preliminary 2021 Budget</li> <li>DOE Weatherization State Plan Public Hearing</li> </ul>	<b>DECEMBER 15</b> <ul style="list-style-type: none"> <li>Approve 2021 Budget</li> <li>Elect Officers</li> <li>DOE Weatherization Adopt State Plan</li> <li>MPP Series Resolution</li> </ul>