

April 16, 2024 Board Packet

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Board of Commissioners Meeting – April 16, 2024 9:00 a.m. to 12:00 p.m.

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

9:00	Adopt Agenda (VOTE)	All
	Remote Commissioners	Frank O’Hara
	- Reason remote	
	- Any other persons at their location	
	Approve minutes of March 19, 2024 meeting (VOTE)	All
	Communications and Conflicts	All
	Chair of the Board Updates	Frank O’Hara
9:15	Director Updates	Dan Brennan
9:30	QAP Public Hearing	Mark Wiesendanger/Ashley Carson
10:00	HEAP Rule Draft / Commence Rulemaking (VOTE)	Genevieve Soucy/Ashley Carson
10:15	Legislative Update	Erik Jorgensen
10:30	2023 Budget and Audit Report	Darren Brown/Jason Emery of Baker, Newman & Noyes
	<u>Department Reports:</u>	All
	Asset Management	
	Development	
	Energy and Housing Services	
	Finance Monthly Report	
	Financial & Budget Report	
	Finance Delinquency Report & Charts	
	Homeless Initiatives	
	Homeownership	
	Housing Choice Vouchers	
	Human Resources & Facilities	
	Information Technology	
	Planning and Research	
	2024 Board Calendar	
	EXECUTIVE SESSION (VOTE)	All
	Adjourn (VOTE)	All

The next meeting of the Board is scheduled for May 21, 2024
virtually and in person at 26 Edison Drive, Augusta, Maine



Minutes of the Board of Commissioners Meeting March 19, 2024

MEETING CONVENED

A meeting of the Board of Commissioners for MaineHousing convened on March 19, 2024 at the offices of MaineHousing, 26 Edison Drive, Augusta, Maine and virtually. Notice of the meeting was published on March 8, 2024 in Central Maine newspapers. Notice of Board of Commissioners meetings is also on MaineHousing's website at www.mainehousing.org.

Chair Frank O'Hara called the meeting to order at 9:00 a.m. Director Dan Brennan, Commissioners, Renee Lewis, Paul Shepherd, Elizabeth Dietz, Laura Buxbaum, and State Treasurer Henry Beck attended in person. Commissioner Nancy Harrison attended remotely due to her schedule requiring her to stay in Bangor and Commissioner Noël Bonam attended remotely as he was not feeling well. Commissioner Melissa Hue was absent.

There was a quorum present.

PUBLIC ATTENDANCE

Guests and staff present for all or part of the meeting included: Ashley Carson, Chief Counsel; Adam Krea, Senior Director of Finance and Lending; Tom Cary, Treasurer; Karen Lawlor, Executive Administrator; Jamie Johnson, Senior Director of Operations; Lauren Bustard, Senior Director of Homeless Initiatives; Genevieve Soucy, Director of Energy and Housing Services; Scott Thistle, Communications Director; Erik Jorgensen, Senior Director of Government Relations and Communications; Jonny Kurzfeld, Director of Planning and Research; Allison Gallagher, Director of Housing Choice Vouchers; Craig Given, Director of Information Technology; Patricia Harriman, Director of Homeownership; Andrew Thomas, Help Desk Analyst II; Jane Whitley, Director of Human Resources and Facilities; Sarah Johnson, Manager of Home Energy Assistance Programs; Linda Grotton, Director of Audit; Laura Mitchell, Maine Housing Coalition; and Gerrylynn Ricker, Paralegal and Note taker.

ADOPT AGENDA

Commissioner Lewis made a motion seconded by Commissioner Dietz to adopt the March 19, 2024 agenda. The vote carried unanimously.

APPROVE MINUTES OF FEBRUARY 20, 2024 MEETING

State Treasurer Beck made a motion seconded by Commissioner Lewis to accept the February 20, 2024 minutes as written.

COMMUNICATIONS AND CONFLICTS

None

CHAIR OF THE BOARD UPDATES

Chair O'Hara went to the Augusta Planning Board meeting and listened to a debate about a homeless shelter. Chair O'Hara also reported on his visit to Washington D.C. Chair O'Hara also explained to the Commissioners that they will hold an executive session at the end of today's meeting to discuss Director Brennan's evaluation.

DIRECTOR UPDATES

Director Brennan summarized recent issues and his activities as follows:

- Bill Olsen with the Asset Management Department and Linnea Rogers with the Planning and Research Department are retiring at the beginning of April. They have a combined tenure of eighty plus years with MaineHousing. Dan has had the opportunity to work with both Bill and Linnea in his various roles. They will both be missed. Chair O'Hara also wished them well.
- Travelled to Washington D.C. met with staff from Representative Pingree and Golden's office. Also met with Senator Collins and Senator King.
- Had a one-on-one interview with U.S.D.A Rural Development Administrator Joaquin Altoro.
- Working very closely with HUD officials in Boston and DC around Maine's Continuum of Care.
- Media coverage around the home sharing program. There is a lot of success in this type of program around the country. We conducted an RFP and hired a company called Nesterly who has a platform that is much like a matching service for willing homeowners who have rooms for people who are looking for rooms.
- Gave a presentation to the Economic Development Council of Maine.
- Attended the Maine Real Estate Developers Association Annual Forecast.
- Met with Scott Harriman, Lewiston City Council President.
- Attended the Federal Home Loan Bank of Boston Advisory Council meeting.
- Spoke with a reporter from the Portland Press Herald, Eric Russell.
- Dan and some folks from our Energy and Housing Department has been asked to speak at the climate council's building and infrastructure working group.
- MaineHousing is going to host the Maine Redevelopment Land Bank Authority Board meeting next Thursday. The Board will be using the meeting to interview two candidates for the executive director position.
- Next week heading to Aroostook County with Development Director, Mark Wiesendanger to the Aroostook Housing Summit.
- Four sole source procurement memorandums were included in the Board Packet.

LEGISLATIVE UPDATE

Senior Director of Government Relations & Communications, Erik Jorgensen, reported he thinks MaineHousing is pretty much out of the picture right now. The heavy lifting has been done. The committee work is mostly done. A lot of the focus is on the appropriations committee. Erik testified in support of LD 2209, the bill to increase the cap on bonds needed by MaineHousing to 3 billion dollars. We expect to have this bill exempted from the table today. There are still a lot of bills sitting on the table waiting for funding. We will be asked to participate in a lot of studies. We're watching the Governor's proposed supplemental budget. Language Part GG transfers 10 million dollars for the affordable homeownership program; Language Part HH is 16 million dollars to our emergency housing relief fund. The legislative session ends April 17th. Director Brennan added we are expecting a resolve to come through seeking MaineHousing to request to change a Federal statute around the Section 8 program and Fair Market Rents.

INTRODUCTION TO HEAP RULE

Director of Energy & Housing Services, Genevieve Soucy, presented a slide show summarizing the Home Energy Assistance Program. She also reviewed for the Commissioners the planning process and stakeholder input for the HEAP program year 2025. The timeline is at next month's Board meeting, she will ask permission to commence rulemaking. A public hearing will be held at the May meeting and she will seek to have the Rule adopted by the Commissioners in June. Genevieve then

reviewed in detail the proposed changes.

COMMENCE RULEMAKING – CHAPTER 16, LOW-INCOME HOUSING TAX CREDIT PROGRAM (QAP)

Senior Director of Finance and Lending, Adam Krea presented for Director of Development, Mark Wiesendanger, who was not feeling well. Adam reviewed for the Commissioners the proposed changes to the 2025-2026 Qualified Allocation Plan (QAP).

Chief Counsel Ashley Carson read the proposed motion, to authorize MaineHousing to commence the rulemaking process to repeal and replace Chapter 16 of MaineHousing’s rules in the form provided to the Commissioners described in the memorandum from Development Director Mark Wiesendanger to the Commissioners dated March 19, 2024. Commissioner Buxbaum made the motion and it was seconded by Commissioner Dietz. The vote carried unanimously.

2023 ACCOMPLISHMENTS AND GOAL OUTCOMES

Senior Director of Operations, Jamie Johnson was joined by Senior Director of Finance and Lending, Adam Krea, and Senior Director of Homeless Initiatives, Lauren Bustard to review the 2023 accomplishments and goal outcomes. Jamie started a slide show and turned the presentation over to Lauren who gave an update on the goals and homelessness accomplishments. Adam gave the presentation on the homeownership goals and accomplishments and the production goals and accomplishments. Jamie presented on the 2024 goals in motion. See PowerPoint entitled “MaineHousing Goal Setting 2023 Accomplishments.”

HOMELESS UPDATE

Senior Director of Homeless Initiatives, Lauren Bustard, updated the Commissioners by telling them that the warming shelters are starting to close because it’s getting warmer. Some are closing March 31st and the rest are going to be closing the end of April. The City of Portland remains stable with the tent situation. There are only a handful of tents now and they are mostly on private land. Lauren also mentioned that we are working on low barrier shelters. The five private low barrier shelters in 2023 served 1,017 unduplicated people.

EXECUTIVE SESSION

Chief Counsel Ashley Janotta read the proposed motion, to enter into an Executive Session to discuss the Director’s annual review pursuant to Title 1 Maine Revised Statutes Section 405(6)(E). She called on each Commissioner to vote to enter into Executive Session: Commissioners Bonam, yes; Shepherd, yes; Dietz, yes; Buxbaum, yes; Lewis, yes; Harrison, yes and State Treasurer Beck, yes. The Board of Commissioners entered into Executive Session at 11:36 a.m. Commissioner Nancy Harrison left the executive session at 11:46 a.m. due to a meeting conflict.

The Board of Commissioners came out of Executive Session at 11:47 a.m. and resumed the meeting.

ADJOURN

State Treasurer Beck made a motion seconded by Commissioner Dietz to adjourn the meeting. The meeting was adjourned at 11:47 a.m. by unanimous vote of the Board.

Respectfully submitted,

Elizabeth Dietz



2025-2026

Low Income Housing Tax Credit

Qualified Allocation Plan



CHAPTER 16 LOW-INCOME HOUSING TAX CREDIT RULE

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Chapter 16: LOW-INCOME HOUSING TAX CREDIT RULE

SECTION 1: INTRODUCTION

The federal Low-Income Housing Tax Credit (LIHTC) was created by the Tax Reform Act of 1986 to encourage private capital investment in the development of affordable rental housing. It is governed by [Section 42](#) of the Internal Revenue Code of 1986, as amended, and associated regulations. As the designated housing credit agency for the State of Maine, MaineHousing is required by [Section 42](#) of the Code and [30-A MRS §§4741\(1\) and \(14\)](#) to adopt a Qualified Allocation Plan (QAP) for allocating and administering LIHTC; this rule is the State's QAP.

This rule repeals and replaces in its entirety the prior Chapter 16, *Low Income Housing Tax Credit Rule*, except that the allocation provisions continue to apply to projects that were awarded LIHTC under a prior rule, or a program subject to a prior rule.

Capitalized terms used in this rule are defined in **Appendix A**, unless the context otherwise indicates, or if not defined therein, have the same meaning as set forth in [Section 42](#) of the Code.

SECTION 2: HOUSING NEEDS AND PRIORITIES

MaineHousing and the Department of Economic and Community Development annually complete a statewide needs assessment as part of the Consolidated Housing and Community Development Plan. *Maine Consolidated Plan (2020-2024)* establishes the following housing priorities:

- A. expand affordable housing opportunities;
- B. improve and preserve the quality of housing; and
- C. help Maine people attain housing stability.

SECTION 3: SET-ASIDES AND MAXIMUM CREDIT AMOUNT

- A. Nonprofit Set-Aside. MaineHousing will set aside ten percent (10%) of the annual State Ceiling for Projects in which a Qualified Nonprofit Organization owns an interest and materially participates in the development and operation throughout the Compliance Period in accordance with [Section 42\(h\)\(5\)\(B\)](#) of the Code. An Applicant will qualify if it is owned by either a Qualified Nonprofit Organization, or a business corporation which is 100% owned by one or more Qualified Nonprofit Organization(s), and (in accordance with [Section 42\(h\)\(5\)\(C\)](#) of the Code) it is the general partner or manager/managing member and controls the Project's development and day-to-day operation.

- B. Preservation Set-Aside. MaineHousing will set aside up to \$750,000 of the annual State Ceiling for the preservation and rehabilitation of one existing multifamily rental housing project if the scope of rehabilitation meets the minimum requirements set forth in Section 5.D.2. and one of the following:
1. at least 25% of its units, or those in a Related Development, are assisted under a Rural Development program; or
 2. at least 25% of its units will be converted to Section 8 under HUD's Rental Assistance Demonstration (RAD) Program, Section 18 Demolition/Disposition Program or other HUD conversion programs.

Demolition and reconstruction on an existing housing site will be treated as new construction and is not eligible for this set-aside.

- C. Maximum Credit Amount. The maximum amount of Credit that will be allocated for each Project is the least of (i) \$30,000 per Credit Unit, (ii) \$1,200,000, and (iii) the amount MaineHousing determines is necessary to ensure the Project's financial feasibility and long-term viability.

SECTION 4: ALLOCATION PROCESS

- A. Pre-Application Submission. Each Project must undergo a mandatory Pre-Application review by MaineHousing to assess its feasibility, suitability for housing, and eligibility for Credit. Applicants must submit the information and documents set forth in **Appendix B** with the pre-application fee specified in Section 4.C. to MaineHousing by Wednesday, July 3, 2024 for the 2025 round and by Thursday, July 3, 2025 for the 2026 round. An Applicant will not be eligible for Credit if
1. it fails to provide a complete Pre-Application submission in accordance with this subsection, or
 2. there is any material change in the Project between the Pre-Application submission and the Application unless required by MaineHousing.
- B. Application. Applications are subject to the following limitations, conditions and requirements:
1. Existing Housing.
 - a) Acquisition and Rehabilitation Projects. Projects that involve the acquisition and rehabilitation of Affordable Housing must include the addition of at least 20 new units, or meet the requirements of the Preservation Set-Aside in Section 3.B.

- b) Demolition of Existing Housing. Demolition of existing housing that has not been condemned or declared blight by a municipality is not eligible unless approved by MaineHousing.
2. **Deadline.** The deadlines for submitting Applications are Thursday, September 19, 2024 for the 2025 State Ceiling and Thursday, September 18, 2025 for the 2026 State Ceiling.
 3. **Format.** The Application must be completed and submitted electronically in the form and manner prescribed by MaineHousing. Submitted exhibits must include proper documentation to provide evidence of all funding sources and official approvals. MaineHousing may require the Applicant to submit additional information.
- C. **Fees.** Applicants must pay the following fees when due. All fees are non-refundable.

Type of Fee	Amount	Due Date
Pre-application Fee	\$2,000	By Pre-application deadline in Section 4.A.
Application Fee	\$2,500	Postmarked for delivery by Application deadline in Section 4.B.2
Allocation Fee	7.5% of Credit	Earlier of Carryover Allocation (Section 8.B.) or Final Allocation (Section 8.A.)
Monitoring Fee*	\$1,000 per Credit Unit	Final Allocation (Section 8.A.)

*MaineHousing may charge an additional monitoring fee to cover any increased costs due to income averaging or other extraordinary monitoring requirements during the Compliance Period.

- D. **Ineligible Applicants.** An Application will be deemed ineligible if one or more of the following has occurred:
1. The Applicant, any Principal thereof, or Affiliates of either
 - a) has an uncorrected IRS Form 8823 in connection with any LIHTC Project to the extent it is correctable unless previously waived by MaineHousing;
 - b) has been declared in default or has been 60 calendar days or more delinquent on any loan with MaineHousing, unless the default or delinquency has been cured or there is an approved payment or workout plan in good standing prior to the Application deadline;
 - c) has ever been the owner of any project in which MaineHousing has foreclosed a mortgage interest or received a deed-in-lieu of foreclosure of a mortgage interest unless previously waived by MaineHousing;

- d) is presently debarred, suspended, proposed for debarment, or excluded from participation in any federal or state programs;
 - e) has sought to achieve early termination of an Extended Use Agreement through the written request to a housing credit agency to present a Qualified Contract;
 - f) has in the last 10 years either commenced or had commenced against it any proceeding in or for bankruptcy, receivership, reorganization or any other arrangement for relief from creditors commenced against it that affected a MaineHousing-funded project that was not dismissed within 90 calendar days; or
2. The tax credit syndicator, investor, or Affiliates of either
- a) transferred its interest in any LIHTC Project after March 25, 2014 in violation of the Ownership Transfer Rule;
 - b) failed to make any required capital contributions with respect to any LIHTC Project, and has not corrected such actions prior to the Application deadline;
 - c) has sought to achieve early termination of an Extended Use Agreement through the written request to a housing credit agency to present a Qualified Contract; or
 - d) has sought to undermine the exercise of a right of first refusal or purchase option with respect to any LIHTC Project by: (i) refusing to honor a right of first refusal or purchase option; or (ii) involvement in a lawsuit challenging the exercise of a right of first refusal or purchase option.

MaineHousing may reject the Application if it determines the deficiencies are not addressed. MaineHousing may also require financial statements from the Applicant, Principal thereof, or Affiliates of either.

- E. Notice to Local Jurisdiction. Upon receipt of an Application, MaineHousing will notify the Chief Executive Officer of the municipality with jurisdiction over the location of the proposed Project. The notice will provide for a 15-day comment period. MaineHousing will consider any comments received.
- F. Selection Process. Applications for the State Ceiling with the highest scores will be awarded Credit until the applicable State Ceiling is fully awarded.
 - 1. The preservation set-aside is limited to one Project. If the set-aside is not sufficient to complete the Project proposed in the highest scoring eligible Application, MaineHousing may allocate additional Credit, allocate the Credit under the set-aside to the next highest-scoring eligible Application that does not need more than the set aside, or not allocate any Credit under the preservation set-aside. All Applications that participate in the preservation set-aside and do not win will be placed on a waiting list.

2. The highest scoring Qualified Nonprofit Organization will be the winner of the nonprofit set-aside regardless of its ranking among other Applicants. If the set-aside is not fully awarded to the highest scoring eligible Applicant, MaineHousing may allocate additional Credit to the next highest scoring eligible Applicant for the set-aside, not fully allocate Credit under the set-aside, or require an Applicant that has not indicated that it is participating in the set-aside to participate in the set-aside. MaineHousing may, if necessary, require the Applicant to change its ownership structure. All Applications that participate in the nonprofit set-aside and do not win will be scored with the other Applications.
 3. Except as set forth above, MaineHousing will make awards in score order to select threshold-eligible Applications. If the last Application selected for an award of Credit needs more Credit than remains under the applicable State Ceiling, MaineHousing may elect to either (a) not award the remaining Credit to any Application, or (b) award additional Credit under the next annual State Ceiling to the Application. All threshold-eligible Applications that are not selected will be placed on a waiting list. Any Credit that is returned or is otherwise unused will be made available to waiting list Applications using this process.
- G. Notice to Proceed. MaineHousing will meet with each Applicant selected for a Credit award. If the Applicant accepts the Credit award conditions, MaineHousing will issue a Notice to Proceed. Applicants must execute and return the Notice within the time period specified.
- H. Credit Allocation. Upon receipt of the fully executed Notice to Proceed, MaineHousing will evaluate the Application pursuant to Section 7 to determine the amount of Credit, if any, to be allocated.
- I. Termination of Application or Notice to Proceed. MaineHousing will deem an Application withdrawn and any Notice to Proceed cancelled if one or more of the following occur without MaineHousing's written approval after the Application is submitted:
1. The Application or the Notice to Proceed is assigned or the Applicant or any Principal thereof changes;
 2. The location of the Project changes from the location identified in the Application;
 3. There is any change which would result in a net reduction in the Application's score;
 4. There is a change in the Project's design or financing from what was in the Application which results in a substantial increase in the amount of Credit or other MaineHousing funding required;
 5. The Project's TDC Index exceeds the TDC Index Cap;

6. Failure to meet the threshold requirements in Section 5;
7. Any event in Section 4.D. occurs and is not cured within any applicable cure period; or
8. There is any other material or substantive amendment or change to the Application.

SECTION 5: THRESHOLD REQUIREMENTS

Applications must meet the following threshold requirements to be eligible for Credit:

A. Affordability.

1. The Project will comply with [Section 42](#) of the Code and this QAP for a minimum period of 45 years to maintain the Project as residential rental housing, keep at least 60% of the total Credit Units in a Project occupied by persons with 50% area median income and keep the Credit Units in the Project rent-restricted in accordance with [Section 42](#) of the Code.
2. The Applicant waives the right to request MaineHousing to present a Qualified Contract under [Section 42\(h\)\(6\)](#) of the Code.
3. The Applicant must submit a letter of intent from an investor (and, in the event of any change in investor, the replacement investor) in which the investor agrees to the granting of an option to purchase: (i) the Project; and (ii) the partnership interest of the limited partner(s) or membership interest of the non-managing member(s) of the Project owner (“Purchase Options”), to one or more of the general partner, managing member, developer or sponsor on terms that comply with the provisions set forth in **Appendix E**. The investor must also agree in the letter of intent that the Purchase Options complying with the provisions in **Appendix E** will be included in the Project owner’s limited partnership agreement or limited liability company operating agreement.
4. If the Applicant, general partner, managing member, developer, or sponsor of the Project is a Qualified Nonprofit Organization, the Applicant must submit a letter of intent from an investor (and, in the event of any change in investor, the replacement investor) in which the investor agrees to the granting of a right of first refusal (“ROFR”) to the Qualified Nonprofit Organization on terms that comply with the provisions set forth in **Appendix E**. The investor must also agree in the letter of intent that the ROFR complying with the provisions in **Appendix E** will be included in the Project owner’s limited partnership agreement or limited liability company operating agreement.

- ### B. Total Development Cost (TDC).
- Cost reasonableness will be evaluated using an index, which is the weighted average of the TDC per unit and the TDC per bedroom. For mixed-use projects, the TDC for only the residential portion of the project, including common areas, will be used for this calculation. The weighted average will be calculated as follows:

$([2 \times \text{TDC/unit}] + [\text{TDC/bedroom}])$ divided by 3.

The product of this calculation will be referred to throughout this document as the “TDC Index”. An Application will be rejected if the TDC Index exceeds the TDC Index Cap below for a project of its type at any time prior to the later of the construction loan closing or carryover allocation.

Type of Project	TDC Index Cap
Adaptive Reuse	\$395,000per unit
New construction	\$370,000per unit
Acquisition and rehabilitation of existing housing	\$340,000 per unit

Demolition and reconstruction of all housing on the same site or another site will be treated as new construction. If a Project involves more than one project type, the TDC Index Cap for the Project is the average of the TDC Index Caps allocable to each type, weighted by the number of units of each type.

- C. Acquisition and Rehabilitation of Existing Housing. Projects that involve the acquisition and rehabilitation of existing multifamily housing are subject to the following:
1. Capital Needs Assessment. The Application must include a capital needs assessment satisfying the requirements set forth in **Appendix C**.
 2. Minimum Rehabilitation Requirements. The Rehabilitation Costs per unit of existing housing must be at least \$75,000.
 3. Relocation/Displacement. The Project must comply with MaineHousing’s *Temporary Relocation and Permanent Displacement Policies* and, if the Project is federally-assisted, all applicable federal requirements, including the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. The Applicant must take reasonable steps to minimize the displacement of existing tenants of the Project. The Application must identify any tenants who will be permanently displaced and the reason for the displacement. The Project’s TDC must include all costs associated with permanent and temporary displacement or relocation. MaineHousing will not allocate Credit until it has approved a project’s relocation plan.
- D. Development and Management Experience and Capacity. Applicant teams must have sufficient knowledge, experience and capacity to adequately design, develop, complete, maintain, manage, and operate LIHTC Projects and to provide related services, such as accounting, tax and legal advice, and resident service coordination. If the Project will involve multiple subsidy sources in addition to LIHTC which results in overlapping targeting and rental restrictions, the Applicant team must have sufficient knowledge, experience and capacity to handle the increased complexity. If MaineHousing determines the Applicant’s team lacks sufficient qualifications, the team may be required to

1. hire a qualified consultant,
2. hire additional qualified staff, or
3. replace a team member.

E. Site Control. The Applicant must have site control of the Project throughout the Application process in the form of an option, a purchase and sale contract, ownership, or long-term lease. The Applicant, its agents, and MaineHousing must have access to the Project site, and if the Project is an existing occupied property, access to records and other information about the existing tenants, including current rent and income information.

F. Growth Management Limitations. A Project that involves the new construction or acquisition of newly-constructed residential rental property or the conversion of existing buildings to residential rental property must comply with the State's Growth Management Law, [30-A M.R.S. §4349-A](#), as amended. Projects must meet one of the following two sets of criteria to be eligible for a Credit allocation:

1. If the municipality in which the Project is located has adopted a comprehensive plan or growth management plan that is consistent with applicable State law, then the Project must be in a designated growth area as identified in such plan; or
2. Otherwise the Project must be located in an area
 - a) served by a public sewer system with existing capacity for the Project,
 - b) identified as a census-designated place in the latest Federal Decennial Census, or
 - c) in an urban municipality and defined under [23 M.R.S. §754](#) as compact.

The law exempts projects that exclusively serve certain populations, such as persons with disabilities, who are homeless, or are wards of the State.

G. Project Feasibility. The Applicant must have the financial ability to develop and complete the Project and to operate it throughout the Compliance Period.

1. Development Budget. The Applicant must identify
 - a) all sources of funding for development and completion, whether direct or indirect, including the amount, timing, terms, conditions, and status (e.g. "applied for" or "committed") as of the date of the Application and uses of the funding based on the projected costs of and schedule for developing and completing the Project; and
 - b) all sources and uses of funding for the Project, whether direct or indirect and whether they are included in the development budget for the Project.

2. Operating Budget. The Applicant must identify all
 - a) sources of income, including rent from the residential units, any income from commercial or non-residential space, and the amount, terms and conditions of rental or operating assistance; and
 - b) costs of operating the Project as projected over the Compliance Period. The Applicant also must identify all forms of property tax relief (such as a PILOT, tax abatement or exemption, or Tax Increment Financing) and other assistance that reduces operating costs.
3. Related Development. Any Related Development must be completed prior to or concurrently with the completion of the Project, and there must be sufficient funding to operate the Related Development.

If MaineHousing determines that the Application includes information that is inconsistent with applicable requirements or is unreasonable based on comparable LIHTC projects, industry standards, or market conditions, MaineHousing may where it deems appropriate re-characterize such information to assess Project Feasibility notwithstanding the identified issue with the information provided.

- H. Project Design and Construction Requirements. The design and construction or rehabilitation of the Project must comply with MaineHousing's Construction Standards and all applicable local, state and federal codes, regulations, statutes and ordinances. The latest version of Construction Services' *Quality Standards and Procedures Manual* can be found here: <<<<<Insert Generic Link Here>>>>>

Of particular note are updates to MaineHousing's energy efficiency standards.

When applicable, Projects must also comply with:

1. The Build America, Buy America Act (BABA), enacted as part of the Infrastructure Investment and Jobs Act, [Infrastructure Investment and Jobs Act, Pub. L. 117-58](#) and [2 CFR 184](#). BABA established a domestic content procurement preference for all Federal financial assistance obligated for infrastructure projects after May 14, 2022. The domestic content procurement preference requires that all iron, steel, manufactured products, and construction materials used in covered infrastructure projects are produced in the United States. This requirement is known as the "Buy America Preference" (BAP).

BABA FAQs

https://www.hudexchange.info/baba/faqs/?utm_source=HUD+Exchange+Mailing+List&utm_campaign=87c88d5f1e-BABA-FAQs-Now-Available-3.4.24&utm_medium=email&utm_term=0_-87c88d5f1e-%5BLIST_EMAIL_ID%5D

2. Section 3 of the Housing and Development Act of 1968 (12 U.S.C § 1701u) and its associated regulations (24 C.F.R. Part 75). The Section 3 program requires that recipients

of certain HUD financial assistance, to the greatest extent possible, provide training, employment, contracting and other economic opportunities to low- and very low-income persons, especially recipients of government assistance for housing, and to businesses that provide economic opportunities to low- and very low-income persons.

Please refer to the *Section 3 Contractor, Subcontractor and Subrecipient Package* on our website: https://mainehousing.org/docs/default-source/development/construction-services/other-documents/section-3-contractor-subcontractor-subrecipient-package.pdf?sfvrsn=26f28615_5

I. Project Amenities. The Project must have the following amenities and services:

1. Community Room. The Project must include an on-site community room with sufficient capacity to serve tenants' needs. For a scattered-site Project, only one community room is required and should be centrally located to the greatest extent possible to best serve all tenants.
2. Laundry Facilities. The Project must include either a washer/dryer hook-up in each unit or a fully accessible, centrally located laundry facility with sufficient capacity to serve all tenants.
3. Broadband Access. The Project must include broadband infrastructure with capacity sufficient to support the provision of Telehealth services.

Broadband infrastructure includes cables, fiber optics, CAT5e (or greater) interior wiring, or other permanent (integral to the structure) infrastructure, including wireless infrastructure, as long as the installation results in broadband infrastructure in each dwelling unit sufficient for the build-to standard of The Maine Connectivity Authority.

Healthcare service providers and the tenants receiving care may not be charged for the use of the internet or wireless and telephone services provided for telemedicine services.

4. Shared Facilities. An amenity will meet the requirements if the amenity:
 - a) is fully accessible and located on an accessible path to the Project,
 - b) is within an existing multifamily housing project adjacent to the subject site,
 - c) has sufficient capacity to serve both the Project's tenants and the existing project,
 - d) will be available to the Project's tenants during the Compliance Period on the same terms as the residents of the existing multifamily project, and
 - e) will not charge the tenants to use the shared amenity other than a reasonable fee that does not exceed the amount charged to any others for the same use.

5. **Recreational Activities.** An area(s) of recreational activity must be located on the Project site or within a ½ mile. The area(s) and activities must be free of charge to the tenants and not require membership. Projects with single-family detached style units satisfy this requirement if each unit has a private lawn with sufficient room for playground equipment, gardening or other activities acceptable to MaineHousing.
 6. **Exceptions.** The requirements of this subsection do not apply to existing multifamily housing projects if the Applicant cannot comply with the requirements because of the nature of the site, structural limitations, zoning restrictions or other land use limitations.
- J. **Resident Service Coordination.** The Applicant must make a resident service coordinator available twice weekly to the tenants on-site a minimum of one (1) hour per week for every five (5) Credit Units. The coordinator shall meet with tenants in a private and confidential manner to evaluate individual needs and make appropriate referrals. The services provided must be free of charge to the tenants. The Applicant must maintain adequate funding throughout the Compliance Period.
- K. **Smoke-free Housing.** The Applicant must
1. implement a written occupancy policy prohibiting smoking in the units and common areas,
 2. include a non-smoking clause in the lease for every household, and
 3. make educational materials on tobacco treatment programs (including the phone number for the statewide Maine Tobacco HelpLine) available to all tenants through the resident service coordinator.
- L. **Waiting List Preference.** The Applicant must give an occupancy preference to eligible persons whose names are on a public housing or Section 8 waiting list, except for Projects: (i) financed by Rural Development, or (ii) with Section 8 Project-Based Rental Assistance (preference will apply to any Credit Unit without project-based rental assistance).

SECTION 6: SCORING CRITERIA

The Applicant must complete all information and submit all documentation required to be eligible for points.

Project Characteristics

- A. **Rehabilitation or Reuse of Existing Housing, Structure or Site.** **5 Points**

The Project site exhibits one or more of the following characteristics (1 point for each that applies):

1. Replacement or rehabilitation of existing rental housing containing 5 or more units without permanently displacing any existing tenants or increasing their housing costs (including rent and all other charges paid by the tenant) by more than 10%;
2. Rehabilitation, remediation, or reuse of an existing building or structure that has a current use other than multifamily rental housing;
3. One or more buildings or structures used for purposes other than single family residential housing or agriculture purposes, have been or will be demolished or removed for purposes of redeveloping the site;
4. Lots left vacant or nearly vacant in the development of a downtown or other city or town center, such as vacant lots or parking lots abutting commercial buildings and/or multifamily rental housing. Vacant lots in single-family residential areas are not eligible for points under this subsection. Undeveloped portions of existing sites are not eligible for points unless the existing project on the site previously satisfied one of the above criteria; or
5. Specifically designated by a municipality for redevelopment to renew a blighted area or remediate environmental risks to the occupants.

B. Historic Rehabilitation. 5 points

The Project includes the rehabilitation of a certified historic structure using capital contributions generated from federal and state historic rehabilitation tax credits.

C. Populations with Special Needs. 6 points

The Project provides a set-aside for at least 20%, but not less than 4 of the units, for Persons Experiencing Homelessness or persons who have disabilities, are victims of domestic violence, or have other special housing needs, to create permanent supportive housing for persons who require that level of intervention within the special needs populations.

The Applicant must set aside units for the specific population(s) that qualify for the set-aside, maintain a separate waiting list for these units and make appropriate, voluntary services available through a qualified third-party provider other than the resident service coordinator required under Section 5.L. Additional funding from the Housing Trust Fund and/or Project-based Vouchers will be made available as necessary.

D. Family Housing. Up to 6 points

The Project is for families and a minimum percentage of the Credit Units are two and/or three or more bedroom units as follows:

Project for Families with Minimum Percentage of Credit Units by Bedroom Size	Points
At least 50% of the Credit Units are two or more bedroom units and at least 20% of the Credit Units are three or more bedroom units	6 points
At least 70% of the Credit Units are two or more bedroom units	3 points

E. Accessibility. **Up to 12 points**

One (1) point for each unit that

1. exceeds the minimum number of such units required by applicable federal and state accessibility laws, and
2. meets the requirements for a Type A unit under ANSI Standard A117.1-2009, up to the maximum points by project type below.

Type of Project	Maximum Points
Projects providing Housing for Older Adults	12 points
Projects that are not specifically for Older Adults or Families, having only 1 BR and/or efficiency units	9 points
Family Projects	6 points

Financial Characteristics

F. National Housing Trust Fund. **2 points**

The Applicant agrees to accept and use any funding from MaineHousing's National Housing Trust Fund program for the Project. Any funding award will require a certain number of units in the Project to be affordable to and occupied by Extremely Low Income households. Awarding points is not a commitment of funding from the National Housing Trust Fund.

G. Acquisition Cost. **Up to 5 points**

Points are based on the percentage by which the acquisition costs are less than the average acquisition costs for a project of its type as follows:

Type of Project	Average Acquisition Cost
Acquisition and rehabilitation of existing housing	\$60,500 per unit
New construction	\$7,500 per unit
Adaptive Reuse	\$10,500 per unit

For purposes of this subsection, acquisition costs include

1. the purchase price for all of the land and any existing building(s) even if donated or leased to the Applicant at below market value,
2. the cost of razing or demolishing any building(s) and structure(s), or any part thereof, on the Project site, and
3. the Capitalized Lease Value of all leases of land or land and building(s) that are part of the Project, with the exception of parking spaces.

The value of any project reserves transferred to the Project as part of the acquisition and included in the purchase price will not be included for purposes of this subsection.

Percentage of Project's Acquisition Cost as compared to Average Acquisition Cost	Points
0% to 1% (nominal)	5 points
>1% to 20%	4 points
>20% to 40%	3 points
>40% to 60%	2 point
>60% to 80%	1 point

H. Property Tax Relief. **Up to 3 points**

Points are based on the percentage of the Project's annual incremental property tax revenue returned to the Applicant or foregone by the taxing authority as follows:

Percentage and Duration of Tax Benefit or Relief	Points
50% to <75% for at least 15 years	1 point
50% to <75% for at least 30 years	2 points
≥ 75% for at least 15 years	2 points
≥ 75% for at least 30 years	3 points

Only Tax Increment Financing, payment in lieu of taxes, abatement, or other property tax relief arrangement approved by the taxing authority and all other applicable governing entities is eligible. A Project that is either a) located in a jurisdiction that does not assess property taxes or b) exempt from property taxes will be awarded one (1) point.

Funding made possible by an Affordable Housing TIF will not be eligible unless the Applicant submits a complete application for the TIF at least 30 calendar days before the applicable Application deadline (Tuesday, August 23, 2022 for the 2023 State Ceiling and Tuesday, August 22, 2023 for the 2024 State Ceiling).

Project Location

I. Housing Need.

Up to 10 points

Points are based on the need for the type of housing in an area as follows:

1. Projects providing Housing for Older Adults located in the following Service Center Communities:

Projects providing Housing for Older Adults			
Service Center Community			Points
Auburn Augusta Bangor Bath Biddeford Brunswick Falmouth Freeport	Kennebunk Kittery Lewiston Old Orchard Beach Portland Presque Isle Saco	Sanford Scarborough Skowhegan South Portland Topsham Waterville Westbrook Windham Yarmouth	10 points
Bar Harbor Belfast Blue Hill Brewer Bridgton Camden Caribou Damariscotta Dexter Dover-Foxcroft Ellsworth Fort Kent	Gardiner Hallowell Madawaska Mexico Norway Oxford	Rockland Rockport Rumford Southwest Harbor Van Buren Wiscasset	8 points
Bethel Bingham Guilford Boothbay Harbor Calais	Eastport Farmington Greenville Houlton Jackman	Newport	6 points

Cornish	Limestone	Paris	
Danforth	Lincoln	Pittsfield	
	Mars Hill	Rangeley	
		Stonington	
	Millbridge	Thomaston	
Millinocket	Winter Harbor		

2. Other Housing Projects in the following Service Center Communities:

Other Housing Projects (not specifically for Older Adults)			
Service Center Community			Points
Auburn	Caribou		10 points
Augusta	Farmington	Saco	
Bangor	Lewiston	Sanford	
Bath	Old Orchard Beach	Scarborough	
Biddeford	Orono	Skowhegan	
Brewer	Portland	South Portland	
Brunswick	Rumford	Waterville	
		Westbrook	
		Windham	
Bar Harbor	Hallowell		
Blue Hill	Houlton	Presque Isle	
	Kittery	Rockland	
Dexter	Limestone	Rockport	
Ellsworth			
Falmouth	Madawaska		
Fort Kent	Mexico	Topsham	
Millinocket	Yarmouth		
	Newport		
Gardiner	Norway		
	Paris		
Ashland	Dover-Foxcroft		4 points
Bethel			
	Greenville		
Lincoln			
Bridgton	Machias	Rangeley	
Calais			
Columbia Falls	Oxford	Southwest Harbor	
Cornish	Patten	Stonington	
		Thomaston	
Damariscotta		Van Buren	
		Winter Harbor	
Danforth		Wiscasset	

3. Projects located on Native American tribal lands will be awarded **8 points**.

For each QAP round, municipalities receive their Housing Need score from the immediately preceding QAP if that score was higher.

J. Community Revitalization. **Up to 5 points**

Two (2) points if the Project is located within the boundaries of and contributes to the revitalization goals and efforts identified in a Community Revitalization Plan.

Two (2) points if the Project is located in a QCT and at least 20% of the units are market rate.

One (1) extra point if the Project also involves the preservation of existing Affordable Housing.

K. Smart Growth. **Up to 15 points**

Smart Growth Feature	Points
Access to Public Transportation. The Project is located within a Safe Walking Distance (½ mile or less) of a designated pick-up location for existing Fixed-route Public Transportation.	5 points
Demand Response Transportation. Demand Response Transportation is available to all tenants with no eligibility criteria that would limit or deny service.	5 points
Proximity to Activities Important to Daily Living. Activities Important to Daily Living are located within not more than a ½ mile of the Project. . (1 point per Activity)	Up to 5 points

Sponsor Characteristics

L. Readiness. **Up to 10 points**

MaineHousing must approve both the design to be submitted to the municipality and the State and the final design, including all plans, details and specifications. The Project and any Related Developments must have all

1. municipal land use approvals (except building and other permits customarily issued during construction), and 5 points
2. State land use approvals (such as site plan, subdivision, storm water, or wetlands approvals) required to proceed with and complete construction. 5 points

As of the Application date, the timeframe to appeal all such approvals must have expired with no appellate action being taken, or all appeals have been resolved.

M. Developer Capacity. **Up to 5 points**

Points are based on the development experience of the Applicant, any Principal thereof, or Affiliates of either as follows:

Successfully completed at least one multifamily rental housing project with MaineHousing funding or completed at least one LIHTC Project in another state(s).	5 points
Experience successfully developing and operating multifamily rental housing or experience managing Affordable Housing, <i>and</i> the Applicant has a contract with a qualified LIHTC consultant to develop the Project.	4 points
Experience successfully developing and operating multifamily rental housing.	3 points

N. Owner Performance. **Up to a 5 Point loss**

Points reductions are based on the recent performance of the Applicant. MaineHousing may reject the Application if it determines outstanding deficiencies are not addressed, or require financial statements from the Applicant, Principals thereof, or Affiliates.

Has been 60 calendar days or more delinquent in the payment of any MaineHousing loan since September 22, 2014 (except delinquencies resulting from the delay or loss of Section 8 housing assistance payments), was declared in default by MaineHousing, or needed a financial workout for any project within the last 5 years.	-2 points
Had LIHTC Projects still in their Compliance Period had a year-end operating deficit, in the last full Fiscal Year, unless the operating deficit was fully funded by the Application deadline.	-2 point
Was (a) issued an IRS Form 8823 from owner non-performance; or (b) had an IRS audit finding resulting in a recapture event, since September 22, 2016.	-1 point

O. Management Experience. **Up to 2 points**

The company that will manage the Project has at least

one (1) staff person with a minimum of three (3) years of experience successfully managing at least one (1) LIHTC Project.	1 point
one (1) staff person with LIHTC training for every 150 units in LIHTC Project(s) the company plans to manage.	1 point

P. Management Performance. **Up to a 3 point loss**

Management Companies which have shown instances of poor performance in their management of LIHTC Projects still in their Compliance Period may lose points as follows.

The average of the most recent physical plant inspection scores as of June 30 before the Application deadline is below Above Average.	-1 point
The average of Project Reports submission scores for the last reporting period as of June 30 before the Application deadline is below Above Average.	-1 point
The average of the most recent Management and Occupancy Review scores as of June 30 before the Application deadline is below Above Average.	-1 point

Q. Tie Breaker.

If more than one Application has the same score, the Application for the least amount of Credit and 0% deferred debt from MaineHousing per unit will have priority. If the Applications request the same amount of these resources, the Application with the most acceptable plan to convert the Project to affordable homeownership for the residents after the Extended Use Period will have priority. The plan must describe the process for transferring ownership to the residents, the purchase price or process for determining it, any financial assistance available for residents (including any reserves), how the affordability will be maintained, and must provide for homebuyer counseling and professional representation of the residents at the time of the conversion.

R. Review Process.

MaineHousing will notify each Applicant of its initial score in writing. If MaineHousing assigns a score in a scoring category which is lower than the score the Applicant assigned itself in the scoring category, the Applicant will have five business days from such written notice to demonstrate to MaineHousing that the Application as submitted should receive the higher score. MaineHousing will then make a final determination of scores and the ranking of Applications.

SECTION 7: PROJECT EVALUATION

A. Amount of Credit. The amount of Credit allocated will be determined as follows:

1. The calculation of the amount of Credit will be based on 130% of Eligible Basis. MaineHousing has designated the entire State as a DDA under [Section 42\(d\)\(5\)\(B\)\(v\)](#) of the Code because of the high cost of developing housing, the low median income, and the high annual operating costs for housing relative to other states;

2. To determine the amount of Credit, MaineHousing will use the lesser of (a) the market rent, based on the Application market study as approved by MaineHousing, and (b) the maximum Credit rent. For three or more bedroom units MaineHousing will use the maximum Credit rent for two-bedroom units plus \$50.00;
 3. The amount of Credit allocated for a Project will not exceed the least of
 - a) the amount the Project is eligible to receive under [Section 42](#) of the Code,
 - b) the amount MaineHousing determines is necessary for financial feasibility and viability throughout the Credit Period, and
 - c) the Maximum Credit Amount;
 4. The Applicant must submit financial and all other required information. MaineHousing will evaluate the need for Credit based on
 - a) all sources of financing, including the terms and conditions,
 - b) equity expected to be generated by reason of tax benefits, and
 - c) the uses of funds, including the reasonableness of development costs and operating expenditures; and
 5. In order to determine the amount of Credit, MaineHousing must identify a gap between development sources and uses absent a Credit allocation. MaineHousing may limit recognition of Intermediary Costs, re-characterize Project sources and uses and make reasonable assumptions with respect to projected revenues and expenses. MaineHousing will also take into consideration any federal limitations when combining the Credit with other federal assistance (i.e. “subsidy layering” guidelines).
- B. Developer Fee. Developer Fee will be determined as follows:
1. Maximum Developer Fee. The total Developer Fee may not exceed the sum of 15% of the Housing Development Costs, plus 10% of the costs of acquisition of land, existing buildings and equipment, determined without regard to the Developer Fee.
 2. Net Developer Fee. The amount of Developer Fee not deferred may not exceed \$750,000 plus any unused construction contingency returned to the Applicant after completion.
 3. Additional Developer Fee. An Applicant is eligible for Developer Fee in excess of the Net Developer Fee calculated above only if it is deferred and used to increase the tax credit basis.
- C. General Contractor Intermediary Costs. The general contractor’s Intermediary Costs must be:
1. separated from other construction and rehabilitation costs,

2. with general conditions and overhead and profit parsed out, and
3. no more than 14% of the Total Construction Cost, within the following ranges:
 - a) General conditions up to 6% of Total Construction Cost, and
 - b) Overhead and profit up to 8% of Total Construction Cost

D. Time of Credit Determination. MaineHousing will determine the amount of Credit at the time of

1. Application, which will be evidenced by the Notice to Proceed;
2. the allocation of Credit, including any carryover allocation;
3. the date each Qualified Building is Placed in Service; and
4. if a Qualified Building is allocated Credit pursuant to Section 9, the date of issuance of the tax-exempt bonds.

Prior to each determination, the Applicant must certify the full amounts of all funding sources and provide any other information required by MaineHousing.

E. Market Study. The applicant must submit a comprehensive market study prepared by a qualified professional in accordance with the *National Council of Housing Market Analysis Model Standards for Market Studies for Rental Housing*. MaineHousing may require the Applicant to either correct any inadequacies it identifies or submit a new market study. MaineHousing also may elect to commission its own market study.

F. Construction Cost Increases. MaineHousing may allocate additional Credit to a Project if its construction costs increase after the Application date and the increase is the result of market conditions or other circumstances beyond the Applicant's control. Any additional Credit will not exceed an amount necessary to generate equity equal to 5% of the Total Construction Cost based on construction bids.

SECTION 8: ALLOCATION OF CREDIT

A. Allocation. MaineHousing will issue one or more IRS Form(s) 8609 after receipt of the following:

1. A complete request for allocation of Credit in a form prescribed by MaineHousing.
2. An audit report on the schedule of project costs prepared by an independent, third party certified public accountant including all associated costs (such as commissions, due diligence, legal, accounting, reserves, and other similar items).

3. Certification of the Project's sources, including all federal, state and local subsidies in any stage of commitment. This certification must include income, operating and development cost projections and methods for satisfying any deficits.
4. The allocation fee and monitoring fee less the amount of any allocation fee paid in connection with the issuance of a carryover allocation.

B. Carryover Allocation.

1. The Applicant must submit the following to receive a carryover allocation:
 - a) A complete request for carryover allocation in the form prescribed by MaineHousing no later than the first day of December of the year in which the carryover allocation is made.
 - b) Certification of the Project's sources, including all federal, state and local funding. This certification must include income, operating and development cost projections and methods for satisfying any deficits.
 - c) Development progress report, including completion likelihood.
2. The applicant must execute a carryover allocation and return it to MaineHousing, together with the allocation fee, no later than December 31 of the year in which the carryover allocation is made.
3. A carryover allocation will be subject to the following conditions:
 - a) satisfactory evidence that more than 10% of the Project's reasonably expected basis is incurred within 12 months of the carryover allocation, including an audit report prepared by an independent, certified public accountant; and
 - b) any performance conditions MaineHousing may require.

Failure to comply with these conditions may result in termination of the carryover allocation.

C. Tax Credit Compliance Experience. Prior to an allocation the Applicant must demonstrate that the entity managing the Project has sufficient Credit compliance experience and training. The entity must complete a Credit compliance training or receive a certification from a MaineHousing-approved trainer.

D. Extended Use Agreement. Prior to an allocation of Credit, the Owner must enter into an Extended Use Agreement with MaineHousing obligating the Owner to comply with [Section 42](#) of the Code, the threshold requirements in Section 5, and commitments for which the Application was awarded points. The Extended Use Agreement must be recorded in the

appropriate registry of deeds prior to all mortgage liens and encumbrances on the Project and before MaineHousing issues any IRS Form 8609 for the Project.

- E. Converting a Carryover Allocation. MaineHousing may convert a carryover allocation to the year in which it is terminated or the following year if there are extenuating circumstances beyond the Applicant's control. The carryover allocation must be rescinded by the mutual consent of MaineHousing and the Applicant. There can be no change in the design or financing that would render the Application withdrawn under Section 4.I. The Project will be subject to the QAP in effect at the time of the original allocation.
- F. Forward Allocation of Credit. MaineHousing may issue a binding commitment to allocate State Ceiling available in the subsequent year upon determining that the amount of Credit in the current year's State Ceiling is insufficient.

SECTION 9: TAX-EXEMPT BOND FINANCED PROJECTS

Projects financed with tax-exempt bond proceeds must satisfy all QAP requirements except

- A. the Maximum Credit Amount limitation in Section 3.C.,
- B. the application limits in Section 4.B.1.,
- C. the application deadlines in Section 4.B.2.,
- D. the selection process described in Sections 4.F.,
- E. the affordability threshold requirement set forth in Section 5.A.,
- F. the requirement of a minimum \$50,000 per unit of Rehabilitation Costs for Projects involving the acquisition and rehabilitation of existing housing in Section 5.D.2.,
- G. the scoring criteria in Section 6, and
- H. the Developer Fee limits in Section 7.B.

SECTION 10: MONITORING

- A. Compliance with Applicable Laws. Owners must comply with all local, state and federal laws and regulations, including without limitation:
 - 1. [Section 42](#) of the Code and associated regulations and guidance;
 - 2. UPCS and all other local, state and federal health, safety and building codes applicable to the Project;

3. the [Federal Fair Housing Act, Title VIII of the Civil Rights Act of 1968](#), as amended by the Fair Housing Amendments Act of 1988 ([42 U.S.C. §3601 et seq.](#)), Title II of the Americans with Disabilities Act of 1990 ([42 U.S.C. §12101 et seq.](#)), and the Maine Human Rights Act ([5 M.R.S., Chapter 337, Subchapter IV](#)) and all other applicable federal, state and local fair housing and accessibility requirements, and the regulations, guidance and standards associated with all of the foregoing; and
 4. Title VI of the Violence Against Women Reauthorization Act of 2013, [42 USC Chapter 136, Subchapter III, Part M](#), and all associated regulations and guidance, as may be amended (VAWA).
- B. Recordkeeping and Record Retention. Each Owner must keep on file and available to MaineHousing upon request the following records for each Qualified Building in its LIHTC Project(s) for each year in the Extended Use Period:
1. The total number of residential rental units including the number of bedrooms and the square footage of each unit;
 2. The number of low-income units;
 3. The rent charged for each unit including any utility allowances;
 4. The number of occupants in each low-income unit;
 5. The number of low-income unit vacancies and information showing when, and to whom, the next available units were rented;
 6. Income certification and third-party documentation verifying the income of each household occupying a Credit Unit at the time of initial occupancy and for each new person added to the household after initial occupancy;
 7. Annual income certifications and third-party documentation verifying the income of each household occupying a Credit Unit in a LIHTC Project are required if not all of the units in the LIHTC Project are Credit Units, or the LIHTC Project is financed or assisted under a state or federal program that requires annual certifications.

For a LIHTC Project with 100% Credit Units that are subject to more than one income limit, annual income certifications are only required for the households occupying the Credit Units subject to the lower income limits. The annual certification may be a self-certification, except that third-party documentation verifying the income of the household is required every 6 years from the date the LIHTC Project is Placed in Service and otherwise upon request by MaineHousing. The self-certification must be

- a) in writing,

- b) include the size of the household and annual household income,
- c) state that the information is complete and accurate,
- d) indicate that third-party source documentation will be provided if requested by the Owner or MaineHousing, and
- e) witnessed.

Annual income certifications are not required for a LIHTC Project with 100% Credit Units subject to the same income limit.

- 8. The Eligible Basis and Qualified Basis of each Qualified Building at the end of the first year of the Credit Period;
- 9. The character and use of the nonresidential portion of a Qualified Building included in its Eligible Basis;
- 10. A determination of the student status of the resident household;
- 11. The tenant occupancy policies and procedures and lease. The lease form and content must be acceptable to MaineHousing and comply with all applicable federal, state and local laws (including VAWA); and
- 12. All other disclosures to tenants, certifications and other records required by applicable local, state and federal laws.

Owners must maintain these records throughout the Extended Use Period for at least 6 years after the due date (with extensions) for filing the federal income tax return for that year, except that the records for the Credit Period's first year must be retained at least 6 years beyond the due date (with extensions) for filing the federal income tax return for the last year of the Compliance Period.

C. Annual Reports. Each Owner must submit the following to MaineHousing by March 1st of each year throughout the Extended Use Period:

- 1. Certification for the prior calendar year that the Owner's LIHTC Project(s) comply with IRS Treasury Regulation §1.42-5(c)(1) and *MaineHousing's Low Income Housing Tax Credit Program Owner's Certificate of Continuing Program Compliance* attached hereto as **Appendix D**. A completed and executed IRS Form 8609 for each Qualified Building must be submitted with the first certification; and
- 2. Certain information and data about the tenants in Credit Units for the prior calendar year, including household income; monthly rental payments; family composition; use of Section 8 rental assistance and other similar assistance; the race, ethnicity, age and

disability status of the members of the households; and all other occupancy information required by MaineHousing.

- D. Review. For new LIHTC Projects, MaineHousing will complete a review of tenant records within two (2) years following the year the last Qualified Building is Placed in Service. MaineHousing will give owners reasonable prior written notice of a review. To the extent required by the Internal Revenue Service (IRS), MaineHousing will inspect low income certifications and tenant records in accordance with IRS Treasury Regulation §1.42 5(c)(2)(iii)(A) through (D) and §1.42 5(d) and will give no more than 15 calendar days prior notice.
- E. Inspections. Every one to three years after a Project is Placed in Service, MaineHousing will inspect LIHTC Projects. For new LIHTC Projects, MaineHousing will inspect Credit Units by the end of the second calendar year following the year the last Qualified Building is Placed in Service. MaineHousing will give reasonable prior written notice. To the extent required by the Internal Revenue Service, MaineHousing will inspect the LIHTC Projects in accordance with IRS Treasury Regulation §1.42 5(c)(2)(iii)(A) through (D) and §1.42 5(d) and will give no more than 15 calendar days prior notice.

F. Utility Monitoring

For all projects funded in Year 2 of this QAP, monitoring of all utilities for all units will be required based on the HUD submission model for PHAs.

- G. Notification of Noncompliance. MaineHousing will notify an Owner in writing of any failure to
1. submit any complete certifications or information required by MaineHousing when due,
 2. allow MaineHousing to perform any review or inspection required under this Section, or
 3. comply with [Section 42](#) of the Code or any others requirements under this QAP.

The Owner will have a reasonable period of time to correct the noncompliance identified in the notice. MaineHousing will file a Form 8823, “Low-Income Housing Credit Agencies Report of Noncompliance” with the Internal Revenue Service within 45 calendar days of the end of the correction period.

SECTION 11: GENERAL

- A. Conflicts. If this rule conflicts with [Section 42](#) of the Code or any other provision of federal or State law, the federal or State law shall control.
- B. Full Discretion. MaineHousing is entitled to the full discretion allowed by law in making all decisions and interpretations under this rule.

- C. Not an Entitlement. This rule establishes a pool of eligible Applicants but does not preclude additional reasonable criteria and does not confer any automatic right or entitlement to Credit on any person or entity eligible hereunder. MaineHousing may reject any and all Applications and may refuse to award any or all of the Credit.
- D. Final Agency Action. The director of MaineHousing, individually or by exercise of the delegation of 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.
- E. Waiver. Upon a determination of good cause, the director of MaineHousing or the director's designee may, subject to statutory limitations, waive any provision of this rule. The waiver must be in writing and must be supported by documentation of the pertinent facts and grounds.
- F. Freedom of Access Act. MaineHousing is subject to the Freedom of Access Act, [1 M.R.S. §401 et seq.](#), which requires the disclosure of all information provided to MaineHousing that is not specifically excluded, such as confidential information under the Act. MaineHousing shall not be liable for the disclosure of any information that it determines must be disclosed under the Freedom of Access Act.
- G. Liability. Compliance with [Section 42](#) of the Code is the responsibility of the Owner. MaineHousing is in no way responsible for an Owner's compliance or liable for an Owner's noncompliance. Any allocation, review or inspection by MaineHousing and any determination made by MaineHousing pursuant to this QAP is for the sole benefit of MaineHousing. No liability or responsibility for Owner compliance with [Section 42](#) of the Code or other applicable requirements and no representation or warranty of a Project's feasibility or viability, eligibility for Credit, or compliance shall be implied or construed from any such actions and determinations by MaineHousing.
- H. Headings/Context. The headings in this rule are for convenience only and do not define or limit the scope of the provisions of this rule. The use of Section, Subsection or Appendix without a reference to another document or source refers to a section, subsection and Appendix of this rule. All Appendices attached to this Rule are incorporated herein and made a part of this Rule.

STATUTORY AUTHORITY: [30-A MRS §§4741\(1\) and 4741\(14\)](#), [Section 42](#) of the Internal Revenue Code of 1986, as amended

BASIS STATEMENT: This rule is the qualified allocation plan for allocating and administering federal low income housing tax credits ("LIHTC") in the State of Maine, which MaineHousing, as the State's designated housing credit agency, is required to adopt pursuant to [Section 42](#) of the Internal Revenue Code and the above-referenced sections of the Maine Housing Authorities Act.

This rule replaces the prior rule and includes the following changes:

Throughout:

- Updated deadlines
- Repaired grammatical errors (punctuation, typos, correcting defined terms, etc.)

Section 3B: Updated Preservation Set-Aside amount to \$750,000.

Section 3C: Increased the amount of credit per unit to \$30,000 from \$20,000, and changed the maximum amount of credit per project to \$1,200,000.

Section 4A: Pre-apps due July 3, 2024 and July 3, 2025.

Section 4B2: Applications due September 19, 2024 and September 18, 2025.

Section 4B3: Added language: “Submitted exhibits must include proper documentation to provide evidence of all funding sources and official approvals.”

Section 4I4: Updated language to clarify.

Section 4I5: Added language “in the case of a TDC Index Cap waiver, the TDC Index increases substantially”

Section 5A: Removed Section 811 language.

Section 5B: Increased the TDC Index caps.

Section 5C: Increased Rehabilitation Costs per unit of existing housing from \$50,000 to \$75,000.

Section 5G: Updated and clarified re-characterization language.

Section 5H: Added a link to the latest version of the Quality Standards and Procedures Manual and noted energy efficiency standards. Additionally, updated Build America, Buy America requirements, removed electrical raceway/conduits language and relocated and updated Section 3 language.

Section 5I: Changed Telemedicine Capabilities to “Broadband Access”

Section 5J: Added that the resident service coordinator must be available twice weekly which is the appropriate number of days each week acceptable to MaineHousing.

Section 6: Renumbered and reorganized the scoring criteria.

- Section 6A: Increased the scoring points for Rehabilitation or Reuse of Existing Housing, Structure or Site from 4 to 5.
- Section 6B: Increased the scoring points for Historic Rehabilitation from 4 to 5.
- Section 6E: Updated the scoring points for Accessibility to increase 6 points to 9 points for Projects that are not specifically for Older Adults or Families, having only 1 BR and/or efficiency units and to add 6 points for Family Projects.
- Section 6F: Increased the scoring points for National Housing Trust Fund from 1 to 2.
- Section 6G: Increased the scoring points for Acquisition Cost from 4 to 5, increased the average acquisition cost per unit and increased the percentage of project's acquisition cost as compared to average acquisition cost and the associated points.
- Section 6I: Decreased the scoring points for Housing Need from 10 to 8 and updated the Service Center Community Cities/Towns for both Project providing housing for Older Adults and Other Housing Projects and the associated points. Additionally, adjusted the points for Projects located on Native American tribal lands from 10 points to 8 points.
- Section 6J: Increased the scoring points for Community Revitalization from 3 to 5 and added two points for Projects located in a QCT with at least 20% of the units at market rate.
- Section 6K: Adjusted the scoring points and criteria for proximity to activities important to daily living to up to 5 points for activities important for daily living that are located within not more than a ½ mile of the Project, 1 point per activity.
- Section 6L: Increased the scoring points for Readiness and provided a breakdown of the points for different categories.
- Section 6M: Added the word “successfully” to the scoring criteria for two categories.
- Section 6N: Changed to negative points for bad performance.
- Section 6O: Reduced the weight of the scoring criterion from 5 points to 2.
- Section 6P: Changed to negative points for bad performance.
- Section 10F: Added Utility Monitoring to begin in Year 2 of the QAP.
- Section 11H: Added a reference to Appendices for clarity.

Appendix A: Change made to “Activities Important to Daily Living” definition adjusting retail store to a store that offers regularly purchased household supplies.

Deleted the definition for “Telemonitoring.”

Appendix B: Language was added to require any available radon test results for the Project site.

PUBLIC COMMENT:

Process:

Notice of Agency Rule-making Proposal (MAPA-3) was submitted to the Secretary of State for publication in the March 27, 2024 edition of the appropriate newspapers. Additionally, MaineHousing sent the proposed rule to Interested Parties on March 27, 2024 and published the proposed rule on its website on April 27, 2024. MaineHousing held a public hearing on April 16, 2024. The comment period was held open until April 26, 2024 at 5:00 PM.

FISCAL IMPACT OF THE RULE: The 2025 State of Maine ceiling of federal low-income housing tax credits is projected to raise approximately \$ 34,700,000 of private investor capital, and the 2026 State of Maine ceiling of federal low-income housing tax credits is projected to raise approximately \$ 35,300,000 of private investor capital. The private investor capital generated by the federal low-income housing tax credits will be used to develop affordable housing for low-income persons. Additionally, it is estimated that 1,400 jobs a year will be created with this investment. The rule will not impose any costs on municipalities or counties for implementation or compliance.

EFFECTIVE DATE:

APPENDIX A

Definitions

“Above Average” means an average overall score of 4 in the rating category - Physical plant inspections, Project Reports submissions, or Management and Occupancy Reviews. Physical plant inspections, and Management Occupancy Reviews are scored on the following scale: 1- Unsatisfactory, 2 – Below Average, 3 – Average, 4 – Above Average, and 5 – Superior. Project Reports submissions are scored as 5-Timely Submission and 1-Late Submission for each required submission report – Audited Financial Review (AFR), Budget, and Owner Certification of Continued Compliance.

“Act” means the Maine Housing Authorities Act, [30-A M.R.S. §4701 et seq.](#), as may be amended from time to time.

“Activities Important to Daily Living” means activities or destinations that are important to the course of daily living of the population served by the Project, which include a grocery store, a public school only if the Project is housing for families, a daycare only if the Project is housing for families, a senior center only if the Project is Housing for Older Adults, a pharmacy, a bank or credit union, a post office, a store that offers regularly purchased household supplies, a general health care practitioner’s office, a public library, a location where people socialize, a hospital and other activities or destinations approved by MaineHousing. Convenience stores and gas stations are not eligible destinations for purposes of this subsection. If there is more than one activity or destination important to the course of daily living within a single establishment, each activity or destination will be counted separately (e.g. a retail store that also includes a pharmacy and a bank branch will be treated as 3 destinations important to the course of daily living).

“Adaptive Reuse” means the conversion of an existing non-housing building or structure to multi-family residential rental housing or the reconstruction of existing housing that has become functionally obsolete, as determined by MaineHousing.

“Affiliates” means any person or entity directly or indirectly controlling, controlled by, or under common control with another person or entity.

“Affordable Housing” means multi-family rental housing that has five or more units and is assisted under a HUD or Rural Development program or is subject to a restrictive covenant requiring units in the housing to be restricted to households with income at or below 60% of area median income, as determined by HUD.

“Affordable Housing TIF” means an affordable housing development district and development program approved by MaineHousing pursuant to MaineHousing’s Affordable Housing Tax Increment Financing Program, [30-A M.R.S., Chapter 206, Subchapter 3](#) and the Act, as may be amended.

“Applicant” means the entity applying for Credit, its successors and assigns, which must be the entity that will be the owner of the Project for tax purposes; must be duly organized and validly existing under the laws of the state in which it is formed, and if not formed in this State, must be

duly authorized to conduct business in this State; and must be in good standing under the laws of this State and its state of formation, if not this State.

“Application” means an application to MaineHousing for an allocation of Credit.

“Capitalized Lease Value” means the net present value of all lease payments under a lease calculated over the term of the lease using the 10-year Treasury note rate 60 calendar days before the Application deadline plus 300 basis points.

“Code” means the Internal Revenue Code, Title 26 of the United States Code, and applicable regulations promulgated pursuant thereto, as may be amended.

“Community Revitalization Plan” means (1) a community that has been designated by HUD or RD as an Empowerment Zone, a Renewal Community or Enterprise Community, or a Neighborhood Revitalization Strategy Area; or (2) a written plan that was formally adopted by the governing body of a municipality no more than twelve (12) years prior to the Application deadline following a concerted planning process and public input, specifically targets a neighborhood or area in the community (not a single building or site or the entire municipality) for redevelopment or revitalization, and includes (a) an assessment of the existing physical structures and infrastructure of the area, (b) detailed policy goals with respect to economic redevelopment, the rehabilitation or development of housing (including multi-family rental housing) and the improvement or expansion of infrastructure, and (c) proposed activities and a timetable for implementing the policy goals. Plans for a single development and plans formulated by or on behalf of the Applicant are not Community Revitalization Plans. A comprehensive plan that meets all of the requirements in (2) may qualify.

“Compliance Period” means the period defined in Section 42(i)(1) of the Code.

“Credit” or “LIHTC” means the low-income housing tax credit established pursuant to [Section 42](#) of the Code and allocated pursuant to this rule.

“Credit Period” means the period defined in Section 42(f)(1) of the Code.

“Credit Units” means units in a Project that are eligible for Credit.

“Demand Response Transportation” means on-call transportation services that operate at least 3 days per week and provide service throughout the day.

“Developer Fee” means the total compensation for the work, costs and risks associated with developing a Project, including without limitation, creating the Project concept, identifying and acquiring the Project site, obtaining construction and permanent financing, obtaining necessary subsidies, negotiating the syndication of investment interests in the Project, obtaining all necessary regulatory approvals, constructing and/or rehabilitating the Project and marketing, and includes all amounts paid to consultants to perform this work, except fees for professional services such as environmental assessments, rental market studies, soil tests, and water tests, and includes all reserves, in the form of cash, expected to be paid to the tax credit developer from the Project.

“DDA” means an area of the State that is designated by HUD as a difficult development area

pursuant to [Section 42\(d\)\(5\)\(B\)\(iii\)](#) of the Code or an area of the State that is designated by MaineHousing as a difficult-to-develop area in Section 7.A.3 pursuant to [Section 42\(d\)\(5\)\(B\)\(v\)](#) of the Code.

“Extended Use Agreement” means an agreement that satisfies the requirements of [Section 42\(h\)\(6\)\(B\)](#) of the Code.

“Extended Use Period” means the period of time specified by MaineHousing in the Extended Use Agreement executed in connection with a Project pursuant to [Section 42\(h\)\(6\)\(D\)](#) of the Code, which is the period set forth in Section 5.A. for Projects allocated Credit under the State Ceiling.

“Extremely Low Income” means income that is at or below 30% of the area median income as determined pursuant to the regulations and guidance governing the National Housing Trust Fund.

“Family Housing” means housing for families that qualifies for points under the Family Housing scoring criteria set forth in Section 6.E.

“Fiscal Year” means the fiscal year for a LIHTC Project as defined in the Owner’s organizational documents.

“Fixed-route Public Transportation” means year-round, regularly scheduled public transportation that operates at least 5 days per week and provides regular service throughout the day.

“Housing Development Costs” means the total of all direct and indirect costs incurred in financing, creating, purchasing or rehabilitating a LIHTC Project except the costs attributable to the acquisition of the land and any existing buildings as determined by MaineHousing.

“Housing for Older Adults” means a Project that is designated as elderly or senior housing and receives funding and project-based rental assistance under a RD or HUD multi-family elderly housing program (such as [RD’s Section 515 Rural Rental Housing Program](#) and [HUD’s Section 202 Supportive Housing for the Elderly Program](#)) or that meets the definition of “housing for older persons” under the federal [Fair Housing Act, 42 U.S.C. §3607\(b\)\(2\)](#) and the Maine Human Rights Act, [5 M.R.S. §4581 et seq.](#) and all associated regulations, as may be amended.

“HUD” means the United States of America acting through the United States Department of Housing and Urban Development.

“Intermediary Costs” means all Housing Development Costs except the actual construction costs or eligible rehabilitation costs under [Section 42\(e\)](#) of the Code attributable to the development of the units.

“IRS” means the United States Department of Treasury, Bureau of Internal Revenue Service.

“LIHTC Project” means a qualified low-income housing project as defined in and governed by [Section 42\(g\)](#) of the Code.

“MaineHousing” means Maine State Housing Authority.

“MaineHousing’s Construction Standards” means MaineHousing’s [Quality Standards and Procedures Manual](#) in effect 60 calendar days prior to the applicable deadline for an Application for Credit which include without limitation certain energy efficiency standards and UPCS and incorporate MaineHousing’s accessibility policy and procedures.

“Maximum Credit Amount” means the maximum amount of Credit a Project is eligible to receive pursuant to Section 3.C.

“National Housing Trust Fund” means the Housing Trust Fund established under Title I of the Housing and Economic Recovery Act of 2008, [12 U.S.C. §4568](#), together with associated regulations and guidance now or hereafter promulgated pursuant thereto.

“Net Developer Fee” means the Developer Fee with respect to a Project that does not exceed the applicable limit set forth in Section 7.B.2., including any portion thereof that is deferred or loaned to pay for costs associated with the Project (and does not include any additional Developer Fee allowed under Section 7.B.3).

“Notice to Proceed” means the notice that a Project has been selected for further evaluation to determine the Project’s eligibility for Credit and the amount of Credit to be allocated for the Project. The Notice to Proceed will require the submission of all information necessary for MaineHousing to determine the amount of Credit, if any, to be allocated to the Project, obligate the Applicant to fulfill all commitments made in the Application, and require the Applicant to promptly and diligently develop and complete the Project according to the deadlines specified in the notice.

“Owner” means the legal owner of a LIHTC Project or Qualified Building for which an Application has been submitted to MaineHousing or which has received an allocation of Credit from MaineHousing pursuant to this Qualified Allocation Plan or a prior Qualified Allocation Plan for the State.

“Ownership Transfer Rule” means Chapter 27 of MaineHousing’s rules, *Transfers of Ownership Interests*, and the policies and procedures related thereto, all as may be amended.

“Passive House Certification” means certification from Passive House Institute US, Inc. (PHIUS) or Passive House Institute (PHI) prior to MaineHousing’s issuance of IRS Form 8609.

“Persons Experiencing Homelessness” means persons sleeping in a place not meant for human habitation, in an Emergency Shelter, or in other emergency housing; persons exiting an institution where they resided for 90 days or less and who had resided in an Emergency Shelter, other emergency housing, or place not meant for human habitation before entering that institution; and persons fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions in the individual’s or family’s current housing situation, including where the health and safety of children are jeopardized, and who have no other residence and lack the resources or support networks to obtain other permanent housing.

“Placed in Service” means the date on which a Qualified Building is suitable and available for occupancy as determined in accordance with [Section 42](#) of the Code.

“Principal” means any person or entity with a controlling interest in another entity, including without limitation, a person or entity with an ownership interest in an Applicant that controls the development and day-to-day operation of a Project, such as the general partner(s) of a limited partnership or the manager(s) or member(s) invested with the management authority of a limited liability company, and all persons and entities with an ownership interest in or control of said entity.

“Project” means the property described in the Application, which must be a qualified low-income housing project as defined in and governed by [Section 42\(g\)](#) of the Code.

“Project Reports” means the annual certification and tenant data required under Section 10.C., and if required for the LIHTC Project, the audited financial report (AFR) and the annual project budget.

“QCT” means an area of the State designated by HUD as a qualified census tract pursuant to [Section 42\(d\)\(5\)\(B\)\(ii\)](#) of the Code.

“Qualified Allocation Plan” or “Plan” means the plan for allocating and administering the Credit adopted by the housing credit agency pursuant [Section 42\(m\)\(1\)\(B\)](#) of the Code.

“Qualified Building” means a qualified low-income building as defined in and governed by [Section 42\(c\)\(2\)](#) of the Code.

“Qualified Contract” means a contract as defined in Section 42(h)(6)(F) of the Code.

“Qualified Nonprofit Organization” means a qualified nonprofit organization as defined in Section 42(h)(5)(C) of the Code.

“Rehabilitation Costs” means with respect to a Project (1) the site costs, (2) the costs of complying with the construction requirements of other funding sources except those required by the Applicant, any Principal thereof or Affiliates of either, (3) contractor profit, overhead and general conditions, and (4) certain costs identified in the capital needs assessment required under Section 5.D.1. of the QAP, including (a) the cost of correcting all violations of applicable federal, state and local health, safety and building codes and correcting deferred maintenance, (b) the rehabilitation or replacement of all structures, systems, facilities and components that have reached or exceed their useful life or will reach their useful life within 5 years, (c) the cost of complying with MaineHousing’s Construction Standards, (d) the cost of complying with the most current accessibility requirements for new construction projects under applicable federal, state and local accessibility laws, regulations, standards and guidance, and (e) the remediation and disposal of any environmental or other hazards identified in environmental reports. Rehabilitation Costs do not include construction contingency, relocation costs, or other soft costs.

“Related Development” means any development of which the Project is a part or is related and the Project cannot be completed, either structurally or financially, without the completion of the development.

“RD” or “Rural Development” means the United States of America acting through the United States Department of Agriculture, Rural Housing Services.

“Safe Walking Distance” means a pedestrian route appropriate to the area, as determined by MaineHousing, with sidewalks, crosswalks and traffic signals at busy roads or intersections and year-round walkability, which includes being plowed during the winter.

“Section 8” means Section 8 of the United States Housing Act of 1937, [42 U.S.C. §1437f](#), as may be amended.

“Service Center Community” means an entire municipality that provides jobs and retail to surrounding areas and is a center for education, health care, cultural, recreational and social services, designated pursuant to the Municipal Planning Assistance Program of the State’s Department of Agriculture, Conservation and Forestry as a Regional Service Center as of January 2013.

“State” means the State of Maine.

“State Ceiling” means the State’s housing credit ceiling established pursuant to [Section 42\(h\)\(3\)\(C\)](#) of the Code.

“Tax Increment Financing” means any type of tax increment financing, including without limitation an Affordable Housing TIF, a development district and development program approved by a municipality or a tax increment financing district approved by the State’s Department of Economic and Community Development pursuant to [30-A M.R.S., Chapter 206](#), as may be amended.

“TDC Index” means the calculation described in Section 5.C.

“TDC Index Cap” means the limit on Total Development Cost set forth in Section 5.C.

"Telehealth" means the use of interactive real-time visual and audio or other electronic media for the purpose of consultation and education concerning and diagnosis, treatment, care management, and self-management of a patient's physical and mental health and includes real-time interaction between the patient and the telehealth provider, synchronous encounters, asynchronous encounters, store and forward transfers and remote patient monitoring. Telehealth includes telephonic services when interactive telehealth services are unavailable or when a telephonic service is medically appropriate for the underlying covered service.

“Total Construction Cost” means the sum of site costs, costs of constructing or rehabilitating structures, systems, facilities, units and components, general requirements, bond premiums, and contractor overhead and profit as determined by MaineHousing.

“Total Development Cost” or “TDC” means Total Project Cost less (1) the fees required by MaineHousing, (2) the Project’s operating deficit account to the extent required by MaineHousing and (3) the costs associated with any commercial space developed in connection with the Project.

“Total Project Cost” means the sum of all costs associated with the development, construction and rehabilitation of a Project, as determined by MaineHousing. Total Project Cost includes, without limitation, acquisition costs, the Capitalized Lease Value of all leases of land and building(s), demolition costs, Total Construction Cost, construction contingency, costs associated with community service facilities included in the Eligible Basis of the Project, soft costs (such as permits,

design and engineering fees, environmental reports, appraisals, market studies and legal fees), syndication costs, Developer Fee, financing costs and project reserves. Community service facilities are not considered commercial space for purposes of Total Project Cost.

“UPCS” means the Uniform Physical Conditions Standards established by HUD pursuant to [24 CFR §5.703](#), as may be amended.

APPENDIX B

Pre-Application Submission Requirements

Applicants must submit a request for pre-application review and the following information to MaineHousing **at least 60 calendar days before the applicable Application deadline.**

1. A narrative description of the Project and any Related Development, including, the location, type of housing, total number of units by bedroom size, breakdown of required and/or pledged accessible units by type and location, total number of income-restricted units by bedroom size, proposed affordability, any existing affordability restrictions, any existing or proposed use restrictions, common areas and amenities at the Project, any community service facilities, any commercial space and other unique features of the Project.
2. Conceptual, Diagrammatic Site Plan and Conceptual Floor Plans and Conceptual Building Elevations in accordance with the requirements set forth in MaineHousing's [*Quality Standards and Procedures Manual*](#).
3. The status of applicable federal, State and local land use approvals for the Project and any Related Development, and any site, subdivision and other plans for the Project and any Related Development that have been prepared for submission or have been submitted to applicable municipal, state and federal governmental entities.
4. Details about the parking for the Project, including the number, type and location of all on-site parking and off-site parking and the terms and conditions thereof.
5. An explanation and all supporting documentation for any exceptions from the requirement to provide a community room, laundry facilities, telemedicine facilities or area activities in accordance with Section 5.J of the QAP.
6. All available information about any known or suspected environmental conditions on the Project site and any Related Development or adjacent sites that may impact the Project site or any Related Development, including any environmental reports and all available radon test results for the Project site. To the extent feasible, identify any and all visible (both on and off-site) fuel oil and propane tanks and include them on the site plan
7. A capital needs assessment for any existing housing that meets the requirements in Section 5.D. and Appendix C.
8. A conceptual construction estimate(s) prepared by a qualified general contractor or third-party estimator for the Project and any Related Development, including trade breakdowns in the form of a schedule of values and a reasonable estimating contingency, if applicable, with sufficient detail to demonstrate expected construction-related costs. All exclusions and qualifications, if any, must be clearly stated in the estimate. The estimate is to be the basis of the hard cost line items contained in the project underwriting without exception.
9. A projected development and operating budget(s) for the Project and any Related Development which must be submitted electronically in the format prescribed by MaineHousing.

APPENDIX C

Capital Needs Assessment Requirements

1. The assessment must include a site visit, an interview with the on-site property manager and maintenance personnel concerning prior and pending repairs and improvements and existing or chronic physical deficiencies, and a physical inspection of the interior and exterior of at least 20% of the units and all other structures, facilities, systems and components that will be part of the Project, including the following:

- a) Site, including without limitation topography, drainage, pavement, curbing, walkways, sidewalks, parking, accessible parking, accessible routes, landscaping, amenities, water, sewer, storm drainage, and all utility lines;
- b) Structural systems and components, both substructure and superstructure, including without limitation foundations, exterior walls, balconies, porches, and stairways, exterior doors and windows, chimneys and roofing;
- c) Interiors, including without limitation unit and common area finishes and substrata (e.g. flooring, underlayment, carpeting, plaster or drywall, wall coverings and paint condition), and unit and common area kitchen finishes, cabinets, countertops and appliances, and unit and common area bathroom finishes, fixtures and accessories, laundry facilities, and common area lobbies and corridors; and
- d) Building systems, including without limitation plumbing supplies and drainage, domestic hot water production, heating, ventilating and air-conditioning production and distributions systems, fuel storage and delivery systems, electrical power distribution and metering systems, lighting controls and fixtures, smoke, fire and any other alarm systems, fire protection systems, security systems, and elevators.

The capital needs assessment must specifically identify all structures, systems, facilities, units and components that were inspected and must include a concise overview of the physical and operational condition of the existing housing and a detailed assessment of the expected useful life and the remaining useful life of each structure, system, facility, unit and component inspected. The assessment must also consider the presence of environmental and other hazards, including without limitation, asbestos, lead paint, mold, water damage and insect infestations.

2. The capital needs assessment must include a recommended scope of work and a cost estimate to complete the scope of work that addresses the following capital needs of the Project, without consideration of financial feasibility:

- a) Correction of all violations of applicable federal, state and local building, health and life safety codes and correction of all deferred maintenance;
- b) Rehabilitation or replacement of all structures, systems, facilities, units and components that have reached or exceeded their useful lives or will reach their useful lives within 5 years;
- c) Rehabilitation of all units and common areas and facilities to bring them into compliance with MaineHousing's Construction Standards to the maximum extent feasible;
- d) Rehabilitation of the minimum number of units and all common areas and facilities that are necessary to comply with the most current requirements for new construction projects under applicable federal, state and local accessibility laws, regulations, standards and guidance (which include without limitation, [Section 504 of the Rehabilitation Act of 1973](#), HUD's housing regulations at [24 C.F.R. Part 8](#) and any accessibility standard designated by HUD; Title II and Title III of the Americans with Disabilities Act of 1990 and the 2010 Standards of Accessible Design; and if the Project involves substantial rehabilitation, the Maine Human Rights Act, the Maine Human Rights Commission's Chapter 8, Housing Regulations, and ANSI Standard A117.1-2009); and

e) Remediation and disposal of any environmental or other hazards identified in the assessment.

3. The capital needs assessment must also identify any structures, systems, facilities, units and components with a remaining useful life of less than 30 years. The Application must include a plan for future rehabilitation or replacement of any identified structure, system, facility, unit and component with a useful life of less than 30 years that is not included in the scope of work for the Project, including possible funding sources, which will be considered in establishing the appropriate funding amounts for the Project's reserve accounts.

**APPENDIX D
LOW INCOME HOUSING TAX CREDIT PROGRAM
OWNER'S CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE**

To: *MaineHousing*
26 Edison Drive
Augusta, ME 04330

Certification Dates:	From: January 1, 20 _____	To: December 31, 20 _____		
Project Name:			Project No:	
Project Address:		City:	County:	Zip:
Tax ID # of Ownership Entity:				
Building Identification Number(s):	(1)	(2)	(3)	
	(4)	(5)	(6)	
	(7)	(8)	(9)	
	(10)	(11)	(12)	

No buildings have been Placed in Service
 At least one building has been placed in Service but owner elects to begin credit period in the following year.
 If either of the above applies, please check the appropriate box, and proceed to page 2 to sign and date this form.

The undersigned _____ on behalf of _____

_____ (the "Owner"), hereby certifies that:

1. The project meets the minimum requirements of: (check one)
 - 20 - 50 test under Section 42(g)(1)(A) of the Code
 - 40 - 60 test under Section 42(g)(1)(B) of the Code
 - 15 - 40 test for "deep rent-skewed" projects under Section 42(g)(4) and 142(d)(4)(B) of the Code
 - Income Averaging

2. There has been **no change in the applicable fraction** (as defined in Section 42(c)(1)(B) of the Code) for any building in the project:

NO CHANGE **CHANGE**

If **"Change"**, list the applicable fraction to be reported to the IRS for each building in the project for the certification year on page 4:

3. There have been no changes in the building's eligible basis under Section 42(d) of any building in the project.

NO CHANGE **CHANGE**

If **"Change"**, list the changes on page 4:

4. The owner has received an annual Tenant Income Certification from each low-income resident and documentation to support that certification, or the owner has a re-certification waiver letter from the IRS in good standing, has received an annual Tenant Income Certification from each low-income resident, and

documentation to support the certification at their initial occupancy.

YES NO

5. Each low-income unit in the project has been rent-restricted under Section 42(g)(2) of the Code:

YES NO

6. All low-income units in the project are and have been for use by the general public and used on a non-transient basis (except for transitional housing for the homeless provided under Section 42 (i)(3)(B)(iii) of the Code):

YES NO HOMELESS

7. There has been no finding of discrimination under the Fair Housing Act, 42 U.S.C 3601-3619 with respect to this project. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C 3616a(a)(1), or an adverse judgment from a federal court:

FINDING NO FINDING

If "**Finding**", please explain the nature of the violation and attach a copy of the decision or judgment.

8. There has been no finding of discrimination under any other applicable local, State or federal equal access or nondiscrimination law with respect to this project. A finding of discrimination includes an adverse final decision by the governmental agency responsible for administering such law, or an adverse judgment from a court with jurisdiction over such law:

FINDING NO FINDING

If "**Finding**", please explain the nature of the violation and attach a copy of the decision or judgment.

9. Each building in the project is and has been suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low income unit in the project:

YES NO

If "**No**", explain the nature of violation on page 4 and attach a copy of the violation report as required by 26 CFR 1.42-5 and any documentation of correction.

10. Each building and all FedHome (HOME) assisted units are suitable for occupancy, taking into account State and local health, safety, and other applicable codes, ordinances, and requirements, and the ongoing property standards established by the participating jurisdiction (MaineHousing) to meet the requirements of 24 CFR, Part 92, HOME Investment Partnership Program, Section 92.251.

YES NO N/A

11. There has been **no change in the eligible basis** (as defined in Section 42(d) of the Code) of any building in the project since last certification submission:

NO CHANGE CHANGE

If "**Change**", state nature of change (e.g., a common area has become commercial space, a fee is now charged for a tenant facility formerly provided without charge, or the project owner has received federal

subsidies with respect to the project which had not been disclosed to the allocating authority in writing) on page 4:

12. All tenant facilities included in the eligible basis under Section 42(d) of the Code of any building in the project, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups, and appliances were provided on a comparable basis without charge to all tenants in the buildings:
 YES NO
13. If a low-income unit in the project has been vacant during the year, reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income:
 YES NO
14. If the income of tenants of a low-income unit in any building increased above the limit allowed in Section 42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size in that building was or will be rented to residents having a qualifying income:
 YES NO
15. Project complies with an extended low-income housing commitment as described in section 42(h)(6) (not applicable to buildings with tax credits from years 1987-1989):
 YES NO N/A
16. In the prior 12 month period, the owner has:
- a) terminated the tenancy of a tenant in a low income unit, including without limitation, non-renewal of the lease of an existing tenant in a low income unit, for other than good cause;
 - b) increased the gross rent of a tenant with respect to a low income unit not otherwise permitted under Section 42 of the Code and any other applicable program (e.g. HOME, HUD Section 8);
 - c) denied tenancy to any applicant or terminated the tenancy of any tenant solely because the applicant or tenant had a Section 8 voucher or certificate; or
 - d) denied tenancy to any applicant, terminated the tenancy of any tenant, or failed to assist a tenant in finding alternative appropriate housing in violation of Title VI of the Violence Against Women Reauthorization Act of 2013, 34 USC Subpart 2 – housing rights Chapter 121 and applicable regulations (VAWA), as amended.
- YES NO

If “Yes”, please explain the nature of the violation on page 4.

17. The project complies with the requirements of all applicable Federal and State Housing Programs included in the development (e.g., Rural Housing Services, HOME, HUD Section 8, or Tax-Exempt Bonds).
 YES NO

If “No”, please explain the nature of the violation on page 4.

18. The owner received its credit allocation from the portion of the state ceiling set-aside for a project involving "qualified non-profit organizations" under Section 42(h)(5) of the code and its non-profit entity materially participated in the operation of the development within the meaning of Section 469(h) of the Code.
 YES NO N/A

19. The property has not suffered a casualty loss resulting in the displacement of residents.
 YES NO

If “Yes”, please explain the nature of the loss on page 4.

20. There has been no change in the ownership or management of the project:

NO CHANGE CHANGE

If "**Change**", complete page 4 detailing the changes in ownership or management of the project.

Note: Failure to complete this form in its entirety will result in noncompliance with program requirements. In addition, any individual other than an owner or general partner of the project is not permitted to sign this form, unless permitted by the state agency.

The project is otherwise in compliance with the Code, including any Treasury Regulations, the applicable State Allocation Plan, and all other applicable laws, rules and regulations. This Certification and any attachments are made UNDER PENALTY OF PERJURY.

(Ownership Entity)

By: _____

Title: _____

Date: _____

PLEASE PROVIDE ANY CHANGES OR EXPLANATIONS REQUIRED UNDER QUESTIONS 1-19.

Question #	Explanation

CHANGE IN MANAGEMENT CONTACT

Date of Change:	
Management Co. Name:	
Management Address:	
Management city, state, zip:	
Management Contact:	
Management Contact Phone:	
Management Contact Fax:	
Management Contact Email:	

1. **CHANGES IN OWNERSHIP OR MANAGEMENT**

(to be completed **ONLY** if “CHANGE” marked for question 20 above)

2. **TRANSFER OF OWNERSHIP**

Date of Change:	
Taxpayer ID Number:	
Legal Owner Name:	
Address:	
Phone:	
General Partnership:	
Status of Partnership (LLC, etc.):	

CHANGE IN OWNER CONTACT

Date of Change:	
Owner Contact:	
Owner Contact Phone:	
Owner Contact Fax:	
Owner Contact Email:	

APPENDIX E

REQUIREMENTS FOR PURCHASE OPTIONS/RIGHTS OF FIRST REFUSAL

I. The Purchase Options must:

- 1) grant to one or more of the general partner, managing member, developer or sponsor an irrevocable option to purchase the Project at the greater of: (a) its fair market value as encumbered by the Extended Use Agreement; and (b) the sum of: (i) the outstanding debt secured by the Project, (ii) the amount of the limited partner's or non-managing member's federal, state and local tax liability resulting from the sale of the Project, and (iii) all amounts owed to the limited partner or non-managing member under the limited partnership agreement or limited liability company operating agreement (the "Project Option Price");
- 2) grant to one or more of the general partner, managing member, developer or sponsor an irrevocable option to purchase the interest of the limited partner(s) or non-managing member(s) in the Project ownership entity ("Ownership Interest") at the purchase price equal to the amount the limited partner(s) or non-managing member(s) would have received on an after-tax basis if the Project had been sold at the Project Option Price and the proceeds distributed pursuant to the terms of the limited partnership agreement or limited liability company operating agreement;
- 3) be exercisable beginning at the earlier of: (a) the expiration of the Compliance Period; or (b) the exit of or change of controlling interest in the limited partner or non-managing member occurring after the expiration of the Credit Period;
- 4) expire no earlier than 36 months after the expiration of the Compliance Period; and
- 5) give the holder of the option a minimum of 12 months to close on the purchase of the Project or the Ownership Interest after exercise of the option or such longer period required by any lender(s) or other party whose consent to the transfer is required.

II. The right of first refusal (ROFR) must:

- 1) grant to a Qualified Nonprofit Organization an irrevocable and exclusive ROFR to purchase the Project at the lesser of: (a) its fair market value as encumbered by the Extended Use Agreement; and (b) the Minimum Purchase Price as defined in Section 42(i)(7) of the Code but in no event less than the outstanding debt secured by the Project (the "ROFR Price");
- 2) be exercisable beginning at the expiration of the Compliance Period;
- 3) expire no earlier than 36 months after the later of: (i) the public offer of the Project for sale by the general partner or managing member; and (ii) the expiration of the Compliance Period;
- 4) give the holder of the ROFR a minimum of 90 days to exercise its ROFR and a minimum of 12 months to close on the purchase of the Project after exercise of the ROFR or such longer period required by any lender(s) or other party whose consent to the transfer is required; and

- 5) not require more than a nominal earnest money deposit in order to exercise the ROFR.
- III. The Project owner's limited partnership agreement or limited liability company operating agreement must provide that:
- 1) the holder of the ROFR may assign the ROFR to a governmental unit, tenant organization or resident management corporation of the Project, or another Qualified Nonprofit Organization without the consent of the limited partner(s) or non-managing member(s);
 - 2) the general partner or managing member may elect to do any of the following:
 - a) subject to the consent of the limited partner(s) or non-managing member(s), which consent shall not be unreasonably withheld, conditioned, or delayed, sell the Project to the holder of the ROFR in connection with the exercise of the ROFR (the limited partner(s) or non-managing member(s) may not withhold consent for a non-material breach of the Project owner's organizational documents);
 - b) at its discretion, without the consent of the limited partner(s) or non-managing member(s), sell the Project to the holder of the ROFR in connection with the exercise of the ROFR following the general partner's or managing member's receipt of a bona fide third party offer to purchase the Project, which offer may be solicited by the general partner/managing member or the holder of the ROFR; or
 - c) at its discretion, without the consent of the limited partner(s) or non-managing member(s), offer the Project for sale publicly at any time following the expiration of the Compliance Period and thereafter accept an offer from the highest bidder to purchase the Project, as long as the sale price is not less than the ROFR Price, and provided such acceptance is subject to the rights of the holder of the ROFR to exercise the ROFR and purchase the Project at the ROFR Price;
 - 3) the general partner or managing member is directed and authorized to execute all documents necessary to effect the sale of the Project pursuant to the ROFR or Purchase Options;
 - 4) the limited partner(s) or non-managing member(s) affirmatively agree not to challenge: (i) the sale of the Project pursuant to the terms of the ROFR by the general partner or managing member to the holder of the ROFR even if the holder of the ROFR is affiliated with the general partner or managing member; (ii) the general partner's or managing member's acceptance of an offer from the highest bidder in response to the general partner's or managing member's public offer of the Project for sale and/or the exercise of the ROFR by the holder of the ROFR after any such acceptance; and (iii) the exercise of the Purchase Options by the holder(s) thereof;
 - 5) in the event Section 42(i)(7) of the Code is amended to permit a Qualified Nonprofit Organization to hold a purchase option after the expiration of the Compliance Period, and only to the extent permitted under such revised Section 42(i)(7) of the Code, the holder of the ROFR shall be entitled to purchase the Project, or at its option, all of the interests in the owner, in either case at the ROFR Price, in lieu of exercising the ROFR;

- 6) neither the ROFR or Purchase Options will be adversely affected or limited by any other rights of the limited partner(s) or non-managing member(s), or any owner of any interest in any limited partner or non-managing member, such as forced sale rights, and there are no conditions to the exercise of the ROFR or Purchase Options except as explicitly identified in the limited partnership agreement or limited liability company operating agreement; and
- 7) any amendment that would modify any term or condition related to the ROFR or Purchase Options requires the prior written consent of MaineHousing.

Energy & Housing Services Department

To: MaineHousing Board of Commissioners
From: Genevieve Soucy, Director of Energy and Housing
Date: April 9, 2024
Re: HEAP Rule

The HEAP Rule governs how MaineHousing will administer the Low-Income Home Energy Assistance Program grant which is awarded annually and is commonly referred to as LIHEAP or HEAP.

The HEAP Rule has undergoing modifications for this upcoming program year to remove language that is more appropriately incorporated in the Program Handbook and Guidance documents. Additionally, we have made changes regarding Categorical Eligibility, Calculation of Benefits and minor changes to language to allow for a fully online application.

At the April board meeting, we will be seeing permission to enter into Rulemaking for the HEAP Program Year 2025. Attached is the updated version of the Chapter 24 Low-Income Home Energy Assistance Rule.

PROPOSED MOTION:

To authorize MaineHousing to commence the rulemaking process to repeal Chapter 24 of MaineHousing's rules and replace it with the proposed Chapter 24 provided to the Commissioners in the Board packet and described in the memorandum from Director of EHS, Genevieve Soucy to the Commissioners dated April 9, 2024.

Energy & Housing Services Department

To: MaineHousing Board of Commissioners
From: Genevieve Soucy, Director of Energy and Housing
Date: April 7, 2024
Re: Summary of Stakeholder Input

On February 29th an invitation was sent to HEAP Interested Parties, Vendors and Community Action Agencies asking that they assist in providing their thoughts on the HEAP program. This year, information was collected using an online survey. In the past a virtual or in person meeting would be held to have these discussion, the participation with the online survey was equal to the participation in prior information gathering sessions.

The questions consisted of:

What is going well with the HEAP Program?

What are struggles with the HEAP Program?

Do you have other Comments about the HEAP Program?

Attached is a summary of the responses received back. Staff from the EHS department are reviewing the responses and any which are not already in process of being implemented will be reviewed for consideration either in this upcoming program year or in future program years.

What is going well with the HEAP Program?

- Using DHLC only for benefit calculation was more equitable for benefit calculation.
- Beginning the applications in July allowed the agencies to front load more applications before ECIP season began.
- Allowing clients with a negative heating burden to be eligible for ECIP was beneficial as these clients are still responsible for paying their heating costs.
- CAAs were able to reach more households this year, while not all new applicants were eligible to receive HEAP, more households knew about the program and attempted to receive benefits.
- Benefit communication to vendors are received promptly and prior to client notification allowed adequate time to post benefits to accounts.
- Requiring one month's proof of income made the process easier for applicants.
- HEAP Benefits being distributed prior to the start of the ECIP component was helpful and resulted in fewer clients in an emergency situation at the start of the program.
- Self-Attestation for child support, alimony and gifts made for an easier process and less paperwork for a lot of clients.
- Timely responses to communications between MSHA, Vendors and CAA's

What are the struggles with the HEAP program?

- The amount of assistance that HEAP households are provided is not adequate to meet the needs with rising household and utility costs. Not enough funding to serve applicants effectively.
- Households are required to verify their household income for the previous month. This disadvantages anyone with a terminated source of income and denies people who would be eligible if there was more flexibility in the income verification period and ways in which someone can provide income.
- Reports of long wait times to receive appointments or ask questions.
- Applying for HEAP is a manual process, more automation is needed to improve efficiency in processing applications.
- Categorical eligibility, in theory, was an improvement. However, the definition of household is different between DHHS and HEAP. Allowing a household to be income eligible if any members are receiving a benefit allowed for households did speed up the application process but allowed households who would be over income to qualify for the program and receive benefits.

- This program year movement of HEAP benefits on behalf of a client, between vendors after the HEAP Benefit was issued, was not allowable unless there were extenuating circumstances.
- Allow Upfront deliveries before and after the ECIP season.
- Should allow ECIP funds to be used before HEAP benefit if the vendor wishes.
- Not enough funding for ECIP components.
- More communication or trainings for vendors regarding program year changes
- Processing more than one ECIP for clients because of a 100-gallon limit or requirement to split the \$800 benefit into to deliveries.
- ECIP funds should be given to agencies beforehand so that they are not required to use agency dollars to pay vendors.
- Need a true online application, including signatures and option to upload documentation.
- HEAP Application update forms are overwhelming. If a client is spoken to over the phone or face to face, a form should not be required to be filled out.
- Information gathering appointments are scheduled too late in the season with benefits paid out too late in the season. Appointments should be scheduled & processed in the summer months with benefits pending MSH receiving the funding so that all clients have current funds on their account to start the heating season.
- TANF Reporting, for the size of the benefit, takes the vendors a substantial amount of time to file paperwork.
- The elderly dementia population is being underserved, those that are elderly often do not know how to access the program or know that it exists.

Other Comments:

- The demand for the program is growing but there is no capacity built in to handle that increase at the agency level.
- Remove Negative heating burden as part of the benefit determination, this prevents a client from receiving a benefit when they are responsible for paying for heat.
- The scheduling system that works with the software will allow CAAs to schedule next year's appointment at time of intake.
- Beneficial if clients could have access to view their application status.
- Preferred if Vendor reports could have a version (Excel, CSV, Txt) that could be uploaded to vendor software system rather than manual posting.
- Provide Vendors with the tools to advertise the program.

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 income Eligible Households. The Rule also establishes standards for the HEAP Weatherization, Central Heating Improvement Program, Heat Pump Program, and Supplemental Benefits funded by TANF funds.

1. Definitions.
 - A. “Act” means the Maine Housing Authorities Act, [30-A M.R.S. § 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. “Applicant” means a person who signs the completed Application.
 - D. “Application” means forms and documents completed, signed, and provided by Applicant to determine eligibility for a Benefit and ECIP.
 - E. “Application Intake Date” means the date an Application is taken with the Applicant by Subgrantee personnel both online or not online.
 - F. “Benefit” means the dollar amount of Fuel Assistance an Eligible Household receives.
 - G. “Benefit Return” means a Benefit, partial or whole, returned to MaineHousing.
 - H. “Categorical Income Eligibility” means Household Members who are included on a Maine Department of Health and Human Services (“Maine DHHS”) Notice of Decision for TANF or SNAP assistance will be considered income eligible for HEAP, as the Household Members’ incomes have already been vetted. Household Members who are not included on the Notice of Decision must provide income documentation as outlined in this Rule and the HEAP Handbook.
 - I. “CHIP” means the Central Heating Improvement Program.
 - J. “Citizenship Attestation Form” means an attestation form prescribed by MaineHousing in the HEAP Handbook.
 - K. “Contractor” means a provider of materials or services to EligibleHouseholds.
 - L. “Date of Application” means the date an Application is received by the Subgrantee.
 - M. “Direct Energy Cost” means an Energy Cost that is directly paid by the Household.
 - N. “Dwelling Unit” means an occupied residential housing structure with one or more rooms that

was originally constructed and designed as permanent living quarters 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, trailer, semitrailer, truck camper, motor home, boat, railroad car, bus, yurt or other structure designed and constructed to provide temporary living quarters.

- O. “ECIP” means the Energy Crisis Intervention Program.
- P. “Eligible Household” means a Household that satisfies all eligibility and income requirements of the HEAP Act and requirements of this Rule.
- Q. “Energy Cost” means cost of energy used for heating a Dwelling Unit or Rental Unit.
- R. “Energy Crisis” shall have the same meaning as set forth in [42 U.S.C. §8622\(3\)](#), as same may be amended from time to time.
- S. “Errors and Program Abuse” means the act of applying for or 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.
- T. “Fuel Assistance” means the component of HEAP that assists Eligible Households with their Home Energy Costs.
- U. “Functioning Heating System” means a Heating System that is working safely.
- V. “HEAP” means the Home Energy Assistance Program established pursuant to the HEAP Act and the Act.
- W. “HEAP Act” means [42 U.S.C. §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.
- X. “HEAP Handbook” means the handbook in effect for a Program Year that is used as a resource and guide for the administration of HEAP.
- Y. “HEAP Weatherization” means the weatherization component of HEAP that provides Low- cost/no-cost Weatherization Activities, as defined by [10 C.F.R. §440.20](#), and other cost-effective energy-related home repairs or installations.
- Z. “Heating Season” means the period of time beginning October 1 and ending April 30.
- AA. “Heating Source” means any device used to provide heat to a Dwelling Unit.
- BB. “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.
- CC. “Home Energy” means a source of heating or cooling in residential dwellings as set forth in [42 U.S.C. §8622\(6\)](#), as same may be amended from time to time.
- DD. “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. §8622\(5\)](#), as same may be amended from time to time.

- EE. “Household Income” means the total income from all sources before taxes and deductions as further defined in this Rule.
- FF. “Household Member” or “Household Members” means those individuals who are part of the Household.
- GG. “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, , and insurance.
- HH. “Indirect Determinable Energy Cost” means a cost for Home Energy that is not directly paid for by the Household but is a cost to the Household, such as heat that is included in rent.
- II. “Life Threatening Crisis” means the household is currently without heat or utility service to operate a Heating Source or a Heating System.
- JJ. “MaineHousing” means the Maine State Housing Authority.
- KK. “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), was originally constructed and designed as permanent living quarters, 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.
- LL. “Modular” means a residence that is constructed at a manufacturing facility, but not constructed on a permanent chassis, was originally constructed and designed as permanent living quarters, and is transportable in one or more sections on an independent chassis such as a truck or train.
- MM. “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.
- NN. “Person with a Disability” means a person with a physical or mental disability as defined pursuant to 5 M.R.S. § 4553-A.
- OO. “Programs” means Fuel Assistance, Assurance 16, ECIP, CHIP, Heat Pump Program, and HEAP Weatherization.
- PP. “Program Year” means the period of time beginning October 1 and ending September 30.
- QQ. “Rental Unit” means a Dwelling Unit that is rented.
- RR. “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.
- SS. “Service Area” means the geographic area, as defined by MaineHousing, within which the Subgrantee operates and administers the Programs and the Vendor provides services.
- TT. “State” means the State of Maine.
- UU. “Subgrantee” means a public or private nonprofit agency, or municipality, selected by MaineHousing to

administer the Programs.

- VV. “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.
- WW. “Supplemental Benefits” means the benefits that are funded with supplemental HEAP funds.
- XX. “Supplemental Nutrition Assistance Program (SNAP)” means the nutrition assistance program administered by the United States Department of Agriculture.
- YY. “TANF” means payments under the Temporary Assistance for Needy Families program as defined in [22 M.R.S., Chapter 1053-B, § 3762 et seq.](#), as same be amended from time to time.
- ZZ. “TANF Fuel Supplemental Benefits” means the benefits that are funded with TANF funds pursuant to [22 M.R.S., Chapter 1053-B, § 3769-E.](#)
- AAA. “Tenant” means an Applicant who resides in a Rental Unit.
- BBB. “Vendor” means an energy supplier that has entered into an agreement (“Vendor Agreement”) with MaineHousing to provide Home Energy to Eligible Households.

2. Application.

- A. An Applicant may have only one certified eligible Application per Program Year. Household Members may not submit an Application for a given Program Year if they were included on a certified eligible Application for that Program Year
- B. An Applicant may resubmit a new Application if the Applicant’s Application has either been denied or withdrawn any time prior to the issuance of a Benefit.
- C. Subgrantees will process Applications in accordance with the requirements of this Section and the HEAP Handbook:
1. Applications will be taken as prescribed by MaineHousing each Program Year and will continue to be taken until the last working day of May of the Program Year or until otherwise prescribed by MaineHousing, whichever occurs sooner.
 2. Subgrantee will only take Applications for Households in its Service Area. Applications received in error will be forwarded to the correct Subgrantee and the Applicant will be informed of the error.
 3. The Application forms provided or approved by MaineHousing must be used to administer the Programs and will be reviewed annually prior to the commencement of taking Applications each Program Year.
 4. Applications may be taken via telephone. Subgrantee will complete the Application over the telephone and send the completed Application and other appropriate documents to the Applicant for review and signature.

5. Subgrantee will make all reasonable efforts during the first ninety (90) days it takes Applications to process and serve returning Households that have a Direct Energy Cost and a member in the Household who (i) is 60 years of age or older, (ii) has a disability, or (iii) is 6 years or younger.
6. Subgrantees must comply with MaineHousing's Equal Access Handbook to assist Households with Limited English Proficiency (LEP) and must make reasonable accommodations for a Person with a Disability.
7. Subgrantee must certify or deny an Application within thirty (30) business days from the Date of Application. Written notification of eligibility must be sent to the Applicant within ten (10) calendar days of the decision or when funding is available, whichever is later. Written notification of denial must be sent to the Applicant within three (3) business days.
 - a. **Written notification of eligibility.** The written notification of eligibility must state the Benefit amount, the date the Benefit or credit notification was sent to the Vendor, the approved Home Energy type and the manner by which the Applicant can request an Informal Review or Fair Hearing, if applicable.
 - b. **Written notification of denial.** The written notification of denial must state the facts surrounding the decision, the reason for the decision and the manner by which the Applicant can request an Informal Review or Fair Hearing.
 - i. 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 written notification of denial.
8. The Subgrantee must verify citizenship or legal status, income and Social Security Numbers of all Household Members as well as the identity of the Applicant as prescribed by the HEAP Handbook and this Rule.

3. Eligibility.

Except as may be expressly provided for elsewhere in this Rule, eligibility shall be determined on the basis of information submitted by the Applicant as of the Date of Application. MaineHousing and Subgrantees reserve the right to ask for additional or clarifying information from Applicant, Household Members, or third parties to determine eligibility.

A. Household Eligibility.

1. The Applicant and each additional Household Member must be one of the following: (1) a U.S. Citizen; (2) a U.S. Non-Citizen National; or (3) a Qualified Alien. If the Applicant or any Household Member does not meet this requirement they must be excluded from the total number of Household Members when calculating a Benefit. All documentation must be valid. Expired or absent documentation is not acceptable.

U.S. Citizenship or U.S. Non-Citizen National status may be verified using ONE of the following documents:

- a. U.S. Passport
- b. Maine Real ID
- c. Certificate of Naturalization (N-550/N-570)

- d. Certificate of Citizenship (N-560/N-561)
- e. U.S. Birth Certificate
- f. Document from federally recognized Indian Tribe that includes your name and the name of the federally recognized Indian Tribe that issued the document, and shows your membership, enrollment, or affiliation with the tribe. Documents that can be provided:
 - i. A Tribal enrollment card;
 - ii. A Certificate of Degree of Indian Blood;
 - iii. A Tribal census document;
 - iv. Documents on Tribal letterhead signed by a Tribal official

If the documentation listed above is unavailable for an Applicant or any Household Member, then Subgrantee may accept ONE document from each of the two lists (List A & List B) below to show U.S. Citizenship or U.S. Non-Citizen National status.

LIST A	LIST B
Social Security Card and Citizenship Attestation Form	Driver's license issued by a U.S. State or Territory
Consular Report of Birth Abroad (DS-1350)	Identification card issued by the Federal, state or local government
Certification of Birth Abroad (FS-545)	School identification card
U.S. Citizen Identification Card (I-197)	A clinic, doctor, hospital, or school record, including preschool or day care records (for children under 19 years old)
Northern Mariana Card (I-873)	U.S. Military card or draft record or Military dependent's identification card
Military record showing a U.S. place of birth	U.S. Coast Guard Merchant Mariner card
U.S. medical record from a clinic, hospital, physician, midwife or institution showing a U.S. place of birth	Voter Registration Card
U.S. life, health or other insurance record showing U.S. place of birth	Two other documents that prove your identity, like employer identification cards, high school or college diplomas, marriage certificates, divorce decrees, property deeds or titles
Religious record showing U.S. place of birth recorded in the U.S.	
School record showing the child's name and U.S. place of birth	
Federal or State census record showing U.S. citizenship or U.S. place of birth	
Final adoption decree showing the person's name and U.S. place of birth	
Documentation of a foreign-born adopted child who received automatic U.S. Citizenship (IR3 or IH3)	

Qualified Alien status may be verified using ONE of the following documents:	
<i>Alien lawfully admitted for permanent residence:</i>	Permanent Resident Card, “Green Card” (I-551); OR Unexpired Temporary I-551 stamp in foreign passport or on INS Form I-94
<i>Asylee</i>	INS Form I-94 annotated with stamp showing grant of asylum under Section 208 of the INA; INS Form I-688B (Employment Authorization Card) annotated “274a.12(a)(5)”; INS Form I-766 (Employment Authorization Document) annotated “A5”; Grant letter from the Asylum Office or INS; OR Order of an immigration judge granting asylum
<i>Refugee</i>	INS Form I-94 annotated with stamp showing admission under § 207 of the INA; INS Form I-688B (Employment Authorization Card) annotated “274a.12(a)(3)”; INS Form I-766 (Employment Authorization Document) annotated “A3”; OR INS Form I-571 (Refugee Travel Document)
<i>Alien Paroled into the U.S. for at least one year</i>	INS Form I-94 with stamp showing admission for at least one year under section 212(d)(5) of the INA. (Cannot aggregate period of admission for less than one year to meet the one-year requirement)
<i>Alien whose deportation or removal was withheld</i>	INS Form I-688B (Employment Authorization Card) annotated “274a.12(a)(10)”; INS Form I-766 (Employment Authorization Document) annotated “A10”; OR Order from an immigration judge showing deportation withheld under § 243(h) of the INA as in effect prior to April 1, 1997, or removal withheld under § 241(b)(3) of the INA
<i>Alien Granted Conditional Entry</i>	INS Form I-94 with stamp showing admission under § 203(a)(7) of the INA; INS Form I-688B (Employment Authorization Card) annotated “274a.12(a)(3)”; INS Form I-766 (Employment Authorization Document) annotated “A3”
<i>Cuban/Haitian Entrant</i>	INS Form I-551 (Alien Registration Receipt Card, commonly known as a “green card”) with the code CU6, CU7, or CH6; Unexpired temporary I-551 stamp in foreign passport or on *INS Form I-94 with the code CU6 or CU7; OR INS Form I-94 with stamp showing parole as “Cuba/Haitian Entrant” under Section 212(d)(5) of the INA

2. The Applicant must also verify their identity. All documentation must be valid. Expired or absent documentation is not acceptable. If the documentation provided by the Applicant to verify citizenship or legal status bears a photograph of the Applicant, this will be acceptable to verify identity. Otherwise, ONE of the following documents will be acceptable:

Driver's license	SNAP electronic benefit transfer (EBT) card with photo
State issued ID card	U.S. Military ID
Passport or passport card	

If the documentation listed above is unavailable for the Applicant the Subgrantee may allow the Applicant to verify identity by providing TWO of the following documents:

Adoption Decree	Birth Certificate	Divorce Decree
Employer Identification Card	Foreign School Record that contains a photograph	High School or College Diploma
Marriage Certificate	Notice from a Public Benefits Agency (i.e. Notice of Decision from DHHS, Social Security Benefit Award Letter, MaineCare Award Letter)	Property Deed or Title Document
Social Security Card	Union or Worker's Center Identification Card	Voter Registration Card

If the Applicant cannot verify their identity they are not eligible for a Benefit. If the Applicant is applying on behalf of other eligible Household Members, at least one of the eligible Household Members must provide the required identity documentation.

3. All Household Members two years of age or older must provide proof of their Social Security Number (SSN). One of the following documents is acceptable provided it contains all nine digits of the Applicant's SSN and the Household Member's full name:

Bank tax form	Medicare card with number ending with the suffix "A"
Non SSA-1099 tax form	Social Security Card issued by the Social Security Administration
SSA 1099 tax form	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
W-2 (wage and tax statement)	

If the documentation listed above is unavailable for any Household Member the Subgrantee may allow the Household Member to provide one of the following documents:

Two recent paystubs (within the last sixty (60) days) showing Household Member's full SSN	Most recent (within the last two years) full Federal Tax Return showing Household member's full SSN and confirmation of filing
A Notice of Decision issued by a Public Benefits Agency that shows the Household member's full SSN	An Income Withholding Order/Notice for Support showing Household Member's full SSN
A recent (within the last year) Social Security Administration letter or notice showing Household Member's full SSN	

If the Household includes a child under the age of 24 months old who has not received a SSN, the Application is processed. However, the Applicant must provide the child's SSN for subsequent Program Year Applications, after the child reaches the age of 24 months old.

4. On the Date of Application, all Household Members must be full-time residents of the State and reside, intend to reside, or have resided in a Dwelling full-time for at least four (4) months during a Heating Season and have a Direct Energy Cost or Indirect Determinable Energy Cost.
5. As part of the application process all Household Members 18 years of age or older must sign a release to grant permission to share their personal information between the Maine Department of Health and Human Services, the Maine Department of Labor, the Social Security Administration, Subgrantee and other organizations designated on the permission to share form and MaineHousing to determine eligibility for Benefits as well as eligibility for other programs administered by State, Federal and local agencies.
6. A Household's eligibility to receive benefits from Programs is contingent on the resolution of any Overpayment as described in Section 14, Errors and Program Abuse. During repayment a Household will be eligible for ECIP if they are in compliance with the terms of the repayment agreement. The Household will not be eligible under the HEAP Weatherization and the Department of Energy Weatherization Assistance Program, CHIP, or the Heat Pump Program until repayment is complete.
7. Roomers may be eligible Households if the Applicant can show a rental agreement that was in existence for at least sixty (60) days prior to the Date of Application and the Roomers meet all of the other eligibility criteria. The Roomers cannot commingle funds or share expenses with the lessor's Household and must show proof that a reasonable market rate rent has been paid under the rental agreement for the entire sixty (60) day period prior to the Date of Application.
8. A member of the Household who is away from the Dwelling Unit part of the time must be included as a Household Member unless the member is a full-time college student as described below in Section 3(A)(9).
9. A full-time college student, up to age 23 years old, or more than 23 years of age if permanently or totally disabled, who is a dependent of the Household may be excluded from the Household if the Applicant chooses as long as the student is not the Applicant. Proof of student status will be required.
10. A Live-In-Care Attendant who (i) provides needed health/supportive services to a member of the Household as documented by a qualified professional; (ii) would not be living in the unit expect to provide the necessary supportive services; and (iii) does not contribute financially to the Household, will not be considered part of the Household. If an individual does not meet this definition, they must be included as a Household Member.
11. TANF Fuel Supplemental Benefits. A Household may be eligible for TANF Fuel Supplemental Benefits if its Application for HEAP has been certified eligible in the current Program Year and on the Date of Application the Household included at least one member who was under the age of eighteen (18) and the Dwelling Unit was not considered Subsidized Housing with heat included.

B. Dwelling Unit Eligibility.

1. The Dwelling Unit must:
 - a. Have a Functioning Heating System;
 - b. Be occupied by the Household as its primary residence on a full-time/year-round basis;
 - c. Be permanently connected to or serviced by standard utilities such as electricity and water unless the Household can provide supporting documentation to show the Household occupies the Dwelling Unit as its primary residence on a full-time/year-round basis; and
 - d. Be a residential housing structure with one or more rooms that was originally constructed and designed as permanent living quarters.
2. A Dwelling Unit does not include a camper, trailer, semitrailer, truck camper, motor home, boat, railroad car, bus, yurt or any other structure designed and constructed to provide temporary living quarters, regardless of any and all modification(s) or length. For Fuel Assistance only, a Dwelling Unit may include a hotel or motel if the Household provides documentation showing that the hotel/motel has been their permanent residence for at least sixty (60) days prior to the Date of Application.
3. A Dwelling Unit that is considered Subsidized Housing may be eligible for Fuel Assistance if the heat is included in the rent and the Household pays a portion of their rent or utility costs.
4. Dwelling Units that are used partially for business activity are eligible.

C. Income Eligibility

Income Eligibility is based on documented Household Income or Categorical Income Eligibility. 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.

1. Household Income is determined and verified in accordance with the information provided on the Application. Household Income means the total combined income of all Household Members (not otherwise excluded) from all sources before taxes and deductions and is verified in accordance with the guidelines in the HEAP Handbook. Household Income includes, but is not limited to, the following:
 - a. Wages, salaries, and bonuses before any taxes or deductions;
 - b. Self-employment income;
 - c. Social Security Retirement (SS), Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) Benefits;
 - d. Unemployment and worker's compensation and/or strike benefits from union funds;

- e. Spousal support or alimony received by a Household Member, or mortgage/rent payments in lieu of or in addition to payments;
- f. Court ordered or voluntary child support payments received by a Household Member, 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;
- n. Winnings from any source of gambling or gaming is considered income including, but not limited to private gambling, lottery, horse racing, bingo, etc.;
- o. Jury duty fees.

Household Income does not include:

- a. Assets drawn down from financial institutions;
- b. Foster care payments;
- c. Adoption assistance;
- d. In-kind payments to a Household Member in lieu of payment for work, including the imputed value of rent received in lieu of wages or items received in barter for rent;
- e. Capital gains (except for business purposes);
- f. Income from the sale of a primary residence, personal car, or other personal property;
- g. Tax refunds;
- h. One-time insurance payments;
- i. One-time compensation for injury;
- j. Non-cash income such as General Assistance voucher payments, the bonus value of food

and fuel produced and consumed on farms, and the imputed value of rent from owner-occupied farm housing;

- k. Bank loans, reverse mortgages, and home equity loans;
- l. Reimbursement for expenses incurred in connection with employment;
- m. Reimbursement for medical expenses;
- n. Any funds received for education from grants, loans and scholarships, and work study;
- o. Retroactive payments and overpayment adjustments from an entitlement program for a time period outside of the period being considered for HEAP eligibility (i.e. worker's comp, social security benefits, etc.);
- p. Income earned by a Household Member who is a full time high school student, unless they are the Applicant;
- q. Income earned by a full-time college student who is not counted as a Household Member in accordance with 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:
 - i. 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](#)).
 - ii. 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](#).
 - iii. 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.
 - iv. The value of the allotment provided a household under the Supplemental Nutrition Assistance Program ([7 U.S.C.A. 51](#)).
 - v. The value of assistance to children as excluded under the National School Lunch Act ([42 U.S.C. 1760\(e\)](#)) and under the Child Nutrition Act of 1966 ([42 U.S.C. 1780\(b\)](#)).
 - vi. The value of commodities distributed under the Temporary Emergency Food Assistance Act of 1983 ([Public Law. 98-8](#), [7 U.S.C. 612c](#)).
 - vii. Allowances, earnings and payments to individuals participating in programs under the Workforce Innovation and Opportunity Act <https://www.congress.gov/113/bills/hr803/BILLS-113hr803enr.pdf>

- viii. 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).
- ix. Payments to volunteers under the Domestic Volunteer Service Act of 1973 ([Public Law 93-113](#), [42 U.S.C. 5044](#)).
- x. 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.
- xi. 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\(a\)](#)).
- xii. 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](#).
- xiii. 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](#).
- xiv. All student financial assistance including the following programs funded under Title IV of the Higher Education Act as amended:
 - 1) Pell Grants;
 - 2) Supplemental Educational Opportunity Grants;
 - 3) Grants to States for State Student Incentives;
 - 4) Special Programs for Students from Disadvantaged Backgrounds;
 - 5) Special Programs for Students Whose Families are Engaged in Migrant and Seasonal Farm work;
 - 6) Robert C. Byrd Honors Scholarship Program;
 - 7) Assistance to Institutions of Higher Education;
 - 8) Veterans Education Outreach Program;
 - 9) Special Child Care Services for Disadvantaged College Students;
 - 10) Payments to veterans for Aid and Attendance benefits.

An adjustment to a Household Member's gross income will be made for court ordered child support payments made by the Household Member that are documented as paid during the income period.

An adjustment to a Household's gross income may be made if the Household is over income and has documented medical expenses that were paid during the income period. The amount of medical expenses deducted will be equal to only the amount necessary to make the Household eligible. Medical expenses are defined by Internal Revenue Service Publication 502, as the same may be amended from time to time.

The income of Household Members who do not meet the citizenship or legal status requirements must be included in the Household's income.

2. **Categorical Income Eligibility.** Household Members who are included on a Maine DHHS Notice of Decision for TANF or SNAP assistance will have Categorical Income Eligibility for HEAP. Household Members with Categorical Income Eligibility may have their income determined at a pre-established percentage of the federal poverty level, or using actual vetted income if provided by Maine DHHS. Household Members who are not included in the Notice of Decision must provide income documentation as outlined in this Rule and HEAP Handbook.

4. **Benefit Determination.**

Benefits are determined to ensure that the highest level of assistance will be furnished to Eligible Households which have the lowest incomes and the highest Energy Costs or needs. Benefit availability is based on HEAP funding availability.

- A. 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.

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

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

Dwelling Type	Points
Stick-built/Modular	9
Mobile/Manufactured	8
Condo/Duplex	6
Apartment	6

Residing County	Points
Aroostook	7
Somerset	6
Franklin	6
Piscataquis	6
Oxford	5
Penobscot	5
Androscoggin	4
Hancock	4
Waldo	3
Cumberland	3

Lincoln	3
Knox	3
York	3
Washington	2
Kennebec	2
Sagadahoc	2

Fuel Type	Points
Electricity	14
LP Gas	10
Kerosene	8
Oil	7
Bio-Fuel	6
Coal	5
Wood Pellets	5
Corn	5
Natural Gas	5
Wood	4
Heating Subsidized	-9

Priority Determination	Points
60+, Disabled or child 6 and under	5
or	
Child 7-17	3

Poverty Level as Calculated under the Federal Poverty Income Guidelines (FPIG)	Percentage of Points
0%-25%	130%
26%-50%	120%
51%-75%	110%
76%-100%	100%
101%-125%	90%
126%-150%	80%
>than 150% FPIG but not exceeding the maximum of the greater of 150% FPIG or 60% state median income	70%
Calculated poverty level amounts falling between brackets will be rounded to the next higher or lower amount. For example: income at 75.1% will be rounded to 75%; income at 100.6% will be rounded to 101%.	

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

- B. TANF Fuel Supplemental Benefits are determined each Program Year by MaineHousing based on the projected number of Households eligible for TANF Fuel Supplemental Benefits and available funding.
- C. Tenants residing in Subsidized Housing with heat included in their rent, who pay a portion of their rent or utility costs, are only eligible to receive a Benefit in an amount to maximize benefits under SNAP.

5. Payment of Benefits.

A. An Applicant shall select a Vendor that will deliver Home Energy to the Eligible Household. Payment of Benefits and TANF Fuel Supplemental Benefits will be made directly to the Vendor, unless otherwise specified, by the methods prescribed below:

1. For payment prior to delivery, MaineHousing, or a Subgrantee as allowed by MaineHousing, will pay a Benefit to the Vendor 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. The Credit Notification Report will list the Applicant's name, address, Home Energy type, account information and, as applicable, Benefit or TANF Fuel Supplemental Benefit. MaineHousing will make payment for Benefits after the Vendor makes delivery as authorized by MaineHousing.
3. For payment to wood vendors, MaineHousing, or a Subgrantee as allowed by MaineHousing, will make payment for a Benefit by direct check to the Applicant upon receipt of a signed Attestation from the Applicant attesting the Benefit received will be used for its intended purpose.

For Applicants with no available Vendors serving the area where the Household resides, MaineHousing, or the Subgrantee as allowed by MaineHousing, may pay Benefits directly to the Applicant upon receipt of a signed Attestation from the Applicant attesting the Benefit received will be used for its intended purpose

B. Payment of Benefits may be made directly to Applicants with an Indirect Determinable Energy Cost.

6. Benefit Returns and Transfer:

A. Program benefits may not be sold, transferred, released or otherwise conveyed by the Eligible Household or the Vendor without written authorization from MaineHousing. MaineHousing will only authorize such conveyances when it is in the best interest of the Eligible Household and is consistent with the intent of the HEAP Act. Examples of situations where MaineHousing may authorize such conveyances include, but are not limited to:

1. Relocation of all Household Members within the State;
2. Change in Vendor by Household;
3. Change in Home Energy vendors available to Household;
4. Relocation from a Dwelling Unit with a Direct Energy Cost to a Dwelling Unit with Indirect Determinable Energy Cost (not including Subsidized Housing);
5. Relocation to Subsidized Housing with Direct Energy Cost;
6. Change in Home Energy type; and
7. Applicant passes away and surviving Household Members remain in the Household.

Program benefits will only be available for reissue or transfer during the Program Year of issue up until March 31st of the Program Year immediately following.

- B. In order to reissue or transfer a Benefit MaineHousing may require the Household to provide an Application update form bearing the Applicant's signature and date. Failure to provide the information may result in delay or forfeiture of the Benefit.
 - C. Program Benefits may not be eligible for reissue or transfer if the Applicant committed Errors and Program Abuse when completing the Application, there was an Overpayment, the Applicant's primary residence changes to a nursing home or long term care facility and there are no remaining Household Members, the Household moves to Subsidized Housing with heat included, the Applicant moves into another Household that received a Benefit in the current Program Year, the Household moves into an ineligible Dwelling Unit, the Program Benefit was not reissued before the deadline, the Applicant passes away and there are no surviving Household Members or the Household moves out of State.
 - D. Vendors that receive a Benefit return form requesting the return of Benefits paid to Vendor on behalf of Eligible Households, shall return such Benefits to MaineHousing within fifteen (15) business days of date of Benefit return form. Once the funds are received, MaineHousing will process the reissue or transfer as appropriate within fifteen (15) calendar days of receiving all required documentation.
7. Energy Crisis Intervention Program (ECIP).

All ECIP services will be conducted by Subgrantees within their Service Area, unless otherwise authorized by MaineHousing, and will be subject to the availability of ECIP funds

- A. A Household may be eligible for ECIP if a Household Member's health and safety is threatened by an Energy Crisis situation on the Date of Application and the Household does not have the financial means to avert the Energy Crisis. The Household will not be eligible if: they have any other Heating System that is safe and operable and has a supply of product; they reside in Subsidized Housing with heat included or a Rental Unit with heat included; or they have an Overpayment balance and have not entered into or complied with a repayment agreement. An Eligible Household under HEAP is income eligible for ECIP.
- B. An Energy Crisis includes:
 - 1. Reading of 1/4 tank or less on a standard 275 gallon heating oil tank;
 - 2. Reading of 25% or less on a propane tank;
 - 3. 7-day or less supply for other delivered Home Energy types; and
 - 4. A utility disconnection notice that relates to the operation of the Heating System,
- C. Allowable expenditures may include:
 - 1. Home Energy deliveries provided the Eligible Household has exhausted any remaining Benefits previously issued;
 - 2. Delivery charges associated with fuel deliveries under ECIP;

3. Surcharges, reconnection charges, or penalties related to a final utility disconnect notice;
 4. Heating System repair, including restart fees;
 5. Purchase of space heaters;
 6. Temporary relocation provided the Eligible Household is experiencing a Life Threatening Crisis that cannot be averted within 18 hours by one of the above measures.
- D. ECIP will be administered pursuant to HEAP between November 1 and April 30. Conditioned on the availability of ECIP funds, Energy Crisis benefits will be provided within 48 hours of the Household being certified eligible and Life Threatening Crisis funds will be provided within 18 hours of the Household being certified eligible.
- E. ECIP benefits are determined each Program Year by MaineHousing based on Home Energy costs, economic conditions, and available funding.
- F. Any denial of ECIP benefits will be provided to the Applicant within three (3) business days.
- G. ECIP Payments.
1. Payment will be made after the vendor makes delivery and returns documentation required by MaineHousing to Subgrantee. MaineHousing will make payment within ten (10) business days of Subgrantee entering required information into the MaineHousing database.
8. Central Heating Improvement Program (CHIP).

All CHIP services will be conducted by Subgrantees within their Service Area, unless otherwise authorized by MaineHousing, and will be subject to the availability of HEAP funds.

A. Eligibility.

1. Household Eligibility.

- a. A Household may be eligible for CHIP if the Household is eligible for HEAP, has an eligible Application that was certified within the preceding twelve (12) months, and does not have a more recent Application that has been certified-denied.
- b. Eligible Households shall be served on a first-come, first-served basis with respect to each level of priority listed below, except when the Subgrantee is providing weatherization services to a Dwelling Unit in which case the Subgrantee can serve Eligible Households that allow the Subgrantee to leverage CHIP funds first. Subgrantees may prioritize within the priority levels listed below by Households that have a Household Member that (i) is 60 years of age or older, (ii) has a disability, or (iii) is 6 years or younger.
 - i. Eligible Households experiencing an Energy Crisis caused by Heating System malfunction or failure.
 - ii. Non-wood Heating Systems that cannot achieve a minimum steady state

efficiency of 70% (as determined by an evaluation of a Heating System).

- iii. Preventative cleaning, tuning, evaluation and minor repairs on a non-emergency basis (owner-occupied dwelling units only). Date of the last cleaning, tuning and evaluation by a licensed technician must be more than twelve (12) months prior to the initiation of services date.

B. Dwelling Unit Eligibility.

1. Ownership will be verified for all Dwelling Units and Rental Units and additional documentation or written permission may be required for life estates and life leases or tenants.
 - a. A Dwelling Unit that has a life estate or life lease interest may be eligible if the document conferring the Applicant rights of the life estate or life lease is recorded in the appropriate registry of deeds and states that the Applicant is responsible for maintaining the Dwelling Unit or is silent as to who is responsible for maintenance.
2. A Dwelling Unit will not be eligible under CHIP if: it is a Rental Unit that has reached the life-time maximum benefit, it has been designated for acquisition or clearance by a federal state or local program or order, it is in foreclosure, for sale, vacant, uninhabitable, it is in poor structural condition making CHIP services impractical, ineffective or impossible, it has been damaged by fire, flood or an act of God and insurance will cover the damage, there are discrepancies on the Household's Application, there is evidence that the Heating System was not properly maintained or the Household applied for services for more than one Dwelling Unit and did not provide the required information.

C. Heating System Replacement Eligibility. A Household may be eligible for assistance to replace a Heating System if the Household meets the eligibility requirements for CHIP. The amount of assistance shall be determined by subtracting the sum of the contributions towards the Heating System replacement cost by the Household and any person who shares a legal ownership interest in the Dwelling Unit, but does not reside in the Dwelling Unit ("Non-occupying Co-owner").

1. Contributions. The Household and Non-occupying Co-owner (if applicable) will be required to contribute toward the cost of replacing the Heating System if there are Countable Assets in excess of \$5,000, or \$50,000 if a member of the Household or the Non-occupying Co-owner is 60 years of age or older. Countable Assets include cash, 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 for withdrawals). The amount of the contribution is determined for the Household and the Non-occupying Co-owner separately by subtracting either \$5,000 or \$50,000 (as applicable) from total Countable Assets and multiplying that number by the percentage of ownership. All contributions are subtracted from the total Heating System replacement cost to determine the CHIP benefit amount.

D. CHIP Uses.

1. CHIP allowable uses include cleaning, tuning and evaluating oil, gas or solid fuel systems, replacing oil or gas burners and cracked heat exchangers, replacing oil, gas,

electric or solid fuel Heating Systems, scaling and installing electrical or mechanical Heating System ignition systems, replacing or relocating thermostats and anticipator adjustment, baffling of combustion chamber, optimizing firing rate, cleaning chimneys, smoke alarms, fire extinguishers, carbon monoxide and gas detectors, oil tanks and gauges, temporary relocation in Life Threatening Crisis situations that cannot be adequately address by ECIP measures, measures to bring a Heating System in compliance with applicable laws and codes or to correct measures that pose an immediate health or safety threat.

2. CHIP may not be used as reimbursement or payment for costs incurred by the Applicant, replacement of a Heating System that was previously replaced by CHIP unless the Heating System has reached its useful life as defined by: https://www.hud.gov/sites/documents/EUL_FOR_CNA_E_TOOL.PDF, or for fuel switching.

E. CHIP Benefit Maximums

1. Single-Family Owner-Occupied Dwelling Units. There is no life-time maximum benefit amount for an Eligible Household.
2. Single-Family Rental Units occupied by an Eligible Household. There is a life-time maximum benefit of \$600.
3. Multi-Family Rental Units. The maximum benefit is the lesser of \$600 times the number of Heating Systems that provide heat to Eligible Households or \$2,400.

F. Subgrantee Responsibilities.

1. Subgrantees are responsible for performing final inspections on all CHIP services for heating replacement jobs. The inspections will evaluate compliance with all applicable codes, confirm the work performed was authorized and determine the combustion efficiency level of the Heating System where technically feasible.
2. Subgrantees are responsible for procuring all services, including materials, equipment and services from specialized trades, such as electricians, masons and oil burner repairman, and shall follow the procedures below:

Amount	Requirements	Notes
\$10,000 or less	Solicit by phone, email, vendor website, catalog, or price list, or similar means one price quote.	If Subgrantee considers the quoted price reasonable based on one or more factors, such as recent purchases of, or research on, goods or services of the same kind or related knowledge or experience, no further solicitation is required. If the quote price is not reasonable, solicit two price quotes by similar means.
Over \$10,000	Perform a price survey by making every reasonable attempt to receive price quotations or bids from at least three (3) Contractors.	Choose the lowest quote or bid while taking into consideration the Contractor's performance record and other relevant factors.

3. Subgrantees are also responsible for procuring Contractors and shall follow the procedures below:
 - a. Prepare an Invitation to Bid or a Request for Proposal that identifies all requirements and factors to be considered including a due date for bids;
 - b. Mail, fax or email the Invitation to Bid or Request for Proposal to at least three (3) contractors; and
 - c. Receive by mail, fax or email by the due date all bids and keep bids in a secure location to be reviewed and tabulated.
4. Sole Source Procurement. A Subgrantee may solicit a proposal from only one source if the following circumstances are met:
 - a. 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.
 - b. 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.
 - c. Inadequate Competitive Proposals. After evaluation of all proposals submitted in a competitive procurement, all proposals are determined to be inadequate.

Subgrantee shall submit a written statement justifying the sole source procurement for any procurement over \$10,000 to MaineHousing prior to the installation of services.

5. Records. Copies of all procurement records, including sole source procurement documents, correspondence, factors considered and the basis for selection must be kept in the Subgrantee's files.

9. HEAP Weatherization.

Weatherization measures must be installed in accordance with the Maine Weatherization Standards. When HEAP Weatherization is used in conjunction with U.S. Department of Energy (DOE) funds, [10 C.F.R. Part 440](#), will govern with the exception to variations listed and approved in the LIHEAP State Model Plan Weatherization Assistance Section.

All HEAP Weatherization services will be conducted by Subgrantees within their Service Area, unless otherwise authorized by MaineHousing, and will be subject to the availability of HEAP funds.

A. Eligibility.

1. Household Eligibility. A Household may be eligible for HEAP Weatherization if the Household is eligible for HEAP, has an eligible Application that was certified within the preceding twelve (12) month, and does not have a more recent Application that has been certified-denied.
2. Dwelling Unit Eligibility. Ownership will be verified for all Dwelling Units and Rental

Units and additional documentation or written permission may be required for life estates and life leases or tenants.

- a. A Dwelling Unit that has a life estate or life lease interest may be eligible if the document conferring the Applicant rights of the life estate or life lease is recorded in the appropriate registry of deeds and states that the Applicant is responsible for maintaining the Dwelling Unit or is silent as to who is responsible for maintenance.
- b. A Dwelling Unit will not be eligible under HEAP Weatherization if the Dwelling Unit received weatherization services under HEAP Weatherization or another MaineHousing program within fifteen (15) years of the date of Application, it has been designated for acquisition or clearance by a federal state or local program or order, it is in foreclosure, for sale, vacant, uninhabitable, it is in poor structural condition making HEAP Weatherization services impractical, ineffective or impossible, it has been damaged by fire, flood or an act of God and insurance will cover the damage, or there are discrepancies on the Household's Application.
- c. A Dwelling Unit that was previously weatherized may be reopened if the reopening occurs within six (6) months of completion of the original weatherization service and reopening is required because the previous services are the proximate cause of an immediate threat to the health and safety of the occupants or the quality of the weatherization material or installation is deficient as determined by MaineHousing.

B. HEAP Weatherization Uses:

1. HEAP Weatherization allowable uses include: Weatherization needs assessments/audits; air sealing and insulation, storm windows, Heating System modifications/repairs/replacements, Heating System cleaning, tuning and evaluating, compact florescent light bulbs and LED light bulbs, energy related roof repairs, major appliance repairs/replacements, including water heaters, up to two appliances, with one being a water heater, incidental repairs, health and safety measures, replacement windows and doors after all reasonable repair options are considered.

C. Subgrantee Responsibilities.

1. Subgrantees must conduct a public bid process to secure weatherization contractors at least annually as prescribed by MaineHousing.

10. Heat Pump Program.

All Heat Pump Program services will be conducted by Subgrantees within their Service Area, unless otherwise authorized by MaineHousing, and will be subject to the availability of HEAP funds.

A. Eligibility.

1. Household Eligibility. A Household may be eligible for the Heat Pump Program if the Household is eligible for HEAP, has an eligible Application that was certified within the preceding twelve (12) month, does not have a more recent Application that has been certified-denied and has a working primary Heating System.

2. Dwelling Unit Eligibility.
 - a. Ownership will be verified for all Dwelling Units and for Dwelling Units that have a life estate or life lease interest, the document conferring the Applicant rights of the life estate or life lease must be recorded in the appropriate registry of deeds and state that the Applicant is responsible for maintaining the Dwelling Unit or is silent as to who is responsible for maintenance.
 - b. A Dwelling Unit will not be eligible under the Heat Pump Program if the Dwelling Unit is already equipped with a heat pump, it has been designated for acquisition or clearance by a federal state or local program or order, it is in foreclosure, for sale, vacant, uninhabitable, it is in poor structural condition making the installation of a heat pump impractical or there are discrepancies on the Household's Application.
3. Heat Pump Program Uses
 - a. Heat Pump Program allowable uses include the installation of a heat pump and electric subpanel for the heat pump if needed.

11. Administration of the Programs.

A. MaineHousing's Responsibilities.

1. 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 after conducting a public hearing for the purpose of taking comments.
2. MaineHousing will maintain this Rule, the HEAP Handbook and any other guidance and documents that relate to the administration of the Programs.
3. MaineHousing will contract with Subgrantees and other entities to administer the Programs and may, at its discretion, make payments to Eligible Households or Vendors or provide Supplemental Benefits to the extent available. MaineHousing will assign at least one Subgrantee to each Service Area to administer the Programs and will select Subgrantees annually based on applications received by June 1st outlining the Subgrantee's: experience in administering the Programs or similar programs; capacity; availability of other qualified entities within a Service Area; cost efficiency; ability to enhance accessibility to the Programs; schedule for taking Applications; and ability to perform outreach and serve homebound Applicants.
4. MaineHousing will determine the annual allocation of HEAP funds to each Subgrantee, not including any amount allocated to MaineHousing to pay Benefits.
5. MaineHousing will conduct program and fiscal monitoring of Subgrantees and Vendors to ensure compliance with all rules, regulations and laws applicable to this Rule.

B. Subgrantee, Vendor and Contractor Responsibilities.

1. Subgrantees, Vendors and Contractors are responsible for the following:
 - a. 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.

- b. Confidentiality. Subgrantees, Vendors, Contractors, and their employees and agents shall keep confidential Applicant or Household 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") and shall safeguard and protect from disclosure at all times Confidential Information.
 - c. Prohibited Discrimination. Subgrantees, Vendors, Contractors, and their employees and agents are prohibited from discriminating against any Household applying for or receiving goods or services in accordance with this Rule.
2. Subgrantees responsibilities also include, but are not limited to, the following as further defined in the annual Subgrant Agreement between MaineHousing and Subgrantees and in accordance with the HEAP Act and this Rule:
- a. Conduct outreach, accept and verify Applications, determine Household eligibility, pay Benefits, coordinate with MaineHousing on denials and requests for Informal Review and Fair Hearing, use MaineHousing's database software and equipment, address emergencies, cost effectively administer and operate the Programs, prioritize Eligible Households where required, coordinate services between Programs, submit production schedules, work plans, budgets, monthly status reports, and billing information to MaineHousing, use forms provided by MaineHousing, make reasonable accommodations upon request for a Person with a Disability, follow procurement requirements as may be required by 45 C.F.R. §§ 75.327 – 75.335 and 45 C.F.R. §§ 75.316-753.23, and inform Applicants of their rights to request an Informal Review and Fair Hearing;
 - b. Maintain comprehensive, accurate and separate 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 and provide MaineHousing with copies of any such records as requested and maintain such records for a minimum of three (3) years from the end of the relevant contract period or a longer period as prescribed by MaineHousing. 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;
 - c. Provide an annual budget prior to each Program Year and within ninety (90) calendar days of the close of Subgrantee's fiscal year furnish to MaineHousing an annual financial statement prepared by an independent certified public accountant in accordance with 45 C.F.R. Part 75, Subpart F.

C. 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. Administrative expenses for the Program Year may be spent only between October 1 and the following September 30 of the applicable Program Year, unless otherwise authorized. Allowable administrative and program expenses for each of the Programs are listed below. Other expenses may be allowed if authorized by MaineHousing before the expenses are incurred.

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

Assurance 16 Services	Expense Category
Salary and fringe benefit costs for staff providing direct services and the direct administrative costs associated with providing the services, such as the costs for supplies, equipment, travel, postage, utilities, rental and maintenance of office space	Program
Indirect costs	Administrative

1. Assurance 16 Activities. Subgrantees may submit annual proposals, for MaineHousing’s consideration, describing their planned activities and expenses associated with providing services to Applicants pursuant to Assurance 16 of the HEAP Act. Administration of Assurance 16 Activities will be conditioned on the availability of HEAP funds.

D. Vendors.

1. Eligibility. In order to participate in the Programs Vendors must demonstrate the capacity and stability of their business and supply a credit report and business plan to MaineHousing’s satisfaction. Vendors must also show they have been in business for one year prior to enrolling to participate. MaineHousing reserves the right to exclude Vendors in certain situations, including but not limited to, bankruptcies or judgments and prior Program terminations, violations and defaults.
2. Enrollment. Upon approval of a Vendor, Vendors may enter into a Vendor Agreement during the time period as prescribed by MaineHousing. Returning Vendors may reenroll each Program Year as prescribed by MaineHousing contingent upon performance and compliance in previous Program Years.
3. Use of Benefits. Benefits may not:
 - a. Be sold, released, transferred or otherwise conveyed without written authorization from MaineHousing;
 - b. Be used to pay Incidental Costs Benefits;
 - c. Be used to deliver a different Home Energy product than the one authorized by MaineHousing or
 - d. Be used to deliver Home Energy products to a Household that is moving, has a Heating System experiencing mechanical difficulties or has storage tanks that need replacement or do not meet code.

For electricity and natural gas, Vendors may apply Benefits to past due charges for Home Energy deliveries with the oldest charges being paid first.

4. Annual Consumption Report. 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.
5. Return of Payments. Upon receipt of a Benefit Return form Vendor shall return such Benefits to MaineHousing or Subgrantee within fifteen (15) business days of the date of the Benefit Return form. If any of the following events occur, Vendor shall within fifteen (15) business days of becoming aware, submit to MaineHousing a completed Benefit Return form and return any Benefits paid to Vendor:

- a. Death of an individual who is a sole member of an Eligible Household;
- b. 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.

For Benefits with a balance of less than \$25, Vendors may aggregate remaining Benefits and return the balance to MaineHousing when the Annual Consumption Report is submitted.

All Benefit Return forms should be accompanied by documentation evidencing: 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; a concise explanation for the return of funds; a detailed account history showing delivery activity and payment for the twelve (12) months prior; and any other documentation requested by MaineHousing.

E. Noncompliance.

1. MaineHousing shall have the right to terminate or suspend in whole or in part the Subgrantee Agreement in its sole discretion if it determines the Subgrantee has failed to comply with any provision of this Rule, the Subgrantee Agreement, the HEAP Handbook, or the provisions of other applicable law. A written notice will be sent to Subgrantee and shall set forth as applicable, the reason for termination, the specific violations and any suspensions. For non-compliance not resulting in termination or suspension a written notice setting forth the specific violation and cure period will be provided to Subgrantee. In situations of malfeasance or misfeasance MaineHousing may bar a Subgrantee's participation in the Programs.
2. MaineHousing shall have the right to terminate a Vendor for failure to comply with the terms of the Vendor Agreement, State law concerning consumer home heating rights as prescribed by the Office of the Maine Attorney General, documentation, audit/investigation requirements and the requirements of this Rule. In situations of malfeasance or misfeasance MaineHousing may bar a Vendor's participation in the Programs and pursue any other remedies available under the law. MaineHousing may also choose to place the Vendor on a watch list and monitor Vendor's performance.

12. Native American Tribal Organizations.

Native American Tribal Organizations 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. §6201 et seq.](#), and the Aroostook Band of Micmacs as defined in the Micmac Settlement Act, [30 M.R.S. §7201 et seq.](#)

- A. Direct Allocation to Native American Tribal Organizations. Native American Tribal Organizations may receive a direct allocation of HEAP funds from the Secretary of the United States Department of Health and Human Services pursuant to the HEAP Act. The amount of

the direct allocation is determined by the percentage of Maine's total annual LIHEAP award that MaineHousing indicates will be awarded to Maine's Native American Tribal Organizations. In its determination MaineHousing will consider the number of Eligible Households during the previous Program Year that include Household Members who are members of the Native American Tribal Organization, when that information is available.

- B. Agreements with Native American Tribal Organizations. When a Native American Tribal Organization receives a direct allocation of Fuel Assistance and ECIP, MaineHousing will enter into an agreement with the Native American Tribal Organization that, at a minimum, provides for the coordination of services and administration of the Fuel Assistance and ECIP by the Native American Tribal Organization and Subgrantees to prevent duplication of services.

13. Informal Review and Fair Hearing.

- A. Informal Review. For any dispute other than a dispute regarding TANF Fuel Supplemental Benefits (which are not subject to Informal Review), the Applicant must submit a written request for an Informal Review no later than:
 - 1. Thirty (30) calendar days from the postmarked date of the denial notification or the benefit notification;
 - 2. Ninety (90) calendar days from the Date of Application, if the Application has not been approved or denied; or
 - 3. Ninety (90) calendar days from the postmarked date of the request for refund of an Overpayment.

Written requests for Informal Review may be mailed to MaineHousing, 26 Edison Drive, Augusta, Maine 04330; or emailed to LIHEAPcompliance@mainehousing.org. The Informal Review will be conducted by a person other than the one who made or approved the decision under review. MaineHousing will review the file, conduct necessary research, and give the Applicant an opportunity to present written or oral objections. 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. If the Applicant does not agree with the results of the Informal Review the Applicant may submit a written request for a Fair Hearing, but only in the following limited circumstances: the Applicant's claim for assistance was denied or not acted upon with reasonable promptness; the Applicant disputes the criteria used to calculate the amount of their Benefit; or the Applicant is required to refund an Overpayment.

B. Fair Hearing.

- 1. Pursuant to the HEAP Act, [42 U.S.C. §8624\(b\)\(13\)](#), MaineHousing will provide an Applicant an opportunity for a fair administrative hearing. Fair hearings shall be conducted in accordance with the Maine Administrative Procedures Act, Title 5, Chapter 375 by the Director of MaineHousing (or their 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 Applicant.
- 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, they shall render their 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 their 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 Applicant's favor and otherwise forty-five (45) calendar days unless stayed on appeal.

14. Errors and Program Abuse.

- A. Reporting Errors and Program Abuse. Subgrantees are required to report any suspected or alleged Errors or Program Abuse. Any individual may also report suspected Errors or Program Abuse by telephone 1-800-452-4668 or (207) 626-4600, in writing to MaineHousing, Attn: HEAP Errors and Program Abuse, 26 Edison Drive, Augusta, ME 04330 or by email at LIHEAPcompliance@mainehousing.org. Any report should include at minimum, the name and address of the person being reported and any details of the suspected Errors and Program Abuse.
- B. Investigation. MaineHousing will investigate all reported and alleged Errors and Program Abuse and may investigate the previous three (3) Program Years and may place Benefits on hold during the investigation. Applicants will be notified and given the opportunity to respond and provide additional documentation. MaineHousing will make a determination on the appropriate action, based on the response. If an Applicant fails to respond or fails to provide the documentation requested, the Applicant may be subject to denial, an Overpayment or other actions available under the law. If Errors and Program Abuse are confirmed or Applicant fails to respond, Applicant will receive a written notification outlining the facts of the decision, the reason for the decision, the Overpayment due (if applicable), and any avenue available to request an Informal Review or Fair Hearing.
- C. Overpayments. If an Applicant is required to pay an Overpayment (including any Overpayments due from the previous three (3) Program Years) the Applicant may pay the full amount of the Overpayment, enter into an agreeable payment arrangement and/or be subject to recoupment by MaineHousing. MaineHousing may exercise its right to recoup Overpayments by collecting up to 100% 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.

15. Waivers of the Rule and HEAP Handbook.

MaineHousing will only grant waivers of the Rule and/or HEAP Handbook in very limited circumstances. The below is a list of the only provisions that will be considered for a waiver. Consideration does not mean the waiver will be granted. Any grant of a waiver is at MaineHousing's discretion.

- A. Subgrantee must certify or deny an Application within thirty (30) business days from the Date of Application.
 - 1. **MaineHousing will consider providing a waiver up to forty-five (45) business days.**
- B. Program benefits will only be available for reissue or transfer during the Program Year of issue up until March 31st of the Program Year immediately following.
 - 1. **MaineHousing will consider extending the deadline to April 15th for good**

cause.

- C. ECIP will be administered pursuant to HEAP between November 1 and April 30.
 - 1. **Depending on the availability of funds and other factors MaineHousing may extend the April 30th ECIP end date.**
- D. Applications will be voided in HEAP Cloud if the signed application is not received within twenty (20) business days of the date of the telephone interview.
 - 1. **MaineHousing will consider extending the deadline to thirty (30) business days.**
- E. 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 written notification of denial.
 - 1. **MaineHousing will consider extending the deadline to twenty-five (25) business days.**
- F. CHIP may not be used as reimbursement or payment for costs incurred by the Applicant, replacement of a Heating System that was previously replaced by CHIP unless the Heating System has reached its useful life as defined by:
https://www.hud.gov/sites/documents/EUL_FOR_CNA_E_TOOL.PDF, or for fuel switching.
 - 1. **In the case of replacing a Heating System before the end of its useful life or fuel switching, in limited circumstances, MaineHousing may consider a waiver on a case-by-case basis review.**
- G. HEAP Weatherization does not allow fuel switching when replacing a Heating System.
 - 1. **MaineHousing may consider a waiver on a case-by-case basis review.**

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

BASIS STATEMENT: This replacement rule repeals and replaces in its entirety the current Home Energy Assistance Program Rule. The rule establishes standards for administering fuel assistance, emergency fuel assistance, TANF Fuel Supplemental Benefits, weatherization, heat pumps, and heating system repair and replacement funds to income eligible households in the State of Maine. This replacement rule: removes unnecessary definitions and language from the Rule and places it within the HEAP Handbook and other relevant guidance; clarifies existing definitions; modifies the requirements for Categorical Income Eligibility; reorganizes the sections for a more logical flow; adds additional alternatives to the allowable documentation Applicants must provide to verify citizenship/legal status, identity and social security numbers; establishes a new points system for determining Benefits that will assist with the move to mostly online Applications; and clarifies the limited circumstances in which MaineHousing will allow a waiver of the Rule.

PUBLIC COMMENT:

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

EFFECTIVE DATE:

Finance Department Memorandum

To: Board of Commissioners
From: Darren Brown
Date: April 9, 2024
Subject: Review of 2023 Budget and Audit Results

As part of the 2023 year-end financial report, the budget and audit results for the year will be reviewed at the April meeting. Jason Emery, Managing Director, from Baker Newman & Noyes will be at the meeting to review their audit work and to answer any questions. The financial results and specific information from the 2023 audited financial statements will be reviewed at the May meeting.

Please find enclosed the following information:

- **2023 Budget Report** - This report presents the budget results for the year. It provides an overview of each budget schedule and summarizes the major variances between budget and actual amounts.
- **December 31, 2023 Audited Financial Statements** -The Independent Auditors' Report, **pages 1–2**, that accompanies the financial statements contains an unmodified opinion. This is also referred to as a “clean opinion” and means that the financial statements were properly prepared and are presented in accordance with Generally Accepted Accounting Principles.

The Management's Discussion and Analysis (MD&A) section of the financial statements, pages **3–11**, provides an overview of the structure of the financial statements. It also summarizes the financial highlights and provides an analysis of the financial activities for the year.

The Auditors' Report on Internal Controls and Compliance is presented on pages **49–50**. This report states that there were no material weakness deficiencies in internal controls. There was one internal control deficiency identified, which is presented in the Management Letter.

- **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.
- **Audit Management Letter** – This report presents audit observations and recommendations for internal control improvements. There is one internal control deficiency regarding expenditure cutoff procedures and one recommendation for improving program monitoring. MaineHousing's responses are included in the report.
- **Baker Newman & Noyes – Audit Review Presentation**

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

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To: Board of Commissioners

From: Darren R. Brown

Date: April 9, 2024

Subject: Budget Report – December 31, 2023

Attached are the budget results for the year ended December 31, 2023. The following is a summary of each attachment:

CONSOLIDATED OPERATING REVENUES AND EXPENSES BUDGET

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

Revenues

Total operating revenues were budgeted at \$92.1 million. Actual revenues amounted to \$111.8 million and exceeded the budget by \$19.7 million or 21%. The overage is due primarily to higher interest income from non-mortgage investments, which was \$16.3 million above the budget amount. The overage is due primarily to higher short-term investment yields. Short-term interest rates increased throughout 2023 and yields were significantly higher than projected. Fee income also exceeded the budget amount due mostly to higher fees from the federal Homeowner Assistance Fund (HAF) program.

Expenses

Total operating expenses were budgeted at \$83.5 million. Actual expenses amounted to \$88.6 million and were over budget by \$5.1 million due mostly to higher interest expense. Interest expense exceeded the budget as a result of higher average interest rates and outstanding bonds. The operating and other program administration expenses (the first two expense lines) are detailed on **Attachment B** and addressed in the section below.

Excess Revenues Over Expenses

Operating revenues exceeded expenses for the year by approximately \$23.2 million, which is \$14.6 million higher than budgeted and is mainly attributed to the higher investment income.

OPERATING & OTHER PROGRAM ADMINISTRATIVE EXPENSES BUDGET

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

Operating Expenses

Operating expenses were budgeted at approximately \$24.3 million. Total actual expenses amounted to \$23.6 million and were under budget by \$700,000 million or 3%. Operating expenses were impacted and under budget due primarily to the following:

- Salaries and employee benefits (lines 1-5) were below budget by a combined amount of \$362,000 as a result of fewer full-time equivalents (FTEs). Budget amounts were based on a staff level of 193 FTEs. Actual FTEs were under budget estimates by approximately two and a half positions due to a number of position turnovers and internal position changes throughout the year. Many of these positions were vacant for extended periods of time due to the tight labor market.
- Staff education, trainings, and conferences (lines 11-12) were under budget by a combined amount of \$140,000 and is also largely attributed to staff turnovers and vacancies over the course of the year.
- Partner/Client trainings and meetings (lines 13-14) were under budget by \$105,000 largely because trainings associated with the federal LIHEAP and Weatherization (Wx) programs did not occur to the level budgeted. The reduction was due to a significant increase in activities and volume of supplemental payments that needed to be processed for these programs during the year. Additionally, various trainings and travel for certain program monitoring and inspections work were handled remotely.
- Computer maintenance contracts (line 20) was over budget by \$40,000. Costs associated with the migration to Microsoft 365 and the Hancock LIHEAP/WX systems exceeded budget estimates. Additionally, the annual contracts for the financial and loan servicing systems increased at a rate of 9%, which was above the historical rate of 5% used for the budget amounts.
- Property expenses – office building (line 21) were under budget by \$33,000 due primarily to lower than projected cost for heating fuel/natural gas.
- Depreciation (line 23) was under budget by approximately \$51,000. Depreciation is based on capital expenditures and when items are acquired and placed into service. The budget included depreciation for the new LIHEAP/WX (JAI) system. However, although this system was acquired in 2023, it was not placed into service and there was no related depreciation expense.

Other Program Administrative Expenses

Other Program Administrative expenses were budgeted at \$8.9 million and actual expenses amounted to approximately \$10.2 million. Expenses were impacted and over budget by \$1.3 million or 15% due primarily to the following:

- Program advertising and administrator fees (lines 8 and 13) exceeded the budget by approximately \$1.9 million because of the implementation of the HAF program in 2023. The work approach for this program was not known at the time the budget was adopted and expenses for outsourcing various administrative functions and adequate program advertising costs were not included in the budget. As noted previously, fee income from the HAF program was also above budget and the program provided sufficient income to cover these expenses as well as all other related administrative costs.
- Loan foreclosure, REO expenses, and Provisions for losses on loans and REO's (lines 1- 3) were under budget by a combined amount of \$315,000. Loan defaults and foreclosures were below budget estimates due to the ongoing strong performance of the loan portfolios, which experienced very low delinquency rates, loan charge-offs, and foreclosure activity in 2023.
- Mortgage servicing fees (line 4) were over budget by \$40,000 due to higher average outstanding single-family loans. The higher interest rate environment reduced the number of loan runoffs from prepayments, which were substantially lower than budget estimates.

- Loan origination expenses (line 5) were under budget by \$60,000. Origination fees are paid on a sliding scale based on delivery time and whether or not servicing rights are released. The actual average percentage rate paid was lower than the budget rate.
- Bond issuance costs (line 6) were under budget by \$133,000. The budget was based on a total of six bonds. Only five bonds were needed and they were issued at a slightly higher average cost.
- Variable rate bond remarketing/liquidity facilities (line 10) expenses were under budget by \$67,000. The budget included amounts for potential new interest swap and Standby Purchase Agreements, which were not needed based on the interest rate environment.

CAPITAL BUDGET

The Capital Budget, **Attachment C**, presents items that provide an economic benefit to MaineHousing over a period of time. Items are recorded as assets and depreciated over an estimated useful life. The total authorized capital budget for 2023 is \$1.3 million and expenditures amounted to approximately \$1.4 million.

Capital expenditures were mainly for the acquisition of the new system for the federal LIHEAP and WX programs (JAI system) and the multifamily housing system. Expenditures associated with these systems exceeded budget estimates. There were some unplanned capital improvements and repairs to the office building and additional workstations and furnishings, which also contributed to the overage. These overages were offset to some extent by a number of computer software items that were not needed and acquired as planned.

**MAINE STATE HOUSING AUTHORITY
CONSOLIDATED OPERATING REVENUES AND EXPENSES BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2023**

(IN THOUSANDS OF DOLLARS)

	<u>Total Budget</u>	<u>Total Actual</u>	<u>\$ Variance Over(Under)</u>	<u>% Variance Over(Under)</u>
REVENUES:				
Interest from mortgages and notes	66,400	67,125	725	1%
Income from investments	11,390	27,660	16,270	143%
Fee income	14,153	16,759	2,606	18%
Other revenue	160	222	62	39%
	<u>92,103</u>	<u>111,766</u>	<u>19,663</u>	<u>21%</u>
EXPENSES:				
Operating expenses	24,294	23,592	(702)	(3%)
Other program administrative expenses	8,864	10,191	1,327	15%
Interest expense	50,325	54,803	4,478	9%
	<u>83,483</u>	<u>88,586</u>	<u>5,103</u>	<u>6%</u>
Excess Revenues Over Expenses	<u><u>8,620</u></u>	<u><u>23,180</u></u>	<u><u>14,560</u></u>	<u><u>169%</u></u>

**MAINE STATE HOUSING AUTHORITY
OPERATING AND OTHER PROGRAM ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

ATTACHMENT B

	<u>Total Budget</u>	<u>Total Actual</u>	<u>\$ Variance Over(Under)</u>	<u>% Variance Over(Under)</u>
Operating Expenses				
1. Salaries	13,517,480	13,397,849	(119,631)	(1%)
2. Payroll taxes	994,335	998,661	4,326	0%
3. Retirement	1,273,244	1,228,607	(44,637)	(4%)
4. Medical, dental and other insurance benefits	3,116,854	2,915,129	(201,725)	(6%)
5. Other fringe benefits	10,000	9,652	(348)	(3%)
6. Office supplies	51,365	51,507	142	0%
7. Printing	75,560	65,346	(10,214)	(14%)
8. Membership, dues and fees	63,811	59,685	(4,126)	(6%)
9. Subscriptions	32,077	20,195	(11,882)	(37%)
10. Sponsorships	14,600	12,500	(2,100)	(14%)
11. Staff Education/Training/Conferences	180,131	112,378	(67,753)	(38%)
12. Travel/Meals - Staff Educ/Train/Conferences	197,859	125,725	(72,134)	(36%)
13. Partner/Client Trainings/Meetings	138,510	42,045	(96,465)	(70%)
14. Travel/Meals - Partner/Client Trainings/Meetings	112,546	104,287	(8,259)	(7%)
15. Staff events	28,580	21,996	(6,584)	(23%)
16. Meals - staff events	33,130	29,588	(3,542)	(11%)
17. Leased vehicles	177,773	166,456	(11,317)	(6%)
18. Computer supplies	39,812	35,302	(4,510)	(11%)
19. Computer license SAAS	254,048	260,541	6,493	3%
20. Computer maintenance contracts	789,721	830,194	40,473	5%
21. Property expenses - office building	522,435	489,170	(33,265)	(6%)
22. Interest expense - office building	458,669	455,808	(2,861)	(1%)
23. Depreciation	1,200,000	1,149,452	(50,548)	(4%)
24. Rent	39,430	33,630	(5,800)	(15%)
25. Telephone	125,584	127,741	2,157	2%
26. Employment advertising	1,000	13,730	12,730	1273%
27. Postage and shipping	141,022	137,921	(3,101)	(2%)
28. Insurance	105,748	93,719	(12,029)	(11%)
29. Recording fees	1,000	846	(154)	(15%)
30. Payroll services	49,418	49,148	(270)	(1%)
31. Audit services	172,000	164,000	(8,000)	(5%)
32. Professional services	376,108	388,992	12,884	3%
Total Operating Expenses	24,293,851	23,591,800	(702,050)	(3%)
Other Program Administrative Expenses				
1. Loan foreclosure expenses	200,000	59,145	(140,855)	(70%)
2. REO expenses	50,000	443	(49,557)	(99%)
3. Provision for losses on loans & REOs	125,000	0	(125,000)	(100%)
4. Mortgage servicing fees	1,850,000	1,890,136	40,136	2%
5. Loan origination expenses	3,230,000	3,169,893	(60,107)	(2%)
6. Bond issuance expenses	900,000	767,350	(132,650)	(15%)
7. Trustee/Bank fees	170,000	146,954	(23,046)	(14%)
8. Program advertising	343,450	533,574	190,124	55%
9. Bond and mortgagee insurance	19,550	21,142	1,592	8%
10. Variable rate bond remarket/liquidity facilities	710,000	642,534	(67,466)	(10%)
11. Cash flow/arbitrage/swap consultants/legal	675,000	702,069	27,069	4%
12. Homebuyer education	135,000	127,950	(7,050)	(5%)
13. Program administrator fees	455,610	2,129,056	1,673,446	367%
Total Other Program Administration Expenses	8,863,610	10,190,246	1,326,636	15%
Total Operating and Administrative Expenses	33,157,461	33,782,046	624,586	2%

**MAINE STATE HOUSING AUTHORITY
CAPITAL BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2023**

ATTACHMENT C

Description	2023 Budget	2023 Actual	\$ Variance Over(Under)	% Variance Over(Under)
Computer Hardware:				
Network backup hardware - Data Domain	15,000	0	(15,000)	
Laptop replacements	55,000	54,154	(846)	
Total computer hardware	<u>70,000</u>	<u>54,154</u>	<u>(15,846)</u>	<u>(23%)</u>
Computer Software:				
Enterprise multi-family housing system	240,679	289,077	48,398	
Amplifund grant management software	45,600	45,600	0	
Mobile device management software	8,000	0	(8,000)	
Website redesign	7,000	0	(7,000)	
Single Family loan servicing system modifications	10,000	0	(10,000)	
Single Family lender & loan tracking systems mods	10,000	0	(10,000)	
Hancock systems mods (LIHEAP & Wx Programs)	100,442	0	(100,442)	
Salesforce software upgrades	120,000	0	(120,000)	
New LIHEAP & Wx system	575,000	855,000	280,000	
Total computer software	<u>1,116,721</u>	<u>1,189,677</u>	<u>72,956</u>	<u>7%</u>
Office Building:				
Additional workstations & furniture	24,460	64,910	40,450	
Patio repair/resurface	46,000	39,539	(6,461)	
Stairwell repair	0	6,290	6,290	
Audio Visual equipment upgrade	0	9,439	9,439	
Fencing for office building	0	17,300	17,300	
	<u>70,460</u>	<u>137,478</u>	<u>67,018</u>	<u>95%</u>
Total	<u><u>1,257,181</u></u>	<u><u>1,381,309</u></u>	<u><u>124,128</u></u>	<u><u>10%</u></u>

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Maine State Housing Authority

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

For the Year Ended December 31, 2023
With Independent Auditors' Report

Baker Newman & Noyes LLC
MAINE | MASSACHUSETTS | NEW HAMPSHIRE
800.244.7444 | www.bnn CPA.com



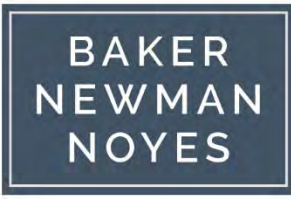
MAINE STATE HOUSING AUTHORITY

FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
Maine State Housing Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Maine State Housing Authority (MaineHousing), a component unit of the State of Maine, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise MaineHousing's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of MaineHousing, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MaineHousing and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MaineHousing's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To The Board of Commissioners
Maine State Housing Authority

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MaineHousing's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MaineHousing's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024 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 28, 2024

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2023**

Management's discussion and analysis provides an overview of the Maine State Housing Authority's (MaineHousing) financial activities for the year ended December 31, 2023. It should be read in conjunction with the audited financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- MaineHousing's net position increased by \$36.3 million to \$451.2 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 \$25.2 million while the net position of governmental activities increased \$11.1 million.
- Net operating income of \$36.3 million for 2023 is \$27.7 million or 322.1% higher compared to net operating income of \$8.6 million in 2022. The higher interest rate environment throughout 2023 resulted in a \$21.5 million or 233.7% increase in earnings from investments. Additionally, the fair value of investments had a net effect increase of \$18.8 million due to changes in interest rates in 2023. An unrealized gain of \$3.6 million was recorded in 2023 compared to a \$15.2 million unrealized loss in 2022.
- MaineHousing's loan portfolio increased by \$172.4 million in 2023. The increase was driven by a high volume of loan production and a reduction in loan prepayments. Single-family loan purchases and multi-family loan originations totaled \$306 million, which is an increase of \$15.4 million or 5.3% over an all-time high attained in 2022. Higher market mortgage rates contributed to a lower volume of loan prepayments, which decreased by \$37.6 million or 42.6%.
- Total revenues from governmental activities decreased by \$107.5 million or 21.7% to \$388.4 million. MaineHousing administered a number of different pandemic relief programs for the State of Maine, which provided for an unprecedented amount of revenues for governmental activities in 2022. The decrease in 2023 is due largely to the completion of various relief programs. The overall reduction in revenues was mitigated by \$81.9 million in new program funds provided by the State of Maine, which were primarily to supplement the federal Low Income Home Energy Assistance Program.

OVERVIEW OF MAINEHOUSING

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2023**

- 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 five major governmental funds. MaineHousing is the administrator of these funds, the revenues of which are appropriated to MaineHousing for making housing and energy related grants and loans. These fund statements focus on how cash and other financial assets flowing into the funds have been used. A substantial portion of the fund balances for these funds consist of investments reserved for grants or making mortgage loans.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2023**

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, 2023 and 2022 based on the information included in the financial statements.

Statement of Net Position
(in millions of dollars)

	Business-type Activities		Governmental Activities		Total		Total Percentage Change
	2023	2022	2023	2022	2023	2022	
Cash and investments	\$632.8	\$530.4	\$75.0	\$74.8	\$707.8	\$605.2	17.0%
Mortgage notes receivable	1,669.3	1,519.9	74.2	51.2	1,743.5	1,571.1	11.0%
Other assets	9.4	4.1	46.3	70.2	55.7	74.3	(25.0%)
Total Assets	2,311.5	2,054.4	195.5	196.2	2,507.0	2,250.6	11.4%
Total Deferred Outflows of Resources	2.4	2.9	0.2	0.3	2.6	3.2	(18.8%)
Bonds and notes payable	1,915.6	1,688.6	51.0	54.3	1,966.6	1,742.9	12.8%
Other Liabilities	28.7	22.0	46.3	54.7	75.0	76.7	(2.2%)
Total Liabilities	1,944.3	1,710.6	97.3	109.0	2,041.6	1,819.6	12.2%
Total Deferred Inflows of Resources	16.7	19.0	0.1	0.3	16.8	19.3	(13.0%)
Investment in capital assets	3.9	2.7	0.0	0.0	3.9	2.7	44.4%
Restricted	310.6	287.8	98.3	87.2	408.9	375.0	9.0%
Unrestricted	38.4	37.2	0.0	0.0	38.4	37.2	3.2%
Total Net Position	\$352.9	\$327.7	\$98.3	\$87.2	\$451.2	\$414.9	8.7%

Total assets at December 31, 2023 were \$2.51 billion, an increase of \$256.4 million or 11.4% from December 31, 2022. The change in assets consisted primarily of a \$102.6 million increase in cash and investments and a \$172.4 million net increase to mortgage notes receivable. Other assets decreased by \$18.6 million or 25% due primarily to a reduction in program receivable balances due from federal and state governments.

Total deferred outflows of resources consist of deferred amounts associated with debt refundings and pension expenses and decreased by \$0.6 million. Deferred debt refunding and pension expense amounts decreased by \$0.3 million each in 2023 due to amortization of outstanding balances.

Total liabilities at December 31, 2023 were \$2.04 billion, an increase of \$222 million or 12.2% from December 31, 2022. The increase in liabilities is due mainly to higher outstanding bonds and notes payable, which increased by \$223.7 million to \$1.97 billion at December 31, 2023.

Total deferred inflows of resources, which consist mainly of the accumulated increase in the fair value of interest rate swap agreements and deferred pension credits, decreased \$2.5 million or 13% as a result of fewer available pension credits and an aggregate decrease in the fair value of interest rate swaps.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2023**

Cash and Investments

Total cash and investments increased by \$102.6 million or 17% due primarily to higher unexpended bond proceeds and an increase in the fair value of investments at December 31, 2023. 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 2023, the fair value of investments increased significantly and \$3.6 million of unrealized gains were recorded compared with \$15.2 million of unrealized losses in 2022.

Mortgage Notes Receivable

Total net mortgage notes receivable increased \$172.4 million or 11% in 2023. Total mortgage purchases and originations amounted to \$306 million, which is an increase of \$15.4 million or 5.3% compared with 2022. Single-family loan purchases amounted to \$172.6 million, which is a decrease of \$4.9 million or 2.8% from 2022. Multi-family loan originations totaled \$133.4 million; an increase of \$20.3 million or 17.9% from 2022.

Scheduled loan repayments in 2023 amounted to \$81.9 million, which is an increase of \$41.2 million from the previous year's level of \$40.7 million. Scheduled repayments from multi-family loans with short-terms were substantially higher in 2023. Loan prepayments decreased in 2023 by \$37.6 million or 42.6% to a total of \$50.6 million. The decrease was due to increases in market interest rates during the year, which reduced the volume of single-family loans that were refinanced outside MaineHousing.

Loan foreclosures totaled \$1 million in 2023 and \$1.6 million in 2022. The allowance for loan losses at December 31, 2023 amounted to \$8 million, which is a decrease of \$0.1 million from December 31, 2022.

Bonds and Notes Payable

Bonds and notes payable increased \$223.7 million or 12.8% to \$1.97 billion at December 31, 2023. 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 \$36.3 million or 8.7% to \$451.2 million as a result of program operations and financing activities. For additional information on the net position changes, see the Results of Operations section of the Management's Discussion and Analysis.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2023**

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, 2023 and 2022:

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

	2023	2022	Increase/(Decrease)	
			Amount	Percentage
Revenues:				
Interest from mortgages and notes	\$67.2	\$60.2	\$7.0	11.6%
Income from investments	30.7	9.2	21.5	233.7%
Net increase (decrease) in fair value of investments	3.6	(15.2)	18.8	123.7%
Fee income	16.8	13.8	3.0	21.7%
Grants and subsidies	371.9	483.8	(111.9)	(23.1%)
Other	0.5	0.7	(0.2)	(28.6%)
Total revenues	490.7	552.5	(61.8)	(11.2%)
Expenses:				
Operating and other program expenses	34.7	30.1	4.6	15.3%
Interest expense	56.0	41.8	14.2	34.0%
Grants and subsidies	363.7	472.0	(108.3)	(22.9%)
Total expenses	454.4	543.9	(89.5)	(16.5%)
Increase in net position	36.3	8.6	27.7	322.1%
Net position at beginning of year	414.9	406.3	8.6	2.1%
Net position at end of year	<u>\$451.2</u>	<u>\$414.9</u>	<u>\$36.3</u>	<u>8.7%</u>

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, 2023**

RESULTS OF OPERATIONS

Proprietary Funds Results

The net position of MaineHousing's proprietary funds increased by \$25.2 million or 7.7% and totaled \$352.9 million at December 31, 2023. 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, 2023 and December 31, 2022:

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position <i>(in millions of dollars)</i>		Increase/(Decrease)		
	<u>2023</u>	<u>2022</u>	<u>Amount</u>	<u>Percentage</u>
Operating revenues:				
Interest from mortgages and notes	\$67.1	\$60.1	\$7.0	11.6%
Income from investments	27.4	8.1	19.3	238.3%
Net increase (decrease) in fair value of investments	3.6	(15.2)	18.8	123.7%
Fee income	3.9	2.9	1.0	34.5%
Other revenue	0.3	0.7	(0.4)	(57.1%)
Total revenues	<u>102.3</u>	<u>56.6</u>	<u>45.7</u>	<u>80.7%</u>
Operating expenses:				
Operating and other program expenses	23.9	21.6	2.3	10.6%
Interest expense	55.0	40.8	14.2	34.8%
Total expenses	<u>78.9</u>	<u>62.4</u>	<u>16.5</u>	<u>26.4%</u>
Net Operating income (loss)	23.4	(5.8)	29.2	503.4%
Transfers in	1.8	1.8	0.0	0.0%
Change in net position	25.2	(4.0)	29.2	730.0%
Net position at beginning of year	<u>327.7</u>	<u>331.7</u>	<u>(4.0)</u>	<u>(1.2%)</u>
Net position at end of year	<u>\$352.9</u>	<u>\$327.7</u>	<u>\$25.2</u>	<u>7.7%</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 \$45.7 million or 80.7% in 2023 and amounted to \$102.3 million. Of this total, \$94.5 million or 92.4% 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 \$78.9 million, of which \$55 million or 69.7% was interest expense.

The 2023 operating results and net position of MaineHousing's proprietary funds were significantly affected by the following:

- Interest earned on mortgages and notes increased by \$7 million or 11.6% due to higher average outstanding mortgage receivable balances and average interest rates.
- Income from investments increased by \$19.3 million or 238.3% due to higher investment balances and an increase in short-term investment yields.

**Maine State Housing Authority
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- Interest rate changes during the year generated an unrealized gain of \$3.6 million, which is an increase of \$18.8 million compared with the unrealized loss of \$15.2 million recognized in 2022.
- Financing fees from an increase in multi-family lending activities generated a \$1 million increase in fee income.
- Interest expense increased by \$14.2 million or 34.8% as a result of higher average interest rates and outstanding bond balances in 2023.
- Operating and other program administrative expenses increased by \$2.3 million or 10.6%. The increase is due largely to the recognition of a \$0.8 million excess arbitrage expense in 2023. Additionally, in 2022, program administrative costs were reduced as a result of a \$0.5 million loan loss provision recovery.

Governmental Fund Results

The net position of MaineHousing's governmental funds increased by \$11.1 million or 12.7% and totaled \$98.3 million at December 31, 2023. 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, 2023 and December 31, 2022:

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
(in millions of dollars)

	<u>2023</u>	<u>2022</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percentage</u>
Revenues:				
Income from mortgages and notes	\$0.1	\$0.1	\$0.0	0.0%
Income from investments	3.3	1.1	2.2	200.0%
Fee income	12.9	10.9	2.0	18.3%
Grant income	255.6	373.2	(117.6)	(31.5%)
Federal rent subsidy income	116.3	110.6	5.7	5.2%
Other revenue	0.2	0.0	0.2	n/a
Total revenues	<u>388.4</u>	<u>495.9</u>	<u>(107.5)</u>	<u>(21.7%)</u>
Expenditures:				
Program administrative expenditures	10.8	8.5	2.3	27.1%
Interest expenditures	1.0	1.0	0.0	0.0%
Grant expenditures	246.7	360.6	(113.9)	(31.6%)
Federal rent subsidy expenditures	117.0	111.4	5.6	5.0%
Total expenditures	<u>375.5</u>	<u>481.5</u>	<u>(106.0)</u>	<u>(22.0%)</u>
Revenues in excess of expenditures	12.9	14.4	(1.5)	(10.4%)
Transfers out	<u>(1.8)</u>	<u>(1.8)</u>	<u>0.0</u>	<u>0.0%</u>
Change in fund balances	11.1	12.6	(1.5)	(11.9%)
Fund balances at beginning of year	<u>87.2</u>	<u>74.6</u>	<u>12.6</u>	<u>16.9%</u>
Fund balances at end of year	<u><u>\$98.3</u></u>	<u><u>\$87.2</u></u>	<u><u>\$11.1</u></u>	<u><u>12.7%</u></u>

MaineHousing's 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 \$388.4 million in 2023, which is a decrease of \$107.5 million or 21.7%. Expenditures associated with governmental activities consist primarily of federal grants and rent subsidies payments. Total expenditures decreased \$106 million or 22% to \$375.5 million for 2023.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2023**

MaineHousing earns fees for administering federal programs, which amounted to \$12.9 million in 2023. Typically, fees earned provide MaineHousing with a revenue source adequate to recover direct and indirect costs of delivering related services.

The 2023 operating results and net position of MaineHousing's governmental activities were significantly affected by the following:

- Grant income decreased by \$117.6 million or 31.5% due to the completion of various federal COVID-19 relief programs. A total of \$69.1 million was received in 2023 for COVID-19 relief programs, which is a decrease of \$192.8 million or 73.6% from 2022. The State of Maine provided new program funds totaling \$81.9 million in 2023, which were primarily to supplement the federal Low Income Home Energy Assistance Program.
- Federal rent subsidy income, which is income associated with various HUD Section 8 programs, increased \$5.7 million or 5.2% due mainly to higher available income for the Section 8 Housing Choice Voucher (HCV) and Performance Based Contract Administration (PBCA) programs. The HCV and PBCA program increased by \$3.4 million and \$2 million, respectively.
- Income from investments increased by \$2.2 million due to higher average investment yields in 2023.
- Administrative fee income increased by \$2 million or 18.3% due mainly to fees earned from the Homeowner Assistance Fund that MaineHousing began administering in 2023. Fee income from this program amounted to \$2.2 million.
- Grant expenditures decreased by \$113.9 million or 31.6% due mainly to the reduction in available federal grant receipts from the COVID-19 relief programs, while federal rent subsidy expenditures increased \$5.6 million or 5% due to higher available income for the Section 8 HCV and PBCA programs.
- Program administrative expenditures increased \$2.3 million or 27.1% due largely to costs associated with the administration of the Homeowner Assistance Fund, which commenced in 2023.

DEBT ACTIVITY

MaineHousing is authorized to issue housing revenue bonds to purchase or originate mortgages or notes on single-family and multi-family residential properties. Total bonds outstanding at December 31, 2023 amounted to \$1.95 billion; an increase of \$226.9 million or 13.2% from 2022. Bond issuances in 2023 totaled \$347.4 million, while principal payments on bonds totaled \$120.5 million. MaineHousing redeemed prior to maturity \$92.1 million of its outstanding bonds in 2023 from reserve funds, mortgage prepayments, surplus revenues, and the proceeds of bond refundings. Scheduled principal payments on bonds totaled \$28.4 million in 2023.

MaineHousing issues variable rate bonds and enters into interest rate swap agreements to provide synthetically fixed interest rates on a portion of the variable rate bonds. At December 31, 2023, the total amount of variable rate debt outstanding was \$282.9 million and represented 14.5% of the \$1.95 billion total bond portfolio. Thirteen interest rate swap agreements have been executed with four counterparties in connection with \$207.3 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 2023.

MaineHousing may enter into loan agreements for program and capital funding purposes. At December 31, 2023, MaineHousing had \$13.6 million of outstanding notes payable in its General Administrative Fund. Notes payable decreased by \$0.6 million from 2022 as a result of scheduled principal payments. All proceeds from the loan associated with the outstanding balance at December 31, 2023 provided capital funding for the development of an office facility for MaineHousing.

**Maine State Housing Authority
Management's Discussion and Analysis
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For additional information about MaineHousing's mortgage bonds and notes payables, see Notes 6, 7, 9, 14, and 16 to the financial statements.

ADDITIONAL INFORMATION

MaineHousing's main sources of revenues consist of interest from mortgage loans, investment interest income, and federal and state funded grants and subsidies.

Market interest rates have an effect on both the mortgage program and investment income revenues. If interest rates increase, as occurred in 2023, mortgage and investment income should increase as new loans are originated and new investments are purchased at higher rates. If interest rates decrease, mortgage and investment income should decrease as new loans are originated and new investments are purchased at lower rates. Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages. These prepayments are used to redeem higher rate bonds to lower interest expense. In 2023, MaineHousing experienced a substantial reduction of prepayments in its single-family loan portfolio and redemption of bonds prior to maturity due to the rising interest rates throughout the year.

Federal and state funded grants and subsidies are subject to appropriations by those governments. In recent years, the federal government has provided significant program funds in response to the COVID-19 pandemic. MaineHousing has administered a number of relief programs for the State of Maine and worked with its partners to assist Maine citizens who were impacted by COVID-19 and the related economic crisis by offering financial assistance to help stabilize their housing situation. Assistance provided included rental, utility, home energy, and homeowners mortgage payments and homeless prevention initiatives.

Most of the federal COVID relief programs contain sunset provisions extending into 2025 unless funding is exhausted before then. In 2023, federal program funding for MaineHousing's governmental activities experienced a substantial reduction due to the completion of various COVID-related programs. MaineHousing program activities in 2024 and beyond will see further reductions as more of these programs are concluded.

REQUESTS FOR INFORMATION

The purpose of this financial report is to provide information needed to understand MaineHousing's financial position and results of operations for the year ended December 31, 2023. Inquiries for additional information may be directed to the Director of Finance at Maine State Housing Authority, 26 Edison Drive, Augusta, Maine 04330-6046, at (207) 626-4600 or at www.mainehousing.org.

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

	<u>Business-type Activities</u>	<u>Governmental Activities</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash, principally time deposits (note 3)	\$95,062	\$6,256	\$101,318
Investments (notes 3, 9, and 11)	395,433	68,706	464,139
Accounts receivable - government	0	10,173	10,173
Mortgage notes receivable, net (note 4)	35,656	3	35,659
Other assets (note 5)	10,394	646	11,040
Internal balances (note 13)	(35,502)	35,502	0
Total Current Assets	<u>501,043</u>	<u>121,286</u>	<u>622,329</u>
Noncurrent Assets:			
Investments (notes 3, 9, and 11)	142,349	0	142,349
Mortgage notes receivable, net (note 4)	1,633,575	74,186	1,707,761
Capital assets, net	18,127	0	18,127
Derivative instrument - interest rate swaps (note 7)	16,385	0	16,385
Total Noncurrent Assets	<u>1,810,436</u>	<u>74,186</u>	<u>1,884,622</u>
Total Assets	<u>2,311,479</u>	<u>195,472</u>	<u>2,506,951</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension expense (note 8)	415	214	629
Deferred amount on debt refundings	2,009	0	2,009
Total Deferred Outflows of Resources	<u>2,424</u>	<u>214</u>	<u>2,638</u>
LIABILITIES:			
Current Liabilities:			
Accrued interest payable	8,509	57	8,566
Accounts payable - government	0	1,605	1,605
Accounts payable and accrued liabilities	17,793	13,121	30,914
Unearned income	0	30,800	30,800
Bonds and notes payable (notes 6, 9, 14, and 16)	59,430	3,035	62,465
Total Current Liabilities	<u>85,732</u>	<u>48,618</u>	<u>134,350</u>
Noncurrent Liabilities:			
Subscription Liability (note 5)	441	0	441
Excess arbitrage to be rebated (note 12)	650	0	650
Pension liability (note 8)	1,274	657	1,931
Bonds and notes payable (notes 6, 9, 14, and 16)	1,856,208	47,977	1,904,185
Total Noncurrent Liabilities	<u>1,858,573</u>	<u>48,634</u>	<u>1,907,207</u>
Total Liabilities	<u>1,944,305</u>	<u>97,252</u>	<u>2,041,557</u>
DEFERRED INFLOWS OF RESOURCES:			
Accumulated increase in fair value of hedging derivatives (note 7)	16,385	0	16,385
Deferred loan origination points	13	0	13
Deferred pension credit (note 8)	298	153	451
Total Deferred Inflows of Resources	<u>16,696</u>	<u>153</u>	<u>16,849</u>
NET POSITION:			
Net investment in capital assets	3,858	0	3,858
Restricted for bond resolutions	310,569	0	310,569
Restricted for grants and programs	0	98,281	98,281
Unrestricted	38,475	0	38,475
Total Net Position	<u>\$352,902</u>	<u>\$98,281</u>	<u>\$451,183</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	\$76,483	\$69,681	\$29,260	\$0	\$22,458	\$0	\$22,458
Bondholder Reserve Fund	76	0	413	0	337	0	337
General Administrative Fund	2,400	1,730	0	0	(670)	0	(670)
Total business-type activities	<u>78,959</u>	<u>71,411</u>	<u>29,673</u>	<u>0</u>	<u>22,125</u>	<u>0</u>	<u>22,125</u>
Governmental activities:							
HOME Fund	32,046	165	1,412	30,735	0	266	266
Section 8 Housing Programs	121,823	6,632	13	116,271	0	1,093	1,093
Low Income Home Energy Assistance Program	94,370	1,012	15	93,447	0	104	104
Maine Energy, Housing and Economic Recovery Program	1,434	128	1,617	4,318	0	4,629	4,629
Other Federal and State Programs	125,802	5,238	270	127,149	0	6,855	6,855
Total governmental activities	<u>375,475</u>	<u>13,175</u>	<u>3,327</u>	<u>371,920</u>	<u>0</u>	<u>12,947</u>	<u>12,947</u>
Total Agency-wide	<u>\$454,434</u>	<u>\$84,586</u>	<u>\$33,000</u>	<u>\$371,920</u>	<u>22,125</u>	<u>12,947</u>	<u>35,072</u>
General Revenues:							
Unrestricted investment income					1,238	0	1,238
Transfers					1,863	(1,863)	0
Total general revenues and transfers					<u>3,101</u>	<u>(1,863)</u>	<u>1,238</u>
Change in Net Position					25,226	11,084	36,310
Net Position at beginning of year					<u>327,676</u>	<u>87,197</u>	<u>414,873</u>
Net Position at end of year					<u>\$352,902</u>	<u>\$98,281</u>	<u>\$451,183</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

	<u>Mortgage Purchase Fund</u>	<u>Bondholder Reserve Fund</u>	<u>General Administrative Fund</u>	<u>Total</u>
ASSETS:				
Current Assets:				
Cash, principally time deposits (note 3)	\$ 35,153	\$ 3	\$ 59,906	\$ 95,062
Investments (notes 3, 9, and 11)	365,550	8,372	21,511	395,433
Mortgage notes receivable, net (note 4)	35,497	0	159	35,656
Other assets (note 5)	10,136	22	236	10,394
Interfund (note 13)	0	0	4,672	4,672
Total Current Assets	<u>446,336</u>	<u>8,397</u>	<u>86,484</u>	<u>541,217</u>
Noncurrent Assets:				
Investments (notes 3, 9, and 11)	142,349	0	0	142,349
Mortgage notes receivable, net (note 4)	1,626,710	0	6,865	1,633,575
Capital assets, net	22	0	18,105	18,127
Derivative instrument - interest rate swaps (note 7)	16,385	0	0	16,385
Total Noncurrent Assets	<u>1,785,466</u>	<u>0</u>	<u>24,970</u>	<u>1,810,436</u>
Total Assets	<u>2,231,802</u>	<u>8,397</u>	<u>111,454</u>	<u>2,351,653</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred pension expense (note 8)	346	2	67	415
Deferred amount on debt refundings	2,009	0	0	2,009
Total Deferred Outflows of Resources	<u>2,355</u>	<u>2</u>	<u>67</u>	<u>2,424</u>
LIABILITIES:				
Current Liabilities:				
Accrued interest payable	8,509	0	0	8,509
Accounts payable and accrued liabilities	250	4	17,539	17,793
Interfund (note 13)	2,805	17	37,352	40,174
Bonds and notes payable (notes 6, 9, 14, and 16)	58,775	0	655	59,430
Total Current Liabilities	<u>70,339</u>	<u>21</u>	<u>55,546</u>	<u>125,906</u>
Noncurrent Liabilities:				
Subscription Liability (note 5)	0	0	441	441
Excess arbitrage to be rebated (note 12)	650	0	0	650
Pension liability (note 8)	1,063	6	205	1,274
Bonds and notes payable (notes 6, 9, 14, and 16)	1,843,238	0	12,970	1,856,208
Total Noncurrent Liabilities	<u>1,844,951</u>	<u>6</u>	<u>13,616</u>	<u>1,858,573</u>
Total Liabilities	<u>1,915,290</u>	<u>27</u>	<u>69,162</u>	<u>1,984,479</u>
DEFERRED INFLOWS OF RESOURCES:				
Accumulated increase in fair value of hedging derivatives (note 7)	16,385	0	0	16,385
Deferred loan origination points	13	0	0	13
Deferred pension credit (note 8)	248	2	48	298
Total Deferred Inflows of Resources	<u>16,646</u>	<u>2</u>	<u>48</u>	<u>16,696</u>
NET POSITION:				
Net investment in capital assets	22	0	3,836	3,858
Restricted for bond resolutions	302,199	8,370	0	310,569
Unrestricted	0	0	38,475	38,475
Total Net Position	<u>\$302,221</u>	<u>\$8,370</u>	<u>\$42,311</u>	<u>\$352,902</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, 2023
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
OPERATING REVENUES:				
Interest from mortgages and notes	\$66,832	\$0	\$293	\$67,125
Income from investments	25,710	413	1,238	27,361
Net increase in the fair value of investments	3,550	0	0	3,550
Fee income	2,530	0	1,347	3,877
Other revenue	132	0	90	222
Gain on bond redemption (note 14)	187	0	0	187
	<u>98,941</u>	<u>413</u>	<u>2,968</u>	<u>102,322</u>
OPERATING EXPENSES:				
Operating expenses	12,925	76	2,390	15,391
Other program administrative expenses	5,854	0	0	5,854
Mortgage servicing fees	1,880	0	10	1,890
Interest expense	54,990	0	0	54,990
Excess arbitrage (note 12)	834	0	0	834
	<u>76,483</u>	<u>76</u>	<u>2,400</u>	<u>78,959</u>
Operating Income	22,458	337	568	23,363
Transfers between funds, net (note 13)	0	0	1,863	1,863
Change in Net Position	22,458	337	2,431	25,226
Net Position at beginning of year	<u>279,763</u>	<u>8,033</u>	<u>39,880</u>	<u>327,676</u>
Net Position at end of year	<u><u>\$302,221</u></u>	<u><u>\$8,370</u></u>	<u><u>\$42,311</u></u>	<u><u>\$352,902</u></u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Interest receipts from borrowers	\$66,255	\$0	\$299	\$66,554
Principal receipts on mortgages and notes - scheduled	81,032	0	182	81,214
Principal receipts on mortgages and notes - prepayments	50,648	0	16	50,664
Payments for operating expenses	(10,112)	(14)	(637)	(10,763)
Payments for personnel expenses	(10,547)	(62)	(1,756)	(12,365)
Investment in mortgages and other notes	(279,343)	0	(2,892)	(282,235)
Other	2,817	(3)	5,915	8,729
Net cash provided by (used for) operating activities	<u>(99,250)</u>	<u>(79)</u>	<u>1,127</u>	<u>(98,202)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	0	0	(1,047)	(1,047)
Principal paid on capital debt	0	0	(636)	(636)
Interest paid on capital debt	0	0	(453)	(453)
Payment on subscription liabilities	0	0	(287)	(287)
Net cash used for capital and related financing activities	<u>0</u>	<u>0</u>	<u>(2,423)</u>	<u>(2,423)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Proceeds from sale of bonds	345,238	0	0	345,238
Principal payments on bonds	(117,460)	0	0	(117,460)
Interest payments on bonds	(52,226)	0	0	(52,226)
Payments (to) from other funds	(90)	7	(4,239)	(4,322)
Net cash provided by (used for) non-capital financing activities	<u>175,462</u>	<u>7</u>	<u>(4,239)</u>	<u>171,230</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from disposition of foreclosed real estate	1,696	0	4	1,700
Purchase of investments	(1,150,535)	(334)	(3,012)	(1,153,881)
Sales and maturity of investments	1,075,837	0	0	1,075,837
Interest received on investments	16,235	408	1,236	17,879
Net cash provided by (used for) investing activities	<u>(56,767)</u>	<u>74</u>	<u>(1,772)</u>	<u>(58,465)</u>
Net increase (decrease) in cash	19,445	2	(7,307)	12,140
Cash at beginning of year	15,708	1	67,213	82,922
Cash at end of year	<u>\$35,153</u>	<u>\$3</u>	<u>\$59,906</u>	<u>\$95,062</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income	\$22,458	\$337	\$568	\$23,363
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation and amortization	388	0	1,136	1,524
Interest on bonds and notes	54,602	0	453	55,055
Gain on bond redemption	(187)	0	0	(187)
Pension expense	382	2	74	458
Interest income on investments	(25,710)	(413)	(1,238)	(27,361)
Net increase in fair value of investments	(3,550)	0	0	(3,550)
Changes in operating assets and liabilities:				
Other assets	264	(1)	83	346
Pension contributions	(468)	0	(89)	(557)
Mortgage note interest receivable	(577)	0	6	(571)
Accounts payable and accrued liabilities	811	(4)	2,828	3,635
Investment in mortgage and other notes	(279,343)	0	(2,892)	(282,235)
Mortgage & other note principal repayments	131,680	0	198	131,878
Net cash provided by (used for) operating activities	<u>(\$99,250)</u>	<u>(\$79)</u>	<u>\$1,127</u>	<u>(\$98,202)</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION:				
Transfer from mortgage notes receivable to other assets and other real estate owned	\$1,035	\$0	\$0	\$1,035

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Maine Energy, Housing & Economic Recovery Fund	Other Federal and State Programs	Total
ASSETS:						
Current Assets:						
Cash, principally time deposits (note 3)	\$0	\$3,780	\$1,678	\$0	\$798	\$6,256
Investments (notes 3, 9, and 11)	29,232	0	0	27,197	12,277	68,706
Accounts receivable - government	1,877	279	2,546	0	5,471	10,173
Mortgage notes receivable, net (note 4)	3	0	0	0	0	3
Other assets	125	152	54	105	210	646
Interfund (note 13)	17,012	81	0	0	21,806	38,899
Total Current Assets	<u>48,249</u>	<u>4,292</u>	<u>4,278</u>	<u>27,302</u>	<u>40,562</u>	<u>124,683</u>
Noncurrent Assets:						
Mortgage notes receivable, net (note 4)	39,573	0	0	34,613	0	74,186
Total Noncurrent Assets	<u>39,573</u>	<u>0</u>	<u>0</u>	<u>34,613</u>	<u>0</u>	<u>74,186</u>
Total Assets	<u>\$87,822</u>	<u>\$4,292</u>	<u>\$4,278</u>	<u>\$61,915</u>	<u>\$40,562</u>	<u>\$198,869</u>
LIABILITIES:						
Current Liabilities:						
Accrued interest payable	\$0	\$0	\$0	\$57	\$0	\$57
Accounts payable - government	0	478	0	0	1,127	1,605
Accounts payable and accrued liabilities	3,414	156	1,175	0	8,376	13,121
Unearned income	0	103	1,533	0	29,164	30,800
Interfund (note 13)	81	404	1,446	0	102	2,033
Bonds payable (note 6, 9, and 14)	0	0	0	3,035	0	3,035
Total Current Liabilities	<u>3,495</u>	<u>1,141</u>	<u>4,154</u>	<u>3,092</u>	<u>38,769</u>	<u>50,651</u>
Noncurrent Liabilities:						
Bonds payable (note 6, 9, and 14)	0	0	0	47,977	0	47,977
Total Non Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>47,977</u>	<u>0</u>	<u>47,977</u>
Total Liabilities	<u>3,495</u>	<u>1,141</u>	<u>4,154</u>	<u>51,069</u>	<u>38,769</u>	<u>98,628</u>
FUND BALANCES:						
Restricted by program requirements	84,327	3,151	124	0	1,793	89,395
Nonspendable	0	0	0	10,846	0	10,846
Total Fund Balances	<u>84,327</u>	<u>3,151</u>	<u>124</u>	<u>10,846</u>	<u>1,793</u>	<u>100,241</u>
Total Liabilities and Fund Balances	<u>\$87,822</u>	<u>\$4,292</u>	<u>\$4,278</u>	<u>\$61,915</u>	<u>\$40,562</u>	<u>\$198,869</u>

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

Total fund balances in governmental funds	\$100,241
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.	214
Pension liabilities reported in governmental activities are not due and payable in the current period and therefore are not reported in the governmental funds.	(657)
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.	(153)
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.	<u>(1,364)</u>
Net Position of governmental activities	<u>\$98,281</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, 2023
(IN THOUSANDS OF DOLLARS)

	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Maine Energy, Housing & Economic Recovery Fund	Other Federal and State Programs	Total
REVENUES:						
Interest from mortgages and notes	\$96	\$0	\$0	\$42	\$0	\$138
Income from investments	1,412	13	15	1,617	270	3,327
Fee income	0	6,632	1,012	0	5,238	12,882
Other revenue	69	0	0	86	0	155
Grant income	30,735	0	93,447	4,318	127,149	255,649
Federal rent subsidy income	0	116,271	0	0	0	116,271
Total Revenues	32,312	122,916	94,474	6,063	132,657	388,422
EXPENDITURES:						
Operating expenditures	0	4,460	861	0	2,773	8,094
Other program administrative expenditures	0	129	37	0	2,284	2,450
Provision for losses on loans (note 4)	9	0	0	0	0	9
Grant expenditures	32,037	66	93,447	420	120,664	246,634
Federal rent subsidy	0	117,038	0	0	0	117,038
Interest	0	0	0	1,014	0	1,014
Total Expenditures	32,046	121,693	94,345	1,434	125,721	375,239
Revenues in Excess of Expenditures	266	1,223	129	4,629	6,936	13,183
Transfers between funds, net (note 13)	(416)	(1,568)	(114)	7,814	(7,579)	(1,863)
Change in Fund Balances	(150)	(345)	15	12,443	(643)	11,320
Fund Balances at beginning of year	84,477	3,496	109	(1,597)	2,436	88,921
Fund Balances at end of year	<u>\$84,327</u>	<u>\$3,151</u>	<u>\$124</u>	<u>\$10,846</u>	<u>\$1,793</u>	<u>\$100,241</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	\$11,320
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>(236)</u>
Change in Net Position of governmental activities	<u>\$11,084</u>

See accompanying notes to the financial statements

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

(1.) ORGANIZATION AND NATURE OF OPERATIONS

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

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

(2.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

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

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

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

Fund Structure

PROPRIETARY FUNDS

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

Mortgage Purchase Fund

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

Bondholder Reserve Fund

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

General Administrative Fund

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

GOVERNMENTAL FUNDS

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

Home Fund

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

Section 8 Housing Programs

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

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

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

Low Income Home Energy Assistance Program

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

A supplemental award in the amount of \$55,172 was provided to the State of Maine as part of the *American Rescue Plan Act of 2021*. All funds from this supplemental award were obligated by the September 30, 2022 expiration date and program activity is ongoing.

In 2023, the State of Maine provided one-time funding in the amount of \$40 million to supplement the federal Low Income Home Energy Assistance Program. The federal eligibility requirements applies to the state funds and associated activities are recorded in this fund group.

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.

Other Federal and State Programs

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

U.S. Department of Housing and Urban Development

- Emergency Solutions Grants
- Emergency Solutions Grants – *Coronavirus Aid, Relief, and Economic Security Act*
- HOME Investment Partnerships Program
- HOME Investment Partnerships Program – *American Rescue Plan Act*
- National Housing Trust Fund
- Lead-Based Paint Hazard Control Program
- Homeless Management Information System
- Continuum of Care - Planning Grant
- Community Development Block Grant - *Coronavirus Aid, Relief, and Economic Security Act* (via State of Maine)
- Older Adult Home Modification Program
- Recovery Housing Program

U.S. Department of Energy

- Weatherization Assistance Program
- Weatherization Assistance Program - Training Centers and Programs
- Weatherization Assistance Program – *Bipartisan Infrastructure Law*
- Sustainable Energy Resources for Consumers Grant

U.S. Department of Health and Human Services

- Low Income Household Water Assistance Program – *Consolidated Appropriations Act and American Rescue Plan Act*
- Weatherization / Central Heating Improvement Program
- Temporary Assistance for Needy Families (via State of Maine)

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

U.S. Department of Treasury

Housing Navigators Program – *American Rescue Plan Act* (via State of Maine)
Emergency Rental Assistance Program – *American Rescue Plan Act* (via State of Maine)
Homeowner Assistance Fund – *American Rescue Plan Act* (via State of Maine)
Expand Affordable Housing Program – *American Rescue Plan Act* (via State of Maine)

U.S. Department of Homeland Security

Federal Emergency Management Agency Disaster Assistance Grants – COVID-19

State of Maine

Home Modification Program
Well Water Treatment Program
Lead Abatement Program
State General Obligation Bonds
Emergency Housing Relief Fund
Maine Association of Recovery Residences
Low Income Home Energy Assistance Program for Community Action Agencies

Private

Low Income Assistance Plan

Net Position

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

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

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

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

Fund Balances

In the governmental funds financial statements, fund balances are reported as either restricted for housing and energy related programs or nonspendable in current form due to the long term nature of certain assets. If unrestricted fund balances are available, they are generally 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.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

Investments

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

Mortgage Notes Receivable

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

Allowances For Losses On Loans

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

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

Capital Assets

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

Other Real Estate Owned

Other real estate owned consists of single-family and multi-family residential properties acquired through foreclosure, or acceptance of a deed in lieu of foreclosure and are carried at the lower of cost or fair value less estimated costs to sell. Other real estate owned net of reserve is recorded in other assets. 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.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

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.

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 costs incurred for originating and servicing loans, interest on bonds and notes, and program administration.

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

Derivatives and Hedging Instruments

MaineHousing enters into interest rate swap agreements in order to manage risks associated with interest on its variable rate bond portfolio. MaineHousing recognizes the fair value of swap agreements as either an asset or liability on its Statement of Net Position with the offsetting gains or losses as either deferred inflows or outflows of resources, if deemed an effective hedge. If swap agreements are not effective hedges, interest expense is increased or decreased by the change in the fair value. MaineHousing measures the effectiveness of its interest rate swap agreements in total whereby all the swaps are used to hedge interest expense on a portion of the total variable rate bonds equal to the notional amount of the swaps. Hedge effectiveness is determined by using the regression analysis and synthetic instrument methods. MaineHousing's swap agreements constitute an effective hedge for the hedged portion of the variable rate bond portfolio at December 31, 2023.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

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.

Use of Estimates

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

New Accounting Standards

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

- GASB Statement No. 100, *Accounting Changes and Error Corrections* and GASB Statement No. 101, *Compensated Absences* are effective for the year ending December 31, 2024.
- GASB Statement No. 102, *Certain Risk Disclosures* is effective for the year ending December 31, 2025.

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, 2023, the carrying amount of MaineHousing's bank deposits was \$101,318 and the bank balance was \$102,117. The difference between the carrying amount and the bank balance is a result of transactions in transit. Of the bank balance, \$954 was covered by federal depository insurance and \$101,163 was collateralized by pledged government securities that are held in the bank's name at the Federal Reserve Bank.

Maine State Housing Authority
Notes to Financial Statements
December 31, 2023

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.

MaineHousing's investment balances and stated maturities as of December 31, 2023 are presented in the following table. Actual maturities may differ due to investments being called by the issuer.

Investment Type	Investment Maturities in Years					Moody's Credit Rating
	Carrying Amount	Less than 1	1-5	6-10	More than 10	
PROPRIETARY FUNDS						
MORTGAGE PURCHASE FUND						
Repurchase Agreements	\$105,240	\$105,240	\$0	\$0	\$0	NR
Money Market Funds	\$207	207	0	0	0	NR
Federal Home Loan Mortgage Corporation (FHLMC)	49,978	49,978	0	0	0	P-1/Aaa
Federal Farm Credit Bank (FFCB)	76,391	0	3,717	48,505	24,169	P-1/Aaa
Federal Home Loan Bank (FHLB)	276,083	210,125	0	35,388	30,570	P-1/Aaa
Total - Mortgage Purchase Fund	507,899	365,550	3,717	83,893	54,739	
BONDHOLDER RESERVE FUND						
Repurchase Agreements	8,372	8,372	0	0	0	NR
GENERAL ADMINISTRATIVE FUND						
Repurchase Agreements	5,602	5,602	0	0	0	NR
Money Market Funds	13,350	13,350	0	0	0	NR
Certificates of Deposit	2,559	2,559	0	0	0	NR
Total - General Administrative Fund	21,511	21,511	0	0	0	
Total - Proprietary Funds	\$537,782	\$395,433	\$3,717	\$83,893	\$54,739	
GOVERNMENTAL FUNDS						
HOME FUND						
Repurchase Agreements	\$29,232	\$29,232	\$0	\$0	\$0	NR
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND						
Repurchase Agreements	27,197	27,197	0	0	0	NR
OTHER FEDERAL AND STATE PROGRAMS						
Repurchase Agreements	12,277	12,277	0	0	0	NR
Total - Governmental Funds	\$68,706	\$68,706	\$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, 2023, \$461,580 was invested in short-term repurchase agreements, money market funds, and other government sponsored enterprises with maturity dates of less than one year and interest rates up to 5.40%. Investments other than repurchase agreements and money market funds are registered in MaineHousing's name. Investments issued by Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Bank (FFCB), and Federal Home Loan Bank (FHLB) make up 10%, 15%, and 54% of total investments, respectively, in the Mortgage Purchase Fund.

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At December 31, 2023, \$2,559 is invested in a non-negotiable certificate of deposit to fund a debt service reserve in connection with a loan agreement. The certificate has an interest rate of 5.55% and will mature in June 2024. The certificate is not credit rated and is being held by its bank trustee in MaineHousing's name.

(4.) MORTGAGE NOTES RECEIVABLE

For financial statement presentation, the allowance for losses on loans has been netted against the noncurrent portion of mortgage notes receivable. A summary of mortgage notes receivable at December 31, 2023 is as follows:

	<u>Number of Notes</u>	<u>Principal Balance</u>	<u>Percent of Portfolio</u>
PROPRIETARY FUNDS			
MORTGAGE PURCHASE FUND - SINGLE-FAMILY:			
VA guaranteed	462	\$60,570	5.8%
FHA insured	1,635	192,909	18.3%
USDA/RD guaranteed	5,060	570,621	54.3%
Privately insured	213	45,310	4.3%
Non-insured	<u>2,504</u>	<u>182,352</u>	<u>17.3%</u>
Total Mortgage Purchase Fund - single-family	<u>9,874</u>	<u>1,051,762</u>	<u>100.0%</u>
MORTGAGE PURCHASE FUND - MULTI-FAMILY:			
Section 8	185	180,065	29.2%
Conventional	342	402,040	65.1%
Supportive Housing	<u>158</u>	<u>35,451</u>	<u>5.7%</u>
Total Mortgage Purchase Fund - multi-family	685	617,556	<u>100.0%</u>
Less: Allowance for losses on loans		<u>(7,111)</u>	
Total Mortgage Purchase Fund	<u>10,559</u>	<u>1,662,207</u>	
GENERAL ADMINISTRATIVE FUND - SINGLE-FAMILY:			
Non-insured	55	1,257	<u>100.0%</u>
GENERAL ADMINISTRATIVE FUND - MULTI-FAMILY:			
Section 8	1	553	9.4%
Conventional	<u>6</u>	<u>5,316</u>	<u>90.6%</u>
Total General Administrative Fund - multi-family	7	5,869	<u>100.0%</u>
Less: Allowance for losses on loans		<u>(102)</u>	
Total General Administrative Fund	<u>62</u>	<u>7,024</u>	
Total Proprietary Funds	<u>10,621</u>	<u>\$1,669,231</u>	
GOVERNMENTAL FUNDS			
HOME FUND - SINGLE-FAMILY:			
Non-insured	255	\$2,773	<u>100.0%</u>
HOME FUND - MULTI-FAMILY:			
Non-insured	<u>123</u>	<u>37,583</u>	<u>100.0%</u>
Total HOME Fund	378	40,356	
Less: Allowance for losses on loans		<u>(780)</u>	
Total HOME Fund	<u>378</u>	<u>39,576</u>	
MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND - MULTI-FAMILY			
Non-insured	<u>30</u>	<u>34,613</u>	<u>100.0%</u>
Total Governmental Funds	<u>408</u>	<u>\$74,189</u>	

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

	PROPRIETARY FUNDS	GOVERNMENTAL FUNDS	
	Mortgage Purchase Fund Group	General Administrative Fund	HOME Fund
Balance – December 31, 2022	\$7,112	\$98	\$905
Provision	0	0	9
Loans charged off	(15)	0	(134)
Recoveries	14	4	0
Balance – December 31, 2023	\$7,111	\$102	\$780

(5.) SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

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

The term for the multi-family SBITA is for an initial three year period at an annual fee of \$167, which increases by 3% per annum. Renewal options are available for two additional years at the same terms and conditions. It is reasonably certain that these options will be exercised and they have been included in the determination of the right-to-use asset and subscription liability. This SBITA arrangement also included an implementation fee and other costs of \$186.

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

At December 31, 2023, MaineHousing has a combined net right-to-use SBITA asset, an intangible asset, of \$980 and a \$644 subscription liability, the current portion of which is included in accounts payable and accrued liabilities. At December 31, 2023, \$288 of amortization expense and \$18 of interest expense on the subscription liability was recorded. The following table provides a summary of principal and interest requirements for the subscription liability through December 31, 2026:

Year	Principal	Interest	Total
2024	\$203	\$18	\$221
2025	215	12	227
2026	226	6	232
Total	\$644	\$36	\$680

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(6.) BONDS AND NOTES PAYABLE

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

The interest rates presented in the following table for variable rate bonds represent the rate at December 31, 2023. The Single-Family (S/F) and Multi-Family (M/F) Mortgage Bonds Payable outstanding at December 31, 2023 are as follows:

	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
PROPRIETARY FUNDS							
MORTGAGE PURCHASE FUND							
2013 SERIES B BONDS (S/F)							
2013 Series B (Non-AMT)							
Serial Bonds	\$7,540	\$1,835	2.75%	2024	1,835		
Term Bonds	3,890	2,000	3.00%	2026-2027	985	-	1,015
Term Bonds	38,690	16,275	3.45%	2031-2032	7,995	-	8,280
Term Bonds	28,880	27,600	3.60%	2033-2036	2,230	-	9,205
Term Bonds	<u>27,000</u>	<u>0</u>	4.00%				
	<u>106,000</u>	<u>47,710</u>					
2014 SERIES C BONDS (S/F)							
2014 Series C-1 (AMT)							
Serial Bonds	14,860	0	3.00%				
Term Bonds	2,000	0	3.63%				
Term Bonds	7,620	0	4.00%				
Term Bonds	17,465	230	3.50%	2034-2041	15	-	55
	<u>41,945</u>	<u>230</u>					
2015 SERIES A BONDS (M/F)							
2015 Series A-2 (Non-AMT)							
Term Bonds	6,555	1,125	3.25%	2028-2029	525	-	600
2015 Series A-3 (Non-AMT)							
Serial Bonds	8,050	0	1.20%				
Term Bonds	11,220	9,135	3.50%	2031-2034	2,160	-	2,410
Term Bonds	13,505	11,000	3.63%	2036-2039	2,590	-	2,905
Term Bonds	16,225	16,225	3.75%	2040-2044	2,995	-	3,500
	<u>55,555</u>	<u>37,485</u>					
2015 SERIES B BONDS (S/F)							
2015 Series B (Non-AMT)							
Serial Bonds	9,750	2,320	2.45% - 2.60%	2024-2025	1,145	-	1,175
Term Bonds	10,750	6,650	3.20%	2028-2030	2,150	-	2,285
Term Bonds	1,610	1,610	3.45%	2031-2034	380	-	425
Term Bonds	9,890	0	3.50%				
	<u>32,000</u>	<u>10,580</u>					
2015 SERIES C BONDS (M/F)							
2015 Series C (Federally Taxable)							
Serial Bonds	9,480	0	2.74% - 3.04%				
Term Bonds	18,000	0	3.59%				
Term Bonds	12,520	7,800	3.95%	2038-2040	2,500	-	2,700
	<u>40,000</u>	<u>7,800</u>					
2015 SERIES E BONDS (S/F)							
2015 Series E-1 (AMT)							
Serial Bonds	30,115	0	3.10%				
Term Bonds	26,690	0	4.00%				
Term Bonds	26,325	1,055	3.50%	2031-2034	130	-	365
2015 Series E-3 (AMT)							
Term Bonds	30,000	30,000	Variable - 3.89%	2035-2038	5,455	-	8,975
	<u>113,130</u>	<u>31,055</u>					

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2015 SERIES F BONDS (M/F)							
2015 Series F-2 (Non-AMT)							
Serial Bonds	2,450	1,500	2.50% - 2.85%	2024-2026	500		
2015 Series F-3 (Non-AMT)							
Serial Bonds	15,005	0	1.10%				
Term Bonds	6,340	5,155	3.40%	2028-2030	1,650	-	1,785
Term Bonds	9,565	0	3.85%				
Term Bonds	<u>11,840</u>	<u>0</u>	3.95%				
	<u>45,200</u>	<u>6,655</u>					
2015 SERIES G BONDS (S/F)							
2015 Series G (Non-AMT)							
Serial Bonds	8,185	6,230	2.55% - 3.00%	2024-2027	700	-	2,095
Term Bonds	1,730	1,730	3.35%	2028-2030	535	-	615
Term Bonds	2,125	0	3.65%				
Term Bonds	12,060	7,420	3.85%	2038-2040	2,410	-	2,535
Term Bonds	<u>5,900</u>	<u>155</u>	3.50%	2041-2045	25	-	35
	<u>30,000</u>	<u>15,535</u>					
2016 SERIES A BONDS (S/F)							
2016 Series A (Non-AMT)							
Serial Bonds	6,065	2,475	2.13% - 2.45%	2024-2026	795	-	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>135</u>	4.00%	2041-2045	25	-	30
	<u>35,000</u>	<u>24,660</u>					
2016 SERIES B BONDS (S/F)							
2016 Series B-1 (Non-AMT)							
Serial Bonds	19,260	9,090	2.05% - 2.55%	2024-2027	2,135	-	2,410
Term Bonds	3,885	1,205	2.70%	2028		1,205	
Term Bonds	18,855	0	3.50%				
2016 Series B-2 (AMT)							
Term Bonds	<u>28,000</u>	<u>28,000</u>	Variable - 3.89%	2029-2037	2,720	-	3,420
	<u>70,000</u>	<u>38,295</u>					
2016 SERIES C BONDS (S/F)							
2016 Series C (Non-AMT)							
Serial Bonds	13,620	7,390	1.90% - 2.50%	2024-2028	1,080	-	2,045
Term Bonds	5,670	5,670	2.75%	2029-2031	1,185	-	2,285
Term Bonds	8,975	8,975	3.00%	2032-2036	1,305	-	2,510
Term Bonds	3,355	3,355	3.15%	2037-2041	625	-	720
Term Bonds	<u>8,380</u>	<u>720</u>	3.50%	2042-2046	140	-	150
	<u>40,000</u>	<u>26,110</u>					
2016 SERIES D BONDS (M/F)							
2016 Series D (Federally Taxable)							
Serial Bonds	32,000	31,175	2.39% - 2.99%	2024-2029	3,915	-	8,185
Term Bonds	<u>8,000</u>	<u>8,000</u>	3.29%	2030-2031		4,000	
	<u>40,000</u>	<u>39,175</u>					
2016 SERIES E BONDS (S/F)							
2016 Series E (Non-AMT)							
Serial Bonds	6,250	3,025	2.70% - 3.15%	2024-2027	715	-	800
Term Bonds	3,050	0	3.63%				
Term Bonds	10,385	0	3.90%				
Term Bonds	<u>8,315</u>	<u>1,165</u>	4.00%	2037-2046	105	-	130
	<u>28,000</u>	<u>4,190</u>					
2017 SERIES A BONDS (S/F)							
2017 Series A (Non-AMT)							
Serial Bonds	5,920	3,545	2.50% - 3.15%	2024-2028	655	-	765
Term Bonds	3,360	0	3.65%				
Term Bonds	6,315	0	4.00%				
Term Bonds	7,625	0	4.05%				
Term Bonds	<u>6,780</u>	<u>1,085</u>	4.00%	2043-2047	180	-	325
	<u>30,000</u>	<u>4,630</u>					
2017 SERIES B BONDS (S/F)							
2017 Series B (Non-AMT)							
Serial Bonds	8,680	5,975	2.05% - 3.00%	2024-2030	740	-	1,010
Term Bonds	4,215	4,215	3.25%	2031-2032	2,090	-	2,125
Term Bonds	6,170	2,605	3.65%	2036-2037	1,280	-	1,325
Term Bonds	8,745	8,745	3.75%	2038-2044	1,115	-	1,355
Term Bonds	<u>7,190</u>	<u>1,365</u>	4.00%	2045-2047	450	-	465
	<u>35,000</u>	<u>22,905</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 D BONDS (M/F)							
2017 Series D-1 (Non-AMT)							
Serial Bonds	13,175	6,000	2.10% - 2.95%	2024-2029	1,000		
Term Bonds	14,320	14,320	3.50%	2033-2037	2,250	-	3,980
Term Bonds	5,870	5,870	3.65%	2038-2042	1,090	-	1,265
Term Bonds	<u>7,810</u>	<u>7,810</u>	3.75%	2043-2047	1,445	-	1,680
	<u>41,175</u>	<u>34,000</u>					
2017 SERIES E BONDS (S/F)							
2017 Series E (Federally Taxable)							
Term Bonds	<u>60,000</u>	<u>60,000</u>	Variable - 5.43%	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	10,100	2.00% - 3.00%	2024-2030	970	-	1,675
Term Bonds	2,055	2,055	3.15%	2031-2032	1,005	-	1,050
Term Bonds	5,920	5,920	3.50%	2033-2037	1,090	-	1,280
Term Bonds	7,000	7,000	3.65%	2038-2042	1,320	-	1,490
Term Bonds	<u>11,845</u>	<u>2,835</u>	3.50%	2043-2047	445	-	955
	<u>40,000</u>	<u>27,910</u>					
2017 SERIES G BONDS (S/F - M/F)							
2017 Series G-1 (Federally Taxable)							
Term Bonds	<u>55,000</u>	<u>55,000</u>	Variable - 5.37%	2045-2050	8,290	-	10,090
	<u>55,000</u>	<u>55,000</u>					
2017 SERIES H BONDS (S/F)							
2017 Series H (Non-AMT)							
Serial Bonds	18,380	17,275	2.25% - 3.05%	2024-2030	1,140	-	4,510
Term Bonds	5,420	5,420	3.25%	2031-2033	1,750	-	1,865
Term Bonds	10,625	5,495	3.55%	2036-2037	2,700	-	2,795
Term Bonds	1,485	1,485	3.70%	2038-2042	275	-	320
Term Bonds	<u>2,590</u>	<u>2,590</u>	3.75%	2043-2047	480	-	555
	<u>38,500</u>	<u>32,265</u>					
2018 SERIES A BONDS (S/F)							
2018 Series A (Non-AMT)							
Serial Bonds	13,510	8,200	2.60% - 3.25%	2024-2030	1,145	-	1,200
Term Bonds	3,680	2,465	3.50%	2032-2033	1,220	-	1,245
Term Bonds	8,630	5,240	3.75%	2036-2038	1,725	-	1,765
Term Bonds	<u>9,180</u>	<u>9,180</u>	3.90%	2039-2043	1,790	-	1,885
	<u>35,000</u>	<u>25,085</u>					
2018 SERIES B BONDS (S/F)							
2018 Series B (Non-AMT)							
Serial Bonds	10,565	6,035	2.60% - 3.10%	2024-2028	1,180	-	1,230
Term Bonds	6,005	2,445	3.50%	2032-2033	1,215	-	1,230
Term Bonds	11,270	6,850	3.75%	2036-2038	2,245	-	2,320
Term Bonds	<u>12,160</u>	<u>12,160</u>	3.85%	2039-2043	2,355	-	2,515
	<u>40,000</u>	<u>27,490</u>					
2018 SERIES C BONDS (S/F)							
2018 Series C (Non-AMT)							
Serial Bonds	14,200	8,390	2.45% - 3.25%	2024-2030	485	-	1,955
Term Bonds	4,080	0	3.55%				
Term Bonds	7,195	1,485	3.85%	2038		1,485	
Term Bonds	9,595	0	3.95%				
Term Bonds	<u>9,930</u>	<u>3,550</u>	4.00%	2044-2048	125	-	1,615
	<u>45,000</u>	<u>13,425</u>					
2018 SERIES D BONDS (S/F - M/F)							
2018 Series D-1 (Federally Taxable)							
Term Bonds	40,000	40,000	Variable - 5.81%	2043-2053	2,965	-	4,395
2018 Series D-2 (Federally Taxable)							
Term Bonds	<u>3,150</u>	<u>0</u>	0.00%				
	<u>43,150</u>	<u>40,000</u>					
2018 SERIES F BONDS (S/F)							
2018 Series F (Non-AMT)							
Serial Bonds	7,710	0	2.65%				
Term Bonds	3,745	0	3.85%				
Term Bonds	6,450	0	4.13%				
Term Bonds	6,225	0	4.20%				
Term Bonds	<u>10,300</u>	<u>4,030</u>	4.25%	2044-2048	165	-	1,815
	<u>34,430</u>	<u>4,030</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 A BONDS (S/F)							
2019 Series A (Non-AMT)							
Serial Bonds	12,670	10,220	2.30% - 3.05%	2024-2030	760	-	3,330
Term Bonds	4,305	4,305	3.45%	2031-2034	1,005	-	1,150
Term Bonds	2,605	2,130	3.80%	2036-2039	495	-	570
Term Bonds	10,880	0	4.00%				
Term Bonds	<u>9,005</u>	<u>3,755</u>	4.00%	2046-2049	550	-	1,425
	<u>39,465</u>	<u>20,410</u>					
2019 SERIES B BONDS (S/F)							
2019 Series B (Non-AMT)							
Serial Bonds	18,075	13,175	1.95% - 2.80%	2024-2032	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	<u>9,840</u>	<u>9,840</u>	3.35%	2040-2044	1,795	-	2,130
	<u>40,000</u>	<u>35,100</u>					
2019 SERIES C BONDS (S/F)							
2019 Series C (Non-AMT)							
Serial Bonds	8,415	5,605	1.65% - 2.45%	2024-2031	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	<u>8,825</u>	<u>4,315</u>	4.00%	2047-2050	780	-	1,220
	<u>39,110</u>	<u>31,790</u>					
2019 SERIES D BONDS (M/F)							
2019 Series D (Federally Taxable)							
Term Bonds	<u>4,220</u>	<u>4,220</u>	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	13,210	1.63% - 2.35%	2024-2031	710	-	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	<u>6,400</u>	<u>3,315</u>	3.75%	2047-2049	300	-	1,540
	<u>34,445</u>	<u>29,030</u>					
2020 SERIES A BONDS (S/F)							
2020 Series A (Non-AMT)							
Serial Bonds	9,800	7,505	1.40% - 2.40%	2024-2032	725	-	955
Term Bonds	1,995	1,995	2.60%	2033-2034	980	-	1,015
Term Bonds	7,195	7,195	2.85%	2035-2039	1,050	-	1,750
Term Bonds	8,645	8,645	3.00%	2040-2044	1,620	-	1,840
Term Bonds	<u>6,715</u>	<u>3,740</u>	3.75%	2047-2049	530	-	2,305
	<u>34,350</u>	<u>29,080</u>					
2020 SERIES B BONDS (M/F)							
2020 Series B (Non-AMT)							
Serial Bonds	12,000	4,000	1.10%	2024		4,000	
Term Bonds	7,000	7,000	2.10%	2033-2035	2,140	-	2,530
Term Bonds	14,275	14,275	2.35%	2036-2040	2,690	-	3,015
Term Bonds	7,755	7,755	2.50%	2041-2045	1,470	-	1,640
Term Bonds	<u>8,970</u>	<u>8,970</u>	2.60%	2046-2050	1,695	-	1,900
	<u>50,000</u>	<u>42,000</u>					
2020 SERIES C BONDS (S/F)							
2020 Series C (Non-AMT)							
Serial Bonds	12,765	10,815	1.50% - 2.50%	2024-2032	950	-	1,675
Term Bonds	5,315	5,315	2.70%	2033-2035	1,715	-	1,830
Term Bonds	9,640	9,640	3.00%	2036-2040	1,770	-	2,055
Term Bonds	<u>11,235</u>	<u>6,630</u>	4.00%	2044-2050	230	-	1,325
	<u>38,955</u>	<u>32,400</u>					
2020 SERIES D BONDS (S/F)							
2020 Series D (Non-AMT)							
Serial Bonds	10,280	10,280	0.90% - 2.20%	2024-2032	990	-	1,310
Term Bonds	4,390	4,390	2.30%	2033-2035	1,090	-	2,170
Term Bonds	7,580	7,580	2.55%	2036-2040	1,270	-	2,215
Term Bonds	<u>12,750</u>	<u>12,750</u>	2.80%	2041-2045	1,465	-	4,120
	<u>35,000</u>	<u>35,000</u>					

**Maine State Housing Authority
Notes to Financial Statements
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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2020 SERIES E BONDS (M/F)							
2020 Series E (Federally Taxable)							
Serial Bonds	40,000	40,000	2.02% - 2.74%	2026-2033	4,600	-	5,455
	<u>40,000</u>	<u>40,000</u>					
2020 SERIES F BONDS (S/F)							
2020 Series F (Non-AMT)							
Serial Bonds	10,465	9,200	0.65% - 1.75%	2024-2032	905	-	1,135
Term Bonds	3,415	3,415	2.00%	2033-2035	1,100	-	1,175
Term Bonds	6,535	6,535	2.15%	2036-2040	1,215	-	1,395
Term Bonds	7,710	7,710	2.25%	2041-2045	1,440	-	1,655
Term Bonds	11,875	11,875	2.40%	2046-2050	1,705	-	4,705
	<u>40,000</u>	<u>38,735</u>					
2020 SERIES G BONDS (S/F)							
2020 Series G (Non-AMT)							
Serial Bonds	25,180	25,180	0.50% - 2.20%	2024-2035	1,035	-	5,315
Term Bonds	10,465	10,465	2.38%	2036-2040	1,960	-	2,215
	<u>35,645</u>	<u>35,645</u>					
2020 SERIES H BONDS (S/F - M/F)							
2020 Series H (Federally Taxable)							
Serial Bonds	27,345	27,345	1.70% - 2.57%	2026-2032	3,800	-	4,055
Term Bonds	12,655	12,655	2.67%	2033-2035	4,130	-	4,310
	<u>40,000</u>	<u>40,000</u>					
2021 SERIES A BONDS (M/F)							
2021 Series A (Non-AMT)							
Serial Bonds	21,000	17,000	0.40% - 0.60%	2024-2026	4,000	-	8,000
Term Bonds	6,000	6,000	1.85%	2034-2036	1,955	-	2,040
Term Bonds	7,000	7,000	2.05%	2037-2041	1,345	-	1,455
Term Bonds	8,000	8,000	2.15%	2042-2046	1,540	-	1,660
Term Bonds	8,000	8,000	2.20%	2047-2051	1,530	-	1,665
	<u>50,000</u>	<u>46,000</u>					
2021 SERIES B BONDS (S/F)							
2021 Series B (Non-AMT)							
Serial Bonds	10,150	8,550	0.40% - 1.85%	2024-2032	850	-	1,050
Term Bonds	5,925	5,925	2.05%	2033-2036	1,425	-	1,550
Term Bonds	8,550	8,550	2.20%	2037-2041	1,600	-	1,800
Term Bonds	7,050	7,050	2.40%	2042-2046	1,325	-	1,500
Term Bonds	8,325	8,325	2.45%	2047-2051	1,550	-	1,800
	<u>40,000</u>	<u>38,400</u>					
2021 SERIES C BONDS (S/F)							
2021 Series C (Non-AMT)							
Serial Bonds	10,755	9,460	0.45% - 1.80%	2024-2033	825	-	1,080
Term Bonds	5,730	5,730	1.90%	2034-2036	1,850	-	1,965
Term Bonds	10,865	10,865	2.15%	2037-2041	2,035	-	2,310
Term Bonds	12,650	12,650	2.30%	2042-2046	2,375	-	2,700
	<u>40,000</u>	<u>38,705</u>					
2021 SERIES D BONDS (S/F)							
2021 Series D (Non-AMT)							
Serial Bonds	11,675	10,765	0.50% - 2.10%	2024-2033	940	-	1,225
Term Bonds	3,915	3,915	2.20%	2034-2036	1,270	-	1,340
Term Bonds	7,325	7,325	2.40%	2037-2041	1,380	-	1,550
Term Bonds	7,960	7,960	2.65%	2042-2046	1,505	-	1,670
Term Bonds	8,455	7,395	3.00%	2049-2051	1,450	-	4,165
	<u>39,330</u>	<u>37,360</u>					
2022 SERIES A BONDS (M/F)							
2022 Series A (Non-AMT)							
Serial Bonds	19,000	15,000	0.55% - 0.85%	2024-2026	3,500	-	6,500
Term Bonds	10,180	10,180	2.40%	2037-2041	1,945	-	2,120
Term Bonds	19,570	19,570	2.60%	2042-2046	3,720	-	4,125
Term Bonds	1,250	1,250	2.65%	2047-2051	235	-	265
	<u>50,000</u>	<u>46,000</u>					
2022 SERIES B BONDS (M/F)							
2022 Series B (Federally Taxable)							
Serial Bonds	40,000	40,000	1.50% - 2.58%	2025-2032	2,780	-	6,440
Term Bonds	10,000	10,000	2.98%	2033-2036	2,395	-	2,610
	<u>50,000</u>	<u>50,000</u>					

**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		
2022 SERIES C BONDS (MF)							
2022 Series C (AMT)							
Term Bonds	69,865	69,865	Variable - 4.01%	2041-2051	1,280	-	12,230
	<u>69,865</u>	<u>69,865</u>					
2022 SERIES D BONDS (S/F)							
2022 Series D (Non-AMT)							
Serial Bonds	14,000	13,285	2.05% - 3.80%	2024-2034	730	-	2,840
Term Bonds	5,520	5,520	3.88%	2035-2037	1,750	-	1,930
Term Bonds	16,975	16,975	4.00%	2038-2042	2,070	-	6,555
Term Bonds	2,450	2,450	4.13%	2043-2047	450	-	525
Term Bonds	10,300	9,520	5.00%	2049-2052	615	-	3,695
	<u>49,245</u>	<u>47,750</u>					
2022 SERIES E BONDS (S/F)							
2022 Series E (Non-AMT)							
Serial Bonds	11,935	11,420	2.00% - 3.88%	2024-2034	795	-	1,320
Term Bonds	4,400	4,400	4.00%	2035-2037	1,395	-	1,540
Term Bonds	11,925	11,925	4.15%	2038-2042	2,145	-	2,630
Term Bonds	15,325	15,325	4.25%	2043-2047	2,775	-	3,340
Term Bonds	10,595	10,085	5.00%	2050-2052	1,690	-	5,410
	<u>54,180</u>	<u>53,155</u>					
2022 SERIES F BONDS (M/F)							
2022 Series F (Non-AMT)							
Serial Bonds	24,000	24,000	3.10% - 3.40%	2025-2027		8,000	
Term Bonds	16,000	16,000	4.85%	2038-2042	3,010	-	3,410
Term Bonds	20,000	20,000	4.95%	2043-2047	3,765	-	4,245
	<u>60,000</u>	<u>60,000</u>					
2022 SERIES G BONDS (S/F)							
2022 Series G-1 (Non-AMT)							
Serial Bonds	7,000	7,000	3.45% - 4.10%	2025-2029	1,000	-	3,000
Term Bonds	8,000	8,000	5.15%	2038-2042	1,425	-	1,785
Term Bonds	9,000	9,000	5.30%	2043-2047	1,605	-	2,005
Term Bonds	12,000	12,000	5.40%	2048-2052	2,160	-	2,590
2022 Series G-2 (Non-AMT)							
Term Bonds	24,000	24,000	4.21%	2033-2037	4,410	-	5,205
	<u>60,000</u>	<u>60,000</u>					
2023 SERIES A BONDS (S/F)							
2023 Series A (Non-AMT)							
Serial Bonds	7,670	7,670	2.70% - 3.75%	2024-2034	410	-	1,010
Term Bonds	5,135	5,135	4.15%	2035-2038	1,175	-	1,390
Term Bonds	5,085	5,085	4.40%	2039-2043	905	-	1,130
Term Bonds	12,350	12,350	4.60%	2044-2048	2,200	-	2,755
Term Bonds	9,760	9,760	4.70%	2049-2053	1,580	-	2,850
	<u>40,000</u>	<u>40,000</u>					
2023 SERIES B BONDS (S/F)							
2023 Series B (Non-AMT)							
Term Bonds	75,000	35,000	3.13%	2026-2054	680	-	2,075
	<u>75,000</u>	<u>35,000</u>					
2023 Series B-1 (Non-AMT)							
Serial Bonds	8,020	8,020	3.40% - 4.20%	2024-2033	600	-	960
Term Bonds	5,455	5,455	4.50%	2034-2038	995	-	1,190
Term Bonds	6,830	6,830	4.75%	2039-2043	1,240	-	1,495
Term Bonds	8,655	8,655	4.95%	2044-2048	1,570	-	1,900
Term Bonds	11,040	11,040	5.05%	2049-2053	1,995	-	2,435
	<u>40,000</u>	<u>40,000</u>					
2023 SERIES C BONDS (M/F)							
2023 Series C (Non-AMT)							
Serial Bonds	18,790	18,790	2.80% - 3.10%	2025-2028	1,120	-	10,145
Term Bonds	4,025	4,025	4.45%	2039-2043	740	-	875
Term Bonds	14,310	14,310	4.70%	2044-2048	2,610	-	3,125
Term Bonds	20,235	20,235	4.80%	2049-2053	3,680	-	4,430
	<u>57,360</u>	<u>57,360</u>					
2023 SERIES D BONDS (S/F)							
2023 Series D (Non-AMT)							
Serial Bonds	7,875	7,875	3.20% - 4.05%	2026-2035	605	-	1,005
Term Bonds	4,945	4,945	4.15%	2036-2038	1,560	-	1,740
Term Bonds	8,150	8,150	4.50%	2039-2043	1,450	-	1,815
Term Bonds	8,125	8,125	4.65%	2044-2048	1,445	-	1,810
Term Bonds	15,905	15,905	4.70%	2049-2053	2,800	-	3,665
	<u>45,000</u>	<u>45,000</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		
2023 SERIES E BONDS (M/F)							
2023 Series E (Non-AMT)							
Serial Bonds	40,000	40,000	3.50% - 3.75%	2025-2028	10,000		
Term Bonds	5,000	5,000	4.45%	2035-2038	1,165	-	1,335
Term Bonds	15,000	15,000	4.75%	2039-2043	2,745	-	3,260
Term Bonds	15,000	15,000	4.88%	2044-2048	2,730	-	3,285
Term Bonds	<u>15,000</u>	<u>15,000</u>	4.90%	2049-2053	2,730	-	3,285
	<u>90,000</u>	<u>90,000</u>					
		1,904,225					
Less: Net Unamortized Bond Discount		<u>(2,212)</u>					
Total Mortgage Purchase Fund	<u>2,555,255</u>	<u>1,902,013</u>					
Total Proprietary Funds	<u>\$2,555,255</u>	<u>\$1,902,013</u>					
GOVERNMENTAL FUNDS							
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND							
2021 Series 1 (Non-AMT)							
Serial Bonds	<u>\$15,020</u>	<u>\$15,020</u>	5.00%	2034-2037	3,265	-	4,110
2021 Series 2 (Taxable)							
Serial Bonds	<u>38,930</u>	<u>32,465</u>	0.70% - 2.42%	2024-2034	295	-	3,480
		47,485					
Plus: Net Unamortized Bond Premium		<u>3,527</u>					
Total Maine Energy, Housing & Recovery Fund Group	<u>53,950</u>	<u>51,012</u>					
Total Governmental Funds	<u>\$53,950</u>	<u>\$51,012</u>					

The following table summarizes bond debt activity for the year ended December 31, 2023:

Fund	Outstanding at December 31, 2022	Issues	Retirement	Outstanding at December 31, 2023
Mortgage Purchase Fund	\$1,674,325	\$347,360	(\$117,460)	\$1,904,225
Maine Energy, Housing & Economic Recovery Fund	50,505	0	(3,020)	47,485
Total	<u>\$1,724,830</u>	<u>\$347,360</u>	<u>(\$120,480)</u>	<u>\$1,951,710</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, 2023 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 2028 and in five-year increments thereafter to maturity:

Year(s)	Mortgage Purchase Fund					Maine Energy, Housing & Economic Recovery Fund	
	Fixed and Variable Unswapped		Variable Swapped		Swaps	Fixed	
	Principal	Interest	Principal	Interest	Net Interest	Principal	Interest
2024	\$58,775	\$56,063	\$0	\$9,313	(\$5,539)	\$3,035	\$1,272
2025	79,165	54,917	0	9,344	(5,522)	3,055	1,247
2026	84,115	53,198	0	9,347	(5,384)	3,085	1,214
2027	82,450	51,260	0	9,347	(4,218)	3,120	1,174
2028	81,545	49,041	0	9,350	(4,233)	3,165	1,126
2029-2033	287,500	219,096	15,115	45,600	(16,785)	16,710	4,703
2034-2038	289,870	174,967	42,885	40,650	(2,907)	15,315	1,574
2039-2043	296,783	125,105	5,437	35,240	0	0	0
2044-2048	250,325	71,244	77,985	28,967	0	0	0
2049-2053	184,297	24,414	65,903	6,069	0	0	0
2054-2058	2,075	65	0	0	0	0	0
Total	<u>\$1,696,900</u>	<u>\$879,370</u>	<u>\$207,325</u>	<u>\$203,227</u>	<u>(\$44,588)</u>	<u>\$47,485</u>	<u>\$12,310</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 be redeemed in excess of the annual maturities.

Notes Payable

At December 31, 2023, MaineHousing has a \$13,625 note payable to TD Bank, N.A. at a fixed rate of 3.20%, maturing November 1, 2033. The note, which is recorded in the General Administrative Fund, has principal and interest payments due monthly based on a 20-year amortization schedule.

The proceeds from this note were used for the acquisition and rehabilitation of an office building for MaineHousing. The note is secured by a mortgage agreement on the property and a \$2,559 non-negotiable certificate of deposit held with the lender.

The following table provides a summary of note payment requirements through 2028 and in five-year increments thereafter to maturity:

Year(s)	Principal	Interest	Total
2024	\$655	\$434	\$1,089
2025	678	411	1,089
2026	700	388	1,088
2027	723	365	1,088
2028	746	343	1,089
2029-2033	10,123	1,323	11,446
Total	<u>\$13,625</u>	<u>\$3,264</u>	<u>\$16,889</u>

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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, \$1,904,225 was outstanding at December 31, 2023.

Conduit Debt Obligation

MaineHousing may use its tax-exempt debt issuing authority to provide financial assistance to private sector developers for the acquisition and rehabilitation, or the construction of multi-family housing projects serving low-to-moderate income households. The debt, which is referred to as conduit debt, is collateralized by revenues generated by the properties financed and is repayable solely from payments received on the underlying mortgage loans and any specific third-party credit enhancement associated with the individual financings. MaineHousing has a total of \$26,275 outstanding at December 31, 2023. 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.

(7.) INTEREST RATE SWAP AGREEMENTS

MaineHousing has thirteen interest rate swap agreements (swaps) with four counterparties as of December 31, 2023. 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, ninety-day or one hundred eighty-day Secure Overnight Financing Rate (SOFR).

The swaps have an aggregate positive fair value of \$16,385 at December 31, 2023. During 2023, the fair value of the swaps decreased by \$2,175. 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, 2023 by using the regression analysis and synthetic instrument methods. The aggregate fair value is classified as a derivative instrument asset and a deferred inflow of resources, which represents the accumulated increase in fair value. Variable rate bonds outstanding at December 31, 2023 total \$282,865.

The following table contains the terms, fair values, and credit ratings of the swaps as of December 31, 2023. 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.

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Related Debt Issuance	Current Notional Amount	Effective Date of Swap	Fixed Rate		Fair Value	Swap Termination Date	Counterparty Credit Rating
			Paid	Variable Rate Received			
2015 Series E-3	\$5,000	11/15/2016	1.15%	70% of 30 day SOFR plus .08014%	\$179	11/15/2025	Aa1/AA-
2015 Series E-3	5,000	11/15/2019	1.40%	70% of 30 day SOFR plus .08014%	311	11/15/2029	Aa3/A+
2015 Series E-3	20,000	5/15/2021	1.46%	67% of 30 day SOFR plus .0767%	1,390	11/15/2032	A1/A+
2016 Series B-2	8,000	5/15/2017	1.61%	70% of 30 day SOFR plus .08014%	594	11/15/2031 ¹	Aa1/AA-
2016 Series B-2	20,000	11/15/2017	1.66%	70% of 30 day SOFR plus .08014%	1,438	11/15/2031 ¹	Aa1/AA-
2017 Series E	25,000	11/15/2021	1.69%	100% of 30 day SOFR plus .11448%	3,709	11/15/2032	Aa3/A+
2017 Series G-1	25,000	11/15/2019	1.90%	100% of 30 day SOFR plus .11448%	1,412	11/15/2026	A1/A+
2017 Series G-1	30,000	11/15/2020	0.88%	100% of 90 day SOFR plus .26161%	8,302	11/15/2035	A1/A+
2022 Series C	19,325	2/1/2006	3.59%	65% of 30 day SOFR plus .27441%	(1,878)	11/15/2037	Aa2/A+
2022 Series C	10,000	11/15/2019	1.87%	75% of 30 day SOFR plus 0.54086%	440	11/15/2026	Aa3/A+
2022 Series C	12,500	11/15/2018	2.57%	70% of 30 day SOFR plus 0.53014%	276	11/15/2028	Aa3/A+
2022 Series C	12,500	11/15/2018	2.59%	70% of 30 day SOFR plus 0.53014%	422	11/15/2033	Aa3/A+
2022 Series C	15,000	8/1/2023	2.70%	72% of 180 day SOFR	(210)	11/15/2033	Aa3/A+
Totals	\$207,325				\$16,385		

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 were met as of December 31, 2023. MaineHousing is not exposed to credit risk for the swaps that have negative fair values. At December 31, 2023, there are eleven swaps that have positive fair values totaling \$18,473. 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 – MaineHousing is exposed to basis risk to the extent that the interest payments on its variable rate bonds do not match the variable rate payments received on the related swap agreements. The variable rate payments provided by the counterparties are based on SOFR and MaineHousing’s variable rate bonds are expected to track with the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA). MaineHousing’s variable rate bonds are adjusted weekly. The SOFR rates are adjusted on a monthly basis, except for 2017 Series G-1, which is adjusted on a quarterly basis and 2022-C, which is adjusted on a semi-annual basis. If the variable rate bonds trade at a value significantly different than their historical relationship to SOFR, the net cost to MaineHousing could increase or decrease. As of December 31, 2023, the thirty-day, ninety-day and one hundred eighty-day SOFR rates were 5.34%, 5.36% and 5.35%, respectively, and the SIFMA rate was 3.87%.

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

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

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

(8.) RETIREMENT BENEFITS

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

Defined Contribution Plan

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

Benefit terms, including contribution requirements, for the defined contribution plan are established by management. For each participant in the plan, MaineHousing contributes 3.1% 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 7.4% of annual salary. The employer match contribution is made to the 401(a) plan.

For the year ended December 31, 2023, employee contributions totaled \$787 and MaineHousing contributed and recognized expense of \$651. 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 3.88%.

Contributions: Retirement benefits are funded by contributions from participants and employers and by earnings from MainePERS investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Participant and employer normal cost contributions are each a percentage of applicable participant compensation. Participant contribution rates are defined by law or by the MainePERS Board of Trustees. Employers' contributions are determined by actuarial valuations. As of December 31, 2023, the established MainePERS employer contribution rate is 10.2% and employee contribution rates are 7.70% for participants with a normal retirement age of 60 and 6.95% for participants with a normal retirement age of 65. MaineHousing pays on behalf of its employees 0.30% of the MainePERS employee contribution rate. If a participant retires and is subsequently re-employed in a position covered by the plan, the employer contribution rate is 5%. Total employer contributions were \$577 for the year ended December 31, 2023.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

Actuarial Methods and Assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2023, 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 the member's pay and 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, 2023 and June 30, 2022 used the following actuarial assumptions:

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

Inflation Rate – 2.75%.

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

Cost of Living Benefit Increases – 1.91%

Mortality Rates – 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table for males and females, projected generationally using RPEC_2020 model.

The actuarial and demographic assumptions used in the June 30, 2023 and June 30, 2022 valuations were based on the results of an actuarial experience study covering the period July 1, 2015 through June 30, 2020. The economic assumptions are based on this experience study along with advice of the MainePERS investment consultants for June 30, 2023 and June 30, 2022.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

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 geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equities	30.0%	6.0%
US Government	10.0%	2.6%
Private Equity	12.5%	7.6%
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	5.0%	3.2%
Alternative Credit	10.0%	7.4%
Risk Diversifiers	7.5%	5.0%

Discount Rate: The discount rate used to measure the collective total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that participant contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of MaineHousing's proportionate share of the net pension liability to changes in the discount rate: The following represents MaineHousing's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what MaineHousing's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

1% Decrease	Current Discount Rate	1% Increase
<u>@ 5.50%</u>	<u>@ 6.50%</u>	<u>@ 7.50%</u>
\$5,289	\$1,931	(\$840)

Net Pension Liability: At December 31, 2023, MaineHousing has a liability of \$1,931 for its proportionate share of the total collective net pension liability. The net pension liability was measured as of June 30, 2023 and the total collective pension liability used to calculate the proportionate share of the net pension liability was determined by an actuarial valuation as of that date. MaineHousing's proportion of the net pension liability was based on MaineHousing's employer contributions received by MainePERS during the measurement period July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all participating entities. MaineHousing's proportion was 0.604935% at December 31, 2023. The proportion was 0.669532% at December 31, 2022.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

Changes in net pension liability are recognized in pension expense for the year ended December 31, 2023 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 2023 and 2022 valuation, this was three years.

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

Changes in Assumptions – Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The actuarial assumptions for the June 30, 2023 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended December 31, 2023, MaineHousing recognized pension expense of \$694 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	\$358	\$0
Employer contributions subsequent to the measurement date	271	0
Net difference between projected and actual earnings on pension plan investments	0	328
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	123
Total	<u>\$629</u>	<u>\$451</u>

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

Amounts reported as deferred outflows of resources related to pensions for MaineHousing's contributions subsequent to the measurement date will be recognized as an addition to the Net Pension Liability for the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (benefit) through December 31, 2027 as follows:

Year ended December 31:	Pension Expense (Benefit) Amount
2024	(\$88)
2025	(\$352)
2026	\$332
2027	\$15

Payables to the Pension Plan: At December 31, 2023, MaineHousing's total payable to MainePERS for unremitted contributions is \$40.

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.mainePers.org

(9.) AVAILABLE BONDS PROCEEDS

MORTGAGE PURCHASE FUND

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

2021 Series D (S/F)	\$7,433
2022 Series B (M/F)	13,429
2022 Series E (S/F)	4,019
2022 Series F (M/F)	14,681
2022 Series G (S/F)	39,300
2023 Series B (S/F)	36,005
2023 Series C (M/F)	41,643
2023 Series D (S/F)	2,546
2023 Series E (M/F)	75,151
	\$234,207

MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND

Bond proceeds in the amount of \$23,149 from the 2021 Series 2 are invested in accordance with the Maine Energy, Housing and Recovery General Indenture and are available for programs.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

(10.) COMMITMENTS

MORTGAGE COMMITMENTS

Mortgage commitments are agreements to loan money provided there is no violation of any term or condition established in the agreement. Generally, once exercised, loans made under the terms of such commitments are secured by a lien on the related property and other collateral as MaineHousing deems necessary. At December 31, 2023, MaineHousing had outstanding commitments to originate multi-family mortgage loans of approximately \$501,606. MaineHousing, under its single-family program, enters into purchase agreements with lenders to purchase mortgage loans. At December 31, 2023, single-family loans being processed by lenders for MaineHousing totaled approximately \$64,320.

(11.) RESERVE FUNDS

MORTGAGE PURCHASE FUND – HOUSING RESERVE FUND

On or before December 1 of each year, MaineHousing is required to value the Housing Reserve Fund and verify to the Governor of the State of Maine that the sum of money in the fund equals or exceeds the Housing Reserve Fund Minimum Requirement. The Housing Reserve Fund Minimum Requirement equals the amount of principal and interest maturing and coming due in the next succeeding calendar year on bonds outstanding. The Housing Reserve Fund Minimum Requirement as of December 31, 2023 was \$124,150. 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, 2023 was \$146,660.

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, 2023, 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 \$178,664.

MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND – RESERVE FUND

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

Between July 1 and July 15 of each year, MaineHousing must certify to the Treasurer of the State the amount necessary and sufficient to meet MaineHousing's debt service obligation. As of December 31, 2023, the maximum debt service amount was \$4,319.

(12.) EXCESS ARBITRAGE TO BE REBATED

Tax-exempt bonds issued by MaineHousing are subject to Internal Revenue Service regulations that limit the amount of income that can be earned with non-mortgage investments to an amount not greater than the amount that would have been earned had the funds been invested at the yield on the bonds. Excess earnings must be rebated every five years. At December 31, 2023, the estimated value of future arbitrage liabilities in the Mortgage Purchase Fund Group was \$650.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

(13.) FUND TRANSFERS AND INTERFUND BALANCES

MaineHousing records transfers between funds for various purposes including program subsidies, fees and capital asset transfers. Transfers for the year ended December 31, 2023 consisted of the following:

	General Administrative Fund	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Other Federal and State Programs	Maine Energy, Housing & Economic Recovery Program
Capital Assets	\$295	\$0	\$0	(\$114)	(\$181)	\$0
Program Subsidies	0	(416)	0	0	(7,398)	7,814
Program Administrative Fees	1,568	0	(1,568)	0	0	0
	<u>\$1,863</u>	<u>(\$416)</u>	<u>(\$1,568)</u>	<u>(\$114)</u>	<u>(\$7,579)</u>	<u>\$7,814</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, 2023 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	Other Federal and State Programs
Receivable due from:							
Mortgage Purchase Fund	\$0	\$0	\$2,805	\$0	\$0	\$0	\$0
General Administrative Fund	0	0	0	16,910	0	0	20,442
Section 8 Housing Programs	0	0	404	0	0	0	0
Low Income Home Energy Assistance Program	0	0	1,446	0	0	0	0
Collectively, all other funds	0	0	17	102	81	0	0
	<u>0</u>	<u>0</u>	<u>4,672</u>	<u>17,012</u>	<u>81</u>	<u>0</u>	<u>20,442</u>
Payables	<u>(2,805)</u>	<u>(17)</u>	<u>(37,352)</u>	<u>(81)</u>	<u>(404)</u>	<u>(1,446)</u>	<u>(102)</u>
	<u>(\$2,805)</u>	<u>(\$17)</u>	<u>(\$32,680)</u>	<u>\$16,931</u>	<u>(\$323)</u>	<u>(\$1,446)</u>	<u>\$20,340</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 primarily of program funds received and due to the HOME Fund and Other Federal and State Programs. The receivable amount of the HOME fund includes advancements for program expenditures owed from Other Federal and State Programs.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

(14.) REDEMPTION OF BONDS

For the year ended December 31, 2023, MaineHousing redeemed prior to maturity \$92,100 of its Mortgage Purchase Fund bonds from recoveries of principal and surplus and the proceeds of refunded bonds. Gains of \$187 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>
2013 Series B Serial Bonds	2.70%	11/15/2023	\$1,775	100%
2014 Series C-1 Serial Bonds	3.00%	11/15/2023	3,105	100%
2014 Series C-1 Term Bonds	3.50%	11/15/2044	1,395	100%
2015 Series B Serial Bonds	2.30%	11/15/2023	1,115	100%
2015 Series B Term Bonds	3.50%	11/15/2040	490	100%
2015 Series D Term Bonds	4.00%	11/15/2045	725	100%
2015 Series E-1 Serial Bonds	3.10%	11/15/2023	2,580	100%
2015 Series E-1 Term Bonds	3.50%	11/15/2035	2,315	100%
2015 Series F-2 Serial Bonds	2.35%	11/15/2023	500	100%
2015 Series G Serial Bonds	2.35%	11/15/2023	675	100%
2015 Series G Term Bonds	3.50%	11/15/2045	690	100%
2016 Series A Serial Bonds	1.95%	11/15/2023	770	100%
2016 Series A Term Bonds	4.00%	11/15/2045	875	100%
2016 Series B-1 Serial Bonds	1.90%	11/15/2023	2,045	100%
2016 Series B-1 Term Bonds	3.50%	11/15/2046	1,805	100%
2016 Series C Serial Bonds	1.75%	11/15/2023	3,475	100%
2016 Series C Term Bonds	3.50%	11/15/2046	1,060	100%
2016 Series D Serial Bonds	2.24%	11/15/2023	825	100%
2016 Series E Serial Bonds	2.45%	11/15/2023	690	100%
2016 Series E Term Bonds	4.00%	11/15/2046	1,005	100%
2017 Series A Term Bonds	4.00%	11/15/2047	880	100%
2017 Series B Serial Bonds	1.90%	11/15/2023	710	100%
2017 Series B Term Bonds	4.00%	11/15/2047	975	100%
2017 Series D-1 Serial Bonds	1.90%	11/15/2023	1,000	100%
2017 Series F Serial Bonds	1.75%	11/15/2023	1,330	100%
2017 Series F Term Bonds	3.50%	11/15/2047	1,510	100%
2018 Series A Serial Bonds	2.40%	11/15/2023	1,135	100%
2018 Series B Serial Bonds	2.40%	11/15/2023	1,170	100%
2018 Series C Serial Bonds	2.25%	11/15/2023	1,920	100%
2018 Series C Term Bonds	4.00%	11/15/2048	1,485	100%
2018 Series F Serial Bonds	2.65%	11/15/2023	405	100%
2018 Series F Term Bonds	4.25%	11/15/2048	1,460	100%
2019 Series A Term Bonds	4.00%	11/15/2049	1,345	100%
2019 Series B Serial Bonds	1.85%	11/15/2023	1,475	100%
2019 Series C Term Bonds	4.00%	11/15/2050	1,405	100%
2019 Series E Term Bonds	3.75%	11/15/2049	1,055	100%
2020 Series A Term Bonds	3.75%	11/15/2049	1,085	100%
2020 Series C Term Bonds	4.00%	11/15/2050	1,795	100%
2021 Series D Term Bonds	3.00%	11/15/2051	840	100%
2022 Series D Term Bonds	5.00%	11/15/2052	695	100%
2022 Series E Term Bonds	5.00%	11/15/2052	510	100%
2023 Series B Term Bonds	3.13%	11/15/2054	40,000	100%
			<u>\$92,100</u>	

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

(15.) CONTINGENCIES

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

(16.) SUBSEQUENT EVENTS

Subsequent to December 31, 2023, MaineHousing issued bonds. The following is a summary of subsequent event transactions.

On February 28, 2024, MaineHousing issued, at par, \$40,000 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>
2024 Series A Serial Bonds	3.40%-3.80%	2029-2035	\$9,380	100%
2024 Series A Term Bonds	4.00%	2039	5,135	100%
2024 Series A Term Bonds	4.45%	2044	5,630	100%
2024 Series A Term Bonds	4.65%	2049	8,095	100%
2024 Series A Term Bonds	4.75%	2054	11,760	100%
			<u>\$40,000</u>	

**MAINE STATE HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF SELECTED PENSION INFORMATION - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2023**

(IN THOUSANDS OF DOLLARS)

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.604935%	0.669532%	0.674986%	0.709590%	0.746717%	0.834117%	0.906494%	0.922203%	1.181151%	1.420739%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$1,931	\$1,780	(\$217)	\$2,819	\$2,282	\$2,823	\$3,712	\$4,899	\$3,768	\$2,186
Employer's Covered-Employee Payroll	\$5,649	\$5,516	\$4,972	\$4,567	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598	\$4,691
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	34.2%	32.3%	(4.4%)	61.7%	50.2%	60.6%	75.9%	101.9%	81.9%	46.6%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	92.3%	93.3%	100.9%	88.3%	90.6%	91.1%	86.4%	81.6%	88.3%	94.1%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$577	\$552	\$504	\$480	\$477	\$490	\$513	\$505	\$483	\$492
Contributions in Relation to Contractually Required Contribution	\$577	\$552	\$504	\$480	\$477	\$490	\$513	\$505	\$483	\$492
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Employer's Covered Employee Payroll	\$5,649	\$5,516	\$4,972	\$4,567	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598	\$4,691
Contributions as a Percentage of Covered Employee Payroll	10.2%	10.0%	10.1%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%

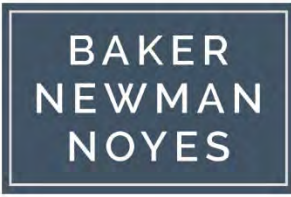
Notes to Required Supplementary Information

Changes of Benefit Terms:

There were no changes of benefit terms for the measurement period ended June 30, 2023.

Changes of Assumptions:

There were no changes of assumptions for the measurement period ended June 30, 2023.



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

Board of Commissioners
Maine State Housing Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Maine State Housing Authority (MaineHousing), as of and for the year ended December 31, 2023, 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 28, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

MaineHousing's Response to Findings

MaineHousing's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. MaineHousing's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

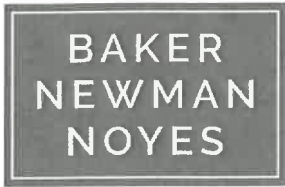
Purpose of this Report

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 28, 2024

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The Board of Commissioners
Maine State Housing Authority

We are pleased to present this report related to our audit of the basic financial statements of the Maine State Housing Authority (MaineHousing) as of and for the year ended December 31, 2023. 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 28, 2024

Required Communications

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

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	<p>Our responsibilities under GAAS and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States have been described to you in our engagement letter dated November 27, 2023. Our audit of the basic financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.</p>
Overview of the Planned Scope and Timing of the Financial Statement Audit	<p>We have issued a separate communication dated November 27, 2023, regarding the planned scope and timing of our audit and identified significant risks.</p>
Accounting Policies and Practices	<p>Preferability of Accounting Policies and Practices Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by MaineHousing. 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>Significant Accounting Policies We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Significant Unusual Transactions We did not identify any significant unusual transactions.</p> <p>Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.</p>
Audit Adjustments and Uncorrected Misstatements	<p>Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by MaineHousing are shown in the attached list of Recorded Audit Adjustments.</p>

Required Communications (Continued)

Area	Comments
Audit Adjustments and Uncorrected Misstatements (Continued)	Uncorrected misstatements are summarized in the attached letter of representation. Uncorrected misstatements or matters underlying these uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.
Observations About the Audit Process	<p>Disagreements with Management We encountered no disagreements with management over the application of significant accounting principles, the basis for management’s judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.</p> <p>Consultations with Other Accountants We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p> <p>Significant Issues Discussed with Management No significant issues arising from the audit were discussed or were the subject of correspondence with management.</p> <p>Significant Difficulties Encountered in Performing the Audit We did not encounter any significant difficulties in dealing with management during the audit.</p> <p>Difficult or Contentious Matters That Required Consultation We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.</p>
Shared Responsibilities for Independence	<p>Independence is a joint responsibility and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and Government Accountability Office (GAO) independence rules. For Baker Newman & Noyes LLC (BNN) to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and BNN each play an important role.</p> <p>Our Responsibilities</p> <ul style="list-style-type: none">• AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. BNN is to ensure that the AICPA’s and GAO’s General Requirements for performing non-attest services are adhered to and included in all letters of engagement.• Maintain a system of quality management over compliance with independence rules and firm policies.

Required Communications (Continued)

Area	Comments
Shared Responsibilities for Independence (Continued)	MaineHousing's Responsibilities <ul style="list-style-type: none">• Timely inform BNN, before the effective date of transactions or other business changes, of the following:<ul style="list-style-type: none">○ New affiliates, directors, or officers.○ Changes in the organizational structure or the reporting entity impacting affiliates such as partnerships, related entities, investments, joint ventures, component units and jointly governed organizations.• Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.• Understand and conclude on the permissibility, prior to MaineHousing and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with BNN.• Not entering into arrangements of nonaudit services resulting in BNN being involved in making management decisions on behalf of MaineHousing.• Not entering into relationships resulting in close family members of BNN covered persons, temporarily or permanently, acting as an officer, director or person in an accounting, financial reporting or compliance oversight role at MaineHousing.
Internal Control Matters	We have separately communicated a significant deficiency and other deficiencies in internal control over financial reporting identified during our audit of the basic financial statements as required by <i>Government Auditing Standards</i> . This communication is attached.
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of MaineHousing, including the representation letter provided to us by management, are attached.

Summary of Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in MaineHousing's December 31, 2023 financial statements.

Significant Accounting Estimates

Allowances for Losses on Loans

Accounting Policy

Management provides for an allowance for loan losses at a level that management believes will be adequate to absorb probable loan losses based on evaluations of the collectibility of the loans and prior loss experience.

Management's Estimation Process

The evaluation takes into consideration such factors as changes in the nature and volume of the portfolio, extent of available mortgage insurance, collateral, delinquencies, and current economic conditions that may affect the borrowers' ability to pay.

Basis for our Conclusion on the Reasonableness of the Estimate

We have reviewed management's assumptions and concluded their estimates were reasonable in relation to the financial statements taken as a whole.

Fair Value of Interest Rate Swaps

Accounting Policy

MaineHousing enters into various interest rate swap agreements in order to manage risks associated with interest on its variable rate bond portfolio. The fair value of swap agreements is recognized as either an asset or liability on their Statement of Net Position with the offsetting gains or losses as either deferred inflows or outflows of resources, if deemed an effective hedge.

Management's Estimation Process

Management estimates the fair value of the interest rate swaps by engaging a valuation specialist and by reviewing the methods and assumptions used in the valuation.

Basis for our Conclusion on the Reasonableness of the Estimate

We have reviewed the calculation prepared by management's specialist, including assumptions used, and concluded that the estimate was reasonable in relation to the financial statements taken as a whole.

Funded Status of MaineHousing's Participation in the Maine Public Employees Retirement System's (MainePERS) Participating Local District (PLD) Consolidated Retirement Plan

Accounting Policy

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

Summary of Significant Accounting Estimates (Continued)

Significant Accounting Estimates

Management's Estimation Process

Management annually reviews the assumptions regarding the determination of the funded status of the pension plan and the benefit cost. Management obtains data from the audited Financial Statements of MainePERS, of which recorded amounts have been determined by a qualified actuary.

Basis for our Conclusion on the Reasonableness of the Estimate

We have reviewed the MainePERS audited financial statements, including assumptions used, and concluded that the estimate was reasonable in relation to the financial statements taken as a whole.

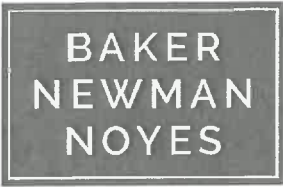
MAINE STATE HOUSING AUTHORITY

RECORDED AUDIT ADJUSTMENTS

December 31, 2023

Management corrected the following material misstatement that was identified as a result of our audit procedures:

<u>Description</u>	<u>Effect – Increase (Decrease)</u>				
	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Revenue</u>	<u>Expense</u>
To record expenditures incurred in 2023 for the Low Income Assistance Plan and the Oxygen/Ventilation Program	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$6,163,408</u>	<u>\$6,163,408</u>



November 27, 2023

The Audit Committee
Maine State Housing Authority
c/o Ms. Linda Grotton, Internal Auditor
26 Edison Drive
Augusta, Maine 04330

Dear Members of the Audit Committee:

The Objective and Scope of the Audit of the Financial Statements

You have requested that Baker Newman & Noyes LLC (BNN, we, us, or our) audit the Maine State Housing Authority’s (MaineHousing) governmental activities, business-type activities, each major fund, and aggregate remaining fund information as of and for the year ending December 31, 2023, which collectively comprise the basic financial statements. MaineHousing is a component unit of the State of Maine. You have also requested we report on whether the supplemental schedule (Financial Data Schedule for Certain HUD Programs) is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The supplemental schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter (Engagement Letter).

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* (GAS) issued by the Comptroller General of the United States will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

You have also requested that BNN perform the audit of MaineHousing as of December 31, 2023 to satisfy the audit requirements imposed by the *Single Audit Act* and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

The Responsibilities of the Auditor

We will conduct our audit in accordance with GAAS, GAS, the Uniform Guidance, and the U.S. Office of Management and Budget's (OMB) Compliance Supplement. Those standards, regulations, supplements or guides require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS, GAS, the Uniform Guidance, and the U.S. Office of Management and Budget's (OMB) Compliance Supplement, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, based on an understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- Consider the entity's system of internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of MaineHousing's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MaineHousing's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and GAS. Because the determination of waste or abuse is subjective, GAS does not require auditors to perform specific procedures to detect waste or abuse in financial statement audits.

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

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

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

We will maintain our independence in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) and GAS.

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

Management is Responsible for:

1. Identifying and ensuring that MaineHousing complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws or regulations, other than those that are clearly inconsequential;
2. The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting MaineHousing involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and
3. Informing us of its knowledge of any allegations of fraud or suspected fraud affecting MaineHousing received in communications from employees, former employees, analysts, regulators, short sellers, vendors, customers or others.

Management is responsible for the preparation of the required supplementary information, which accounting principles generally accepted in the United States of America (U.S. GAAP) require to be presented to supplement the basic financial statements. Management is also responsible for the preparation of the supplementary information presented in relation to the financial statements as a whole in accordance with U.S. GAAP and the U.S. Department of Housing and Urban Development (HUD). Management agrees to include the auditors' report on the supplementary information in any document that contains the supplementary information and indicates that the auditors have reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditors' report thereon.

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

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with U.S. GAAP;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;

5. For report distribution; and
6. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, including information relevant to disclosures;
 - b. Draft financial statements, including information relevant to their preparation and fair presentation, when needed, to allow for the completion of the audit in accordance with the proposed timeline;
 - c. Additional information that we may request from management for the purpose of the audit; and
 - d. Unrestricted access to persons within MaineHousing from whom we determine it necessary to obtain audit evidence.

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

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

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

Reporting

We will issue a written report upon completion of our audit of MaineHousing's financial statements. Our report will be addressed to the Board of Commissioners of MaineHousing. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, or add an emphasis-of-matter paragraph or other-matter paragraph to our auditors' report.

If circumstances arise relating to the condition of MaineHousing's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including, but not limited to, declining to express an opinion or issue a report, or withdrawing from the engagement.

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

1. A report on the fairness of the presentation of MaineHousing's schedule of expenditures of federal awards for the year ending December 31, 2023;

2. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS;
3. Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance;
4. An accompanying schedule of findings and questioned costs; and
5. Report on Financial Data Schedule for Certain HUD Programs.

Records and Assistance

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

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

Nonaudit Services

In connection with our audit, you have requested us to perform certain non-audit services necessary for the preparation of the financial statements, including assistance with the final editing and reproduction of the financial statements (including required supplementary information and supplementary information) and schedule of expenditures of federal awards, and the preparation of the data collection form.

GAS independence standards require that the auditors maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to MaineHousing, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. MaineHousing has agreed that Darren Brown, Director of Finance possesses suitable skill, knowledge or experience and that the individual understands the services to be performed sufficiently to oversee them. Accordingly, the management of MaineHousing agrees to the following:

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

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

Other Relevant Information

In accordance with *Government Auditing Standards*, a copy of our most recent peer review report is enclosed for your information.

Fees and Costs

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

1. Anticipated cooperation from MaineHousing personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

We estimate our fee for the services described in this letter will be not exceed \$103,000 for the financial statement audit and \$48,000 for the Uniform Guidance audit, including direct costs, unless the scope of the engagement is changed, the assistance which MaineHousing has agreed to furnish is not provided, or unexpected conditions are encountered, in which case we will discuss the situation with you before proceeding. New federal funding programs as a result of COVID-19 that may require auditing under the Uniform Guidance will be billed at \$6,000 per program in addition to the estimated Uniform Guidance audit fee. All other provisions of this letter will survive any fee adjustment.

Use of Subcontractors and Third-Party Products

We may, in our sole discretion, use qualified third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose Confidential Information (as such term is defined below) to them. We may share your information, including Confidential Information, with these third-party service providers, provided that such recipients are bound by written obligations of confidentiality. You acknowledge and agree that our use of a third-party service provider may involve the processing, input, disclosure, movement, transfer, and storage of your information and data outside of our technology infrastructure. We will be responsible to you for the performance of our third-party service providers, solely as related to the services performed under this Engagement Letter, subject to all limitations and disclaimers set forth herein.

We also may provide services to you using certain third-party hardware, software, equipment, or products (collectively, Third-Party Products and each, individually, a Third-Party Product). You acknowledge that the use of a Third-Party Product may involve the processing, input, disclosure, movement, transfer, and storage of information provided by or on behalf of you to us, including Confidential Information and Personal Information, within the Third-Party Product's infrastructure and not ours. You further acknowledge that the terms of use and service, including, but not limited to, applicable laws, set forth in the end-user license, end-user subscription agreement, or other end-user agreement or such Third-Party Product, (collectively, EULA(s)), will govern all obligations of such licensor relating to data privacy, storage, recovery, security, and processing within such Third-Party Product's infrastructure, as well as the service levels associated with such Third-Party Product. You hereby consent to the disclosure of your information, including your Confidential Information and Personal Information, to the licensors of such Third-Party Products for the purpose described herein.

To the extent BNN gives MaineHousing access to a Third-Party Product in connection with the services contemplated herein, MaineHousing agrees to comply with the terms of any applicable EULA for such Third-Party Product, and MaineHousing shall be solely responsible for the improper use of a Third-Party Product or a violation of the applicable EULA for such Third-Party Product, by MaineHousing, or any user to whom MaineHousing grants access to such Third-Party Product. MaineHousing agrees to indemnify and hold BNN harmless from and against any claims, actions, lawsuits, proceedings, judgments, liens, losses, damages, costs, expenses, fees (including reasonable legal fees, expenses, and costs) and other liabilities relating to, or arising from or out of, the improper use of a Third-Party Product, or a violation of the terms of the applicable EULA for such Third-Party Product, by MaineHousing, or any user to whom MaineHousing grants access to such Third-Party Product.

You acknowledge that the use of Third-Party Products may be subject to limitations, delays, interruptions, errors, and other problems which are beyond our control, including, without limitation, internet outage or lack of availability related to updates, upgrades, patches, fixes, maintenance, or other issues. We will not be liable for any delays, delivery failures, or other losses or damages resulting from such issues. Nor will we be held responsible or liable for any loss, or unauthorized use or disclosure, of any information or data provided by you, including, without limitation, Personal Information provided by you, resulting from the use of a Third-Party Product.

Use and Ownership: Access to Audit Documentation

The Audit Documentation for this engagement is the property of BNN. For the purposes of this Engagement Letter, the term "Audit Documentation" shall mean the confidential and proprietary records of BNN's audit procedures performed, relevant audit evidence obtained, other audit-related workpapers, and conclusions reached. Audit Documentation shall not include custom-developed documents, data, reports, analyses, recommendations, and deliverables authored or prepared by BNN for MaineHousing under this Engagement Letter, or any documents belonging to MaineHousing or furnished to BNN by MaineHousing.

Review of Audit Documentation by a successor auditor or as part of due diligence is subject to applicable BNN policies, and will be agreed to, accounted for and billed separately. Any such access to our Audit Documentation is subject to a successor auditor signing an Access & Release Letter substantially in BNN's form. BNN reserves the right to decline a successor auditor's request to review our workpapers.

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

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 the requested Audit Documentation will be provided under the supervision of BNN audit personnel and at a location designated by BNN.

Indemnification, Limitation of Liability, and Claim Resolution

Because BNN will rely on MaineHousing and its management the Audit Committee to discharge the foregoing responsibilities, MaineHousing agrees to indemnify, hold harmless and release BNN and its principals, officers, directors, employees, affiliates, subsidiaries, contractors, subcontractors, agents, representatives, successors, or assigns from all third-party claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of MaineHousing's management.

MAINEHOUSING AND BNN AGREE THAT NO CLAIM ARISING OUT OF, FROM, OR RELATING TO THE SERVICES RENDERED PURSUANT TO THIS ENGAGEMENT LETTER SHALL BE FILED MORE THAN TWO YEARS AFTER THE DATE OF THE AUDIT REPORT ISSUED BY BNN OR THE DATE OF THIS ENGAGEMENT LETTER IF NO REPORT HAS BEEN ISSUED. IN NO EVENT SHALL BNN OR MAINEHOUSING, OR ANY OF THEIR RESPECTIVE PRINCIPALS, OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES, SUBSIDIARIES, CONTRACTORS, SUBCONTRACTORS, AGENTS, REPRESENTATIVES, SUCCESSORS, OR ASSIGNS (COLLECTIVELY, THE "COVERED PARTIES" AND EACH INDIVIDUALLY, A "COVERED PARTY"), BE LIABLE FOR THE INTERRUPTION OR LOSS OF BUSINESS, ANY LOST PROFITS, SAVINGS, REVENUE, GOODWILL, SOFTWARE, HARDWARE, OR DATA, OR THE LOSS OF USE THEREOF (REGARDLESS OF WHETHER SUCH LOSSES ARE DEEMED DIRECT DAMAGES), OR INCIDENTAL, INDIRECT, PUNITIVE, CONSEQUENTIAL, SPECIAL, EXEMPLARY, OR SIMILAR SUCH DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES EXCEPT FOR A COVERED PARTY'S INDEMNIFICATION OBLIGATIONS UNDER THIS ENGAGEMENT LETTER. TO THE FULLEST EXTENT PERMITTED BY LAW, THE TOTAL AGGREGATE LIABILITY OF THE COVERED PARTIES ARISING OUT OF, FROM, OR RELATING TO THIS ENGAGEMENT LETTER, OR THE REPORT ISSUED OR SERVICES PROVIDED HEREUNDER, REGARDLESS OF THE CIRCUMSTANCES OR NATURE OR TYPE OF CLAIM, INCLUDING, WITHOUT LIMITATION, CLAIMS ARISING FROM A COVERED PARTY'S NEGLIGENCE OR BREACH OF CONTRACT OR WARRANTY, OR RELATING TO OR ARISING FROM A GOVERNMENT, REGULATORY OR ENFORCEMENT ACTION, INVESTIGATION, PROCEEDING, OR FINE, WILL NOT EXCEED THE TOTAL AMOUNT OF THE FEES PAID BY MAINEHOUSING TO BNN UNDER THIS ENGAGEMENT LETTER. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS LIMITATION OF LIABILITY PROVISION SHALL, OR SHALL BE INTERPRETED OR CONSTRUED TO, RELIEVE MAINEHOUSING OF ITS PAYMENT OBLIGATIONS TO BNN UNDER THIS ENGAGEMENT LETTER.

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

If mediation fails to resolve the dispute or claim, the parties hereby agree to submit any action, claim or counterclaim, whether based in contract, tort, statutory rights or otherwise, to the Courts of the State of Maine.

Confidentiality

BNN and MaineHousing may, from time to time, disclose Confidential Information (as defined below) to one another. Accordingly, BNN and MaineHousing agree as the recipient of such Confidential Information (the Receiving Party) to keep strictly confidential all Confidential Information provided to it by the disclosing party (the Disclosing Party) and use, modify, store, and copy such Confidential Information only as necessary to perform its obligations and exercise its rights under this Engagement Letter. Except as otherwise set forth herein, the Receiving Party may only disclose the Confidential Information of the Disclosing Party to its personnel, agents, and representatives to provide the services or exercise its rights under this Engagement Letter who are subject to obligations of confidentiality at least as restrictive as those set forth herein and only for the purpose of exercising its rights and fulfilling its obligations hereunder. To avoid any doubt, BNN is permitted to disclose MaineHousing's Confidential Information to BNN's personnel, agents, and representatives for the purpose of maintaining compliance with applicable laws and professional, regulatory, and/or ethical standards.

As used herein, "Confidential Information" means information in any form, oral, graphic, written, electronic, machine-readable or hard copy, consisting of: (i) any nonpublic information provided by the Disclosing Party, including, but not limited to, all of its inventions, designs, data, source and object code, programs, program interfaces, know-how, trade secrets, techniques, ideas, discoveries, marketing and business plans, pricing, profit margins and/or similar information; (ii) any information that the Disclosing Party identifies as confidential; or (iii) any information that, by its very nature, a person in the same or similar circumstances would understand should be treated as confidential, including, but not limited to, this Engagement Letter.

As used herein, the term "Confidential Information" will not include information that: (i) is publicly available at the time of disclosure by the Disclosing Party; (ii) becomes publicly available by publication or otherwise after disclosure by the Disclosing Party, other than by breach of the confidentiality obligations set forth herein by the Receiving Party; (iii) was lawfully in the Receiving Party's possession, without restriction as to confidentiality or use, at the time of disclosure by the Disclosing Party; (iv) is provided to the Receiving Party without restriction as to confidentiality or use by a third party without violation of any obligation to the Disclosing Party; or (v) is independently developed by employees or agents of the Receiving Party who did not access or use the Disclosing Party's Confidential Information.

The Receiving Party will treat the Disclosing Party's Confidential Information with the same degree of care as the Receiving Party treats its own confidential and proprietary information, but in no event will such standard of care be less than a reasonable standard of care. The Receiving Party will promptly notify the Disclosing Party if it becomes aware that any of the Confidential Information of the Disclosing Party has been used or disclosed in violation of this Engagement Letter.

Preexisting Nondisclosure Agreements

In the event that the parties have executed a separate nondisclosure agreement, such agreement shall be terminated as of the effective date of this Engagement Letter and the terms of this Engagement Letter shall apply to the treatment of information shared by the parties hereto.

Data Protection Compliance

We take reasonable steps to comply with all applicable privacy, cybersecurity, and data protection laws that may apply to Personal Information and Confidential Information we process on behalf of our clients. Upon written request, we will provide summaries of our IT security and disaster recovery policies and make our senior IT personnel reasonably available for discussion upon request. Any information we disclose to you concerning our IT control environment shall constitute Confidential Information of BNN and shall be subject to the confidentiality obligations set forth in this Engagement Letter.

Prior to disclosing to us or our subcontractors or granting us or our subcontractors with access to your data, you will identify in writing any personal, technical, or other data provided or made accessible to us or our subcontractors pursuant to this Engagement Letter that may be subject to heightened protections under applicable privacy, cybersecurity, export control, and/or data protection laws, including, but not limited to, protected health information pursuant to the *Health Insurance Portability and Accountability Act of 1996* (HIPAA), classified or controlled unclassified information subject to the National Industrial Security Program Operating Manual (NISPO), or the Defense Federal Acquisition Regulation Supplement (DFARS), or data subject to Export Administration Regulations (EAR), or International Traffic in Arms Regulations (ITAR) controlled data. Unless otherwise expressly agreed upon and specified in writing by BNN and MaineHousing, you shall not provide us or any of our subcontractors with access to such data and you shall be responsible for the handling of all such data in connection with the performance of the services requested hereunder, including, but not limited to, the scrubbing, de-identification, de-aggregation, protection, encryption, transfer, movement, input, storage, migration, deletion, copying, processing, and modification of such data.

BNN and MaineHousing acknowledge and agree that they may correspond or convey information and documentation, including Confidential Information and Personal Information, via various forms of electronic transmission, including, but not limited to, Third-Party Products, such as email, FTP and cloud-based sharing and hosting applications (e.g., portals, data analytics tools, and helpdesk and support ticketing applications), and that neither party has control over the performance, operation, reliability, availability, or security of these electronic transmissions methods. Therefore, neither party will be liable for any loss, damage, expense, harm, disclosure or inconvenience resulting from the loss, delay, interception, corruption, unauthorized disclosure, or alteration of any electronic transmission where the party has used commercially reasonable efforts to protect such information. We offer our clients various platforms for the exchange of information. You hereby agree that you shall be bound by and comply with any and all user terms and conditions made available (whether by link, click-through, or otherwise) with respect to such platforms.

Personal Information

As used herein, the term "Personal Information" means any personal information as may be defined by applicable privacy, data protection or cybersecurity laws that directly or indirectly identifies a natural person, and includes, but is not limited to, nonpublic, personally identifiable information such as Social Security numbers, Social Insurance numbers, driver's license numbers or state- or province-issued identification card numbers, and health information.

Each party agrees to transmit Personal Information consistent with applicable laws and any other obligations the respective party may have. We are permitted to use all such Personal Information to perform our obligations and exercise our rights under this Engagement Letter.

You represent and warrant that you have provided all notices and obtained all consents required under applicable data protection laws prior to your collection, use and disclosure to us or our subcontractors of such Personal Information and shall take reasonable steps to ensure that such Personal Information does not include irrelevant or unnecessary information about individuals.

We agree to maintain appropriate security measures to protect such Personal Information in accordance with applicable laws.

If we become aware of an unauthorized acquisition or use of MaineHousing-provided Personal Information, we will promptly inform you of such unauthorized acquisition or use as required by applicable laws and, upon your written request, reasonably cooperate with you at your sole cost in support of any breach notification requirements as imposed upon you by applicable laws.

Retention of Records

We will return to you all original records you provide to us in connection with this engagement. Further, in addition to providing you with those deliverables set forth in this Engagement Letter, we will provide to you a copy of any records we prepare or accumulate in connection with such deliverables which are not otherwise reflected in your books and records without which your books and records would be incomplete. You have the sole responsibility for retaining and maintaining in your possession or custody all of your financial and nonfinancial records related to this engagement. We will not host, and will not accept responsibility to host, any of your records. We, however, may maintain a copy of any records of yours necessary for us to comply with applicable law and/or professional standards. Or to exercise our rights under this Engagement Letter. Any such records retained by us will be subject to the confidentiality obligations set forth herein and destroyed in accordance with our record retention policies.

Termination

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Engagement Letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

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

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Engagement Letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Engagement Letter.

When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Engagement Letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Engagement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Engagement Letter will no longer apply. In order for us to recommence work, the execution of a new Engagement Letter will be required.

The parties agree that those provisions of this Engagement Letter which, by their context, are intended to survive, including, but not limited to, payment, limitations on liability, claim resolution, use and ownership, and confidentiality obligations, shall survive the termination of this Engagement Letter.

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

Miscellaneous

We may mention your name and provide a general description of the engagement in our client lists and marketing materials.

Notwithstanding anything stated to the contrary in this Engagement Letter, MaineHousing acknowledges and consents that we also may utilize Confidential Information and Personal Information to (i) improve the quality of our services and offerings and/or (ii) develop or perform internal data analysis or other insight generation. Information developed in connection with these purposes may be used by us to provide services or offerings. We will not use your Confidential Information or Personal Information in a way that would permit MaineHousing or an individual to be identified by third parties without your prior written consent.

MaineHousing agrees that it will not include our reports or otherwise associate us with any public or private securities offering without first obtaining our consent. Therefore, MaineHousing agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering. Our association with an official statement is a matter for which separate arrangements may be necessary. MaineHousing agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. If, based on our review, we identify no material inconsistencies with our audit, or other misstatements of fact, we will promptly communicate in writing to MaineHousing that we do not object to the inclusion of our report in the offering documents. 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.

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

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

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a principal or professional employee leaves BNN and is subsequently employed by or associated with a client in a key position. Accordingly, you agree to compensate us for any additional costs incurred as a result of your employment of one of our principals or employees.

Each party hereto affirms it has not been placed on a Sanctioned List (as defined below) and will promptly notify the other party upon becoming aware that it has been placed on a Sanctioned List at any time throughout the duration of this Engagement Letter. MaineHousing shall not, and shall not permit third parties to, access or use any of the deliverables provided for hereunder, or Third-Party Products provided hereunder, in violation of any applicable sanctions, laws or regulations, including, but not limited to, accessing or using the deliverables provided for hereunder or any Third-Party Products from any territory under embargo by the United States or Canada. MaineHousing shall not knowingly cause BNN to violate any sanctions applicable to BNN. As used herein "Sanctioned List" means any sanctioned person or entity lists promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the Consolidated Canadian Autonomous Sanctions List, the United Nations Security Council, the European Union, and United Kingdom.

Any term of this Engagement Letter that would be prohibited by or impair our independence under applicable law or regulation shall not apply, to the extent necessary only to avoid such prohibition or impairment.

Notices

Unless otherwise expressly agreed upon by the parties in this Engagement Letter, all notices required to be given hereunder will be in writing and addressed to the party at the business address provided in this Engagement Letter, or such other address as such party may indicate by a notice delivered to the other party. A copy of any legal notice (e.g., any claimed breach or termination of this Engagement Letter) sent by MaineHousing to BNN shall also be sent to the following address: Darren Hurlburt, Chief Risk Officer, Baker Newman & Noyes LLC, 280 Fore Street, Portland, Maine. Except as otherwise expressly provided in this Engagement Letter, notices hereunder will be deemed given and effective: (i) if personally delivered, upon delivery; (ii) if sent by registered or certified mail or by overnight courier service with tracking capabilities, upon receipt; and, (iii) if sent by electronic mail (without indication of delivery failure), at such time as the party that sent the notice receives confirmation of receipt, whether by read-receipt confirmation or otherwise.

Governing Law

This Engagement Letter, including, without limitation, its validity, interpretation, construction, and enforceability, and any dispute, litigation, suit, action, claim, or other legal proceeding arising out of, from, or relating in any way to this Engagement Letter, any provisions herein, a report issued or the services provided hereunder, will be governed and construed in accordance with the laws of the State of Maine, without regard to its conflict of law principles, and applicable U.S. federal law.

Entire Agreement

This Engagement Letter constitutes the complete and exclusive statement of agreement between BNN and MaineHousing, and supersedes all prior agreements, understandings, and proposals, whether oral or written, relating to the subject matter of this Engagement Letter.

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

This Engagement Letter may be amended or modified only by a written instrument executed by both parties.

Electronic Signatures and Counterparts

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

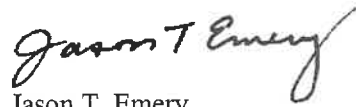
Please sign and return a copy of this Engagement Letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

Acknowledgement and Acceptance

Each party acknowledges that it has read and agrees to all of the terms and conditions contained herein. Each party and its signatory below represents that said signatory is a duly authorized representative of such party and has the requisite power and authority to bind such party to the undertakings and obligations contained herein.

Agreed to and acknowledged by:

BAKER NEWMAN & NOYES LLC



Jason T. Emery
Managing Director

Confirmed on behalf of Maine State Housing Authority:

Laura Buxbaum
Chair of the Audit Committee

11/28/23
Date

Dan Brennan
Dan Brennan, Executive Director

11/28/2023
Date

Thomas C. Cary
Thomas Cary, Treasurer

11/28/2023
Date



Report on the Firm's System of Quality Control

To the Principals of
Baker Newman & Noyes, Limited Liability Company
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Baker Newman & Noyes, Limited Liability Company (the "firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits performed under FDICIA, audits of employee benefit plans, and examinations of service organizations [SOC 1 and SOC 2 engagement).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Baker Newman & Noyes, Limited Liability Company, applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Baker Newman & Noyes, Limited Liability Company has received a peer review rating of *pass*.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
January 12, 2021



March 28, 2024

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

This representation letter is provided in connection with your audit of the basic financial statements (which consist of financial statements of the governmental activities, the business-type activities, each major fund and the related notes to the financial statements) of Maine State Housing Authority (MaineHousing), a component unit of the State of Maine, as of and for the year ended December 31, 2023 for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, that as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 27, 2023, 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. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by MaineHousing include:
 - a. Those with the State of Maine; and
 - b. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, as applicable.

6. The financial statements properly classify all funds and activities in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. We are responsible for determining that significant events or transactions that have occurred since the statement of net position date and through the date of this letter have been recognized or disclosed in the financial statements. No events or transactions other than those disclosed in the financial statements have occurred subsequent to the statement of net position date and through the date of this letter that would require recognition or disclosure in the financial statements. We further represent that as of the date of this letter, the financial statements were complete in a form and format that complied with U.S. GAAP, and all approvals necessary for issuance of the financial statements had been obtained.
8. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 450 and/or GASB Statement No. 10.
9. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
10. The effects of all known, actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
12. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
13. Provisions for uncollectible receivables, including loans, have been properly identified and recorded.
14. Capital assets, including infrastructure, intangible assets and right-of-use assets are properly capitalized, reported and, if applicable, depreciated.
15. MaineHousing, as applicable, properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*.
16. Components of net position (net investment in capital assets, restricted and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
17. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, or grants and contributions.

18. Expenses 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.
19. Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.
20. In the audit engagement letter dated November 27, 2023, we requested that you perform certain non-audit services necessary for the preparation of the financial statements, including assistance with the final editing and reproduction of the financial statements (including required supplementary information and supplementary information).

With respect to these services:

- a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;
 - c. We evaluated the adequacy and results of the services performed and made an informed judgment on the results of the services performed;
 - d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.
21. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
 22. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.
 23. We have informed you of all uncorrected misstatements in the financial statements.
 24. As of and for the year ended December 31, 2023, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate to the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Description	Effect – Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expenses
General Administrative Fund					
To reduce construction in process for unpaid amounts	<u>\$(605,294)</u>	<u>\$(605,294)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Other Federal and State Programs					
To reverse the impact of the LEAD/HOME expenditure adjustment:					
LEAD:					
Grant income	\$ —	\$ —	\$ —	\$ 415,610	\$ —
Transfers in	—	—	—	(415,610)	—

Description	Effect – Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expenses
To adjust 2022 ERA expenditures recorded in 2023	\$ –	\$ –	\$ –	\$(106,390)	\$(106,390)
To adjust 2022 LIAP and oxygen/ventilation expenditures recorded in 2023	–	–	–	(112,490)	(112,490)
To adjust accounts receivable for programs no longer administered	(200,940)	–	(200,940)	–	–
	<u>\$(200,940)</u>	<u>\$ –</u>	<u>\$(200,940)</u>	<u>\$(218,880)</u>	<u>\$(218,880)</u>

HOME Fund

To reverse the impact of the LEAD/HOME expenditure adjustment:

HOME:

Grant expense
 Transfers out

\$ –	\$ –	\$ –	\$ –	\$ 415,610
–	–	–	–	(415,610)
<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>

25. There are no organizations that are a part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 of the GASB’s *Codification of Governmental Accounting and Financial Reporting Standards* that are:
 - a. Component units;
 - b. Other organizations for which the nature and significance of their relationship with MaineHousing are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete; or
 - c. Jointly governed organizations in which we participated.
26. We are a component unit of the State of Maine as this term is defined in Section 2100 of the GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*.
27. We have identified for you all of our funds, governmental functions, and identifiable business-type activities.
28. We have properly classified all funds and activities.
29. We have properly determined and reported the major governmental and enterprise funds based on the required quantitative criteria. We believe that all judgmentally determined major funds are particularly important to the financial statement users.
30. We are responsible for compliance with laws and regulations applicable to MaineHousing.

31. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts including legal and contractual provisions for reporting specific activities in separate funds.
32. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
33. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Guarantees, whether written or oral, under which MaineHousing is contingently liable;
 - b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances;
 - c. Line of credit or similar arrangements;
 - d. Agreements to repurchase assets previously sold;
 - e. Security agreements in effect under the Uniform Commercial Code;
 - f. Any other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way;
 - g. The fair value of investments;
 - h. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books;
 - i. Any liabilities which are subordinated in any way to any other actual or possible liabilities;
 - j. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements;
 - k. Debt issue provisions;
 - l. All leases and material amounts of rental obligations under long-term leases;
 - m. All significant estimates and material concentrations known to management which are required to be disclosed in accordance with the American Institute of Certified Public Accountants' (AICPA) Statement of Position 94-6, *Disclosure of Certain Significant Risks and Uncertainties*. Significant estimates are estimates at the statement of net position date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year;
 - n. Authorized but unissued bonds and/or notes;
 - o. Risk financing activities;
 - p. Derivative financial instruments;
 - q. The effect on the financial statements of GASB Accounting Statements which have been issued, but which we have not yet adopted;
 - r. Special and extraordinary items;
 - s. Deposits and investment categories of risk;
 - t. Arbitrage rebate liabilities;
 - u. Impairment of capital assets; and
 - v. Net positions and fund balance classifications.
34. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a. To reduce receivables to their estimated net collectable amounts;

- b. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values;
- c. For risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through December 31, 2023 and/or for expected retroactive insurance premium adjustments applicable to periods through December 31, 2023;
- d. For pension obligations, post-retirement benefits other than pensions and deferred compensation agreements attributable to employee services rendered through December 31, 2023;
- e. For any material loss to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments;
- f. For any material loss to be sustained as a result of purchase commitments; and
- g. For environmental clean-up obligations.

Information Provided

35. We have provided you with:
- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within MaineHousing from whom you determined it necessary to obtain audit evidence;
 - d. All minutes of the meetings of the governing board and committees of board members or summaries of actions of recent meetings for which minutes have not yet been prepared; and
 - e. All communications from grantors, lenders, other funding sources or regulatory agencies concerning noncompliance with:
 - i. Statutory, regulatory or contractual provisions or requirements; and
 - ii. Financial reporting practices that could have a material effect on the financial statements.
36. All transactions have been recorded in the accounting records and are reflected in the financial statements.
37. 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.
38. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
39. We have no knowledge of allegations of fraud or suspected fraud affecting the entity involving:
- a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.

40. We have no knowledge of any allegations of fraud or suspected fraud affecting MaineHousing's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.
41. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
42. We have disclosed to you the identity of MaineHousing's related parties and all the related-party relationships and transactions of which we are aware.
43. We have informed you of all deficiencies in internal control over financial reporting, including significant deficiencies and material weaknesses, in the design or operation of internal controls that could adversely affect MaineHousing's ability to record, process, summarize and report financial data.
44. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
45. We agree with the findings of specialists in evaluating the fair value of interest rate swaps and the amount of arbitrage due or receivable and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Lastly, we believe that the information obtained from the audited financial statements of and other participant information provided by the Maine Public Employees Retirement System's PLD Consolidated Retirement Plan is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the Plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Plan or its auditor.

46. During the course of your audit, you may have accumulated records containing data that 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.
47. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination;
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5 and/or GASB Statement No. 10.
48. We have satisfactory title to all owned assets.
49. We are responsible for and have reviewed and approved the proposed adjustments to the trial balances identified during the audit, which are included in the list of Recorded Audit Adjustments and will post

all adjustments accordingly. We have reviewed, approved and are responsible for overseeing the preparation and completion of the basic financial statements and related notes.

50. We have prepared the basic financial statements and we are satisfied that the financial statements contain all material disclosures required by generally accepted accounting principles.
51. We are responsible for and have reviewed and approved the proposed adjustments to the trial balances identified during the audit, which resulted in an increase to grant revenue and expense of \$6,163,408 in the Other Federal and State Programs Fund, and a corresponding decrease in deferred revenue and increase in accounts payable.

Supplementary Information

52. With respect to Management's Discussion and Analysis and the Required Supplementary Information presented as required by GASB 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 is measured and presented in accordance with guidelines prescribed by U.S. GAAP;
 - c. The methods of measurement or presentation have not changed from those used in the prior period;
 - d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information; and
 - e. When supplementary information is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of the issuance of the supplementary information and the auditors' report thereon.

Compliance Considerations

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

1. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework;
2. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee;
3. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulation, and grant agreements that have a material effect on the financial statements;
4. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;

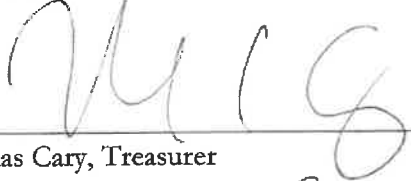
5. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud;
6. Has taken timely and appropriate steps to remedy identified or suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that the auditor reports, if applicable;
7. Has a process to track the status of audit findings and recommendations;
8. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented;
9. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit;
10. Has provided views on the auditors' reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report, if applicable; and
11. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating Darren Brown, Director of Finance, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Very truly yours,

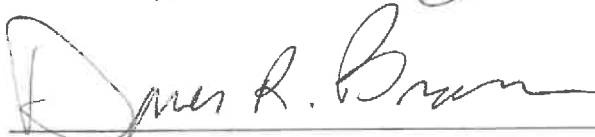
Maine State Housing Authority



Dan Brennan, Executive Director

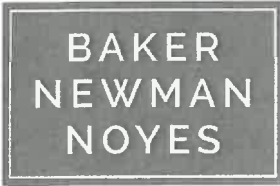


Thomas Cary, Treasurer



Darren Brown, Director of Finance

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Management and the Board of Commissioners
Maine State Housing Authority

In planning and performing our audit of the basic financial statements of Maine State Housing Authority (MaineHousing) as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we considered MaineHousing’s internal control over financial reporting (internal control) as a basis for designing our 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 over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the entity’s internal control to be a significant deficiency:

Expenditure Cutoff of Low Income Assistance Plan (LIAP)

MaineHousing administers the LIAP program for the State of Maine, which provides utility benefits for low to moderate income persons in the State. During 2023, MaineHousing received one-time additional program funding of \$7,500,000 from the State. Our audit procedures identified funds of \$6,163,408 were disbursed for this program in February 2024, but related to expenditures incurred in 2023. These expenditures were not recorded as grant expenditures or income when incurred in 2023; accordingly, an audit adjustment for this amount was recorded in 2023 to account for these grant expenditures. We recommend management monitors the period of performance for expenditures within this program to ensure grant revenues and expenditures are recorded in the prior period.

Management Response

The disbursements made in February 2024 were presented as the first benefit payments for the new 2024 program year and were not initially recorded as expenditures in 2023 because they were thought to be 2024 benefits. After following-up with program staff and ascertaining that the expenditures related to 2023 benefits, adjustments were made to properly reflect the offsetting grant income and expense in the financial statements. The adjustments had no impact on fund balance.

Cut-off procedures are performed and there are controls in place to ensure that grant revenues and expenditures for all programs are recorded in the proper period. We will continue with the established procedures and will proactively work with program staff to verify the benefit period when needed.

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

Monitoring of Program Compliance and Expenditure Reclassification

Certain programs administered by MaineHousing are subject to earmarking and matching compliance requirements and these compliance requirements are monitored by program staff. During 2023, program and compliance staff discovered that the matching compliance requirements for one program, Lead-Based Paint Hazard Control in Privately-Owned Housing, was not met for grant year 2022. To comply with the matching requirements, this was remediated by MaineHousing by reclassifying expenditures from the HOME fund. However, since this was not identified until 2023, the expenditure reclassification adjustment was recorded in 2023 instead of 2022. We recommend that MaineHousing closely monitors program expenditures and compliance requirements to ensure adjustments are recorded in the proper period.

Management Response

The Lead-Based Paint Hazard Control program had a unit count obligation and the reclassifying of expenditures was done to meet this requirement. These adjustments impacted the program's match requirements. The adjustments were needed because the established per unit program funds- to-match funds ratio was not used for certain units. This occurred and was not discovered sooner due to staff turnover and changes.

The grant years and performance periods for many of the federal programs do not coincide with MaineHousing's fiscal year. The grant period for this program was scheduled to end in August 2023. Adjustments to comply with program requirements need to be made within the allowable program period and sometimes the timing of these adjustments do not occur in the appropriate fiscal year for financial reporting. We will continue to monitor program expenditures and compliance requirements to ensure that necessary program adjustments are made in the proper period for financial reporting purposes.

* * * * *

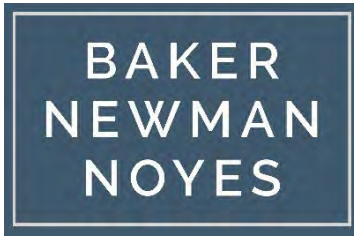
Management's response to the internal control deficiencies identified in our audit were not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Page 3
Management and the Board of Commissioners
Maine State Housing Authority

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Baker Newman & Nayga LLC
Portland, Maine
March 28, 2024

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Presentation to the Board of Commissioners



Jason Emery, Managing Director

April 16, 2024

Overview of Our Engagement

We were engaged to perform the following audits:

- MaineHousing’s December 31, 2023 financial statements
- MaineHousing’s Federal Financial Assistance Programs in accordance with the Single Audit Act and Subpart F of Title 2 U.S. CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) for the year ended December 31, 2023

Annual Report

The annual report consists of four main sections:

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

Auditors' Report

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

Auditors' Report (Continued)

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

Auditors' Report (Continued)

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

Auditors' Report (Continued)

- If we noted a material weakness or a significant deficiency in internal control over financial reporting, we would be required to report them
 - We have reported internal control recommendations in a separate management letter, which includes MaineHousing's responses
- If we noted noncompliance that would have a direct and material effect on the financial statements, we would be required to report it
 - We noted none

Other Sections of the Annual Report

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

Audit Discussion

- There are three significant estimates made in the financial statements
 - Allowance for loan losses
 - Review of current problem loans and past trends
 - Fair value of interest rate swap contracts
 - Third party valuation firm
 - Funded status of pension plan
 - Review pension plan audited financial statements
- Other significant audit areas
 - Cash and investments
 - Loans
 - Bonds
 - Accruals related to federal programs
 - Revenues and expenses related to the above areas
- Looking ahead
 - Major COVID-19 funding continues to wind-down, but new State and Federal funding impacting MaineHousing may emerge

Audit Discussion (Continued)

- Federal programs audit
 - To determine whether the federal programs have been administered materially in compliance with federal guidelines
 - Programs to be audited for 2023 cover roughly 43% federal expenditures
 - ❖ Expand Affordable Housing – American Rescue Plan Act
 - ❖ Emergency Rental Assistance Program
 - ❖ Homeowner Assistance Program
 - ❖ Section 8 Housing Choice Voucher Program
 - ❖ HOME Investment Partnership Program
 - ❖ Weatherization Program
 - ❖ Disaster Grants Public Assistance (FEMA) Program
 - To review the following as they pertain to Federal programs:
 - Administrative controls
 - Accounting controls
 - Compliance with federal guidelines, as determined by the Compliance Supplement published by the Federal Government and/or grant agreements
 - REAC filings with HUD
 - The 2023 audit is in process
 - The 2022 audit had no findings

Engagement Team

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

Team was supported by other audit staff

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

Audit Department Memorandum

To: Board of Commissioners
From: Linda L. Grotton, Director of Audit
Date: April 9, 2024
Subject: Audit Committee Report

The MaineHousing Audit Committee held a quarterly meeting on April 9, 2024. Laura Buxbaum (Chair of the Audit Committee) and Audit Committee members Betty Dietz and Nancy Harrison met with Linda Grotton.

Linda updated the various Charters governing MaineHousing's Audit function for review by the Committee, including:

- the Audit Committee Charter,
- the Internal Audit Charter,
- the Information Security Committee (ISC) Charter, as well as
- the Director of Audit job description.

The majority of changes were minor to reflect current titles, practices, and terminology. The Committee approved changes to all four documents, effective April 9, 2024.

Internal Audit Update

The Audit Committee discussed the recently completed HEAP Waiver Review Report, which resulted in proposed changes to the HEAP rule.

External Audit Update

Linda discussed the on-going monitoring review of the Housing Navigator program being conducted by Eide Bailly, a national CPA/Consulting firm hired by the State of Maine to review ARPA fund expenditures.

Linda also provided the Audit Committee with a copy of the close-out letter received from HUD in January regarding the results of their annual compliance review of the PBCA (Performance Based Contract Administration) program managed by Asset Management. As Bob Conroy noted in his report to the Board, this was the 23rd year in a row with no findings.

The next quarterly Audit Committee meeting is scheduled for July 8 at 1 p.m.

Asset Management Department Memorandum

To: MaineHousing Board of Commissioners
From: Robert Conroy – Director, Asset Management
Date: April 8, 2024
Subject: April Board Report - Asset Management

New Initiative to Benefit Residents in Affordable Housing Properties

As a result of our recent receipt of special funding from the Maine Legislature, MaineHousing has partnered with CIRCA and the Maine Real Estate Manager’s Association (MREMA) to offer a new 2-year rent payment Demonstration program that allows property residents the opportunity to improve their credit scores through timely rent payments while assisting property management in their rent collection process.

CIRCA is a technology company that specializes in providing tools to property owners and managers to assist them in the rent collection management process.

As CIRCA notes on their company summary:

“Residents across the country need a better way to pay bills. The rent payment is the most important payment a household will make in any given month, so why haven’t payment systems evolved to fit the ever-changing financial situations of residents?”

We developed a new payment system based on flexibility and mutual respect. This new system aligns residents’ need for flexible, dignified, and accessible payments with properties’ need to collect on-time.”

This program, optional to residents and free of charge, will use Circa to report resident payment activity to the credit bureaus thus helping residents build credit while encouraging on-time payment. For many residents their monthly rent is the only way to build and improve their credit score.

We are pleased to support this Demonstration program and look forward to working with CIRCA and our property management partners for the benefit of residents.



Development Department Memorandum

To: MaineHousing Board of Commissioners
From: Mark C. Wiesendanger, Director of Development
Date: April 16, 2024
Subject: Monthly Report

2025-2026 Qualified Allocation Plan (QAP)

At this week’s Board meeting we are holding the public hearing for the QAP. A 10-day open public comment period will follow. If there are no significant changes to the proposed rule, we will ask the Board to adopt the proposed rule at the May Board meeting.

Below is the schedule of planned QAP milestones.

Item	Action/Due Date
External Partner Meetings	November/January
Board Discussion	January
Housing Needs Updates	January/February
Draft for internal circulation	February
Draft to partners – redline	February/March
Draft to Board for Rule-making	March
<i>Public Hearing</i>	<i>April</i>
Board Adoption	May
Publish	May
Pre-applications Deadline	July
Applications Deadline	September
Scoring	September/October
Conversations	October
Awards/Results	November

2023 Rural Affordable Rental Housing

We have scored the 2023 Applications for the Rural Affordable Rental Housing Program. There were 16 Applicants, and 6 winners. The winning Applicants are:

Project Name	Developer	Location	# of Units
16 Mills Road Newcastle	Nelson, Hight, Wilbur	Newcastle	16
165 Main Street	DePre Family	Waterville	18
6 Madelyn Lane	Caleb Lincoln	Rockland	18
986 Prospect Avenue, LLC	Wilbur, Calhouns	Rumford	18
Central Park Residences	Tim Reinkin	Sanford	18
Tree Tops Apartments	Matt Morrill	Hallowell	17

Development Pipeline

Below you will find the Development Pipeline updated as of March 5. We expect that a small number of these projects will not see completion, and that predicted construction starts and completions will change as projects move forward.

Project Name	Developer	Program	City	Family/ Senior	Total Units
Completed in 2024					
Village Commons	Avesta	9%	Scarborough	Senior	31
<i>NC/AR Projects</i>	<i>1</i>			<i>New Units</i>	<i>31</i>
The Schoolhouse	CHOM	4%	Bangor	Family	45
<i>Rehab Projects</i>	<i>1</i>			<i>Rehab Units</i>	<i>45</i>
Total Projects	2			Total Units	76
Under Construction - likely completed in 2024					
Brunswick Landing	Developers Collaborative		Brunswick	Family	36
One Edgemont Drive	ACAP	SHP	Presque Isle	Family	13
99 Western Ave	Mastway Dev LLC	4%	Augusta	Family	38
Hartland II	KVCAP	4%	Hartland	Senior	30
Stacy M. Symbol Apts.	Westbrook HA	4%	Westbrook	Senior	60
Stroudwater Apartments	Westbrook HA	4%	Westbrook	Senior	55
Congress Square Commons	Developers Collaborative	9%	Belfast	Family	36
Front Street Re-Devt Phase 2	Portland HA	9%	Portland	Senior	45
The Uptown	Szanton	9%	Bath	Senior	60
Clarks Bridge Crossing	Patco	AHOP	Waterboro	Family	3
Highpines Village Condos	Highpine Properties LLC	AHOP	Wells	Family	16
Stearns Farm	S.E. MacMillan Co, INC	AHOP	Hampden	Family	14
Theresa Bray Knowles Place	Penquis Cap	HOME-ARP	Bangor	Family	36
18 Central Ave	Home Start	Islands	Peaks Island	Family	3
CICA 2022 Island Housing	CICA	Islands	Chebeague Island	Family	4
ICDC Town Acquisition	ICDC	Islands	Isle au Haut	Family	4
NHSH Affordable	NH Sustainable Housing	Islands	New Haven	Family	4
Reeby Road	Islesboro Affordable	Islands	Islesboro	Family	2

18 Green Street	Motivational Svs	HTF	Augusta	Family	8
55 Weston Ave	55 Weston Avenue LLC	Rural	Madison	Family	18
Congress Sq. Commons Bld A	Developers Collaborative	Rural	Belfast	Family	12
Tucker's House Harrison	LB Development Partners	Recovery	Harrison	Supp.	10
<i>NC/AR Projects</i>	22			<i>New Units</i>	507
Millbrook Estates	Westbrook HA/EBM	4%	Westbrook	Senior	100
Oak Grove Commons	Realty Resources	9%	Bath	Family	34
<i>Rehab Projects</i>	2			<i>Rehab Units</i>	134
Total Projects	24			Total Units	641

Under Construction - likely completed in 2025

Betsy Ross Crossing	SoPo HA	4%	So. Portland	Senior	52
Edgewater Village	Avesta	4%	Farmington	Senior	25
Fairview Commons	Brunswick HA	4%	Topsham	Family	38
Lambert Woods North	Maine Coop. Dev. Partners	4%	Portland	Family	74
Lockwood Mill	North River Co.	4%	Waterville	Family	65
Meadowview II	Avesta	4%	Gray	Senior	27
Wedgewood	Lewiston HA/Avesta	4%	Lewiston	Family	82
The Equinox	CHOM	4%+State	Portland	Family	43
Winter Landing	CHOM	4%+State	Portland	Senior	52
Adams Point	Biddeford HA	9%	Biddeford	Family	39
Landry Woods	South Portland Housing	9%	So. Portland	Senior	43
Milford Place	Penquis CAP	9%	Bangor	Senior	40
Peasley Park	Developers Collaborative	9%	Rockland	Senior	49
Picker House Lofts	Szanton	9%	Lewiston	Family	72
Rumford Senior Living	Developers Collaborative	9%	Rumford	Senior	33
Sturgeon Landing	Augusta Housing	9%	Augusta	Family	32
Wildlands	Greater Portland Habitat	AHOP	Standish	Family	12
22 Shapleigh Road	Fairtide	HOME-ARP	Kittery	Family	6
Colonial Valley & Mt Blue	WMCA	HOME-ARP	Farmington	Family	33
<i>NC/AR Projects</i>	19			<i>New Units</i>	817
Berry Park Apartments	Northland Enterprises	4%	Biddeford	Family	46
Harbor Terrace	Portland HA	4%	Portland	Senior	120
North Deering Gardens	Wingate Dev.	4%	Portland	Family	164
<i>Rehab Projects</i>	3			<i>Rehab Units</i>	330
Total Projects	22			Total Units	1147

Preliminary Underwriting

45 Dougherty	Szanton	4%	Portland	Family	63
Farwell Mill	Realty Resources	4%	Lisbon Falls	Family	96
Munjoy South	Avesta	4%	Portland	Family	106
Place St. Marie	Brisa Dev with Andy J	4%	Lewiston	Family	40
Riverton Park	Portland HA	4%	Portland	Family	182
Seton Tower	Kevin Mattson with Andy J	4%	Waterville	Family	68
Summer Block	Bateman	4%	Saco	Senior	32
89 Elm Apartments	Tom Watson & CO LLC	4% PLA	Portland	Family	201

Avesta Seavey Street	Avesta	9%	Westbrook	Senior	61
Equality Community Housing	Equality Comm. Center	9%	Portland	Senior	54
Essex View	Penquis CAP	9%	Bangor	Family	40
Oak Ridge Apartments	Realty Resources	9%	Bath	Senior	30
19 Bodwell Street	Androscoggin Homes	AHOP	Sanford	Family	9
Alexander Way	BH Land Trust	AHOP	Boothbay Harbor	Family	7
Beals Ave WF Housing	LB Dev Partners	AHOP	Ellsworth	Family	23
Windward Estates	Penquis CAP	AHOP	Searsport	Family	7
OddFellows Apts.	Archer Properties LLC	Rural	Norway	Family	13
Berry's Block Apts.	Lake City Investments	Rural	Rockland	Family	9
520 Centre Street	Bath HA	Rural	Bath	Family	18
The Elm Estates	East Town Rentals	Rural	Presque Isle	Family	18
Mechanic Street	WLR Properties	Rural	Houlton	Family	18
Firefly Fields	Midcoast Habitat	Rural	Rockland	Family	10
Charles Jordan House	ME Prisoner Adv Coalition	SHP	Auburn	Supp.	11
Lupine Landing	Safe Voices	SHP	Farmington	Supp.	6
Seavey House	Biddeford Housing	SHP	Saco	Supp.	8
Total Projects	25			Total Units	1130

**Total Projects in
Underwriting &
Construction 73**

Total Units 2994



To: MaineHousing Board of Commissioners

From: Genevieve Soucy, Director Energy and Housing Services

Date: April 7, 2024

Subject: EHS Monthly Report

Home Energy Assistance Program (HEAP)

The Home Energy Assistance Program (HEAP) is a component of the LIHEAP grant which will provide eligible applicants with a benefit to cover a portion of their heating costs. Applications for the program are taken July – May. A household must meet the income guidelines each year and must have a direct, or indirect, heating burden.

STATEWIDE BY STATUS	PY24		PY23		PY24 +/-%
Week 37	4/2/2024		4/4/2023		
Benefits Issued:	\$22,198,687		\$48,420,674		
Funding Remaining:	\$1,801,313				
Totals	Returning	New	Returning	New	0.0%
Pending- Wait List	667	1,631	-	-	23.7%
Pending: App. In Process	1,717	2,387	2,019	3,156	
Confirmed Eligible- Wait List	693	616	-	-	9.5%
Confirmed Eligible- Paid	37,437	9,609	33,902	10,254	
Other: Ineligible/Denied/Void	7,762	5,812	3,243	4,993	64.8%
TOTAL APPLICATIONS TAKEN	48,276	20,055	39,164	18,403	18.7%

The above table compares the amount of funding paid in benefits for program year 2023 to the current program year. Also included in the table are the number of applications that are currently on the wait list.

Additional information:

- **Funding** - With the approval of the 2024 federal budget, Maine is expecting to receive the remaining funding by the end of April.
- **Wait List** – The Community Action Agencies have been processing applications for the wait list. Our current projections indicate that we will have funding available to serve a portion of the waitlist.

- **Stakeholder Input** – The period of stakeholder input for the HEAP program has closed. Included in this report is a summary of the comments that were received.
- **Rulemaking** – Included in this report is a copy of the HEAP Rule which has been revised for PY2025. At the April board meeting will be seeking permission to commence rulemaking. The public hearing for the HEAP Rule will be held at the May board meeting.
- **State Plan** – The template for the LIHEAP State Plan has been updated and disbursed to states for completion. In the May board report, we will be including a copy of the redlined version of the LIHEAP State Plan and in June we will be holding the public hearing for the LIHEAP State Plan.

Emergency Crisis Intervention Program (ECIP)

The Emergency Crisis Intervention Program (ECIP) is a component of the HEAP grant which will grant households who are eligible for HEAP up to an additional \$800 benefit if they find that they have less than a seven-day supply of fuel available. The ECIP program starts on November 1 and runs through April 30, or until funding is exhausted.

	Processed/Committed
ECIP Occurrence Processed	6,397
ECIP Funds Committed	\$2,519,438.83

Weatherization Assistance Programs (WAP)

WEATHERIZATION							
Reporting Period: January 1, 2024 – April 1, 2024							
	Projects	Readiness Jobs	Total Cost	Program Delivery & Support	DOE Funded	DOE Wx Readiness	HEAP Funded
DOE & HEAP Wx	129	6	\$1,554,436	\$373,454	\$481,810	\$38,023	\$661,148
BIL Funding	15		\$164,658	\$93,947	\$70,711		
Total	144	6	\$1,719,093	\$467,402	\$552,521	\$38,023	\$661,148
2023 Total	317	45	\$6,141,207	\$2,207,727	\$1,634,374	\$383,703	\$1,915,402
2022 Total	319	1	\$6,442,853	\$2,017,550	\$1,545,698	\$6,700	\$1,705,181

- **Multifamily** – On April 2, we held a public hearing to add the International Center for Appropriate & Sustainable Technology (ICAST) to our subgrantee listing. During the comment period, there was one question asked regarding the offering of heat pumps at the time of multifamily weatherization. The transcript as well as the response is included in the April board packet.
- **DOE Monitoring Visit** – Representatives from the Department of Energy WAP programs will be conducting an on-site monitoring in May. This will consist of administrative monitoring the week of the 6th, and a technical monitoring the week of the 13th.

Central Heating Improvement Program (CHIP)

The Central Heating Improvement Program (CHIP) provides grants to households that are HEAP eligible to assist with heating system repairs or replacements, as well as chimney and oil tank repairs or replacements. Funding for the CHIP program is from the DHHS LIHEAP grant as well as State HOME funds. To be determined eligible, households must have an approved fuel assistance application in the prior 12 months to qualify.

CENTRAL HEATING IMPROVEMENT							
Reporting Period: January 1, 2024 – April 1, 2024							
	Projects	Total Cost	Program Delivery & Support	Projects	Heating System CTE, Repair or Replacement	Projects	Chimney or Oil Tank Repairs or Replacements
2024 TOTAL	552	\$1,598,037	\$217,643	480	\$1,166,182	72	\$214,212
2023 TOTAL	2,081	\$6,242,918	\$1,284,689	1,827	\$4,245,983	254	\$712,246
2022 TOTAL	2,506	\$6,772,882	\$1,185,574	2,121	\$4,369,621	385	\$1,217,687

Home Accessibility and Repair Program (HARP)

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

HARP PROGRESS							
Reporting Period: January 1, 2024 – April 1, 2024							
	Program Delivery & Support	Home Repair		Emergency		2023 Weatherization Readiness	
Totals:	\$62,264.64	17	\$99,014	19	\$212,310		
2023 Program	\$637,264.29	68	\$1,045,510	136	\$1,899,538	19	\$241,273
2022 Program	\$832,625.20	117	\$2,070,223	121	\$2,092,903		

Community Aging in Place (CAIP)

The Community Aging in Place Program was implemented in 2017 and was modeled after Bath Housing’s Comfortably Home program. This program provides low-income older and disabled homeowners with no-cost home safety checks, minor maintenance repairs and accessibility modifications via grants so homeowners can continue living safely and comfortably at home.

Community Aging in Place (CAIP)			
	2024	2023	2022
Households Served	28	216	149
Households in Process	25		
Median Age	62	57	69
Median Income	22,893	\$16,380	\$16,912
Expenditures	\$93,836	\$ 706,009	\$741,923
Average assistance cost	\$3,351	\$3,269	\$4,979

Heat Pump Installation Program (HPP)

The Heat Pump Installation Program (HPP) installs heat pumps for eligible households where it is determined that a heat pump will reduce the household’s energy burden. Funding for this program is from the Department of Energy Sustainable Energy Resources for Consumers (SERC) grant.

HEAT PUMP				
Reporting Period: January 1, 2024 – April 1, 2024				
	Projects	Total Cost	Program Delivery & Support	Heat Pump Installation Costs
2024 YTD	262	\$1,212,115.38	\$131,914.90	\$1,080,200.48
2023 TOTAL	833	\$4,233,478.39	\$772,172.40	\$3,461,305.99
2022 TOTAL	1,697	\$7,207,641.80	\$851,911.98	\$6,355,729.82

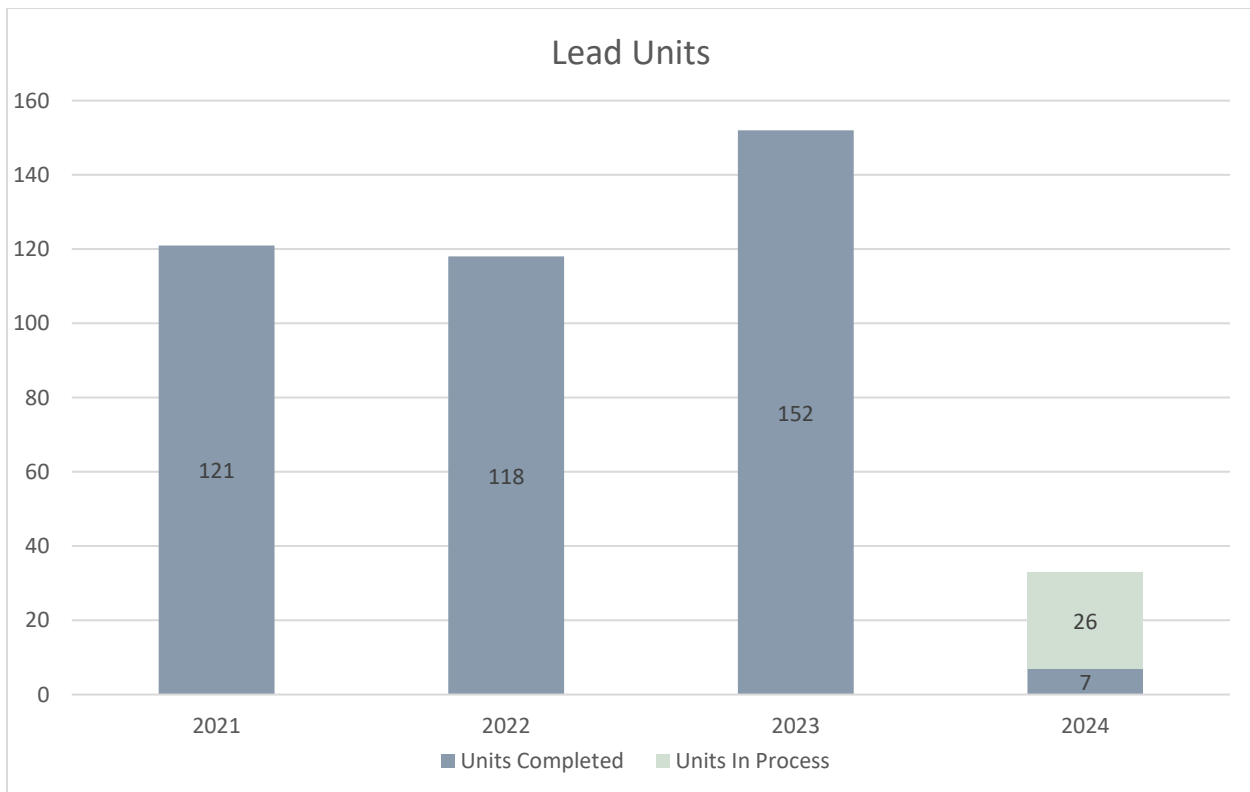
Low Income Assistance Plan (LIAP)

The Low Income Assistance Plan (LIAP) provides a credit to an eligible households electricity account. The LIAP program is funded by contributions from transmission and distribution electricity providers and the program rules and orders are governed by the MPUC. Additional assistance for households who require electricity for an oxygen pump or ventilator are also available as part of this program.

Low Income Assistance Plan (LIAP)					
Reporting Period: October 1, 2023 - September 30, 2024					
Utility	Oxygen/Vent Participants	Oxygen/Vent Credits Provided	LIAP Participants	Credits Provided	Funding for LIAP Credits Available
PY2024 TOTAL	641	\$178,591.23	23,466	\$7,309,938.47	\$22,500,000.00
PY2023 TOTAL	3,450	\$449,288.34	38,092	\$13,697,481.00	\$15,000,000.00
PY2022 TOTAL	1,078	\$250,224.85	29,869	\$10,338,389.02	\$8,386,453.00

Lead Abatement Program

MaineHousing works with four Community Action Agencies to deliver the Lead Abatement Program across the state.



To: Board of Commissioners

From: Darren R. Brown

Date: April 9, 2024

Subject: Monthly Report – Finance Department

ACCOUNTING AND FINANCIAL REPORTING (AFR):

- The audited financial statements for the year ended December 31, 2023 were issued on March 28th and are included in this packet. The auditors, Baker Newman & Noyes (BNN), issued an unmodified (“clean”) opinion. Jason Emery from BNN will be at this month’s meeting to review their work and the audit results.

Work associated with the 2023 Uniform Grant Guidance (A-133) federal compliance audit is in progress. This is an annual audit of MaineHousing’s federal funded programs to determine whether programs have been administered in compliance with federal requirements. For the year ended December 31, 2023, MaineHousing administered and disbursed approximately \$275 million through thirty-two different federal programs.

The A-133 federal compliance audit needs to be completed and filed with the federal Single Audit Clearinghouse and the HUD Real Estate Assessment Center (REAC) within nine months after year end. The AFR staff will be working with the program departments to compile and prepare information for this audit in the coming weeks. Although this audit has not been completed, BNN will review their scheduled audit work and objectives at the meeting.

- MaineHousing relaunched the Homeowner Assistance Fund (HAF) program in Maine one year ago in March 2023. Since the program’s restart date, the AFR staff has processed approximately 6,000 benefit payments totaling \$31.2 million. This federal *American Rescue Plan Act* program provides homeowners impacted by COVID-19 with financial support to address delinquent housing payments, property taxes, sewage or water bills, utility charges, condo and co-op fees, and manufactured home loan payments.

LOAN ADMINISTRATION:

- Loan Administration has experienced considerable staff turnover in the past six months and onboarding and training new staff members has been a high priority. Additional training is planned in the coming months. In April, a meeting and training session with Eaton Peabody is scheduled. Eaton Peabody is one of the primary law firms handling MaineHousing’s single-family loan foreclosures and bankruptcies. Eaton Peabody will provide new staff members with an overview of Maine’s foreclosure and bankruptcies requirements. The meeting will also provide a forum to discuss other general mortgage lending legal matters.

Finance Department Memorandum

To: Board of Commissioners

From: Darren R. Brown

Date: April 9, 2024

Subject: Monthly Financial and Budget Report

FINANCIAL RESULTS

Attached are the Balance Sheets and Statements of Revenues, Expenses, and Changes in Net Assets for the two-month period ended February 29, 2024.

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

Total combined assets are approximately \$2.56 billion and total combined liabilities approximate \$2.1 billion. Total net assets amount to approximately \$455 million. Total combined revenues approximate \$60.3 million and total expenses amount to approximately \$56.6 million, which results in net operating income of \$3.7 million. Total combined net operating income for this period in 2023 was \$2.9 million. Net operating income is \$0.8 million higher in 2024 due primarily to the activities and operating results of the Mortgage Purchase Fund (MPP), MaineHousing's largest fund group.

The MPP has net operating income of approximately \$1.1 million. This is a \$0.3 million decrease compared to net operating income of \$1.4 million in 2023. The decrease is attributed to the recognition of a larger paper loss associated with adjusting the carrying values of non-mortgage investments. A paper loss of \$2.1 million has been recorded for 2024, which is \$1.7 million larger than the paper loss of \$0.4 million recorded in 2023. 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 losses, the MPP's net operating income is \$3.2 million at the end of February 2024. This is an increase of \$1.4 million compared to \$1.8 million in 2023. This net operating income improvement is due primarily to an increase in interest income from mortgages and non-mortgage investments, which is attributed to higher average yields and balances. Fee income from multifamily loan production is also higher at this point.

BUDGET RESULTS

Also attached are the budget variance results for the period ended February 29, 2024. 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 2024 are \$117.2 million and total expenses are budgeted at \$101.3 million. Total actual revenues as of February 29, 2024 amount to \$19.5 million, while total expenses amount to \$15.8 million. For the two-month period ended February 29, 2024, revenues exceed expenses by approximately \$3.7 million. Total revenues and expenses are in line with amounts anticipated for the period.

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

OPERATING AND OTHER PROGRAM ADMINISTRATIVE EXPENSES

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

Total 2024 operating expenses are budgeted at approximately \$25.7 million. As of February 29, 2024, approximately \$4.3 million or 17% of the total operating budget has been used. Total other program administrative expenses are budgeted at \$10 million and actual expenses amount to \$1.6 million as of February 29, 2024. Overall, expenditures in these areas are consistent with that anticipated for the period.

CAPITAL BUDGET

The Capital Budget, **Attachment C**, presents items that provide an economic benefit to MaineHousing over a period of time. Items are recorded as assets and depreciated over an estimated useful life. The total authorized capital budget for 2024 is \$685,000. Expenditures amounted to approximately \$240,000 as of February 29, 2024 and were primarily for the third installment on the multifamily housing system, ProLink.

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, 2024.

MAINE STATE HOUSING AUTHORITY
BALANCE SHEETS
FEBRUARY 29, 2024
(IN THOUSANDS OF DOLLARS)

	Memorandum Only Combined Totals		Mortgage Purchase Fund Group	Bondholder Reserve Fund	General Fund	HOME Fund	Federal Programs Fund	Other Funds	Maine Energy Housing & Economic Recovery Funds
	2023	2024							
ASSETS:									
Cash, principally time deposits	110,740	89,966	24,225	0	60,315	0	4,692	734	0
Investments	619,035	626,155	536,972	8,432	21,613	26,568	0	6,254	26,316
Accounts receivable - Government	15,950	8,068	0	0	0	3,426	4,392	250	0
Accrued interest and other assets	13,763	12,288	11,585	19	248	101	199	65	71
Mortgage notes receivable, net	1,599,485	1,781,813	1,695,197	0	6,997	42,461	0	0	37,158
Other notes receivable, net	32	0	0	0	0	0	0	0	0
Land, equipment and improvements, net	17,997	18,021	22	0	17,999	0	0	0	0
Derivative instrument - interest rate swaps	18,560	16,385	16,385	0	0	0	0	0	0
Deferred pension expense	959	629	346	2	67	0	0	214	0
Deferred amount on debt refundings	2,272	1,964	1,964	0	0	0	0	0	0
Total Assets	2,398,793	2,555,289	2,286,696	8,453	107,239	72,556	9,283	7,517	63,545
LIABILITIES AND NET ASSETS:									
Accrued interest payable	15,337	19,497	19,226	0	0	0	0	0	271
Excess arbitrage to be rebated	0	650	650	0	0	0	0	0	0
Accounts payable - Government	355	1,615	0	0	0	0	488	1,127	0
Accounts payable & accrued liabilities	19,047	17,131	178	0	15,964	496	465	28	0
Unearned income	67,824	36,567	0	0	0	625	19,511	16,431	0
Net pension liability	1,780	1,931	1,063	6	205	0	0	657	0
Deferred pension credit	798	451	248	2	48	0	0	153	0
Accumulated increase in fair value of hedging derivatives	18,560	16,385	16,385	0	0	0	0	0	0
Interfund	0	0	3,928	16	35,187	(13,679)	(15,553)	(9,901)	2
Mortgage bonds and notes payable, net	1,857,301	2,006,208	1,941,723	0	13,519	0	0	0	50,966
Deferred grant income	0	0	0	0	0	0	0	0	0
Deferred loan origination points	19	13	13	0	0	0	0	0	0
Total Liabilities	1,981,021	2,100,448	1,983,414	24	64,923	(12,558)	4,911	8,495	51,239
NET ASSETS:									
Restricted Net Assets	377,954	412,525	303,282	8,429	0	85,114	4,372	(978)	12,306
Unrestricted Net Assets	39,818	42,316	0	0	42,316	0	0	0	0
Total Net Assets	417,772	454,841	303,282	8,429	42,316	85,114	4,372	(978)	12,306
Total Liabilities and Net Assets	2,398,793	2,555,289	2,286,696	8,453	107,239	72,556	9,283	7,517	63,545

MAINE STATE HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED FEBRUARY 29, 2024

(IN THOUSANDS OF DOLLARS)

	Memorandum Only Combined Totals		Mortgage Purchase Fund Group	Bondholder Reserve Fund	General Fund	HOME Fund	Federal Programs Fund	Other Funds	Maine Energy Housing & Economic Recovery Funds
	2023	2024							
REVENUES:									
Interest from mortgages and notes	10,790	12,180	12,061	0	64	48	0	0	7
Income from investments	3,626	5,043	4,247	74	127	252	3	104	236
Net increase (decrease) in the fair value of investments	(381)	(2,151)	(2,151)	0	0	0	0	0	0
Fee income	2,138	2,820	701	0	221	0	1,850	48	0
Other revenue	0	15	6	0	2	7	0	0	0
Grant income	74,510	18,528	0	0	0	0	14,839	3,689	0
Income from State	3,321	3,426	0	0	0	3,426	0	0	0
Federal rent subsidy income	18,659	20,471	0	0	0	0	20,471	0	0
Total Revenues	112,663	60,332	14,864	74	414	3,733	37,163	3,841	243
EXPENSES:									
Operating expenses	4,732	4,280	0	0	4,280	0	0	0	0
Other program administrative expenses	889	1,269	1,029	0	1	0	211	26	2
Mortgage servicing fees	315	351	349	0	2	0	0	0	0
Provision for losses on loans	0	0	0	0	0	0	0	0	0
Losses on foreclosed real estate	0	0	0	0	0	0	0	0	0
Interest expense	8,225	10,060	9,892	0	0	0	0	0	168
Grant expense	76,989	20,093	0	0	0	2,946	13,458	3,689	0
Federal rent subsidy expense	18,614	20,621	0	0	0	0	20,621	0	0
Allocated operating costs	0	0	2,533	15	(3,812)	0	1,242	22	0
Total Expenses	109,764	56,674	13,803	15	471	2,946	35,532	3,737	170
Net Operating Income (Loss)	2,899	3,658	1,061	59	(57)	787	1,631	104	73
Transfers between funds, net	0	0	0	0	62	0	(1,449)	0	1,387
Change in net assets	2,899	3,658	1,061	59	5	787	182	104	1,460
Net assets at beginning of year	414,873	451,183	302,221	8,370	42,311	84,327	4,190	(1,082)	10,846
Net assets at end of period	417,772	454,841	303,282	8,429	42,316	85,114	4,372	(978)	12,306

**MAINE STATE HOUSING AUTHORITY
OPERATING REVENUES AND EXPENSES BUDGET VARIANCE REPORT
FOR THE PERIOD ENDED FEBRUARY 29, 2024**

(IN THOUSANDS OF DOLLARS)

	Mortgage Lending Activities Actual	Federal & Other Program Administration Actual	Total Combined Actual	Total Annual Budget	Total Under/(Over)	% Variance
REVENUES:						
Interest from mortgages and notes	12,125	0	12,125	74,385	62,260	84%
Income from investments	4,448	107	4,555	23,400	18,845	81%
Fee income	922	1,898	2,820	19,266	16,446	85%
Other revenue	8	0	8	105	97	92%
Total Revenues	17,503	2,005	19,508	117,156	97,648	83%
EXPENSES:						
Operating expenses	3,016	1,264	4,280	25,670	21,390	83%
Other program administrative expenses	1,381	237	1,618	10,021	8,403	84%
Interest expense	9,892	0	9,892	65,570	55,678	85%
Total Expenses	14,289	1,501	15,790	101,261	85,471	84%
Excess Revenues Over Expenses	3,214	504	3,718	15,895	12,177	77%

**MAINE STATE HOUSING AUTHORITY
OPERATING AND OTHER PROGRAM ADMINISTRATIVE EXPENSES
FOR THE PERIOD ENDED FEBRUARY 29, 2024**

ATTACHMENT B

	Total Annual Budget	Total Year to Date Actual	Budget Available	Percentage of Budget Available
Operating Expenses				
Salaries	13,853,898	2,428,537	11,425,361	82%
Payroll Taxes	1,013,479	182,206	831,273	82%
Retirement	1,386,948	259,020	1,127,928	81%
Medical and Life Insurance	3,663,963	564,673	3,099,290	85%
Other Fringe Benefits	10,000	1,554	8,446	84%
Office Supplies	60,525	5,817	54,708	90%
Printing	85,450	8,322	77,128	90%
Membership and Dues	66,879	15,198	51,681	77%
Subscriptions	20,080	6,938	13,142	65%
Sponsorships	19,600	4,500	15,100	77%
Staff Educ/Train/Conf	213,342	16,283	197,059	92%
Travel/Meals - Staff Educ/Train/Conf	230,594	17,070	213,524	93%
Partner/Client Train/Meetings	87,250	1,865	85,385	98%
Travel/Meals - Partner/Client Training	89,506	4,095	85,411	95%
Staff Events	36,680	8,072	28,608	78%
Meals - Staff Events	33,590	12,252	21,338	64%
Leased Vehicles	198,991	27,723	171,268	86%
Computer Supplies	31,000	4,124	26,876	87%
Computer License SAAS	248,564	47,471	201,093	81%
Rent-Other	44,519	4,737	39,782	89%
Computer Maintenance	986,752	120,899	865,853	88%
Depreciation	1,279,000	171,419	1,107,581	87%
Telephone	131,750	24,028	107,722	82%
Employment Advertising	18,000	3,191	14,809	82%
Postage and Shipping	152,512	42,203	110,309	72%
Insurance	102,186	433	101,753	100%
Recording Fees	1,000	262	738	74%
Payroll Services	51,668	10,056	41,612	81%
Audit Services	175,350	50,000	125,350	71%
Property Expenses	556,950	124,271	432,679	78%
Professional Services	371,538	39,946	331,592	89%
Building Interest Expense	448,452	72,663	375,789	84%
Total Operating Expenses	25,670,016	4,279,828	21,390,188	83%
Other Program Administrative Expenses				
Loan foreclosure expenses	200,000	8,447	191,553	96%
REO expenses	50,000	736	49,264	99%
Provision for losses on loans & REOs	125,000	0	125,000	100%
Mortgage Servicing fees	1,975,000	350,754	1,624,246	82%
Loan Origination expenses	3,230,000	605,184	2,624,816	81%
Bond issuance expenses	900,000	54,042	845,958	94%
Trustee/Bank fees	178,000	31,412	146,588	82%
Program advertisements	336,500	13,675	322,825	96%
Bond and mortgagee insurance	24,313	0	24,313	100%
Variable rate bond remarket/SBPAs	645,000	137,999	507,001	79%
Cash flow/arbitrage/swap consultants/legal	738,500	183,517	554,983	75%
Homebuyer education	150,000	2,400	147,600	98%
Program administrator fees	1,469,000	231,682	1,237,318	84%
Total Other Program Administration Expenses	10,021,313	1,619,848	8,401,465	84%

**MAINE STATE HOUSING AUTHORITY
CAPITAL BUDGET
FOR THE PERIOD ENDED FEBRUARY 29, 2024**

ATTACHMENT C

Description	2024 Budget	2024 Actual	Budget Available	% Expended
Computer Hardware:				
Laptop replacements	57,000	0	57,000	
Total computer hardware	<u>57,000</u>	<u>0</u>	<u>57,000</u>	0%
Computer Software:				
Enterprise multi-family housing system	176,958	176,958	0	
Amplifund grant management software	45,600	0	45,600	
ITMS & Patching replacement	20,000	0	20,000	
Internal communication enhancements	25,000	0	25,000	
Single Family loan servicing system modifications	10,000	0	10,000	
Single Family lender & loan tracking systems mods	10,000	0	10,000	
Salesforce software upgrades	220,000	0	220,000	
Total computer software	<u>507,558</u>	<u>176,958</u>	<u>330,600</u>	35%
Office Building:				
Additional workstations & furnitures	40,000	0	40,000	
Potential office building improvements/repairs	50,000	37,141	12,859	
	<u>90,000</u>	<u>37,141</u>	<u>52,859</u>	41%
Director's Vehicle:				
	<u>30,000</u>	<u>26,689</u>	<u>3,311</u>	89%
Total	<u><u>684,558</u></u>	<u><u>240,788</u></u>	<u><u>443,770</u></u>	<u><u>35%</u></u>

**MAINE STATE HOUSING AUTHORITY
MEMBERSHIPS, DUES, AND SPONSORSHIPS
FOR THE PERIOD ENDED FEBRUARY 29, 2024**

Description	Amount
Memberships and Dues	
Maine Bankers Association - annual affiliate membership	995
National Leased Housing Association - annual membership	660
National Energy Assistance Directors' Association - annual membership	7,021
National Association for State Community Services Programs - annual membership	1,129
Maine Real Estate & Development Association - annual membership	1,200
Maine Indoor Air Quality Council - annual membership	650
National Affordable Housing Management Association - affiliate membership	1,350
National Energy & Utility Affordability Coalition - annual membership	600
NCHM Accounting Office Employee Certification dues	125
Kennebec Board of Realtors - employee dues	199
Project Management Institute/Professional- employee annual membership	164
Association of Government Accountants - (1) employee annual memberships	110
Construction Specifications Institute - employee annual membership	375
Maine Association of Mortgage Professional - employee annual membership	395
American College of Mortgage Attorneys - employee dues	225
Total	<u>\$ 15,198</u>
Sponsorships	
Inclusion Maine - conference sponsorship	1,500
New England Resident Service Coordinator - conference sponsor	3,000
Total	<u>\$ 4,500</u>



Finance Department Memorandum

To: Board of Commissioners
From: Darren Brown
Date: April 5, 2024
Subject: Monthly Delinquencies Report

MULTI-FAMILY DELINQUENCIES

The Multi-Family portfolio totals \$921 million with 1,339 loans as of March 31, 2024. There are three delinquent loans, as shown in *Exhibit 1*. The Multi-Family delinquency rate is benchmarked against MaineHousing's historical rates, as shown in *Exhibit 2*.

SINGLE-FAMILY DELINQUENCIES

The Single-Family portfolio totals \$1.1 billion with 10,006 loans as of February 29, 2024. The over 60-day delinquencies decreased from 2.64% to 2.21%, and the in-foreclosures increased from 0.57% to 0.62%. The over 60-day delinquencies amount to \$24 million, with approximately \$7 million representing accounts in foreclosure. The over 60-day and in-foreclosure historic rates are shown in *Exhibit 4*. MaineHousing's overall delinquency rate by loan dollars is 2.21% and the overall delinquency rate by loan count is 2.27%. As reflected in *Exhibit 5*, the overall delinquency rate by loan count is below the delinquency rate of all Maine Loans.

Servicer Delinquencies – As of February 2024, Bank of America (BOA) had the highest overall delinquency rate of 8.73% (9 loans), with an in-foreclosure rate of 5.22% (5 loans). Bank of America no longer originates loans for MaineHousing; and they are servicing an old portfolio of loans. The average age of the loans in their portfolio is 16 years. There have been no new loans added to this portfolio since 2011 and the high delinquency rate is mainly attributed to the decreasing portfolio balance and its small size.

Delinquencies for our largest servicer, Mortgage Servicing Solutions, decreased from 3.15% to 2.68%, while the in-foreclosure rate increased from 0.61% to 0.68%. Salem Five Mortgage Corp. had a rate of 0.00%, which was the lowest rate for the month. Delinquency rates for each servicer are shown in *Exhibit 3*.

Delinquencies by Insurance Type – In February 2024, FHA insured loans had the highest delinquency rate by total insurance type of 3.60%, with in-foreclosures at 0.61%. When compared to the total loan portfolio, RD insured loans had the highest delinquency rate of 1.21%, with in-foreclosures at 0.41%. Delinquencies by insurance type and the portfolio as a whole are shown in *Exhibit 6*.

FHA insured loans comprise 19% of the Single-Family portfolio and 30% of delinquencies, while RD insured loans comprise 53% of the portfolio and represent 55% of all delinquent loans. The current composition of the Single-Family portfolio by insurance type, along with the percentage of delinquencies by insurance type, is shown in *Exhibit 7*.

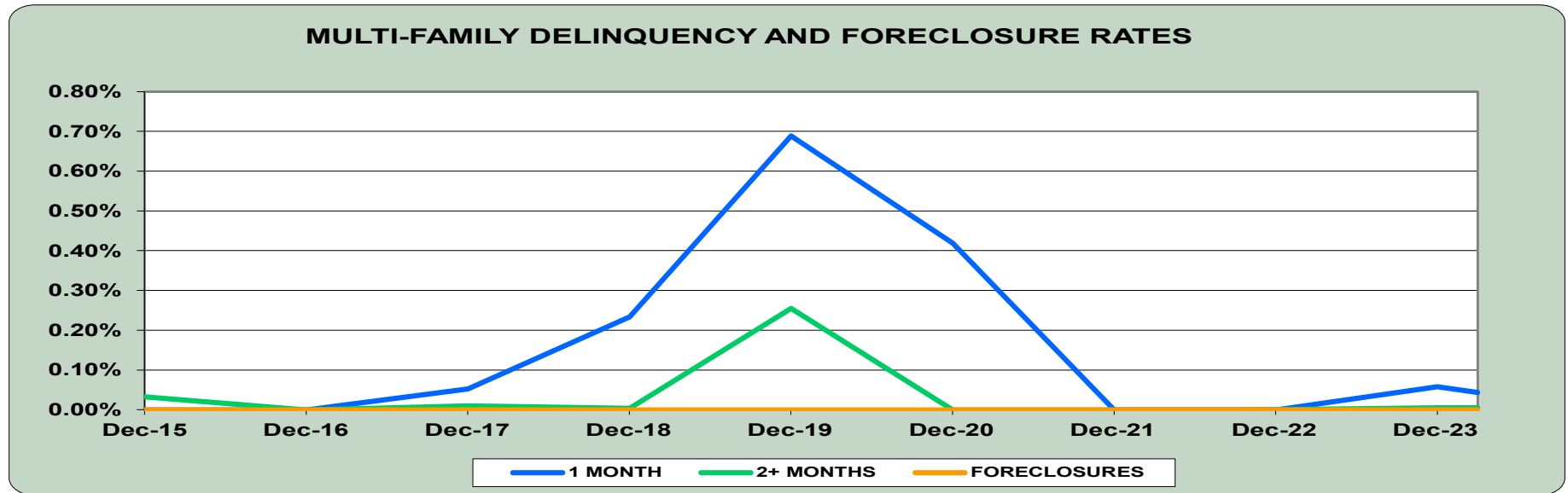
Foreclosure Prevention Activities – *Exhibit 8* summarizes our foreclosure prevention activities, as well as the number of completed foreclosures. As of the end of month February 2024, we assisted 193 borrowers with various foreclosure prevention options. As of February 2024, fifteen HAF reinstatements have occurred.

Multi-Family Delinquent Loans

MAINE STATE HOUSING AUTHORITY MULTI-FAMILY DELINQUENCIES 3/31/2024								
Section 8					ORIGINATION	DELINQUENT		
BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	DATE	1 MONTH	2 MONTHS	3+ MONTHS
AVIGNON APARTMENTS	2,024.97	02/01/24	BIDDEFORD	COMMONS HOUSING CORP	06/07/19	401,647.00	0.00	0.00
						<u>401,647.00</u>	<u>0.00</u>	<u>0.00</u>
Rental Housing					ORIGINATION	DELINQUENT		
BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	DATE	1 MONTH	2 MONTHS	3+ MONTHS
NONE								
						<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Supportive Housing & Other					ORIGINATION	DELINQUENT		
BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	DATE	1 MONTH	2 MONTHS	3+ MONTHS
OHIO ST, 112	820.68	05/01/23	BANGOR	PENOBSCOT AREA HSG DEV CORP	10/01/09	0.00	0.00	18,843.00
ELM STREET, 63	436.74	09/01/23	MACHIAS	DOWNEAST COMMUNITY PARTNERS	04/01/99	0.00	0.00	26,866.00
						<u>0.00</u>	<u>0.00</u>	<u>45,709.00</u>
Grand Total						<u>401,647.00</u>	<u>0.00</u>	<u>45,709.00</u>
% of Portfolio Delq 60+ days	0.00%							
Total Number of Loans	1,339							



Multi-Family Delinquency & Foreclosure Trends



	OUTSTANDING PRINCIPAL		1 MONTH		2+ MONTHS		FORECLOSURES	
	DOLLARS	DOLLARS	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE
Mar-24	\$ 921,268,237	\$ 401,647	\$ 45,709	0.04%	\$ 45,709	0.00%	\$ -	0.00%
Dec-23	\$ 898,515,001	\$ 518,845	\$ 45,709	0.06%	\$ 45,709	0.01%	\$ -	0.00%
Dec-22	\$ 796,448,381	\$ -	\$ 4,553	0.00%	\$ 4,553	0.00%	\$ -	0.00%
Dec-21	\$ 696,004,882	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Dec-20	\$ 666,678,177	\$ 2,791,073	\$ -	0.42%	\$ -	0.00%	\$ -	0.00%
Dec-19	\$ 635,961,774	\$ 4,379,009	\$ 1,620,600	0.69%	\$ 1,620,600	0.25%	\$ -	0.00%
Dec-18	\$ 630,936,475	\$ 1,473,376	\$ 20,600	0.23%	\$ 20,600	0.00%	\$ -	0.00%
Dec-17	\$ 608,939,257	\$ 319,836	\$ 60,624	0.05%	\$ 60,624	0.01%	\$ -	0.00%
Dec-16	\$ 579,916,852	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Dec-15	\$ 573,932,384	\$ -	\$ 185,320	0.00%	\$ 185,320	0.03%	\$ -	0.00%



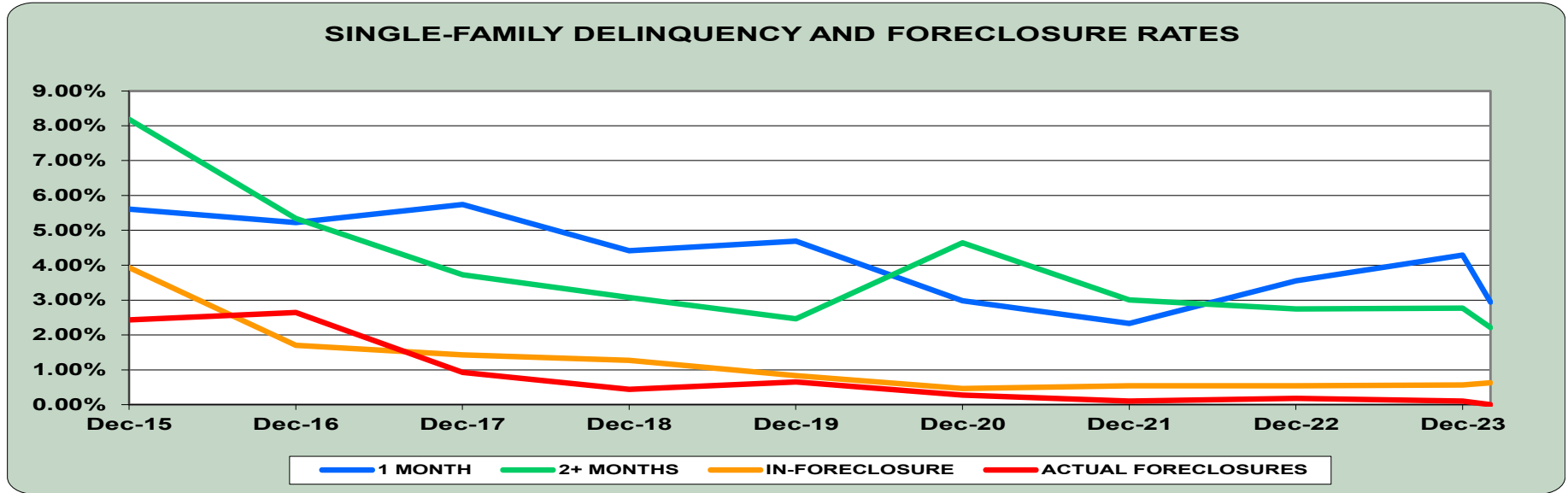
Single-Family Delinquent Loans

**Maine State Housing Authority
Single-Family Delinquencies by Servicer
2/29/2024**

SERVICER	% OF PORTFOLIO	% of Portfolio Delq 60 + days	OUTSTANDING PRINCIPAL	----- 1 MONTH	DELINQUENT 2 MONTHS	----- 3+ MONTHS	IN- FORECLOSURE
MORTGAGE SERVICING SOLUTIONS	67.74%	2.68%	728,934,325.62	25,143,192.59	4,123,759.06	10,512,891.43	4,932,969.84
BANGOR SAVINGS BANK	10.19%	0.90%	109,644,029.98	1,989,410.12	308,413.56	266,784.25	407,220.07
CAMDEN NATIONAL BANK UK	7.75%	1.05%	83,424,603.35	2,464,737.65	164,379.03	456,834.83	250,704.92
BANGOR SAVINGS BANK QS	7.22%	0.07%	77,685,105.49	252,588.88	56,367.10	0.00	0.00
MACHIAS SAVINGS BANK	6.60%	2.64%	71,058,622.89	1,303,493.81	722,508.68	287,980.45	865,422.01
BANK OF AMERICA NA	0.47%	8.73%	5,078,552.33	540,229.72	46,189.96	132,412.51	264,904.23
SALEM FIVE MORTGAGE CORP	0.03%	0.00%	273,034.85	0.00	0.00	0.00	0.00
TOTAL	100.00%	2.21%	1,076,098,274.51	31,693,652.77	5,421,617.39	11,656,903.47	6,721,221.07



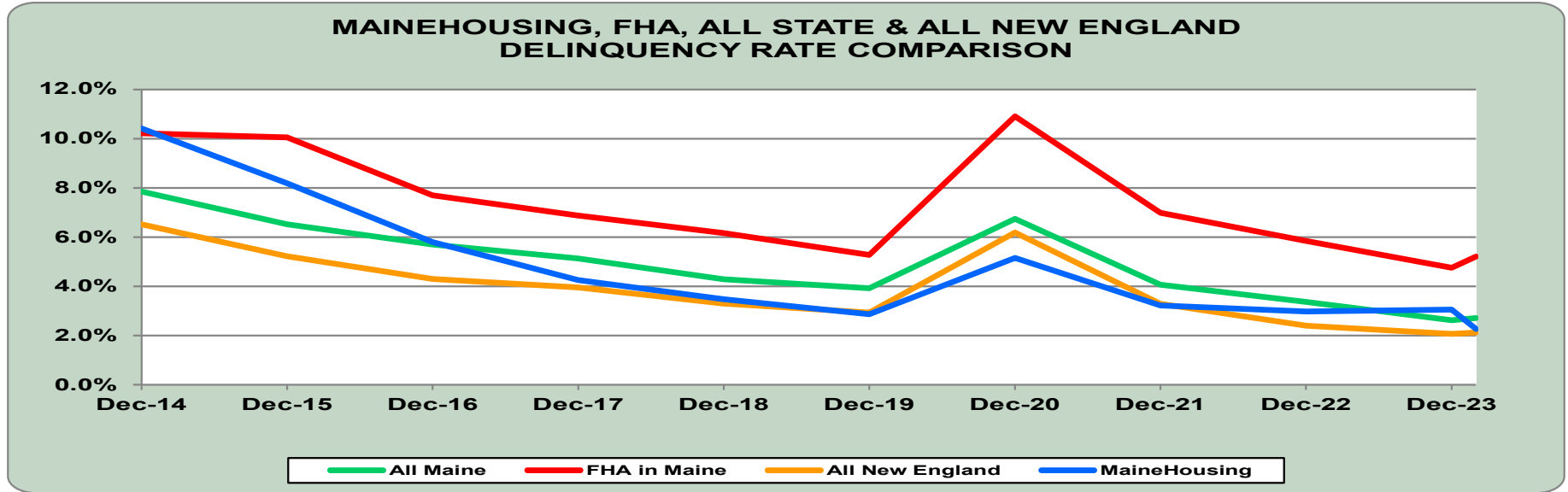
Single-Family Delinquency & Foreclosure Trends



	OUTSTANDING		1 MONTH		2+ MONTHS		IN-FORECLOSURE		ACTUAL FORECLOSURES	
	PRINCIPAL	DOLLARS	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE
Feb-24	\$ 1,076,098,275	\$ 31,693,653	\$ 23,799,742	2.95%	\$ 23,799,742	2.21%	\$ 6,721,221	0.62%	\$ 21,263	0.00%
Dec-23	\$ 1,053,014,623	\$ 45,215,476	\$ 29,205,657	4.29%	\$ 29,205,657	2.77%	\$ 5,986,311	0.57%	\$ 1,043,395	0.10%
Dec-22	\$ 958,984,521	\$ 33,996,366	\$ 26,378,301	3.55%	\$ 26,378,301	2.75%	\$ 5,183,906	0.54%	\$ 1,733,447	0.18%
Dec-21	\$ 887,303,920	\$ 20,685,547	\$ 26,645,647	2.33%	\$ 26,645,647	3.00%	\$ 4,806,968	0.54%	\$ 941,490	0.11%
Dec-20	\$ 960,761,414	\$ 28,645,024	\$ 44,603,599	2.98%	\$ 44,603,599	4.64%	\$ 4,471,656	0.47%	\$ 2,617,001	0.27%
Dec-19	\$ 967,171,381	\$ 45,399,415	\$ 23,774,547	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	\$ 28,155,105	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	\$ 31,454,643	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	\$ 42,682,410	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	\$ 64,656,769	5.61%	\$ 64,656,769	8.18%	\$ 31,066,182	3.93%	\$ 20,797,314	2.43%



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*	122,316	0.68%	1.05%	0.99%	2.72%
FHA for State*	16,986	1.85%	2.19%	1.17%	5.21%
All New England*	1,729,407	0.68%	0.96%	0.49%	2.13%
MaineHousing**	10,006	0.63%	0.91%	0.73%	2.27%

*This information is obtained from MBA's National Delinquency Survey for the fourth quarter of 2023.

**MaineHousing's overall delinquency rate based on loan dollars is 2.21%, whereas rates in this exhibit are based on loan count.



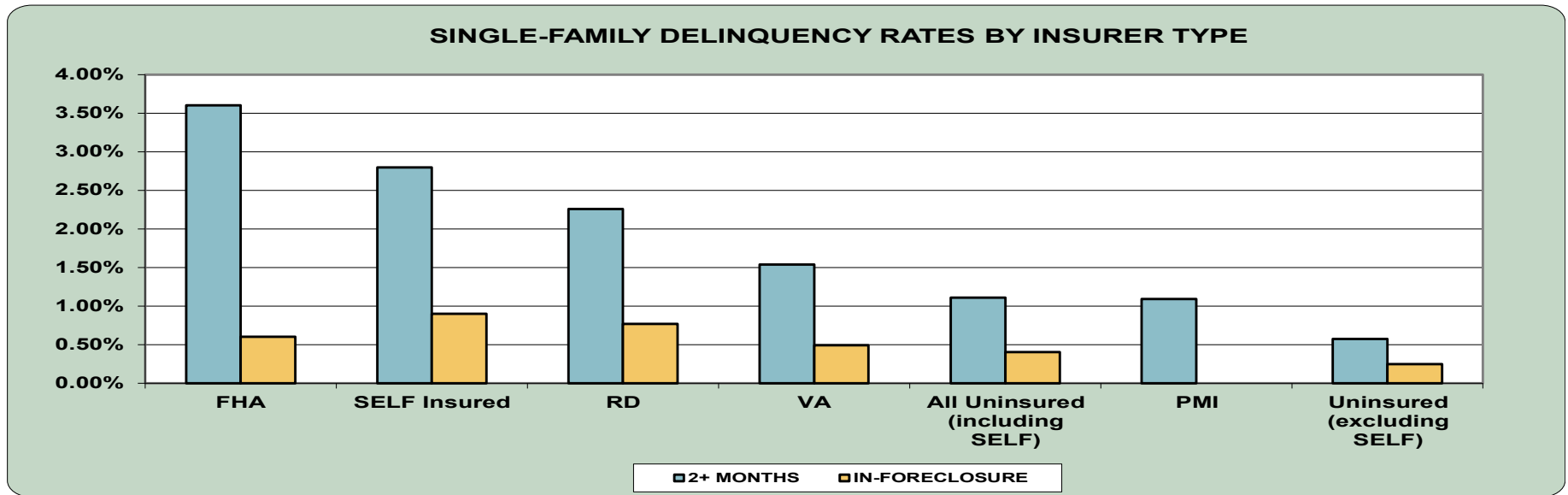
Single-Family Delinquencies by Mortgage Insurer

As A Percent of Total Insurance Type
2/29/2024

TYPE	2+ MONTHS	IN-FORECLOSURE
FHA	3.60%	0.61%
SELF Insured	2.80%	0.90%
RD	2.26%	0.77%
VA	1.54%	0.50%
All Uninsured (including SELF)	1.11%	0.41%
PMI	1.09%	0.00%
Uninsured (excluding SELF)	0.58%	0.25%

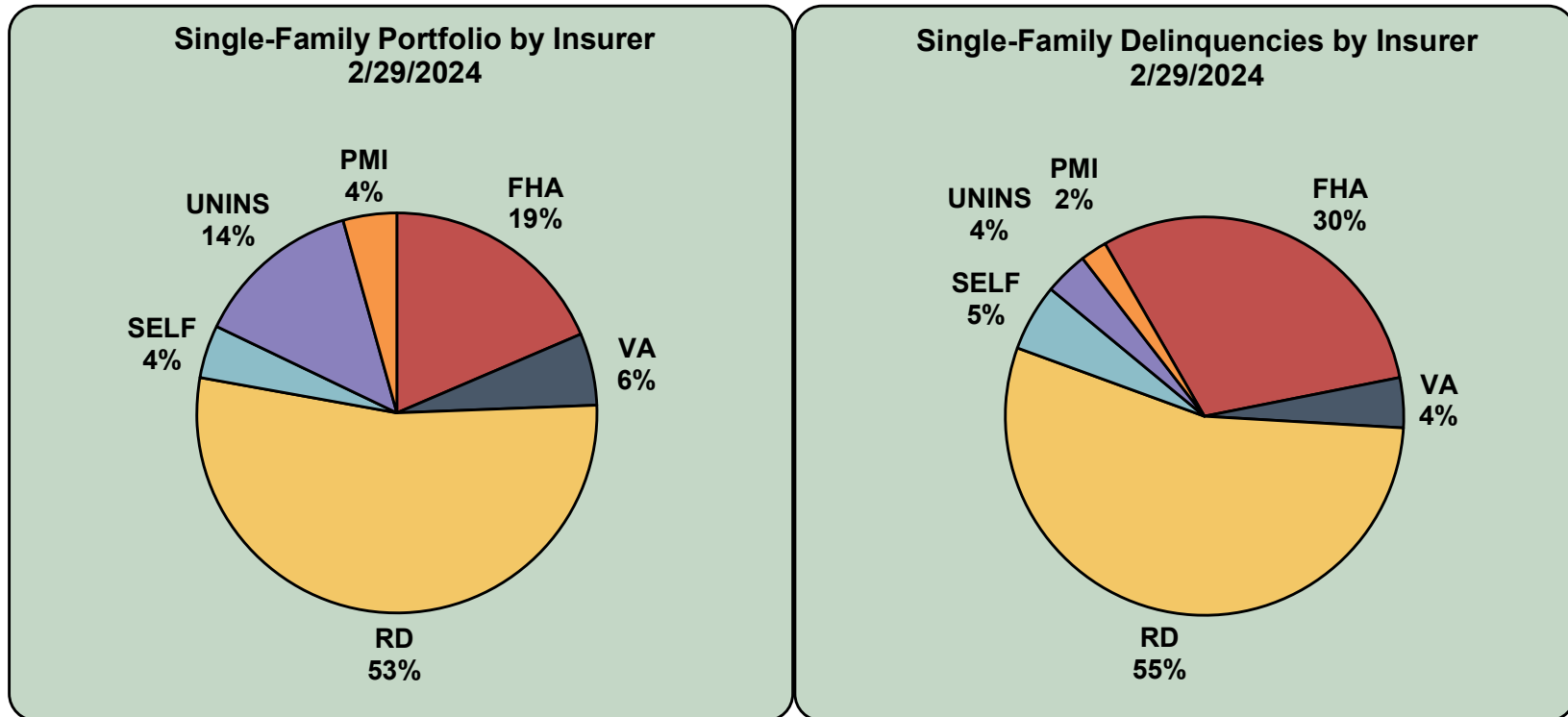
As A Percent of Total Loan Portfolio
2/29/2024

TYPE	2+ MONTHS	IN-FORECLOSURE
RD	1.21%	0.41%
FHA	0.67%	0.11%
All Uninsured (including SELF)	0.20%	0.07%
SELF Insured	0.12%	0.04%
VA	0.09%	0.03%
Uninsured (excluding SELF)	0.08%	0.03%
PMI	0.05%	0.00%

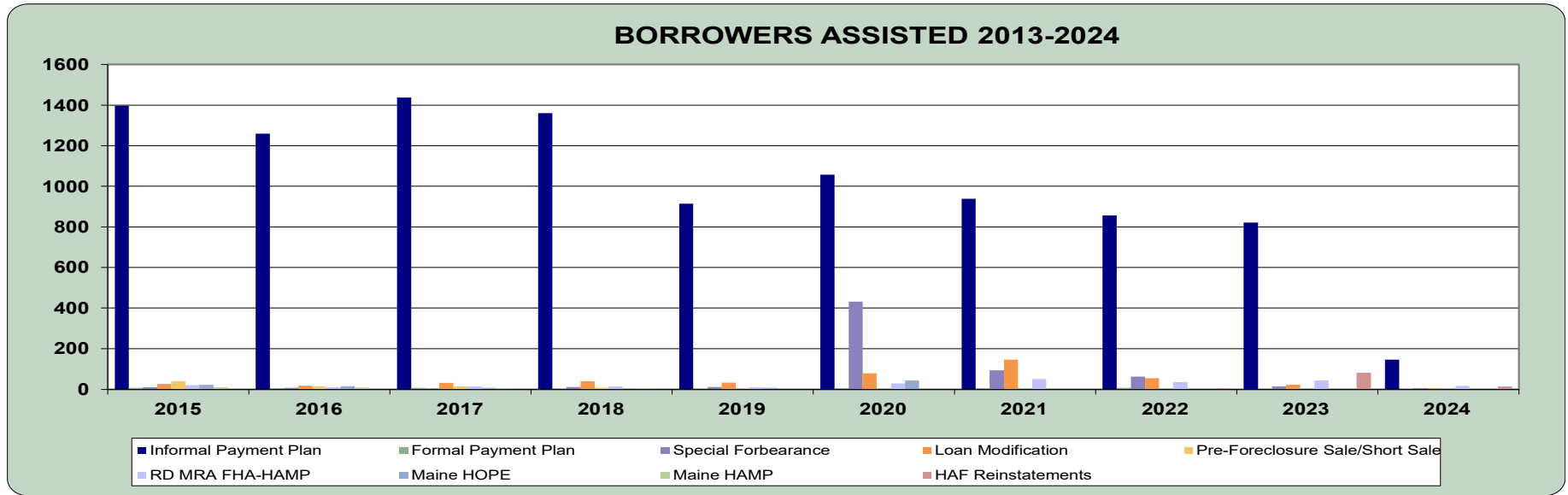


Single-Family Delinquencies by Mortgage Insurer

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



Single-Family Foreclosure Prevention Activities



Number of Borrowers Approved for Assistance

	Informal Payment Plan	Formal Payment Plan	Special Forbearance	Loan Modification	Pre-Foreclosure Sale/Short Sale	RD MRA FHA-HAMP	Maine HOPE	Maine HAMP	HAF Reinstatements	Total Workouts
Feb-24	146	1	7	7	0	17	0	0	15	193
Dec-23	822	3	15	22	0	43	2	1	81	989
Dec-22	857	8	63	54	0	35	4	0	7	1028
Dec-21	939	5	94	146	2	50	2	0	0	1238
Dec-20	1058	5	432	79	3	29	44	2	0	1652
Dec-19	914	3	12	32	4	10	8	0	0	983
Dec-18	1361	4	12	39	8	15	3	6	0	1448
Dec-17	1437	8	4	31	14	14	8	7	0	1523
Dec-16	1259	6	8	19	15	10	16	9	0	1342
Dec-15	1397	8	11	26	40	21	22	10	0	1535

Actual Foreclosures

	Number of Foreclosures	Number of Loans in Portfolio	Percentage of Portfolio
Jan-24	1	10,006	0.01%
Dec-23	16	9,927	0.16%
Dec-22	21	9,739	0.22%
Dec-21	14	9,750	0.14%
Dec-20	38	10,668	0.36%
Dec-19	86	10,904	0.79%
Dec-18	57	10,673	0.53%
Dec-17	97	10,332	0.94%
Dec-16	258	10,097	2.56%
Dec-15	233	10,258	2.27%



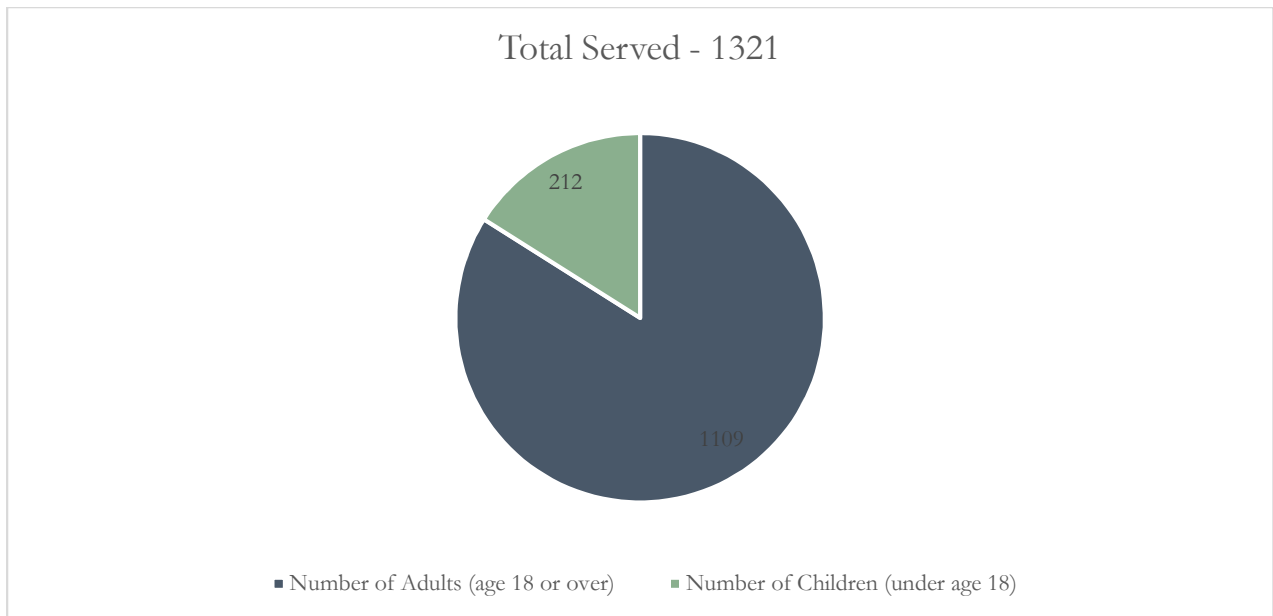
Homeless Initiatives Department Memorandum

To: Board of Commissioners
From: Kelly Watson, Director of Homeless Initiatives
Date: April 8, 2024
Subject: Homeless Initiatives Report

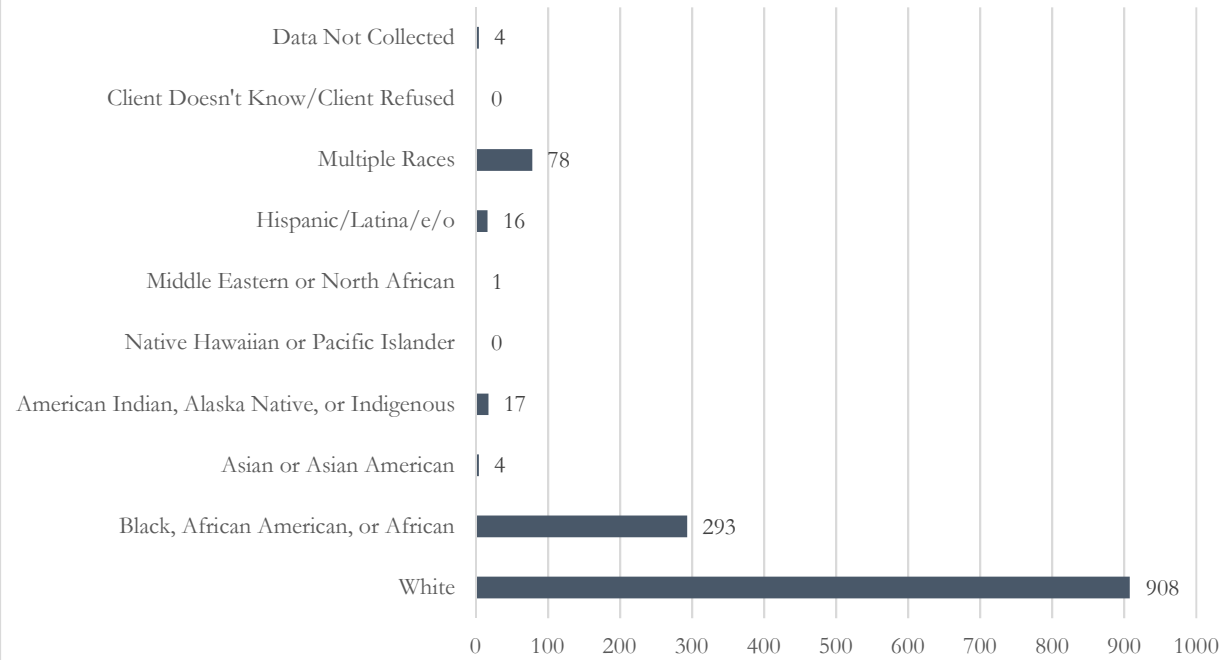
Homeless Data – March 2024

The following are the monthly statistics for March:

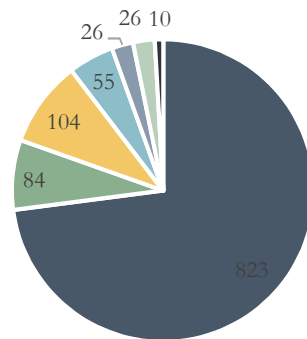
1. Total number of people served in ESHAP funded shelters (1321) increased by 43 individuals. This number does not include many of the Asylum Seekers in Portland as well as those served in hotels through GA, or those seeking emergency shelter with a Victim Service Provider.
2. Racial equity – the percentage of people of color served stayed consistent at 31 in March. The number of those who identify as Hispanic/Latina/e/o increased from 12 to 16.
3. The number of Exits to Permanent Housing last month increased from 54 permanent exits in February to 96 in March. The total exits from shelter to any location was up by 77 from the previous month.



Number of People Served by Race

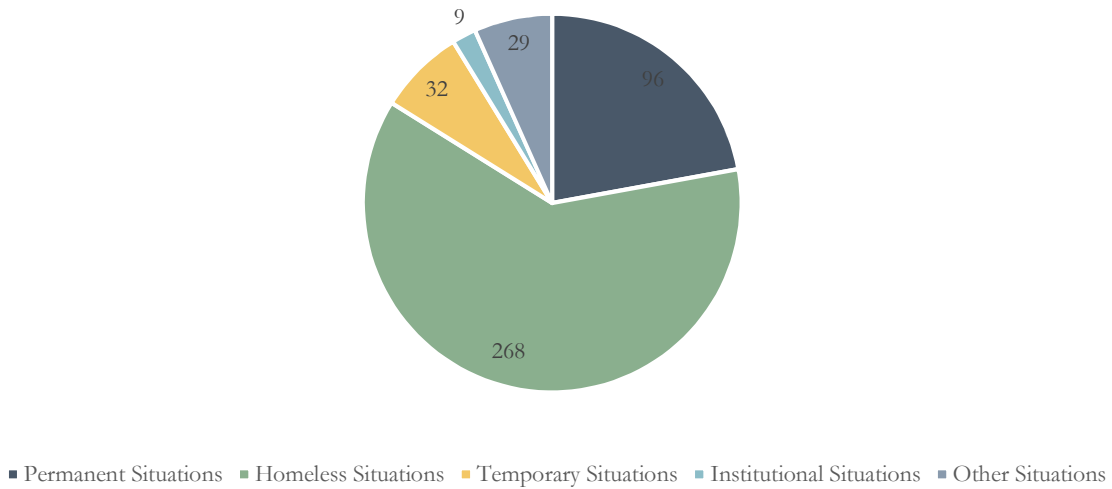


Residence of Clients Prior to Entry



- Homeless Situations
- Institutional Settings
- Staying or living in a friend's room, apartment or house
- Staying or living in a family member's room, apartment or house
- Hotel or motel paid for without ES voucher
- Permanent Locations
- Other Locations

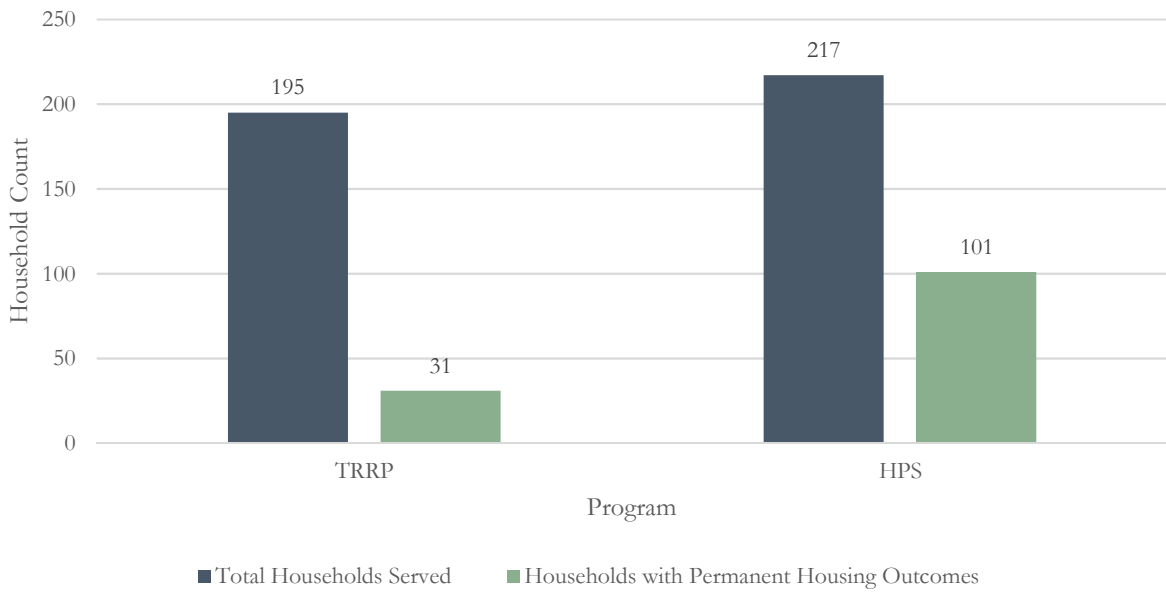
Residence of Clients after Entry



Temporary Rapid Rehousing (TRRP) and Housing Problem Solving (HPS) Programs

In quarter one, TRRP served 195 households, 31 of which were permanently housed in that quarter. The total number of households served includes participants who may have been housed in a previous quarter and are still receiving housing stabilization services. HPS served 217 households in quarter one, with 101 of the households exiting to a permanent destination. Because HPS serves persons who may be at risk of homelessness as well as those who are literally homeless, a permanent destination may indicate that they were able to successfully retain their housing. The HPS number does not include participants served by victim service providers.

TRRP and HPS Q1 2024 Outcomes



RFP Updates

A vendor was selected for the RFP for a redesign of the Maine Homeless Planning website after a review of 32 submissions. MaineHousing, the CoC, SHC, and other stakeholder groups will be working with Owl's Head Solutions out of South Thomaston, Maine on the project. The website serves to keep interested parties up to date on CoC and SHC meetings and initiatives as well as important funder updates.

Tedford Housing has been selected for the RFP issued for creating additional bed capacity for existing ESHAP shelters. The program is funded by the Emergency Housing Matching Grant Program established by L.D. 1844 and requires one-to-one matching funding. The funds can be used for construction, renovation, or acquisition of new or existing buildings to provide emergency housing and shelter services or to cover the costs of leasing a building to provide emergency housing and shelter services. Tedford Housing plans to utilize the funds toward construction of a new shelter building.

Maine CoC Update

Leadership of the Maine CoC, the Collaborative Applicant (MaineHousing), and the Governor's Senior Advisor on Housing Policy met with HUD regional leadership to talk about concerns around the current CoC governance and Coordinated Entry System. Additional meetings will follow to ensure that leadership is on the same page and moving in a positive direction in the areas of concern.

Service Hub Implementation – Built for Zero Initiative

Jeffrey Cosgrove-Cook was hired on March 18th as the new Hub 3 Coordinator for the Midcoast Region. Jeff is getting grounded in the role, working closely with MaineHousing, the other hub coordinators, and Hub 3 providers. The Hub 9 Coordinator role is currently open and Presque Isle Housing is working with Hub 9 providers to hire a candidate for the position.

On March 14th, all hub coordinators gathered at MaineHousing for an all-day strategy retreat. Maine's data coach from Community Solutions also joined us in Augusta. The focus of this retreat was to celebrate the accomplishments and progress of the hubs in the last two years, and to solidify goals to achieve data quality in each of the hubs this year. This retreat also served as a "kick-off" for our next 6-month action cycle, which will focus on data quality and reporting.

Homeownership Department Memorandum

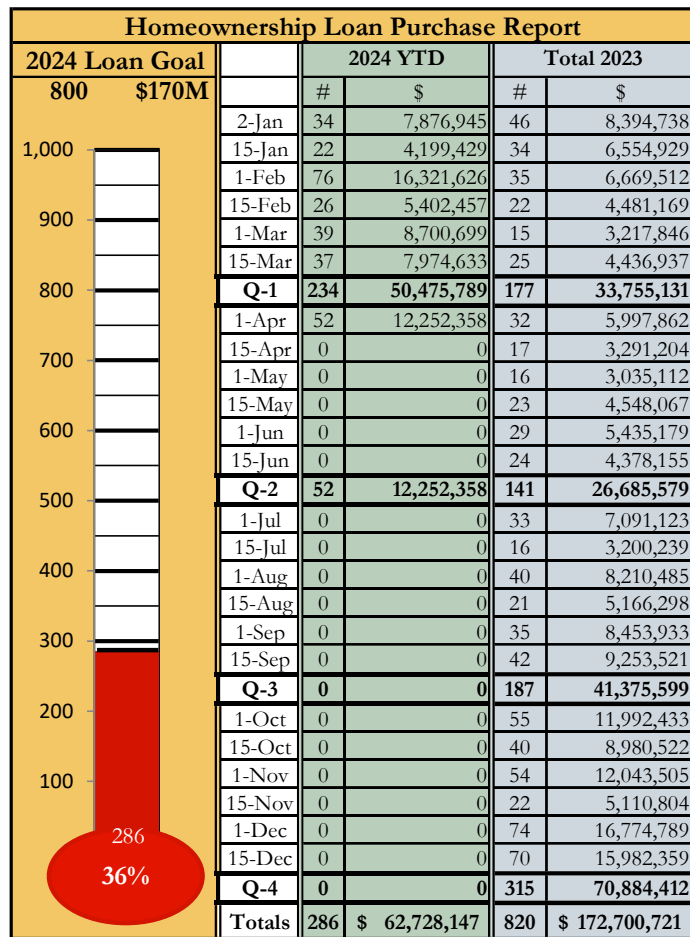
To: MaineHousing Board of Commissioners

From: Patricia Harriman, Director of Homeownership

Date: April 8, 2024

Subject: Monthly Report – Homeownership Department

PRODUCTION UPDATE



Monthly Loan Reservations: 04/01/24	
#	\$ Volume
70	\$ 16,623,278

Loan Pipeline as of: 04/01/24	
#	\$ Volume
190	\$ 40,955,786

Loan Reservation Comparison					
March 2023		March 2024		2023 vs 2024	
#	\$ Volume	#	\$ Volume	#	\$ Volume
149	\$28,379,058	190	\$ 40,955,786	28%	44%

PROGRAM HIGHLIGHTS

Housing inventories are down, secondary market rates are still higher than what most are comfortable with and rising demand for homeownership would seem to indicate a slowdown in the market. Yet the homeownership team has seen just the opposite with a record setting first quarter and an even stronger start to the second quarter - nearly surpassing the first half of 2023 in less than 4 months.

Melissa Dittmann Tracey recently posted in Realtor Magazine that Millennials have emerged as the largest group of homebuyers, edging out the baby boomers who had recently held the title. Rising home prices and current mortgage rates are not stopping this group, ages 25 to 43, as they now comprise 38% of the home buying market, up 10 % from a year ago. Younger Millennials are the first time homebuyers while the older side of the Millennial scale is looking to transition to larger housing to meet their transitional needs. 32% of all home buyers are first time buyers, up from 26% in 2023. The average age of a Maine Housing first time homebuyer is 34, consistent with our average age in 2023 as well.

One constant that remains is the down payment challenge. First time homebuyers are still finding that they need help on their journey to make this dream a reality. The National Association of Realtors survey indicates that 25% of the younger millennials received assistance in the form of a gift, some say they even purchased multigenerational homes which allowed them to afford a larger home with multiple income sources.

Paying student loans and high rents were the two biggest obstacles in saving for a home, followed by credit card debt and car loans. First time homebuyers are still struggling to enter the housing market, but a lack of knowledge and awareness on the part of the buyer maybe making it more difficult. According to the National Association of Realtors, since 2009 the number of buyers with FHA loans, which have much lower down payment requirements, has dropped by half. Too many potential homeowners are unaware of low down payment products that could help make homeownership less of a struggle.

Our potential homeowners are combining our products with the FHA and USDA programs to find success in the market and showing a higher success rate in comparison to the overall trend Great lender partnerships, strong realtor outreach and a product that gets buyers to the table are all ingredients in the recipe to successful homeownership.

EDUCATION AND OUTREACH

March has been a very busy month for the Homeownership Team and the requests for outreach and training continue. On March 5th, Lisa McKenna taught a CEU Class entitled Affordable Home Financing for ME in Hallowell. The class was sponsored by Phenix Title for Real Estate agents at Vallee Harwood and Blouin. Twenty real estate professionals were in attendance for the class and all felt confident discussing MaineHousing's Programs with clients when the class was complete.

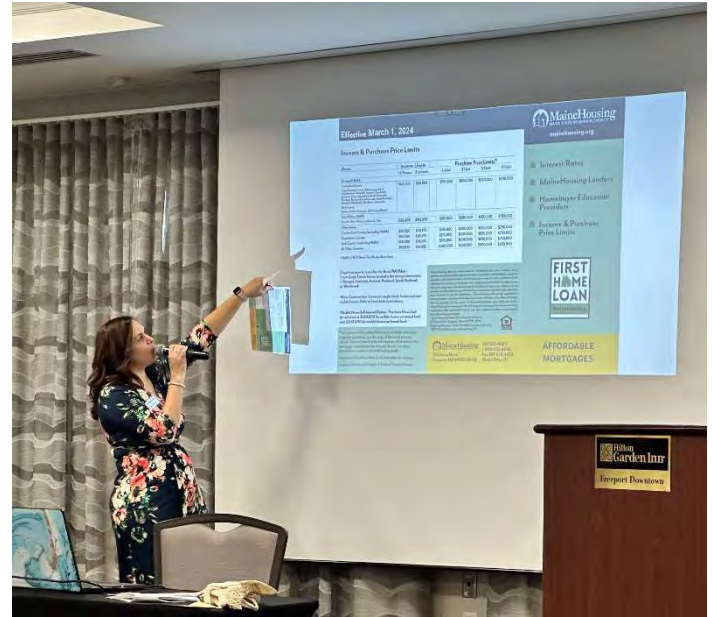
Lisa McKenna is featured teaching at Vallee Harwood and Blouin



On March 13th, Tina Partridge and Jessica Gurney presented “MaineHousing’s First Time Homebuyers Affordable Financing” at the Maine Association of Mortgage Professionals monthly meeting held at the Hilton Garden Inn in Freeport. During the presentation, Patricia Harriman was introduced as the new director of Homeownership. This event provided a wonderful opportunity to connect with lenders and affiliates.



Tina Partridge, Manager of Homeownership, and Patricia Harriman, Director of Homeownership, are featured at the MaineHousing table.



Tina Partridge, Manager of Homeownership, and Jessica Gurney, Outreach and Education Coordinator, are shown presenting.

On March 14th MaineHousing hosted its third virtual training, “MaineHousing for Closing and Post-Closing”. Fifty-nine people attended this training which was done by Lisa McKenna. This training concludes a three part lender training series. Over the two months, 231 people were trained through this mini-series.

The Greater Bangor board of Realtors met on March 19th at Jeff’s Catering in Brewer. Jessica Gurney and Tabbitha Carlson gave a 30 minute presentation showcasing MaineHousing’s mortgage programs and the importance of education (Financial Literacy and Homebuyer Education) for First Time Homebuyers. This event was very well attended with over 90 people present.



Featured are Jessica Gurney, Outreach and Education Coordinator, and Tabbie Carlson, Compliance Officer.

hoMEworks:

The hoMEworks Board of Directors met virtually on Monday, March 18th. Daniel Smart, a Home Inspector with the Affordable Home, was nominated for a seat on the board. His orientation will be held in April and the board is excited to have him join. One of the goals determined by the marketing committee was to attend more in-person events to promote Homebuyer Education across the state. Jessica Gurney, Outreach and Education Coordinator and hoMEworks Board Member, will represent hoMEworks at The Maine Credit Union League Conference in May and Realtor Green Day in June. Jessica ordered new QR code postcards which were very popular at the first event where they were available. There are currently more in-person classes on the schedule vs virtual classes which was also a goal of the board, starting in the summer months. That goal has already been met! Waldo Community Action will host its first class in many years. Hannah Tays will be teaching this class on April 28th. This means that MaineHousing will be partnering with eight homebuyer agencies across the state. Hosting classes in the Belfast area will help to fill the needs in that area. The demand for Homebuyer Educations continues to be up as First Time Homebuyers are actively searching for a place to call their own.

Housing Choice Vouchers Department Memorandum

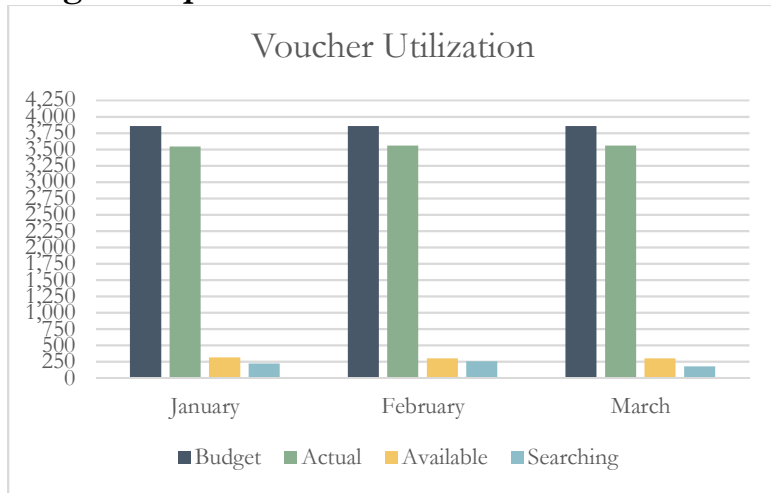
To: MaineHousing Board of Commissioners

From: Allison Gallagher - Director of HCV Programs

Date: April 16, 2024

Subject: Monthly Report – Housing Choice Voucher Program

Program Updates:



Homeless Priority

	Leased
Home to Stay	257
EHV	71
Homeless (non HTS)	286
STEP	117

New HCV Team Members

- Melissa Ruggiero
HCV Housing Navigator
- Liz Wentworth
HCV Intake Assistance

Partner Outreach:

I presented with HUD at a virtual Maine Realtor and Landlord Outreach Event –HUD presented general information about the HCV program and I spoke about the landlord incentives Maine PHA’s offer.

I am representing MaineHousing on the Kennebec County Impact2032 initiative. I attended my first meeting as a member of the Financial Stability Cabinet, lack of housing in Kennebec County was voted s a top priority for the group.

Melody, Sharon and Melissa Ames presented information about HCV and Restart to Augusta Division of Vocational Rehab.

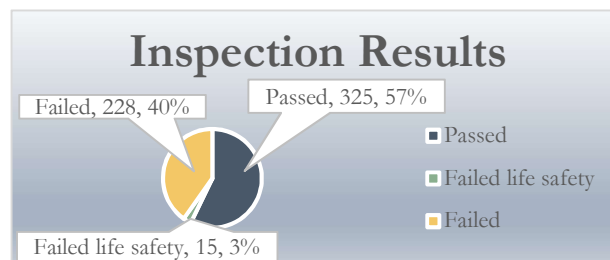
A survey was sent by email to participating HCV landlords to begin our public comment process for the 2025 five year PHA plan. Responses accepted through April 30th.

Inspection Updates:

- 553 total inspections
- 326 Annuals
- 227 initials

LL Repair Program – \$24,290.94

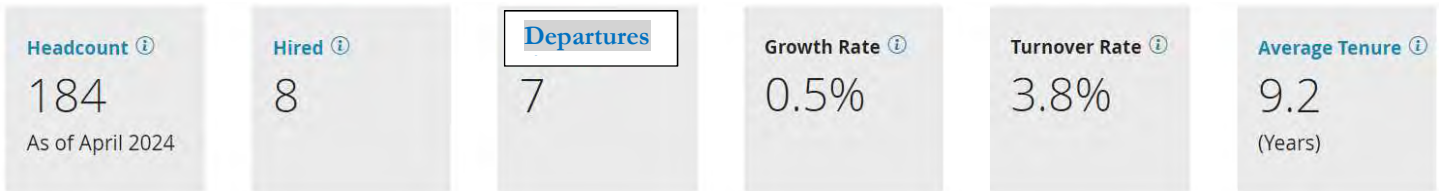
Damage Reimbursement Program – \$9,000



Human Resources and Facilities Department Memorandum

To: Board of Commissioners
From: Jane Whitley, Director of Human Resources & Facilities
Date: April 2024
Subject: Board Report

Human Resources – as of April 8



Fair Housing Training for Partners

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

Facilities Updates

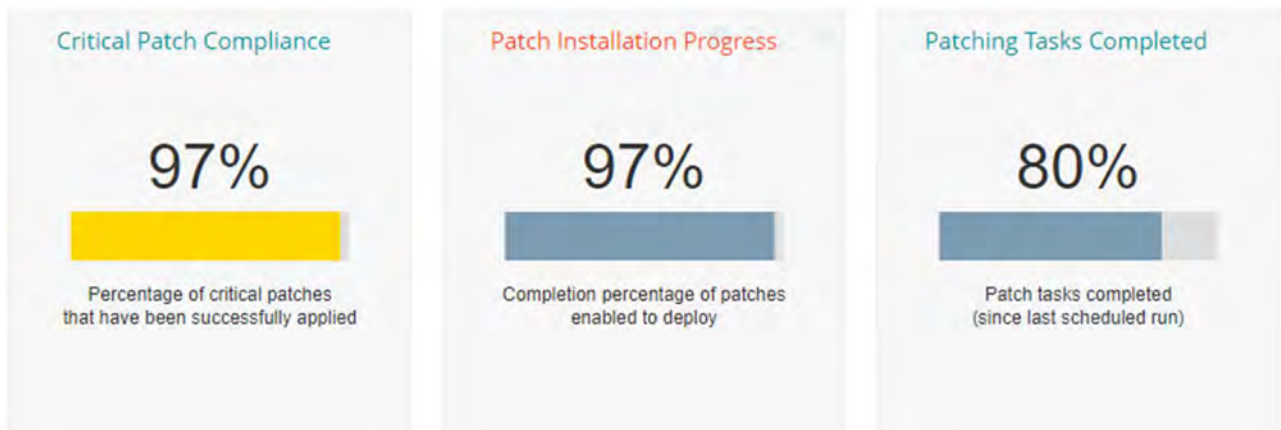
- No new news.

Information Technology Department Memorandum

To: Board of Commissioners
From: Craig Given, Director of IT
Date: April 9, 2024
Subject: Monthly Report

April Spotlight:

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



Information Technology Updates:

- Continued installation of Microsoft 365 applications on user desktops, replacing no longer supported versions of the software.
- Began testing of Microsoft Teams platform for team collaboration and communication.
- Performed testing and mitigation of disaster recovery systems after migration during 2023.
- Started planning and vendor selection for replacement ITSM (Information Technology Service Management) platform to upgrade capabilities for supporting hardware, software and support.

- Began testing and implementation of Microsoft Intune for comprehensive application and patch management.
- Initiated data migration process for software to support Heating Assistance and Weatherization programs with vendor and internal team.
- Launched project to update mobile devices for HCV staff to better support the latest version of mobile inspection software.
- Applied security patches to critical systems to address identified vulnerabilities.
- Created testing environment for Intranet using SharePoint Online.
- Completed quarterly phishing test and education campaign with a 5.38% phish-prone rate.
- Spring cleaning of the IT Tool Shed, including new work bench and shelving, along with disposal of old equipment to state surplus.

Planning and Research Department Memorandum

To: Board of Commissioners

From: Jonathan Kurzfeld, Director of Planning & Research

Date: April 09, 2024

Subject: April 2024 Board Report

Planning and Research Department

In March, Planning and Research (PnR) wrapped up the 2023 Maine HOME Fund Report ahead of the attendant April 1 deadline for its submission to the legislature. A copy of the report is available on the MaineHousing website (navigate to Data & Reports > State & Federal Reporting, or [here](#)). We are currently in the process of finalizing our 2023 Annual Report, which will be available to you at your May meeting. After months of development and several rounds of review by PnR staff and the Director's team, this year's report will be 32 pages long and detail MaineHousing's many challenges and accomplishments of 2023.

April heralded a very bittersweet development for PnR, with the retirement of our Data & Graphic Design Specialist, Linnea Rogers. Linnea had been with the agency for nearly 42 years, making her the longest serving member of the current staff. She was joy to work with and we will miss her dearly.

External Communications

The past month has been another busy period of media requests and external communication. Since the board's March meeting we have fielded two dozen media requests from a variety of outlets. Those included WMTW, WCHS, WGME, Maine Public, the Bangor Daily News, the Portland Press Herald, the Kennebec Journal/Waterville Sentinel, and the Lewiston Sun Journal, all of whom featured MaineHousing staff or information in their reports. Additionally, Director Brennan sat for a one-on-one interview with NewsCenter's Don Carrigan for an upcoming segment on 207 – the station's news magazine show. Throughout the interview, Dan speaks very candidly with Don about the successes to date as well as the many challenges of meeting the state's affordable housing need.

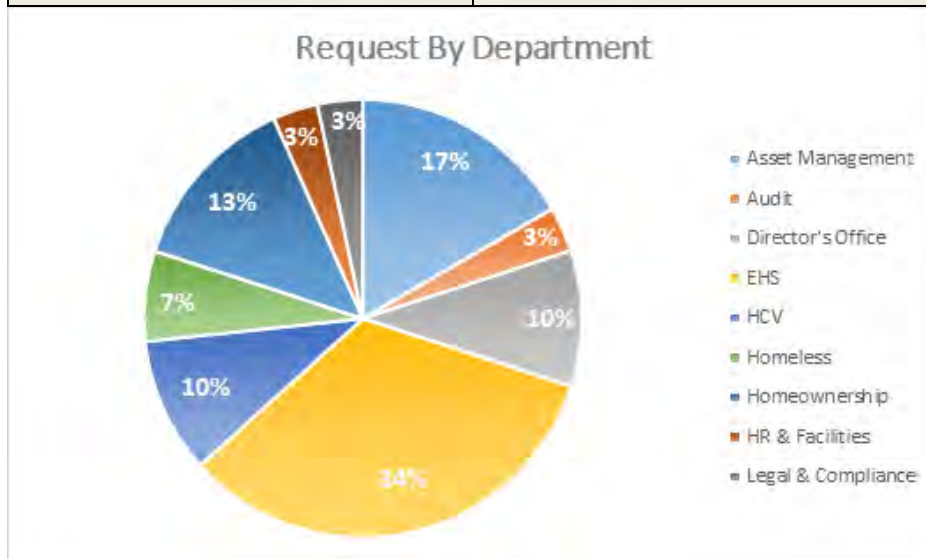
Top items of interest this period have included the home sharing pilot program, which will continue to see media interest through April as we recruit hosts for a June launch for renters; legislation intended to allow three county courthouses to be converted to housing; the increase in MaineHousing's bond cap (moral obligation law change); and a new Department of Energy program that will help provide additional heat pumps to Maine homes.

Internal Communications

The Internal Communications Team is gaining momentum with the new Facts & Snacks series of events focusing on education and internal community. On March 26th we held a Home Share Pilot Program session, at which Nesterly’s CEO, Noelle Marcus, provided an overview of their platform and its history, then answered questions from the attendees. More than 40 staff were in attendance and had numerous incisive and thoughtful questions.

Interdepartmental Support

Lytho Activity, March 2024	
New Requests Received	28
Requests Completed & Closed	30



Planning and Research supports other departments via a workflow management software called Lytho. The jobs range between simple edits to documents, website updates, graphic design and print jobs, data and dashboard development, and major projects like planning events. We have decided to begin reporting a summary of this activity to the board each month.

Website

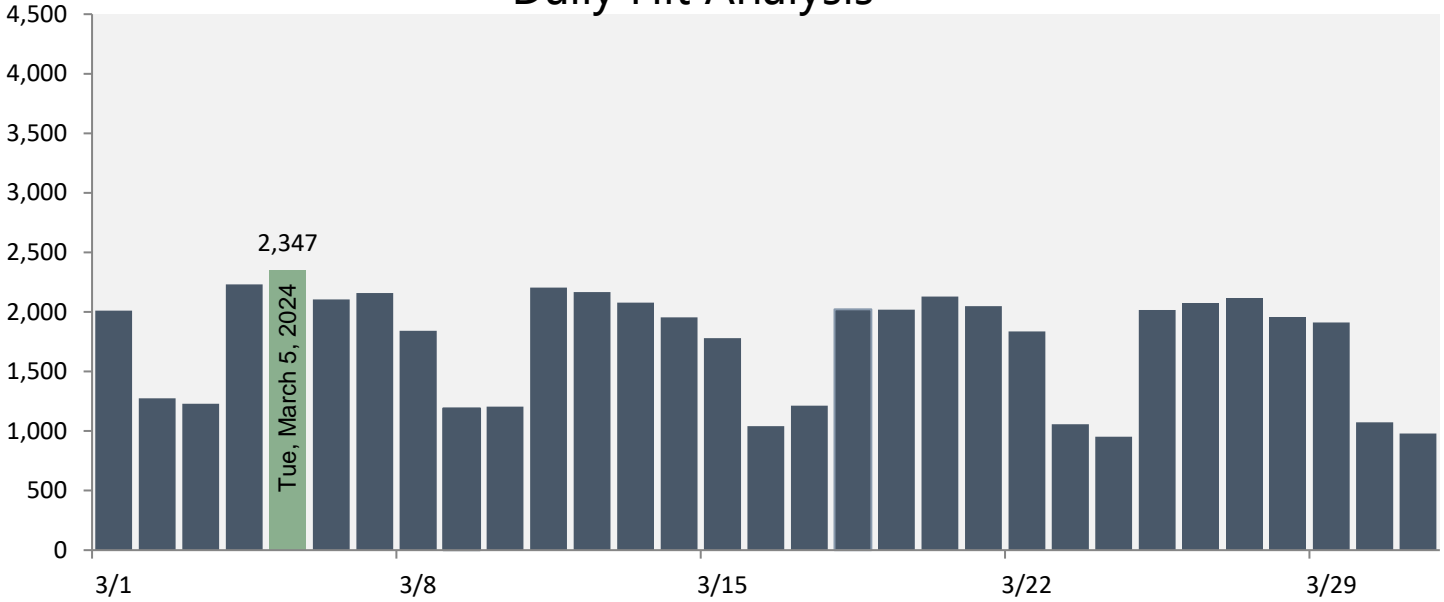
The March 2024 website analytics are below. Overall website hits decreased, only slightly relative to February but by several thousand relative to March of 2023. We expect this can be attributed to the fact that all or our COVID-related programs have closed.

Homeownership represented a very large percentage of hits in March – 42%. This is a very large uptick relative to the same period of the previous year, when it represented only 29% of visits. We also see home repair assistance has been showing up in our search results. We always have Search Engine Management keywords for home repair running but rarely see them in the top five. They appear to have started trending upward in September. We are not sure what to make of these oddities, only find them interesting and are watching for continued trends.

March 2024 - MaineHousing Website Statistics

Hit Summary

Daily Hit Analysis

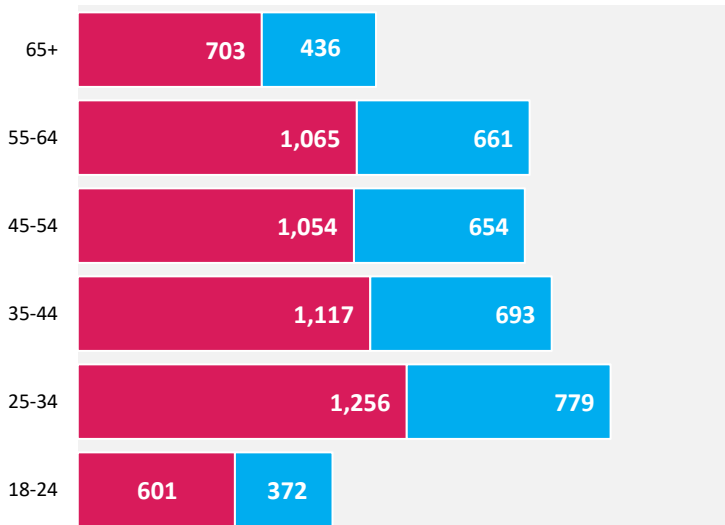


Hits	Unique Visitors	Page Loads	Avg Page Views	Avg Duration	Avg Engagement Rate
54,227	31,720	198,723	3.65	0:03:10	87.8%

Demographics Summary

Demographic information collected by Google Analytics via a 3rd party collection tool. Age and gender are estimated numbers based upon several features present on a users mobile device, browser history, and other factors. Users must have previously allow this information to be collected through browser or app settings.

AGE & GENDER



62%



38%

TOP CITIES

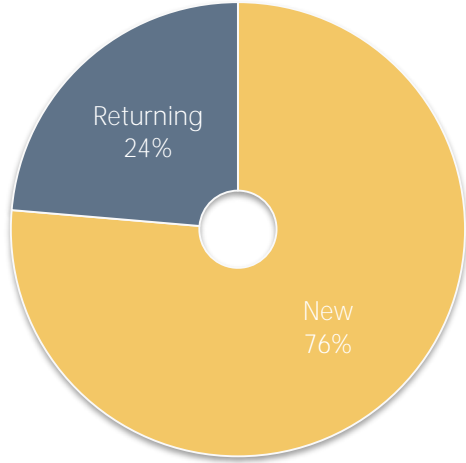
Boston, Massachusetts	5,733
New York, New York	4,219
Portland, Maine	3,302
Hallowell, Maine	1,457
Bangor, Maine	1,440
Ashburn, Virginia	1,164
Greenville, North Carolin	1,104
Lewiston, Maine	995
Augusta, Maine	895
Waterville, Maine	626

Top Cities account for 38.61% of all website traffic

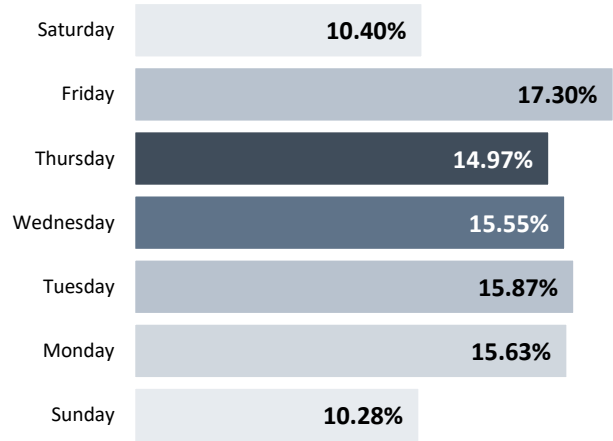
Visitor Engagement

Demographic information collected by Google Analytics via a 3rd party collection tool. Age and gender are estimated numbers based upon several features present on a users mobile device, browser history, and other factors.

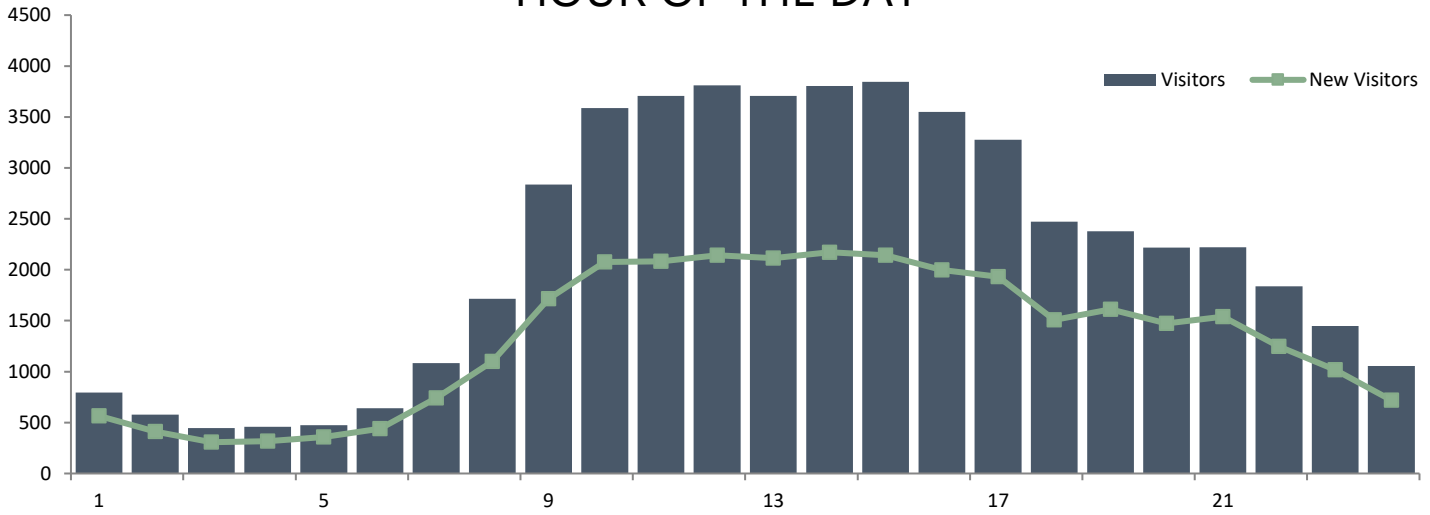
NEW & RETURNING VISITORS



DAYS OF THE WEEK

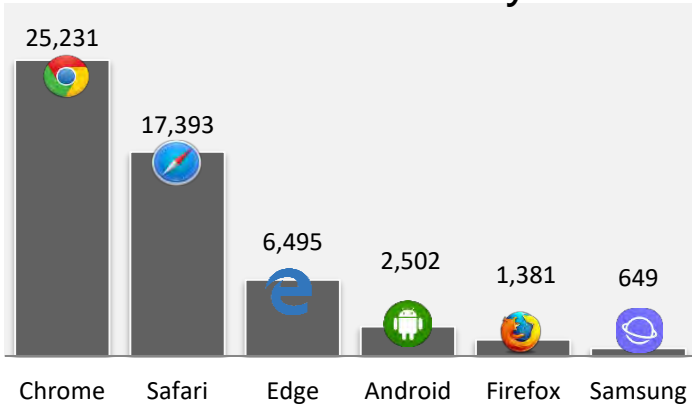


HOUR OF THE DAY

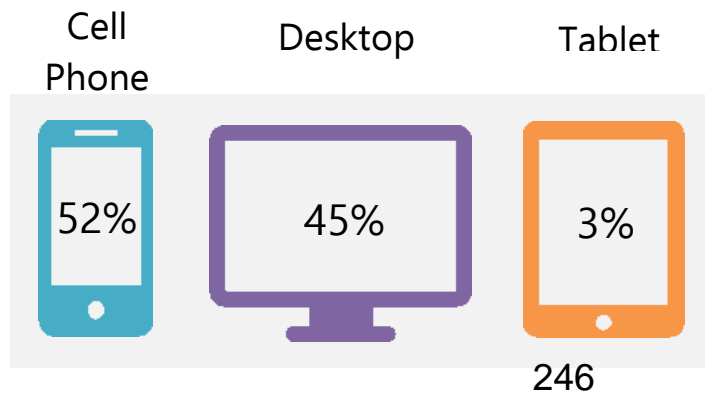


Visitor Technology Summary

Web Browser Analysis



DEVICE ANALYSIS

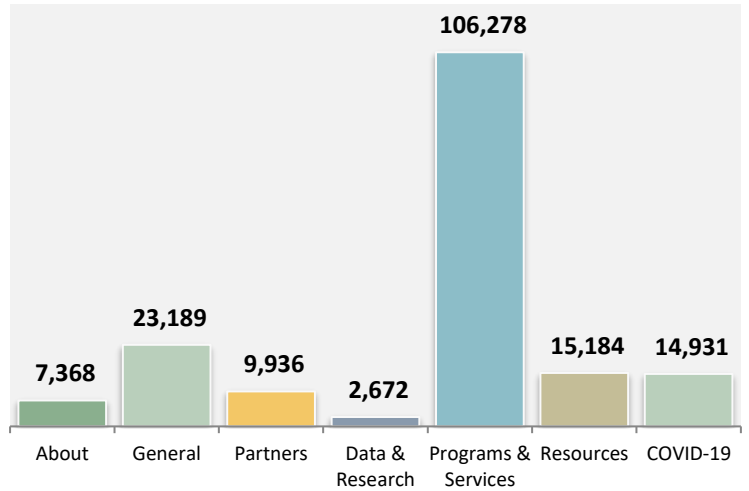


Popular Content

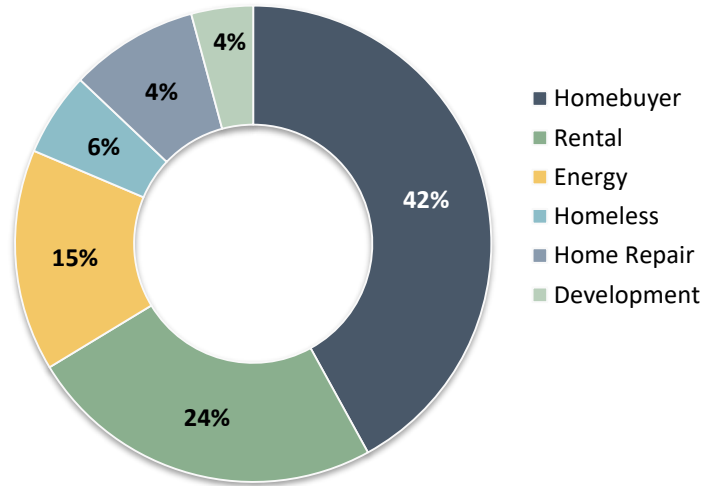
Popular content on our site is defined by pages and or sections of our site that have the highest visits. Below content has been categorized by page, program area and content sections. COVID-19 was added in March of 2020.

Page Title	Hits
Home	21,516
First Home Loan Program	17,492
Home Energy Assistance Program	9,523
Rental Assistance	8,157
Housing Choice Vouchers	7,115
Subsidized Housing	5,529
Home Repair	5,045
Maine HAF	5,013
HEAP Income Eligibility	4,779
Programs - Services	4,755
MaineHousing Lenders	4,644
Homebuyer Income & Purchase Limits	4,036
First Generation Program	3,940
Current Interest Rates	3,201
Emergency Shelters	3,060
Steps to Homeownership	3,035
Contact MaineHousing	2,932
Maine HAF	2,680
Mortgage Calculator	2,626
Homebuyer Programs	2,552
Rent - Income Charts	2,407
Homeless Initiatives	2,248
Multifamily Developers Programs	2,033
Maine HAF	1,910
Careers at MaineHousing	1,827

Popular Content By Program

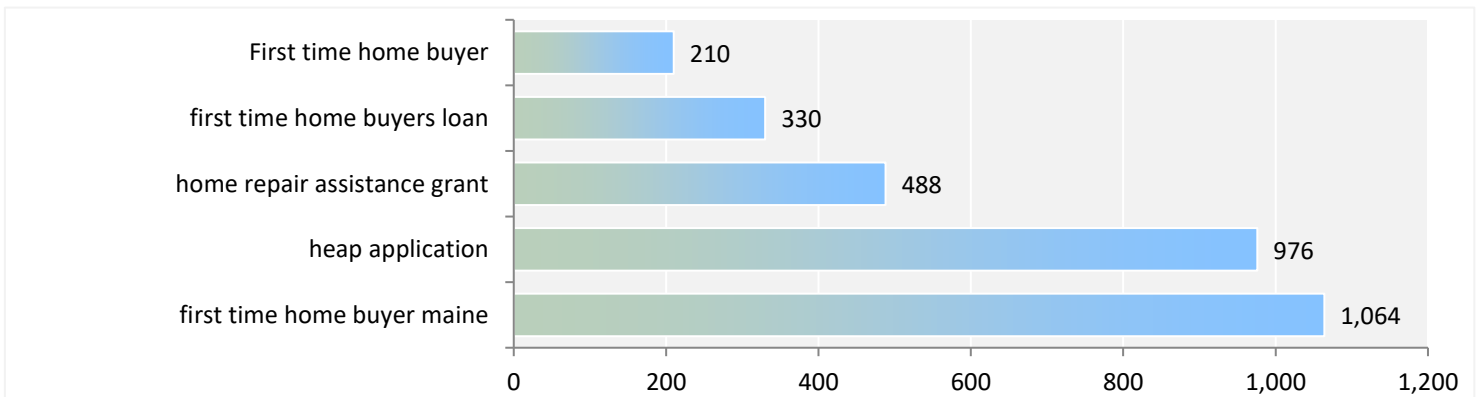


Popular Content By Section



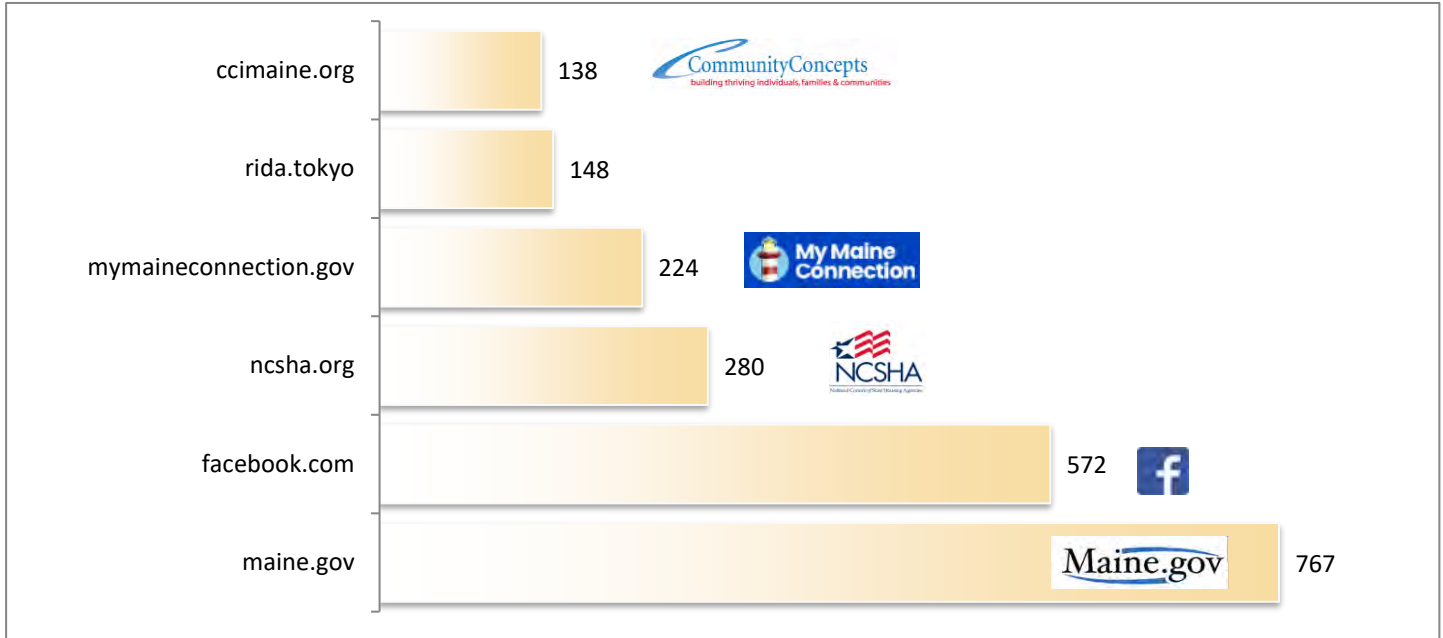
Search Keywords

Below are some of the most popular phrases that people are typing into a search engine (such as google or bing) that then provide a search result for our site.



Referring Websites

Referring websites are sites that link to our own website. When a visitor clicks on that link and visits our website, the site they came from becomes a referring site. Below are highlighted a few of the top referring sites.



Board Calendar 2024

<p>JANUARY 16 <u>Board Business:</u></p> <ul style="list-style-type: none"> • QAP discussion (30 minutes) • Legislature Preview <p><u>Program Presentations:</u></p> <ul style="list-style-type: none"> • HAF <p>NCSHA HFA Institute Washington, DC (Jan 7 – Jan 12)</p>	<p>FEBRUARY 20 <u>Board Business:</u></p> <ul style="list-style-type: none"> • Draft QAP Discussion • Legislative Update • Governor’s Office Update • Introduce HEAP Rule <p><u>Program Presentations:</u></p> <ul style="list-style-type: none"> • Homeownership – 2023 Review, 2024 Preview
<p>MARCH 19 <u>Board Business:</u></p> <ul style="list-style-type: none"> • Legislative update • Goals Progress Report • QAP Draft / Commence Rulemaking (VOTE) • Executive Session – Personnel matter <p><u>Program Presentations:</u></p> <ul style="list-style-type: none"> • Asset Management Update <p>NCSHA Legislative Conf. Washington, DC (March 4- March 6)</p>	<p>APRIL 16 <u>Board Business:</u></p> <ul style="list-style-type: none"> • Commence Rulemaking HEAP Rule (VOTE) • Legislative Update • QAP Public Hearing • Executive Session – Personnel matter followed by a (VOTE) <p><u>Program Presentations:</u></p> <ul style="list-style-type: none"> • 2023 Budget and Audit results
<p>MAY 21 <u>Board Business:</u></p> <ul style="list-style-type: none"> • HEAP Rule Public Hearing • HEAP State Plan Introduction • Legislative Update (final) • Updates from the Governor’s Office (Greg Payne) • Adopt QAP (VOTE) <p><u>Program Presentations:</u></p> <ul style="list-style-type: none"> • 2023 Financial Overview 	<p>JUNE 18 <u>Board Business:</u></p> <ul style="list-style-type: none"> • Adopt HEAP Rule (VOTE) • HEAP State Plan Public Hearing <p><u>Program Presentations:</u></p> <ul style="list-style-type: none"> • Housing Choice Voucher Dept. presentation <p>NCSHA Housing Credit Connect Atlanta, GA (June 10 – June 13)</p>
<p>JULY 16</p> <p style="text-align: center;">If necessary</p> <p>NCSHA Exe Directors Workshop Kansas City, MO (July 13-July 16)</p>	<p>AUGUST 20 <u>Board Business:</u></p> <ul style="list-style-type: none"> • 2025 Goal Setting • Adopt HEAP State Plan
<p>SEPTEMBER 17 <u>Board Business:</u></p> <ul style="list-style-type: none"> • PHA Plan Public Hearing • 2025 Goal Setting <p><u>Program Presentations:</u></p> <ul style="list-style-type: none"> • Information Technology presentation <p>NCSHA Annual Conference & Showplace Phoenix, AZ (Sept. 28 – Oct 1)</p>	<p>OCTOBER 15 <u>Board Business:</u></p> <ul style="list-style-type: none"> • Adopt PHA Plan (VOTE) • Introduce DOE Weatherization State Plan • 2025 Goal Setting – final <p><u>Program Presentations:</u></p> <ul style="list-style-type: none"> • Loan Servicing Presentation
<p>NOVEMBER 19 <u>Board Business:</u></p> <ul style="list-style-type: none"> • DOE Weatherization State Plan Public Hearing • Review Preliminary 2025 Budget • Resource Allocation • Updates from the Governor’s office (Greg Payne) <p><u>Program Presentations:</u></p> <ul style="list-style-type: none"> • 	<p>DECEMBER 17 <u>Board Business:</u></p> <ul style="list-style-type: none"> • Adopt DOE Weatherization State Plan (VOTE) • Approve 2025 Budget (VOTE) • Elect Officers (VOTE) • MPP Series Resolution (VOTE) <p><u>Program Presentations:</u></p> <p>NCSHA Special Board of Directors Meeting and Executive Directors Forum Washington, D.C. (Dec. 8 – Dec. 10)</p>