RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION (A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

Financial Statements and Supplementary Information
For the Three Months Ended September 30, 2012

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(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

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As of and For the Three Months Ended September 30, 2012

Management's Discussion and Analysis

The accompanying basic financial statements include Rhode Island Housing and Mortgage Finance Corporation (the Corporation) and Affordability Housing Trust (the Trust, a component unit of the Corporation), collectively referred to as Rhode Island Housing.

This section of Rhode Island Housing's financial statements presents Rhode Island Housing's management's discussion and analysis of the Corporation's financial position and performance as of September 30, 2012 and 2011 and for the three months then ended. This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

Financial Highlights

The financial highlights (in millions) of the Corporation as of and for the three months ended September 30, 2012 increased (decreased) as compared to 2011 are as follows:

	2012	
	$	%
Mortgage loans, gross	(6.0)	(0.3)
Investments	(2.3)	(0.9)
Cash and cash equivalents	8.6	3.4
Total Assets	5.2	0.2
Bonds and notes payable	(39.9)	(2.4)
Total net position	2.3	0.8
Total revenues	(3.8)	(13.2)
Total expenses	0.4	1.9
Operating income	(4.3)	(74.4)

Mortgage loans comprise the largest segment of the Corporation's asset base. Lower than historic levels of single family loan production, increased REO and foreclosures resulted in a decrease in the Single-family loan portfolio by approximately $73 million from the period ended September 30, 2011. This reduction in Single Family loans was mitigated by an increase in the Operating loan portfolio of approximately $45 million, due primarily to increases in the Hardest Hit Fund loan portfolio, and new loans produced through a Multi-Family bond issue.

Bonds and notes payable are the largest component of the liabilities and this category decreased by $39.9 million in 2012. This decrease is directly related to current year maturities and pay-offs of bonds with mortgage prepayments.

Overview of the Financial Statements

The Corporation engages only in business-type activities; that is, activities that are financed in whole or in part by charges to external parties for services, with funding sources that are primarily external to the Corporation. As a result, the Corporation's basic financial statements include the statement of net position, the statement of revenues, expenses and changes in net position, the statement of cash flows, and the notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The statement of net position presents information on the Corporation's assets, liabilities and net position. Over time, increases or decreases in the Corporation's net position may serve as an indicator of whether the financial position of the Corporation is improving or deteriorating. Other factors, both internal and external to the Corporation, should be considered when evaluating the Corporation's financial position. The statement of revenues, expenses and changes in net position presents information on how the Corporation's net position changed during the period reported.

All assets, liabilities, and changes in net position are reported using the accrual basis of accounting for governmental entities and are reported as soon as the underlying event giving rise to the asset or liability and resulting change in net position occurs, regardless of the timing of when a corresponding amount of cash is received or paid. Consequently, certain revenues and expenses reported in the statement of revenues, expenses and changes in net position will result in cash flows in future periods.

The Affordability Housing Trust is a separate legal entity created pursuant to a trust agreement initiated by the Corporation. The Trust is a private-purpose trust established to assist in activities that involve the creation and preservation of affordable housing in the State. All resources of the Trust, including income on investments and other revenues, are held in trust for the benefit of private and not-for-profit organizations. There is no requirement that any portion of the Trust's resources be preserved as capital. The Trust administers its affairs through its trustees, records its assets in segregated accounts and maintains financial records separate from the Corporation.

Operating Activity of the Corporation

The following tables summarize the components of operating income, before the adjustment required to record investments at fair value as required by Governmental Accounting Standards Board (GASB) Statement No. 31: (2011 amounts have been reclassified to conform to the current period presentation)

For the Three Months Ended September 30 (in thousands)	2012	2011	% Change
Revenues:			
Interest income on loans	$ 19,915	$ 20,897	(4.7)%
Interest on investments	2,061	2,166	(4.8)
Other	1,885	2,617	(28.0)
Total revenues	23,861	25,680	(7.1)
Expenses:			
Interest expense	15,138	15,806	(4.2)
Provision for loan losses	250	341	(26.7)
REO expenditures	1,022	232	340.5
Amortization of deferred bond issuance costs	170	156	9.0
Early retirement of debt	466	162	187.7
Operating expenses	4,884	4,530	7.8
Other	1,774	2,034	(12.8)
Total expenses	23,704	23,261	1.9
Operating income, before adjusting investments to fair value	$ 157	$ 2,419	(93.5)%

Operating income, after adjusting investments to fair value, was $1.5 million for the three month period ended September 30, 2012, and $5.7 million for the three month period ended September 30, 2011. GASB Statement No. 31, which requires investments to be recorded at fair value, caused an increase in operating income of $1.3 million in 2012 compared to $3.3 million in 2011. Operating income, excluding the unrealized gains and losses on investments, decreased 93.5% in 2012 to $157 thousand from $2.4 million in 2011. The fluctuations are primarily due to the increase in costs related to REO and the decrease in administrative fees earned by the Corporation on the Section 8 Contract Administration Program in 2012.

Other revenue consists of loan related fees such as origination and late fees, and fees received for the management and disbursement of funds for federal housing programs. Other revenue decreased to $1.9 million for the three month period ended September 30, 2012 from $2.6 million for the three month period ended September 30, 2011, primarily due to a reduction in fees received on federal housing programs.

Operating expenses associated with the operation of the Corporation (personnel services, other administrative expenses, and depreciation and amortization of other assets) amounted to $4.9 million for the three month period ended September 30, 2012, an increase of 7.8% from $4.5 million in the three month period ended September 30, 2011. The Corporation places a high priority on controlling operating expenses, however, increases in medical and dental expenses along with the timing of expenses such as legal and accounting fees caused an increase over the prior period.

REO expenditures are preservation costs incurred related to REO properties that are deemed to be non-recoverable based on a valuation analysis of the underlying properties. There were $232 thousand of REO expenses recorded for the three month period ended September 30, 2011 and $1.0 million for the same period in 2012. The increase is a direct result of current market conditions causing an increase in the length of time properties are held by Rhode Island Housing.

Net interest income (interest on loans and investments less interest expense) is the largest component of the Corporation's operating income. Net interest income decreased to $6.8 million for the three month period ended September 30, 2012 in comparison to $7.3 million for the three month period ended September 30, 2011. Interest income on loans and investments decreased to $22.0 million for the three month period ended September 30, 2012 in comparison to $23.1 million for the three month period ended September 30, 2011. Net interest income as a percentage of average bonds and notes payable was 1.70% in 2012 and 1.75% in 2011. Interest income on loans as a percentage of total loans decreased from 4.84% in 2011 to 4.63% in 2012, while interest expense on bonds and notes decreased from 3.82% in 2011 to 3.76% in 2012. This caused a net decrease in the spread margin (i.e., differential between loans and bonds) from 1.03% in 2011 to 0.86% in 2012. This is the result of continued lower rates on new loans.

The Corporation's revenue recognition policy requires that upon occurrence of any loan's delinquency of ninety days versus its contractual requirement for payment, the accrual of interest income for that loan is ceased and any previous accrued interest income is reversed. The Corporation will commence accruing interest income on such loans once the loans are made current.

The provision for loan losses decreased from $573 thousand in 2011 to $250 thousand in 2012 based on a review of the Corporation's loan portfolio and an analysis of its current characteristics. The primary economic factors incorporated into the allowance estimates are: (1) recent performance characteristics of the single-family portfolio and (2) net operating cash flows of the developments associated with multi-family loans.

For single-family loans, an estimate of loss reserve is based on current economic conditions and real estate depreciation. For the multi-family portfolios, a specific loan loss reserve analysis is performed for every loan demonstrating signs of financial strain. Cash flow projections are developed from the most recent audited financials for each of the sites which may be experiencing difficulty and which have a m rtgage loan. For each of these sites an analysis of value is calculated and compared to the loan balance. This methodology is the same as that used in the formulation of the income approach found in standard real estate appraisals. Beyond the specific reserves derived above, a general reserve is also established. The general reserve is based on a range of reserve percentages applicable to each loan portfolio.

In December, 2009, the Corporation issued bonds under two indentures following the announcement by the United States Treasury Department of its intent to purchase bonds from state and local housing finance agencies. This program is part of a federal plan to help stabilize the United States housing market and provide families with access to affordable rental housing and homeownership. The Treasury Department agreed to purchase from the Corporation up to $128 million of single-family bonds under the Home Funding Bonds indenture, and up to $65.1 million of rental housing bonds under the Multi-Family Funding Bonds indenture. As of September 30, 2012, approximately $32 million of single-family bonds are available to be issued under this program upon authorization by the corporation.

Financial Analysis of the Corporation

The following table summarizes certain financial information regarding the Corporation's financial position:

	September 30 (in millions)		
	2012	2011	% Change
Loans receivable, net	$ 1,721	$ 1,728	(0.4)%
Investments	269	271	(0.7)
Cash and cash equivalents	263	254	3.5
Other assets	38	33	15.2
Total assets	2,291	2,286	0.2
Bonds and notes payable	1,618	1,658	(2.4)
Total liabilities	1,993	1,990	0.2
Net Position:			
Invested in capital assets	9	9	(4.9)
Restricted	236	240	(1.3)
Unrestricted	53	48	12.3

At September 30, 2012, total assets of the Corporation remained consistent from September 30, 2011. Net loans receivable decreased $7 million or 0.4% from the previous comparable three month period. Bonds and notes payable totaled $1.62 billion as of September 30, 2012, a decrease of $40 million from September 30, 2011. During the same period in 2012, the Corporation issued $71 million of bonds to refund existing bonds, $15 million of bonds to fund single-family loans and redeemed $3.7 million of bonds prior to maturity under provisions in the bond resolutions that allow mortgage prepayments to be used for such purpose. During the three month period ended September 30, 2011, $35 million of bonds were issued to fund single-family loans and $26.9 million of bonds were redeemed prior to maturity.

As of September 30, 2012 and 2011, the net position-to-asset ratio was 13.0% and the loan-to-asset ratio was 75.1% and 75.6%, respectively. These ratios reflect the application of GASB Statement No. 31.

The Corporation's loan portfolio is primarily composed of single-family mortgage loans. As of September 30, 2012 and 2011, single-family residential mortgages in bond resolutions decreased from $1.1 billion to $997 million and multi-family loans in bond resolutions totaled $392 million and $370 million, respectively.

The Corporation invests funds according to an investment policy, the primary goal of which is the preservation of capital and the minimization of risk. Other investment policy objectives include liquidity and maximization of yield. Under its current investment policy, the Corporation invests substantially all funds in United States Government and Agency securities or in guaranteed investment contracts with providers.

The Operating Fund is used to record the receipt of income not directly pledged to the repayment of specific bonds and notes, as well as to record expenses related to the Corporation's administrative functions and the provision for loan losses. The Operating Fund also is used for the purpose of recording funds to be utilized in the administration of various housing programs that are not covered by the Corporation's bond resolutions.

External Influences

With very few exceptions, most states are contending with the negative ramifications of the economic downturn occurring nationally. The most pronounced implication of the downturn is a high level of unemployment across the country. Rhode Island's unemployment rate is presently 10.5% while the national rate is 7.8%. The soft economy and the high level of unemployment produce an adverse effect for any lending institution. Notwithstanding the fact that households historically place a very high priority on making their mortgage payments to their mortgage lenders, there is an unavoidable ripple effect produced in a lending institution's delinquency statistics. High unemployment also negatively affects the resale value and the market equity in houses, since there are fewer households financially able to upgrade their housing burden in an economic downturn. The Corporation's loans (1) do not include sub-prime, (2) are conservatively underwritten and (3) represent financing of a borrower's first home; however the Corporation's delinquency experience is directly impacted by the high unemployment and economic burdens of the State's residents.

In February 2010 the U.S. Department of the Treasury established the Hardest Hit Fund to provide targeted aid to families in states hit hard by the economic and housing market downturn. Rhode Island has been chosen to receive assistance as one of the states struggling with unemployment rates at or above the national average or steep home price declines greater than 20 percent since the housing market downturn. The Corporation is helping our borrowers through the application process, to obtain federal aid available in the Hardest Hit Fund to provide funds for mortgage payment assistance for unemployed or underemployed homeowners, funds for principal reduction and loan modification to help homeowners get into more affordable mortgages and help for homeowners transitioning out of their homes.

As of October 1, 2011 the U.S. Department of Housing and Urban Development (HUD) has made changes to their Project Based Section 8 Contract Administration Program. Under the new Annual Contributions Contract, HUD has reduced the number of tasks to be performed and has reduced the associated administrative fees earned by the Corporation. The current contract has been extended by HUD through December 31, 2012. At a later date HUD will issue a Notice of Funding Availability to award the contract on a more long-term basis. The Corporation has taken steps to reduce both operating and programmatic expenses to offset the expected reduction in fees from this program.

Requests for Information

This management's discussion and analysis is designed to provide a general overview of the Corporation's finances. Questions concerning this report may be addressed to the Director of Finance and Technology, Rhode Island Housing and Mortgage Finance Corporation, 44 Washington Street, Providence, Rhode Island, 02903. The Corporation maintains a website at: www.rhodeislandhousing.org.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position
September 30, 2012

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
Assets				
Loans receivable	$ 331,884,094	$ 997,753,147	$ 391,824,972	$ 1,721,462,213
Less allowance for loan losses	(18,195,711)	(8,321,226)	-	(26,516,937)
Loans receivable, net	313,688,383	989,431,921	391,824,972	1,694,945,276
Investments	102,348,162	111,732,844	55,057,413	269,138,419
Accrued interest-loans	633,121	3,912,813	1,937,157	6,483,091
Accrued interest-investments	27,629	393,630	829,370	1,250,629
Cash and cash equivalents	69,989,545	155,137,604	37,482,307	262,609,456
Accounts receivable	11,999,539	-	-	11,999,539
Deferred bond issuance costs, net	287,618	8,235,321	191,157	8,714,096
Other assets, net	15,104,205	20,718,566	-	35,822,771
Interfund receivable (payable)	(18,597)	18,597	-	-
Total Assets	**$ 514,059,605**	**$ 1,289,581,296**	**$ 487,322,376**	**$ 2,290,963,277**
Liabilities and Net Position				
Bonds and notes payable	$ 102,863,774	$ 1,114,297,450	$ 400,565,423	$ 1,617,726,647
Accrued interest payable on bonds and notes	282,264	21,373,225	6,718,931	28,374,420
Accounts payable and accrued liabilities	7,605,431	293,620	3,509,354	11,408,405
Deferred fees	6,642,026	295,453	33,375	6,970,854
Escrow deposits	325,481,224	-	2,615,658	328,096,882
Total liabilities	**442,874,719**	**1,136,259,748**	**413,442,741**	**1,992,577,208**
Net Position				
Invested in capital assets	8,585,927	-	-	8,585,927
Restricted	9,231,371	153,321,548	73,879,635	236,432,554
Unrestricted	53,367,588	-	-	53,367,588
Total net position	**71,184,886**	**153,321,548**	**73,879,635**	**298,386,069**
Total Liabilities and Net Position	**$ 514,059,605**	**$ 1,289,581,296**	**$ 487,322,376**	**$ 2,290,963,277**

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position
For the Three Months Ended September 30, 2012

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
Operating revenues:				
Interest income on loans	$ 1,274,864	$ 12,339,705	$ 5,620,425	$ 19,234,994
Interest income attributable to internal servicing activities	680,322	-	-	680,322
Total interest income on loans	1,955,186	12,339,705	5,620,425	19,915,316
Income on investments:				
Interest on investments	106,451	1,170,093	784,664	2,061,208
Net increase in fair value of investments	35,962	1,003,692	272,201	1,311,855
Fees	1,520,860	-	-	1,520,860
Servicing fee income	329,270	-	-	329,270
Miscellaneous income	35,021	-	-	35,021
Total operating revenues	**3,982,750**	**14,513,490**	**6,677,290**	**25,173,530**
Operating expenses:				
Interest expense	460,821	11,257,854	3,419,464	15,138,139
Personnel services	3,523,428	-	-	3,523,428
Other administrative expenses	897,954	55,282	3,034	956,270
Housing initiatives	1,188,916	7,326	-	1,196,242
Provision for loan loss	-	250,000	-	250,000
REO expenditures	487,457	534,746	-	1,022,203
Arbitrage rebate	-	25,000	75,000	100,000
Amortization of deferred bond issuance costs	5,623	149,431	15,164	170,218
Early retirement of debt	-	465,866	-	465,866
Depreciation and amortization of other assets	294,327	110,219	-	404,546
State Rental Subsidy Program	477,451	-	-	477,451
Total operating expenses	**7,335,977**	**12,855,724**	**3,512,662**	**23,704,363**
Operating income (loss)	**(3,353,227)**	**1,657,766**	**3,164,628**	**1,469,167**
Transfers in (out) of net position	4,634,937	(83,900)	(4,551,037)	-
Total change in net position	**1,281,710**	**1,573,866**	**(1,386,409)**	**1,469,167**
Net position, beginning of period	69,903,176	151,747,682	75,266,044	296,916,902
Net position, end of period	$ 71,184,886	$ 153,321,548	$ 73,879,635	$ 298,386,069

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Cash Flows
For the Three Months Ended September 30, 2012

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
Cash Flows from Operating Activities				
Interest on loans receivable	$ 2,010,823	$ 12,295,502	$ 5,587,376	$ 19,893,701
Repayment of loans receivable	15,094,464	32,086,196	921,275	48,101,935
Fees collected	1,937,222	(6,533)	(33,375)	1,897,314
Other receipts (disbursements), net	16,787,998	-	280,134	17,068,132
Loans disbursed	(30,439,620)	(16,097,304)	-	(46,536,924)
Accounts receivable, net	288,105	-	-	288,105
Loss on loans receivable	(204,289)	(2,128,774)	-	(2,333,063)
Loss on REO properties	(487,458)	(534,746)	-	(1,022,204)
Bond issuance costs	(263,251)	(634,807)	-	(898,058)
Personnel services	(3,523,427)	-	-	(3,523,427)
Other administrative expenses	(897,954)	(55,282)	(3,035)	(956,271)
Housing initiative expenses	(1,188,916)	(7,326)	-	(1,196,242)
Other assets	(501,121)	(1,871,229)	-	(2,372,350)
Arbitrage rebate	-	(25,000)	(75,000)	(100,000)
Accounts payable and accrued liabilities	(61,430)	(86,340)	75,000	(72,770)
State Rental Subsidy Program	(477,451)	-	-	(477,451)
Transfers from (to) other programs	4,633,663	(82,627)	(4,551,036)	-
Net cash provided by operating activities	**2,707,358**	**22,851,730**	**2,201,339**	**27,760,427**
Cash Flows from Noncaptial Financing Activities:				
Proceeds from sale of bonds and notes	64,000,000	85,702,487	2,835	149,705,322
Payment of bond and note principal	(60,022,211)	(74,541,538)	(203,213)	(134,766,962)
Interest paid on bonds and notes	(372,150)	(983,476)	(162,896)	(1,518,522)
Net cash provided by (used) for noncapital financing activities	**3,605,639**	**10,177,473**	**(363,274)**	**13,419,838**
Cash Flows from Investing Activities:				
Redemption of investments	357,593	6,358,180	2,846,263	9,562,036
Income on investments	106,973	1,245,058	620,736	1,972,767
Purchase of investments	(111,878)	(6,066,185)	(444,812)	(6,622,875)
Net cash provided by investing activities	**352,688**	**1,537,053**	**3,022,187**	**4,911,928**
Net Increase in Cash and Cash Equivalents	**6,665,685**	**34,566,256**	**4,860,252**	**46,092,193**
Cash and Cash Equivalents, beginning of period	63,323,860	120,571,348	32,622,055	216,517,263
Cash and Cash Equivalents, end of period	$ 69,989,545	$ 155,137,604	$ 37,482,307	$ 262,609,456

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Cash Flows
For the Three Months Ended September 30, 2012

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ (3,353,227)	$ 1,657,766	$ 3,164,628	$ 1,469,167
Adjustments:				
Income on investments	(106,973)	(1,245,058)	(620,736)	(1,972,767)
Net (increase) decrease in fair value of investments	(35,962)	(1,003,692)	(272,201)	(1,311,855)
Interest paid on bonds and notes	372,150	983,476	162,896	1,518,522
Transfer of investments and/or net position	4,634,937	(83,900)	(4,551,037)	-
(Increase) decrease in assets:				
Loans receivable/loss allowance	(15,549,445)	14,110,118	921,275	(518,052)
Accrued interest-loans	55,636	(44,203)	(33,048)	(21,615)
Accrued interest-investments	522	74,964	(163,928)	(88,442)
Accounts receivable	288,105	-	-	288,105
Deferred bond issuance costs	(257,628)	(19,510)	15,163	(261,975)
Other assets	(206,794)	(1,761,011)	-	(1,967,805)
Interfund receivable (payable)	(1,273)	1,273	-	-
Increase (decrease) in liabilities:				
Accrued interest-bonds and notes	88,671	10,274,378	3,256,568	13,619,617
Accounts payable/accrued liabilities	(61,430)	(86,339)	75,000	(72,769)
Deferred fees	87,091	(6,532)	(33,375)	47,184
Escrow deposits	16,752,978	-	280,134	17,033,112
Total adjustments	**6,060,585**	**21,193,964**	**(963,289)**	**26,291,260**
Net cash provided by operating activities	**$ 2,707,358**	**$ 22,851,730**	**$ 2,201,339**	**$ 27,760,427**

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Statement of Fiduciary Net Position - Private Purpose Trust Component Unit
September 30, 2012

Assets		
Loans receivable	$	45,026,091
Less allowance for loan losses		(3,300,000)
Loans receivable, net		41,726,091
Investments		5,240,216
Accrued interest-loans		116,714
Accrued interest-investments		11,161
Cash and cash equivalents		19,209,529
Accounts receivable		179,449
Other assets, net		3,104,836
Total Assets	**$**	**69,587,996**
Liabilities and Net Position		
Accounts payable and accrued liabilities	$	18,407
Deferred fees		2,125,538
Total liabilities		**2,143,945**
Net Position		
Held in trust		67,444,051
Total Liabilities and Net Position	**$**	**69,587,996**

See Accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Statement of Changes in Fiduciary Net Position - Private Purpose Trust Component Unit
For the Three Months Ended September 30, 2012

Revenues:		
Interest income on loans	$	319,819
Income on investments:		
Interest on investments		11,273
Net decrease in fair value of investments		13,817
Trust receipts		213,049
Total revenues		**557,958**
Total change in net position		**557,958**
Net position, beginning of period		66,886,093
Net position, end of period	$	67,444,051

See Accompanying Notes to Financial Statements.

1. Organization and Summary of Significant Accounting Policies

a. Organization and Description of Financial Reporting Entity

Rhode Island Housing and Mortgage Finance Corporation (the "Corporation") is a public instrumentality established in 1973 by an Act of the Rhode Island General Assembly. The Corporation was created to originate loans and administer other activities in order to expand the supply of housing available to persons of low and moderate income and to stimulate the construction and rehabilitation of housing and health care facilities in the State of Rhode Island (the "State"). It has the power to issue negotiable notes and bonds to achieve its corporate purpose. The notes and bonds do not constitute a debt of the State, and the State is not liable for the repayment of such obligations.

The Corporation is considered a component unit of the State and is included in the State's comprehensive annual financial report.

The Corporation is exempt from federal and state income taxes.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the Corporation applies the criteria prescribed by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement Nos. 39 and 61. Through the application of GASB Statement Nos. 14, 39 and 61 the accompanying financial statements present the Corporation and the Affordability Housing Trust (the "Trust"), a component unit over which the Corporation has control and for which the Corporation has financial accountability. Control over and financial accountability for the Trust is determined on the basis of appointment of a voting majority of the Trust's trustees. The Corporation and the Trust are collectively referred to herein as Rhode Island Housing.

b. Affordability Housing Trust

The Affordability Housing Trust is a separate legal entity created pursuant to a trust agreement initiated by the Corporation. The Trust is a private-purpose trust established to assist in activities that involve the creation and preservation of affordable housing in the State. All resources of the Trust, including income on investments and other revenues, are held in trust for the benefit of private and not-for-profit organizations. There is no requirement that any portion of the Trust's resources be preserved as capital. The Trust administers its affairs through its trustees, records its assets in segregated accounts and maintains financial records separate from the Corporation.

c. Financial Statement Presentation, Measurement Focus and Basis of Accounting

The Corporation engages only in business-type activities. Business-type activities are activities that are financed in whole or in part by fees charged to external parties. The accompanying statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows (enterprise fund financial statements) present the financial information of the Corporation.

The Corporation classifies its business-type activities into funds, reported as separate columns within the enterprise fund financial statements, each representing a fiscal and accounting entity with a self-balancing set of accounts segregated to carry on specific activities in accordance with bond resolutions established under various trust indentures, special regulations, restrictions, or limitations. All inter-fund activity has been eliminated from the combining totals in the accompanying financial statements.

The Operating Fund accounts for the receipt of income not directly pledged to the repayment of specific bonds and notes, expenses related to the Corporation's administrative functions, and for various housing program activities that are not covered by bond resolutions. The Operating Fund also accounts for the activities of the Corporation's two separate subsidiaries: Rhode Island Housing Equity Corporation, and Rhode Island Housing Development Corporation. The Single-Family Fund accounts for activities to finance ownership of single-family housing, ranging from one to four dwelling units, within the State by eligible persons and families. These activities include originating and purchasing from participating originating lenders qualified mortgages, as defined in bond resolutions. The Multi-Family Fund accounts for activities to finance the origination of multi-family loans secured by a lien constituting a first mortgage or to provide for the payment of debt issued for such purpose.

The Trust engages only in fiduciary activities. Separate financial statements are presented for the Trust since fiduciary activities are excluded from presentation in enterprise fund financial statements.

The Corporation and the Trust use the economic resources measurement focus and accrual basis of accounting. The accompanying financial statements have been prepared in conformance with generally accepted account principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Corporation has presented an unclassified statement of net position in accordance with financial institution industry trade practice. Although contractual terms define the principal amount of loans receivable to be received, and the amount of principal required to be paid on bonds and notes payable by the Corporation within one year from the statement of net position date, the actual principal amount of loans received and the actual amount of principal repaid on bonds and notes is affected significantly by changes in interest rates, economic conditions, and other factors. Consequently, the principal amount of loans receivable and the required principal repayable for bonds and notes based on contractual terms would not be representative of actual amounts expected to be received or paid, and such amounts are not reliably estimable.

The Corporation distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the Corporation's principal ongoing operations. Operating expenses include the cost of services provided, administrative expenses, and depreciation and amortization expense. All other revenues and expenses are reported as non-operating revenues and expenses.

d. Loans Receivable and Allowance for Loan Losses

Loans receivable are reported at their outstanding principal balance adjusted for any charge-offs and the allowance for loan losses.

Interest income from loans is recognized on the accrual basis. A loan is considered delinquent when a payment has not been made according to contractual terms. Accrual of income is suspended when a loan is delinquent for ninety days or more; all interest accrued for nonaccrual status loans is reversed against interest income and subsequently recognized as income when received. Loans are returned to accrual status when all amounts contractually due are brought current or the loans have been restructured and future payments are reasonably assured. Interest on loans which is deferred and payable by borrowers only from available cash flow or other specified sources is recorded as income when received.

Losses on loans are provided for under the allowance method of accounting. The allowance is increased by provisions charged to operating expenses and by recoveries of previously charged-off loans. The allowance is decreased as loans are charged-off.

The allowance is an amount that management believes will be adequate for loan losses based on evaluation of collectability and prior loss experience, known and inherent risk in the portfolio, changes in the nature and volume of the loan portfolio, overall portfolio quality, specific problem loans, the estimated value of the underlying collateral, current and anticipated economic conditions that may affect the borrower's ability to pay, and historical loss experience and the types of mortgage insurance or guarantee programs provided by outside parties. Substantially all loans are secured by real estate in Rhode Island; accordingly, the ultimate collectability of substantially all of the loans is susceptible to changes in market conditions in this area. Management believes the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, evaluation assessments made by management are inherently subjective and future adjustments to the allowance may be necessary if future economic conditions differ substantially from the assumptions used in making the evaluation.

e. Cash and Cash Equivalents

Cash and cash equivalents represent funds on deposit with various financial institutions and funds held by the trustees of the various bond programs. Deposits held in financial institutions and all highly liquid investments, such as U.S. Treasury Bills and Notes, with original maturities of 90 days or less, are considered cash and cash equivalents.

f. Investments

Investments held by Rhode Island Housing consist of those permitted by the various bond resolutions and Rhode Island Housing's investment policy. Investments include securities of the U.S. Government and of U.S. Government agencies, securities guaranteed by the U.S. Government and U.S. Government agencies, savings accounts, and guaranteed investment contracts.

In accordance with GASB Statement No. 31, money market investments having a remaining maturity of one year or less at time of purchase are reported at amortized cost provided that the fair value of such investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Investments in non-participating interest earning investment contracts, such as non-negotiable and non-transferable guaranteed investment contracts which are redeemable at contract or stated value rather than fair value based on current market rates and certificates of deposit with redemption terms that do not consider market rates, are reported at cost or amortized cost provided that the fair value of such contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors. Investments not reported at cost or amortized cost are reported at fair value in accordance with GASB Statement No. 31. The fair value of securities is provided by an investment trustee as reported by recognized pricing firms. The reported amounts of investments not otherwise reported at fair value approximate their fair value.

All investment income, including changes in the fair value of investments, is reported as revenue in the Corporation's statement of revenues, expenses and changes in net position and in the Trust's statement of changes in fiduciary net position. The Corporation records a liability for the portion of investment income that is rebateable to the United States government under Section 103A of the Internal Revenue Code, as amended, (the Code) for taxable bonds sold after 1981. The Code requires that such excess investment income be remitted to the Internal Revenue Service. Such rebateable investment income is included in accounts payable and accrued liabilities in the accompanying statement of net position and recorded within operating expenses in the statement of revenues, expenses and changes in net position.

g. Bond Issuance Costs, Premiums, Discounts and Early Retirements

Costs relating to issuing bonds are capitalized and amortized using a method that approximates the interest method over the life of the related bonds or to the date the Corporation has the option to redeem the bonds. In addition, when refinancing debt, the unamortized costs associated with the refinanced bond continue to be amortized over the shorter of the life of the old or new bonds.

Premiums and discounts are capitalized and amortized using a method that approximates the interest method over the life of the related issue or to the date the Corporation has the option to redeem the bonds.

The Corporation periodically retires bonds prior to their redemption date. Unamortized deferred bond issuance costs, along with any premium paid on the call, related to the early retirement of bonds that are not refunded, are reported in the statement of revenues, expenses and changes in net position.

h. Other Assets

Other assets of the Corporation are principally comprised of property and equipment, certain other real estate owned, loan origination and other fees paid to mortgagors, and deferred servicing costs related to service release premiums paid to participating originating lenders for origination of single-family loans. The Corporation amortizes loan origination and other fees over the estimated average life of the related loans on a straight-line basis and depreciates property and equipment on a straight-line basis over the assets' estimated lives, which range from 3-40 years.

The Corporation states its other real estate owned acquired through or in lieu of foreclosure at the lower of cost or fair value at the date of foreclosure. Fair value of such assets is determined based on independent appraisals and other relevant factors. Other real estate owned in the Single-Family Fund are at least partially insured or guaranteed by outside parties and it is anticipated that the Corporation will recover substantially all of the balance of these assets through such insurance and from proceeds from the sale of the underlying properties. The Corporation holds such properties for subsequent sale in a manner that will allow maximization of value. Carrying costs relating to other real estate owned are recorded in the operating fund.

i. Net Position

Net position is classified in the following three components: invested in capital assets, restricted, and unrestricted. Invested in capital assets consists of all capital assets, net of accumulated depreciation. Restricted net position consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of net position not included in invested in capital assets or restricted net position.

The Corporation classifies all net position amounts associated with its bond resolutions as restricted net position. Under bond indentures, all assets assigned to these programs are pledged for the benefit of the bondholders of each program; consequently, the Corporation classifies all such amounts, while retained in the bond programs, as restricted. Transfers from the bond programs to the Operating Fund are made when transfers are approved and authorized by the Corporation's management and such amounts are not specifically required to be retained within the bond program. Transfers during the period ended September 30, 2012 include cash transfers for reimbursement of activities in support of the bond program.

At September 30, 2012, restricted net position in the Operating Fund, comprised of the amount of assets required to be pledged as collateral to a lender in excess of outstanding amounts borrowed, as well as assets restricted for federal programs totaled $9,231,371.

j. Interest Income on Loans

The Corporation presents two categories of interest income on loans. The first category, "interest income on loans," represents interest income earned net of the component of the mortgagors' payments payable to all mortgage servicing entities (including the Corporation's Operating Fund) as compensation for monthly servicing. The second category, "interest income attributable to internal servicing activities," represents that portion of interest income attributable to compensation for mortgage servicing for those loans serviced by the Corporation. Together, these two components comprise interest income on loans owned by the Corporation.

k. **Use of Estimates**
Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and disclosure of contingent assets and liabilities when preparing the financial statements in conformity with accounting principles generally accepted in the United States. Actual results could differ from those estimates.

l. **Recent Accounting Pronouncements**
Effective July 1, 2012, Rhode Island Housing implemented GASB Statement No. 61, "The Financial Reporting Entity: Omnibus", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 GASB and AICPA Pronouncements", and GASB Statement No. 63, "Financial Reporting of Deferred Outflows and Resources, Deferred Inflows of Resources, and Net Position". These statements did not have a material impact on the financial statements but changed financial statement presentation and certain disclosures.

2. Restricted Assets

The Corporation maintains various trust and escrow accounts required by applicable bond covenants for the benefit of bondholders and others, and all such accounts are considered restricted in this context. Also, restricted assets principally include Mortgage Lenders Reserve Accounts because their use is restricted by agreements between the Corporation and mortgage lenders, escrow funds received from borrowers and advance funds received from the U.S. Department of Housing and Urban Development (HUD) for the use in HUD programs.

At September 30, 2012, all assets in the Corporation's Single-Family and Multi-Family Funds; and $171,682,572 of investments and cash and cash equivalents and $181,044,538 of loans receivable and other assets in the Corporation's Operating Fund are restricted.

3. Loans Receivable

The Corporation provides single-family mortgage loans to qualified borrowers in the State of Rhode Island. The mortgage loans are generally required to be insured through the Federal Housing Administration (FHA), guaranteed by the Department of Veterans Administration (VA) or USDA Rural Development, or conventionally financed with traditional primary mortgage insurance. Under the single-family program guidelines, conventionally financed single-family mortgage loans with an initial loan-to-value ratio of greater than 80% are insured by private mortgage insurance carriers. As these loans amortize and the loan-to-value ratio falls below 80%, the private mortgage insurance coverage may be terminated.

The single-family mortgage loan balances in the Single Family Fund are insured, subject to maximum insurable limits described below:

Private Mortgage Insurance	$ 547,574,014
FHA Insurance	180,080,709
VA Guaranteed	15,290,361
USDA/RD Guaranteed	13,120,374
Uninsured	241,687,689
Total	$ 997,753,147

The FHA program insures the repayment of the unpaid principal amount of the mortgage upon foreclosure and conveyance of title to the Secretary of HUD. The insurance proceeds are usually paid in cash, but at the discretion of the Secretary may be settled through issuance of twenty-year debentures. The VA mortgage loan guarantee covers from 25% up to 50% of the original principal amount of a loan up to a maximum of $60,000, depending on the loan amount. Private mortgage insurers must be qualified to insure mortgages purchased by the Federal Home Loan Mortgage Corporation or Fannie Mae and must be authorized to do business in the State. Private mortgage insurance typically covers between 6% and 35% of claims depending upon the premium plan and coverage selected when the loan is originated. The risk exists that if these private mortgage insurance companies are not able to honor claims, these loans would be considered uninsured.

The Corporation has entered into a risk-sharing agreement with HUD whereby HUD will provide partial mortgage insurance on affordable multifamily housing developments financed by the Corporation. The risk of loss to the Corporation varies from 50% to 90% depending on the level of participation by HUD. In the Multi-Family Fund and Operating Fund, loan balances at September 30, 2012 of $269,963,635 and $10,867,447, respectively, are insured under such agreements subject to maximum participation limits. At September 30, 2012, loan balances of $4,325,410 in the Affordability Housing Trust are also insured under such agreements.

In May 2012, Rhode Island Housing entered into an agreement with the Federal National Mortgage Association (FNMA) whereby single-family mortgage loans originated under Rhode Island Housing's program guidelines may be sold directly to FNMA or pooled into a mortgage-backed security that will be guaranteed by FNMA. As of September 30, 2012 three loans were sold directly to FNMA and one mortgage backed security was issued.

In both the Single-Family Fund and the Multi-Family Fund, 98% of the loan portfolio is in first lien position. In the Operating Fund and the Affordable Housing Trust Fund, 34% and 46%, respectively, of the loan portfolio is in first lien position.

The payment of interest by borrowers on certain loans recorded in the Corporation's Operating Fund, Single-Family Fund and Multi-Family Fund is deferred and is payable by borrowers only from available cash flow, as defined in the loan agreements, or other specified sources. Interest income on such loans is recorded only when received from the borrower. For the three months ended September 30, 2012, interest received under such deferred loan arrangements was $131,316 in the Operating Fund and $41,688 in the Single-Family Fund. In addition, the Corporation administers certain federal and state loan programs, which are either deferred forgivable loans or non-interest bearing. Loans under these programs totaled $169,604,580 as of September 30, 2012.

At September 30, 2012, principal outstanding under such deferred loan arrangements is as follows:

Operating Fund:	
Single-family loans	$ 56,895,229
Multi-family loans	183,376,306
Subtotal	240,271,535
Single-Family Fund:	
Single-family loans	9,934,612
Total	$ 250,206,147

Certain loans recorded in the Corporation's Operating Fund and Single-Family Fund are on non-accrual status due to delinquency over 90 days. At September 30, 2012, principal outstanding under such non-accrual status loans is as follows:

Operating Fund:	
Single-family loans	$ 4,303,304
Multi-family loans	3,785,302
Subtotal	8,088,606
Single-Family Fund:	
Single-family loans	76,540,798
Multi-Family Fund:	
Multi-family loans	567,105
Total	$ 85,196,509

A summary of the changes in the allowance for loan losses is as follows:

Balance at beginning of period	$ 28,600,000
Loans charged off, net of recoveries	(1,147,593)
Write down of REO properties	(1,185,470)
Provisions for loan losses	250,000
Balance at end of period	$ 26,516,937

In addition to the allowance for loan losses, the Corporation maintains an escrow account funded by certain mortgage lenders (the "Mortgage Lender's Reserve Account"). This Mortgage Lenders Reserve Account equals a percentage of the outstanding principal balance of certain mortgage loans purchased from an applicable mortgage lender and is available to the Corporation in the event the proceeds realized upon the default and foreclosure of any covered mortgage loan is less than the amount due to the Corporation. At September 30, 2012, the Mortgage Lenders Reserve Account totaled $1,003,452.

Under its trust agreement, the Affordable Housing Trust may invest its funds in securities and real estate related assets and loans in furtherance of its purpose of preserving affordable housing opportunities in the State. In this regard, it may originate a loan directly or purchase all or a portion of a loan originated by another lender.

4. Cash and Cash Equivalents and Investments

Cash and Cash Equivalents Rhode Island Housing assumes levels of custodial credit risk for its cash and cash equivalents. Custodial credit risk is the risk that in the event of a financial institution failure, Rhode Island Housing's deposits may not be returned to it. Cash and cash equivalents are exposed to custodial credit risk as follows: A) uninsured and uncollateralized; B) uninsured and collateralized with securities held by the financial institution trust departments in the Corporation's or Trust's name; and C) uninsured and collateralized with securities held by financial institution trust departments or agents which are not held in the Corporation's or Trust's name.

The State requires that certain uninsured deposits of the State and State Agencies be collateralized. Section 35-10.1-7 of the General Laws of the State, dealing with the collateralization of public deposits, requires all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet its minimum capital standards as required by its Federal regulator be collateralized. Rhode Island Housing does not have any additional policy in regard to custodial credit risk for its deposits.

Principally all cash and cash equivalents are categorized as Category A in the Single-Family Fund and the Multi-Family Fund and as Category C in the Operating Fund.

Investments The primary objective of Rhode Island Housing in implementing its investment program is preservation of capital. All investments are to be made in a manner to minimize any risk which would jeopardize the safety of the principal invested. The second objective is to maintain sufficient liquidity in a manner that matches cash flow requirements. The third objective is to maximize yield after first satisfying the first two objectives. Other major considerations include diversification of risk and maintenance of credit ratings.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in a debt instrument. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Board of Commissioners' (the Board) approved investment policy for the Corporation's Operating Fund limits the maximum maturities or repricing maturities as follows:

Maturity	Maximum investment
Less than one year	100%
One to five years	25%
Greater than five years	0%

The Operating Fund holds one investment with a maturity of greater than 5 years. This investment is a marketable security that is used for collateral in support of a long-term letter of credit.

While each of the bond resolutions contains investment policies which describe acceptable investments, there are no specific policies for percentage maximum investments with respect to the Single-Family Fund, Multi-Family Fund, and the Trust (collectively referred to as the Other Funds). Nonetheless, Rhode Island Housing attempts to match asset and liability maturities as closely as practicable. The Corporation manages interest rate risk by considering many variables such as mortgage prepayment frequency and expected asset lives and then utilizing interest sensitivity gap (segmented time distribution) and simulation analysis. Although Rhode Island Housing generally will limit maturities to less than five years in all funds, sometimes it is necessary to invest in longer term securities in revenue and debt service accounts to better match the long-term fixed-rate bond liabilities.

Included in United States Government Obligations are mortgage-backed securities backed by government-insured single-family mortgage loans originated under Rhode Island Housing's program guidelines. These securities are pass-through securities which require monthly payments by an FHA-approved or Fannie Mae-approved lender and are guaranteed by either the Government National Mortgage Association (GNMA) or Fannie Mae. The securities are subject to interest rate risk due to prepayments before maturity and the fair value of the securities which will vary with the change in market interest rates. The Corporation does not expect to realize a loss on the sale of the securities as they are intended to be held to maturity. The securities are held by the Single Family and Operating Funds and are carried at fair value totaling $108,952,034 at September 30, 2012.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The current Board-approved policy requires all investments in the Operating Fund to be rated at least Single A by a nationally recognized rating agency. Each of the bonded resolutions in the Single-Family Fund and Multi-Family Fund contain policies that generally require investments that do not impair the existing ratings on the related bonds. The Trust has no minimum rating requirements.

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer regardless of its credit history. The Board approved policy for the Operating Fund limits the amount that may be invested with any one issuer as follows:

United States Government Obligations	100% of portfolio
United States Agency Obligations	100% of portfolio
Repurchase Agreements	50% of portfolio
Collective Short-Term Funds	25% of portfolio
All other investments	10% of portfolio

Although there are no specific concentration policies for maximum percentage of in estments, Rhode Island Housing attempts to diversify as much as possible given the limited number of issuers of AAA-rated investments.

At September 30, 2012, all Operating Fund investments were invested in U.S. Government and Agency securities, with no concentration of more than 5% of total Operating Fund investments in any particular agency for which the investments were not secured by the U.S. Government.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, Rhode Island Housing will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The policy in the Operating Fund is that all purchases are held in a safekeeping or custodial account at an approved safekeeping agent of the Corporation in the Corporation's name. At September 30, 2012, there were no investments in the Operating Fund subject to custodial credit risk.

There are no other specific custodial credit risk policies for the other funds. Most of Rhode Island Housing's investments in other funds are either in Guaranteed Investment Contracts (GICs) in bonded resolutions, which are direct investments not subject to custodial credit risk, or in accounts managed by a financial advisory firm with underlying investments restricted to U.S. Government and Agency securities. At September 30, 2012, there were no investments in any of the other funds subject to custodial credit risk.

As established in the Board approved investment policy, the Corporation has the ability to enter into interest rate swap agreements and other similar interest rate related derivative instruments to reduce interest rate mismatches between its loan and investment assets and its bond and note liabilities. These types of derivative instruments expose the Corporation to certain risks including credit risk, interest rate risk, and counterparty risk. At September 30, 2012, the Corporation was not party to any derivative instruments and has no intention to enter into any such agreements in the near future.

5. Other Assets

Other assets consisted of the following at September 30, 2012:

Real estate owned	$ 22,158,066
Capital assets, net	8,585,927
Deferred origination costs, net	2,909,809
Purchased mortgage servicing rights, net	1,748,586
Other assets	420,383
Total	$ 35,822,771

Depreciation expense related to capital assets for the three months ended September 30, 2012 was $165,709.

Amortization expense related to deferred origination costs and purchased mortgage servicing rights for the three months ended September 30, 2012 was $238,837.

6. Bonds and Notes Payable

The Corporation issues serial bonds and term bonds under various bond resolutions to provide permanent financing for the origination or purchase from participating originating lenders of single-family loans, to provide permanent financing for qualified housing developments, and to provide financing for other purposes.

The Corporation obtains principally first and second mortgage liens on real property financed. The Corporation assigns such liens to the respective bonds when the mortgage loans are permanently financed using bond proceeds. Bonds and notes are secured by related revenues and assets of the respective programs in which the related bonds and notes payable are reported.

The provisions of the applicable trust indentures require or allow for the redemption of bonds by the Corporation through the use of unexpended bond proceeds and excess funds accumulated primarily through the prepayment of mortgage loans. All outstanding bonds are subject to redemption at the option of the Corporation, in whole or in part at any time after certain dates, as specified in the respective bond series indentures.

Principal on all bonds is payable semi-annually. Interest on all bonds is payable semi-annually, except for compound interest bonds which is payable at maturity. Term bonds require the Corporation to establish a sinking fund in the year preceding any term bond mandatory redemption.

The Corporation is required by the Internal Revenue Service as well as its various bond resolutions to comply with certain tax code provisions and bond covenants. The most significant of these include the following: all debt payments must be current, annual reports and budgets must be filed with the trustee, and the Corporation must comply with various restrictions on investment earnings from bond proceeds. The Corporation's management believes it was in compliance with these covenants as of September 30, 2012.

Bonds and notes payable at September 30, 2012 are as follows:

Operating Fund Bonds and Notes:		
Federal Home Loan Bank		
Due 2012, interest from .27% to .30%	$	18,000,000
General Obligation Bonds Series 2008:		
Mandatory tender bonds, due 2013, interest at 4.625%		5,000,000
Notes Payable, due 2027 to 2030, interest from 5.275% to 6.25%		6,863,774

Lines of Credit, payable on demand, interest from 1.244% to 1.68%	73,000,000
Total Operating Fund	102,863,774
Single-Family Fund:	
Homeownership Opportunity Bonds and Notes:	
Series 10-A:	
Term bonds, due 2022 to 2027, interest at 6.50%	2,000,000
Series 15-A:	
Term bonds, due 2024, interest at 6.85%	2,000,000
Series 44-A:	
Serial bonds, due 2012 to 2013, interest from 3.85% to 4.00%	2,370,000
Term bonds, due 2017 to 2033, interest from 4.45% to 5.05%	11,680,000
	14,050,000
Series 45-A:	
Serial bonds, due 2013 to 2017, interest from 4.00% to 4.60%	7,075,000
Series 45-B:	
Term bonds, due 2020 to 2024, interest from 4.00% to 4.90%	17,335,000
Series 46-A:	
Serial bonds, due 2012 to 2014, interest from 3.55% to 3.85%	2,205,000
Term bonds, due 2019 to 2034, interest from 4.25% to 4.60%	30,205,000
	32,410,000
Series 46-T:	
Term bonds, due 2034, interest at variable rate	15,000,000
Series 47-A:	
Serial bonds, due 2012 to 2015, interest from 3.70% to 4.10%	3,475,000
Term bonds, due 2017, interest at 4.30%	1,670,000
	5,145,000
Series 47-B:	
Term bonds, due 2025 to 2033, interest from 5.00% to 5.15%	29,910,000
Series 48-A:	
Serial bonds, due 2012 to 2017, interest from 3.50% to 4.10%	4,920,000
Series 48-B:	
Term bonds, due 2025 to 2035, interest from 4.70% to 4.85%	19,820,000

Series 48-T:	
Term bonds, due 2034, interest at variable rate	15,000,000
Series 49-A:	
Serial bonds, due 2012 to 2015, interest from 3.55% to 4.10%	6,260,000
Term bonds, due 2017 to 2034, interest from 4.20% to 4.75%	4,105,000
	10,365,000
Series 49-B:	
Term bonds, due 2020 to 2035, interest from 4.40% to 4.80%	28,520,000
Series 50-A:	
Serial bonds, due 2012 to 2014, interest from 3.625% to 3.85%	7,610,000
Term bonds, due 2017 to 2034, interest from 4.00% to 4.65%	17,270,000
	24,880,000
Series 50-B:	
Term bonds, due 2035, interest at 4.60%	38,365,000
Series 51-A:	
Serial bonds, due 2012 to 2017, interest from 3.75% to 4.125%	9,915,000
Term bonds, due 2026 to 2033, interest from 4.65% to 4.85%	29,215,000
	39,130,000
Series 51-B:	
Term bonds, due 2036, interest at 5.00%	4,430,000
Series 52-A:	
Serial bonds, due 2012 to 2018, interest from 3.90% to 4.30%	7,725,000
Term bonds, due 2021 to 2033, interest from 4.50% to 4.80%	11,740,000
	19,465,000
Series 52-B:	
Term bonds, due 2028 to 2036, interest from 4.90% to 5.00%	24,215,000
Series 53-A:	
Serial bonds, due 2012 to 2017, interest from 3.70% to 4.05%	12,940,000
Term bonds, due 2034, interest at 4.60%	3,150,000
	16,090,000
Series 53-B:	
Term bonds, due 2021 to 2046, interest from 4.70% to 5.00%	41,135,000
Series 54:	
Term bonds, due 2026 to 2046, interest from 4.65% to 4.90%	60,675,000

Series 55-A:	
Serial bonds, due 2013 to 2017, interest from 3.70% to 3.95%	8,345,000
Term bonds, due 2034, interest at 4.50%	2,280,000
	10,625,000
Series 55-B:	
Serial bonds, due 2012 to 2017, interest from 4.10% to 4.375%	2,900,000
Term bonds, due 2022 to 2047, interest from 4.55% to 4.85%	57,295,000
	60,195,000
Series 56-A:	
Serial bonds, due 2012 to 2015, interest from 4.40% to 4.65%	3,065,000
Term bonds, due 2017 to 2047, interest from 4.75% to 5.20%	58,175,000
	61,240,000
Series 56-B1-T:	
Term bonds, due 2047, interest at 6.074%	4,655,000
Series 57-A:	
Serial bonds, due 2012 to 2017, interest from 3.85% to 4.25%	8,160,000
Term bonds, due 2034, interest at 5.00%	475,000
	8,635,000
Series 57-B:	
Term bonds, due 2022 to 2047, interest from 5.15% to 5.45%	43,075,000
Series 58-A:	
Term bonds, due 2023 to 2047, interest from 5.05% to 5.40%	52,845,000
Series 58-T:	
Term bonds, due 2013, interest at 4.98%	2,045,000
Series 59-A:	
Serial bonds, due 2012 to 2017, interest from 3.125% to 4.125%	12,615,000
Term bonds, due 2034, interest at 5.15%	3,215,000
	15,830,000
Series 59-B:	
Term bonds, due 2022 to 2028, interest from 5.45% to 5.70%	12,050,000
Series 59-C:	
Demand bonds, due 2047, interest at variable rate	25,000,000
Series 60-A1:	
Serial bonds, due 2012 to 2017, interest from 3.50% to 4.30%	8,560,000
Term bonds, due 2034, interest at 5.375%	3,080,000
	11,640,000

Series 60-B:	
Serial bonds, due 2017 to 2018, interest from 5.00% to 5.150%	1,840,000
Series 61-A:	
Serial bonds, due 2013 to 2023, interest from .45% to 3.05%	15,000,000
Series 61-B:	
Term bonds, due 2026 to 2042, interest from 3.45% to 4.15%	10,000,000
Series 61-C:	
Serial bonds, due 2012 to 2020, interest from .60% to 3.00%	28,560,000
Term bonds, due 2034, interest at 4.00%	9,340,000
	37,900,000
Series 62-A:	
Serial bonds, due 2012 to 2021, interest from .35% to 3.125%	10,260,000
Series 62-B:	
Serial bonds, due 2021 to 2022, interest from 3.125% to 3.25%	4,025,000
Term bonds, due 2024 to 2028, interest from 3.50% to 4.00%	10,975,000
	15,000,000
Series 62-C:	
Serial bonds, due 2012 to 2022, interest from .70% to 3.875%	23,850,000
Term bonds, due 2022 to 2028, interest from 3.875% to 4.50%	36,505,000
	60,355,000
Unamortized bond premium	1,296,364
Subtotal	931,421,364
Home Funding Bonds and Notes:	
Series 1-A:	
Serial bonds, due 2012 to 2021, interest from 1.45% to 4.125%	13,665,000
Term bonds, due 2024 to 2027, interest from 4.25% to 4.625%	12,005,000
	25,670,000
Series 1-B:	
Term bonds, due 2039, interest at 3.96%	41,770,000
Series 2:	
Term bonds, due 2041, interest at variable rate	32,000,000
Series 2, Subseries 2A:	
Term bonds, due 2041, interest at 3.16%	29,650,000

Series 2, Subseries 2B:	
Term bonds, due 2041, interest at 2.63%	21,000,000
Series 3:	
Serial bonds, due 2012 to 2020, interest from 1.00% to 3.20%	8,490,000
Term bonds, due 2025 to 2041, interest from 3.16% to 4.10%	10,515,000
	19,005,000
Series 4:	
Serial bonds, due 2012 to 2022, interest from .60% to 3.50%	7,750,000
Term bonds, due 2026 to 2028, interest from 4.05% to 4.20%	6,045,000
	13,795,000
Unamortized bond discount	(13,914)
Subtotal	182,876,086
Total Single-Family Fund	1,114,297,450
Multi-Family Fund:	
Multi-Family Housing Bonds:	
1995 Series A:	
Term bonds, due 2017, interest at 6.15%	740,000
1998 Series A:	
Term bonds, due 2018 to 2033, interest from 5.375% to 5.50%	3,440,000
Subtotal	4,180,000
Housing Bonds:	
2001 Series A:	
Serial bonds, due 2012 to 2013, interest from 5.10% to 5.15%	460,000
Term bonds, due 2015, interest at 5.30%	1,490,000
	1,950,000
2001 Series B-1B:	
Serial bonds, due 2012 to 2013, interest from 4.30% to 4.55%	2,235,000
Term bonds, due 2022, interest at 5.15%	7,810,000
	10,045,000
2001 Series B-2T:	
Term bonds, due 2031, interest at variable rate	3,715,000
2002 Series A:	
Serial bonds, due 2012, interest at 4.55%	175,000
Term bonds, due 2016 to 2032, interest from 5.00% to 5.55%	8,620,000
	8,795,000

2003 Series A-1:	
Serial bonds, due 2013, interest at 4.10%	90,000
Term bonds, due 2018 to 2035, interest from 4.625% to 4.95%	7,455,000
	7,545,000
2003 Series A-2T:	
Term bonds, due 2034, interest at variable rate	21,010,000
2003 Series B-1A:	
Serial bonds, due 2013 to 2016, interest from 4.65% to 4.90%	1,485,000
Term bonds, due 2024 to 2034, interest from 5.375% to 5.50%	9,100,000
	10,585,000
2003 Series B-1B:	
Term bonds, due 2024 to 2034, interest from 5.375% to 5.55%	2,605,000
2003 Series B-2T:	
Term bonds, due 2035, interest at variable rate	8,900,000
2003 Series C-1A:	
Serial bonds, due 2013 to 2014, interest from 4.00% to 4.10%	665,000
Term bonds, due 2023 to 2034, interest from 4.85% to 5.00%	15,695,000
	16,360,000
2003 Series C-1B:	
Serial bonds, due 2013 to 2014, interest from 4.00% to 4.10%	60,000
Term bonds, due 2023 to 2035, interest from 4.85% to 5.00%	1,370,000
	1,430,000
2004 Series A-1A:	
Serial bonds, due 2012 to 2016, interest from 4.00% to 4.50%	775,000
Term bonds, due 2025 to 2033, interest from 5.00% to 5.10%	6,335,000
	7,110,000
2004 Series A-1B:	
Term bonds, due 2016 to 2045, interest from 4.50% to 5.35%	3,145,000
2004 Series B-1A:	
Serial bonds, due 2012 to 2015, interest from 3.35% to 3.70%	50,000
Term bonds, due 2025 to 2045, interest from 4.55% to 4.85%	1,890,000
	1,940,000
2004 Series B-1B-1:	
Serial bonds, due 2012 to 2015, interest from 3.75% to 4.10%	510,000
Term bonds, due 2045, interest at 4.90%	12,875,000
	13,385,000

2004 Series B-1B-2:	
Serial bonds, due 2012 to 2015, interest from 3.75% to 4.10%	100,000
Term bonds, due 2025 to 2035, interest from 4.65% to 4.90%	860,000
	960,000
2004 Series B-2T:	
Term bonds, due 2015 to 2030, interest from 4.85% to 5.57%	3,400,000
2005 Series A-1A:	
Serial bonds, due 2012 to 2015, interest from 4.00% to 4.25%	1,585,000
Term bonds, due 2025 to 2035, interest from 4.75% to 4.875%	17,230,000
	18,815,000
2005 Series A-1B:	
Term bonds, due 2035, interest at 4.90%	270,000
2005 Series A-2T:	
Term bonds, due 2015 to 2018, interest from 5.14% to 5.29%	1,210,000
2006 Series A-1:	
Serial bonds, due 2012 to 2016, interest from 3.85% to 4.05%	1,285,000
Term bonds, due 2022 to 2043, interest from 4.50% to 4.75%	19,680,000
	20,965,000
2007 Series A-1:	
Serial bonds, due 2012 to 2017, interest from 4.00% to 4.35%	1,830,000
Term bonds, due 2027 to 2048, interest from 4.80% to 5.00%	29,680,000
	31,510,000
2007 Series A-2T:	
Term bonds, due 2027, interest at 5.608%	1,270,000
2007 Series B-1A/B:	
Serial bonds, due 2012 to 2017, interest from 4.00% to 4.50%	1,325,000
Term bonds, due 2022 to 2049, interest from 5.00% to 5.50%	24,405,000
	25,730,000
Unamortized bond premium	105,423
Subtotal	222,755,423
Multi-Family Funding Bonds:	
2009 Series A, Subseries 2009A-1:	
Term bonds, due 2051, interest at 3.01%	51,000,000
2009 Series A, Subseries 2009A-2:	
Term bonds, due 2051, interest at 2.32%	14,100,000

2011 Series A:	
Serial bonds, due 2012 to 2021, interest from 1.00% to 4.00%	5,435,000
Term bonds, due 2025 to 2035, interest from 4.625% to 5.25%	15,550,000
	20,985,000
2012 Series A:	
Serial bonds, due 2013 to 2017, interest from .85% to 2.50%	730,000
Term bonds, due 2021 to 2032, interest from 3.125% to 4.625%	4,310,000
	5,040,000
Subtotal	91,125,000
Multi-Family Development Bonds:	
2011 Series 1:	
Serial bonds, due 2012 to 2021, interest from 1.30% to 4.25%	605,000
Term bonds, due 2025 to 2051, interest from 4.75% to 5.875%	8,285,000
	8,890,000
2012 Series 1:	
Term bonds, due 2013, interest at 1.125%	7,000,000
Subtotal	15,890,000
Multi-Family Mortgage Revenue Bonds:	
1998 Series A:	
Term bonds, due 2028, interest at variable rate	1,965,000
Series 2006 (University Heights Project):	
Term bonds, due 2039, interest at variable rate	26,700,000
Series 2006 (Sutterfield Project):	
Term bonds, due 2039, interest at variable rate	7,000,000
Series 2006 (The Groves):	
Term bonds, due 2040, interest at variable rate	30,950,000
Subtotal	66,615,000
Total Multi-Family Fund	400,565,423
Total Bonds And Notes Payable	$ 1,617,726,647

The Operating Fund's lines of credit were established with financial institutions primarily to make funds available for the origination, or purchase from participating originating lenders, of single-family loans prior to the time such loans are funded by bond proceeds received by the issuance of bonds under the Single-Family Fund. At September 30, 2012, the Corporation may borrow up to a maximum of $40,000,000 under one revolving loan agreement expiring November 2012, up to a maximum of $20,000,000 under another additional revolving loan agreement expiring May 2013, and up to a maximum of $15,000,000 under a third revolving loan agreement expiring January 2013. Borrowings under the lines of credit are payable on demand and are unsecured.

Homeownership Opportunity Bonds Series 46-T and 48-T, Housing Bonds 2001 Series B-2T, 2003 Series A-2T and 2003 Series B-2T bear interest at a variable rate established quarterly, which range from .69%-.78% at September 30, 2012. The Multi-Family Mortgage Revenue Bonds and the Homeownership Opportunity Bonds Series 59-C bear interest at a variable rate established weekly, which range from .17% - .83% at September 30, 2012.

7. Commitments and Contingencies

The Corporation is party to financial instruments with off-balance-sheet risk in connection with its commitments to provide financing. Such commitments expose the Corporation to credit risk in excess of the amounts recognized in the accompanying statement of net position. The Corporation's exposure to credit loss in the event of nonperformance by the borrowers is represented by the contractual amount of such instruments. The Corporation uses the same credit policies in making commitments as it does for on-balance-sheet instruments.

Total credit exposure as a result of loan commitments at September 30, 2012 is as follows:

Fund	Commitments
Operating Fund	$ 35,876,515
Single-Family Fund	5,810,180
Multi-Family Fund	6,238
Total	$ 41,692,933

Commitments to extend credit are agreements to lend to a borrower as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. The Corporation evaluates each borrower's credit worthiness on a case-by-case basis. Interest rates on approved loan commitments are principally fixed rates.

The Corporation is party to a standby letter of credit agreement whereby the Corporation guarantees payment of principal and interest to bondholders in the event of nonperformance by the borrower. The Corporation's exposure to credit loss is represented by the contractual amount of the letter of credit, up to a maximum of $2,027,666 at September 30, 2012. The Corporation also entered into a confirming letter of credit agreement with a financial institution whereby the financial institution guarantees payment of principal and interest to bondholders in the event of nonperformance by both the borrower and the Corporation. The Corporation holds a marketable security as collateral to support this confirming letter of credit with a fair value of $2,666,885 at September 30, 2012.

The Corporation is party to certain claims and lawsuits which are being contested, certain of which Rhode Island Housing and respective legal counsel are unable to determine the likelihood of an unfavorable outcome or the amount or range of potential loss. In the opinion of management, the ultimate liability with respect to these actions and claims will not have a material adverse effect on either the financial position or the results of operations of Rhode Island Housing.

Rhode Island Housing is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God for which Rhode Island Housing carries commercial insurance. Neither Rhode Island Housing nor its insurers have settled any claims which exceeded Rhode Island Housing's insurance coverage in any of the last nine fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year. Rhode Island Housing also is self-insured for unemployment compensation, and no accrual has been recorded in the accompanying financial statements for claims expected to arise from services rendered on or before September 30, 2012 because Rhode Island Housing officials are of the opinion that, based on prior experience, such claims will not be material.

8. Segment Information

The Corporation has issued various revenue bonds to finance the activities of its Single-Family Fund and Multi-Family Fund. Investors in each revenue bond rely solely on the revenue stream generated from the activities associated with the specific revenue bonds for repayment. Segment information relating to these identifiable activities is presented in the accompanying statement of net position, statement of revenues, expenses and changes in net position and statement of cash flows.

9. Employee Benefits

Employee Benefit Plan

The Corporation has adopted an employee retirement plan created in accordance with Internal Revenue Code Section 401(a). The Corporation's 401(a) money Purchase Pension Plan (the Plan) is a defined contribution plan, administered by ICMA Retirement Corporation. Regular full-time employees who meet certain requirements as to length of service are eligible. The Corporation contributes a set percentage of an employee's annual eligible compensation to the Plan. The contribution requirements, and benefit provisions, are established and may be amended by management of the Corporation along with the Board of Commissioners. Contributions to the Plan for the three months ended September 30, 2012 totaled $211,126. The assets of the Plan were placed under a separate trust agreement for the benefit of the applicable employees, and therefore are neither an asset nor a liability of the Corporation.

Post-employment Healthcare Plan

The Rhode Island Housing Retiree Healthcare Plan (RIHRHP) is a single-employer defined benefit healthcare plan administered by the Corporation. RIHRHP provides medical insurance benefits to eligible employees who retire from active full-time employment based on years of service and age. As of September 30, 2012, the plan included 10 retirees, 8 of which are receiving benefits, and 167 active employees. RIHRHP does not issue a stand-alone financial report.

The Corporation's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. For the three month period ended September 30, 2012, plan members receiving benefits contributed $1,422 as their required contribution.

The OPEB cost for the three month period ended September 30, 2012, is as follows:

Required contribution	$ 91,086
Interest on OPEB obligation	34,779
Adjustment to required contribution	(32,222)
OPEB cost	93,643
Net estimated employer contributions	(5,159)
Increase in net OPEB obligation	88,484
Net OPEB obligation , beginning of period	3,091,437
Net OPEB obligation, end of period	$ 3,179,921
Percent of OPEB cost contributed in current period	5.5%

The net OPEB obligation is included in accounts payable and accrued liabilities in the accompanying statement of net position. The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the three preceding fiscal years ended June 30 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
June 30, 2010	$ 382,671	$ 11,310	3.0%	$ 2,429,247
June 30, 2011	351,467	25,120	7.1%	2,755,594
June 30, 2012	362,844	27,001	7.4%	3,091,437

Funding Status and Funding Progress:
Under the reporting parameters, the Corporation's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by $2,764,235 as of June 30, 2011, the most recent actuarial valuation date. As of September 30, 2012, the unfunded accrued liability as a percentage of covered payroll of $2,234,340, was 100%.

Actuarial Methods and Assumptions
The actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the ARC are subject to continual revision as actual results are compared with past expectations. The ARC was calculated based on the projected unit credit method, which provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the Corporation and include types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Corporation and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions included a 3.00% inflation rate, an investment rate of return of 4.50%, payroll growth of 3.00% and a 30 year open amortization period. The initial annual healthcare cost trend rate of 8.5%, declining to an ultimate rate of 4.50% after 8 years.

10. State Rental Subsidy Program

The Corporation and the State have entered into a contractual relationship whereby the Corporation assumed the responsibility for the State Rental Subsidy Program for the period July 1, 1994 through June 30, 1997. In addition, the Corporation made $3,800,000 in advances on behalf of the State for this program in the fiscal year ended June 30, 1994. As provided in the contractual arrangement, the State agreed to repay the $3,800,000, subject to appropriations, in installments of $950,000 over a four-year period beginning in the year ended June 30, 1996. To date no payments have been received, nor have any payments for advances totaling $50,294,589 made during the period from July 1, 1997 through September 30, 2012 been received.

11. Subsequent Events

The Corporation has instructed its trustee to redeem the following bonds outstanding:

Date of Call	Principal Program	Outstanding
November 15, 2012	Homeownership Opportunity Bonds	$ 37,180,000
November 30, 2012	Homeownership Opportunity Bonds	25,000,000

On October 25, 2012, the Corporation issued $39,950,000 of Homeownership Opportunity Bonds, Series 63 A-C.

On October 31, 2012, the Corporation issued $25,000,000 of Homeownership Opportunity Bonds, Series 63 T.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position - Single-Family Fund
September 30, 2012

	Homeownership Opportunity Bond Program	Home Funding Bond Program	Single-Family Fund Totals
Assets			
Loans receivable	$ 928,939,794	$ 68,813,353	$ 997,753,147
Less allowance for loan losses	(8,321,226)	-	(8,321,226)
Loans receivable, net	920,618,568	68,813,353	989,431,921
Investments	24,853,790	86,879,054	111,732,844
Accrued interest-loans	3,680,852	231,961	3,912,813
Accrued interest-investments	105,448	288,182	393,630
Cash and cash equivalents	111,608,037	43,529,567	155,137,604
Deferred bond issuance costs, net	6,900,327	1,334,994	8,235,321
Other assets, net	20,583,443	135,123	20,718,566
Interfund receivable	-	18,597	18,597
Total Assets	**$ 1,088,350,465**	**$ 201,230,831**	**$ 1,289,581,296**
Liabilities and Net Position			
Bonds and notes payable	$ 931,421,364	$ 182,876,086	$ 1,114,297,450
Accrued interest payable on bonds and notes	18,719,868	2,653,357	21,373,225
Accounts payable and accrued liabilities	293,620	-	293,620
Deferred fees	295,453	-	295,453
Total liabilities	**950,730,305**	**185,529,443**	**1,136,259,748**
Net Position			
Net position, restricted	137,620,160	15,701,388	153,321,548
Total Liabilities and Net Position	**$ 1,088,350,465**	**$ 201,230,831**	**$ 1,289,581,296**

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position - Single-Family Fund
For the Three Months Ended September 30, 2012

	Homeownership Opportunity Bond Program	Home Funding Bond Program	Single-Family Fund Total
Operating revenues:			
Interest income on loans	$ 11,599,758	$ 739,947	$ 12,339,705
Income on investments:			
Interest on investments	264,277	905,816	1,170,093
Net increase in fair value of investments	551,452	452,240	1,003,692
Total operating revenues	**12,415,487**	**2,098,003**	**14,513,490**
Operating expenses:			
Interest expense	9,959,436	1,298,418	11,257,854
Other administrative expenses	55,282	-	55,282
Housing initiatives	7,326	-	7,326
Provision for loan loss	250,000	-	250,000
REO expenditures	534,746	-	534,746
Arbitrage rebate	25,000	-	25,000
Amortization of deferred bond issuance costs	130,831	18,600	149,431
Early retirement of debt	465,866	-	465,866
Depreciation and amortization of other assets	104,292	5,927	110,219
Total operating expenses	**11,532,779**	**1,322,945**	**12,855,724**
Operating income	**882,708**	**775,058**	**1,657,766**
Transfers in to (out of) net position	(84,147)	247	(83,900)
Total change in net position	**798,561**	**775,305**	**1,573,866**
Net position, beginning of period	136,821,599	14,926,083	151,747,682
Net position, end of period	$ 137,620,160	$ 15,701,388	$ 153,321,548

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position - Multi-Family Fund
September 30, 2012

	Multi-Family Housing Bond Program	Housing Bond Program	Multi-Family Mortgage Revenue Bond Program
Assets			
Loans receivable	$ 3,849,062	$ 214,432,527	$ 66,615,000
Investments	29,300,932	25,756,481	-
Accrued interest-loans	24,698	1,324,067	26,083
Accrued interest-investments	484,878	344,492	-
Cash and cash equivalents	184,424	19,197,480	1,335,393
Deferred bond issuance costs, net	60,088	55,084	-
Total Assets	**$ 33,904,082**	**$ 261,110,131**	**$ 67,976,476**
Liabilities and Net Position			
Bonds and notes payable	$ 4,180,000	$ 222,755,423	$ 66,615,000
Accrued interest payable on bonds and notes	58,293	4,868,131	10,974
Accounts payable and accrued liabilities	321,530	3,187,824	-
Deferred fees	-	-	33,375
Escrow deposits	-	1,280,536	1,335,122
Total liabilities	**4,559,823**	**232,091,914**	**67,994,471**
Net Position			
Net position, restricted	29,344,259	29,018,217	(17,995)
Total Liabilities and Net Position	**$ 33,904,082**	**$ 261,110,131**	**$ 67,976,476**

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position - Multi-Family Fund
September 30, 2012

	Multi-Family Funding Bond Program	Multi-Family Development Bonds	Multi-Family Fund Total
Assets			
Loans receivable	$ 91,074,447	$ 15,853,936	$ 391,824,972
Investments	-	-	55,057,413
Accrued interest-loans	484,800	77,509	1,937,157
Accrued interest-investments	-	-	829,370
Cash and cash equivalents	8,508,314	8,256,696	37,482,307
Deferred bond issuance costs, net	53,251	22,734	191,157
Total Assets	**$ 100,120,812**	**$ 24,210,875**	**$ 487,322,376**
Liabilities and Net Position			
Bonds and notes payable	$ 91,125,000	$ 15,890,000	$ 400,565,423
Accrued interest payable on bonds and notes	1,499,341	282,192	6,718,931
Accounts payable and accrued liabilities	-	-	3,509,354
Deferred fees	-	-	33,375
Escrow deposits	-	-	2,615,658
Total liabilities	**92,624,341**	**16,172,192**	**413,442,741**
Net Position			
Net position, restricted	7,496,471	8,038,683	73,879,635
Total Liabilities and Net Position	**$ 100,120,812**	**$ 24,210,875**	**$ 487,322,376**

See Accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position - Multi-Family Fund
For the Three Months Ended September 30, 2012

	Multi-Family Housing Bond Program	Housing Bond Program	Multi-Family Mortgage Revenue Bond Program
Operating revenues:			
Interest income on loans	$ 74,216	$ 3,737,340	$ 119,152
Income on investments:			
Interest on investments	463,887	319,181	-
Net increase in fair value of investments	-	272,201	-
Total operating revenues	**538,103**	**4,328,722**	**119,152**
Operating expenses:			
Interest expense	58,293	2,433,206	36,889
Other administrative expenses	3,034	-	-
Arbitrage rebate	75,000	-	-
Amortization of deferred bond issuance costs	1,512	1,828	-
Total operating expenses	**137,839**	**2,435,034**	**36,889**
Operating income	**400,264**	**1,893,688**	**82,263**
Transfers out of net position	(3,000,000)	(1,500,000)	(51,037)
Total change in net position	**(2,599,736)**	**393,688**	**31,226**
Net position, beginning of period	31,943,995	28,624,529	(49,221)
Net position, end of period	$ 29,344,259	$ 29,018,217	$ (17,995)

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position - Multi-Family Fund
For the Three Months Ended September 30, 2012

	Multi-Family Funding Bond Program	Multi-Family Development Bonds	Multi-Family Total
Operating revenues:			
Interest income on loans	$ 1,456,651	$ 233,066	$ 5,620,425
Income on investments:			
Interest on investments	898	698	784,664
Net increase in fair value of investments	-	-	272,201
Total operating revenues	**1,457,549**	**233,764**	**6,677,290**
Operating expenses:			
Interest expense	749,980	141,096	3,419,464
Other administrative expenses	-	-	3,034
Arbitrage rebate	-	-	75,000
Amortization of deferred bond issuance costs	457	11,367	15,164
Total operating expenses	**750,437**	**152,463**	**3,512,662**
Operating income	**707,112**	**81,301**	**3,164,628**
Transfers out of net position	-	-	(4,551,037)
Total change in net position	**707,112**	**81,301**	**(1,386,409)**
Net position, beginning of period	6,789,359	7,957,382	75,266,044
Net position, end of period	$ 7,496,471	$ 8,038,683	$ 73,879,635