MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
WEST VIRGINIA HOUSING DEVELOPMENT FUND
December 18, 2024

The regular meeting of the Board of Directors of the West Virginia Housing Development Fund (the "Fund") was held on Wednesday, December 18, 2024, at the Fund's office. The Board of Directors attended via video conferencing, via phone, and in person. The video conferencing and phone information was made available to the public in the Notice of Meeting of the Board of Directors posted on the West Virginia Secretary of State website and the Fund's website. The Chair called the meeting to order at 9:00 a.m. with the following members present throughout, except where noted.

Ann Urling, Chair (in person)
Norm Bailey, Representative for the Honorable Kent Leonhardt, Commissioner of Agriculture (in person)
Lynne Gianola, Member (in person)
Troy Giatras, Member (in person)
Kara Hughes, Representative for the Honorable Riley Moore, State Treasurer (via phone)
Patrick Martin, Member (via video)
Kris Raynes, Member (via phone)
Allen Retton, Member (via video)
Steven Travis, Representative for the Honorable Patrick Morrisey, Attorney General (in person)
Kellie Wooten-Willis, Member (in person)

Members Absent:

Bob Nistendirk, Member

Staff present:

Carol Ball, Tax Credit Processor
Erica Boggess, Executive Director
Tammy Bonham, Senior Division Manager Loan Servicing
Cathy Colby, Senior Manager – HOME and HTF Programs
Tonya Cotton, Tax Credit Processor
Whitney Humphrey, Communications Administrator
Chad Leport, Chief Financial Officer
Martha Lilly, Executive Assistant – Production and Legal
Alicia Massie, Senior Legal Counsel
Kelley Ridling, Senior Manager – Internal Audit

Jon Rogers, Senior Division Manager – Single Family Lending
Lori Ryan, Executive Assistant
Kristin Shaffer, Deputy Director – Administration and General Counsel
Scott Smith, Senior Manager – Multifamily Lending
April Taylor, Controller
Nathan Testman, Deputy Director – Production
Christy Chapman Welch, Quality Control Manager
Michelle Wilshere, Senior Division Manager - Multifamily

Others Present:

Samme Gee – Jackson Kelly PLLC
Kelley Goes – Jackson Kelly PLLC

APPROVAL OF THE MINUTES OF THE OCTOBER 23, 2024 MEETING

Member Troy Giatras moved the approval of the minutes of the October 23, 2024 meeting. His motion was seconded by Representative Steven Travis, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

ACCEPTANCE AND APPROVAL TO RELEASE THE FEDERAL AUDIT FOR FISCAL YEAR ENDING JUNE 30, 2024

Chad Leport presented the Federal Audit for Fiscal Year ending June 30, 2024 to the Board and stated that the Fund received a clean, unmodified opinion and that no material weaknesses were found. Mr. Leport stated that the Audit Committee met prior to the Board meeting and accepted the Federal Audit and recommends that the Board accept the Audit as submitted and release to the public.

Representative Kara Hughes moved to accept the Audit Committee's recommendation to accept the Federal Audit for Fiscal Year ending June 30, 2024 as presented and to release it to the public. Her motion was seconded by Member Giatras, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

A copy of the Fiscal Year ending June 30, 2024 Federal Audit is attached as Exhibit A.

CONSIDERATION OF NEW MONEY HOUSING FINANCE BONDS UP TO $250,000,000 AND REFUNDING BONDS UP TO $36,295,000

Mr. Leport presented the Plan of Finance, the Sixty-first Supplemental Housing Finance Bond Resolution and the form of the Official Statement and requested approval for continued use of Raymond James as the underwriter for the 2025 bond transactions, and approval to move forward with the bond issuance upon the Governor's approval.

The Plan of Finance authorizes the issuance of up to $250,000,000 in new money bonds and up to $36,295,000 in Refunding Bonds. Mr. Leport explained that the objective of the Plan of Finance is to provide funds to finance mortgages for the Single-Family bond program, to achieve an economic benefit by refunding higher interest rate debt, and to provide funds for new mortgages. The bonds may be issued as either taxable or tax-exempt, depending on market factors and the potential benefit.

Mr. Leport noted that also as part of the Plan of Finance, staff is requesting approval of an option to issue the bonds through private placement, competitive sales, or a negotiated sale.

Member Giatras moved to approve the Plan of Finance, the Sixty-first Housing Finance Supplemental Resolution, the form of the Official Statements, continued use of Raymond James as the underwriter for the 2025 bond transaction, and to allow staff to move forward with the bond issuance upon approval from the Governor. His motion was seconded by Representative Travis, and, upon the approval of the ten (10) members present, the Chair declared the Motion adopted.

A copy of the Plan of Finance, the Sixty-first Housing Finance Supplemental Resolution, and the form of the Official Statement are attached as Exhibit B.

CONSIDERATION OF PROPOSED 2025 AND 2026 QUALIFIED ALLOCATION PLAN AND 2025 AND 2026 TAX CREDIT MANUAL

Michelle Wilshere gave a brief overview of the Low-Income Housing Tax Credit Program. Ms. Wilshere stated that, as required by Section 42 of the Internal Revenue Code, the 2025-2026 Qualified Allocation Plan (the "Plan") will be subject to public hearing and then presented to the Governor for his signature. Ms. Wilshere stated that a memorandum explaining the proposed changes in the Plan from the 2023-2024 Qualified Allocation Plan is included in the Board packet and explained that if substantive changes are made to the Plan following the public hearing, staff will bring the changes back to the Board for approval before forwarding the 2025-2026 Plan to the Governor for approval.

Member Giatras moved to approve the Low-Income Housing Tax Credit Program 2025-2026 Qualified Allocation Plan. His motion was seconded by Representative Travis, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

A copy of the December 18, 2024 memorandum summarizing the proposed changes to the 2025-2026 Qualified Allocation Plan from the prior Qualified Allocation Plan and a redlined version of the 2023-2024 Allocation showing the proposed changes is attached as Exhibit C.

Ms. Wilshere presented the 2025-2026 Low-Income Housing Tax Credit Manual (the "Manual") and explained that the Tax Credit Manual is the Fund's operational guide for the Low-Income Housing Tax Credit Program. Ms. Wilshere informed the Board that proposed changes to the Manual are outlined in the Board packet. Ms. Wilshere stated that the Manual is not subject to public hearing or Governor's approval, and staff is requesting approval of the Manual in substantially the form submitted.

Member Giatras moved to approve the Low-Income Housing Tax Credit Program 2025-2026 Tax Credit Manual. His motion was seconded by Representative Travis, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

A copy of the December 18, 2024 Memorandum summarizing the proposed changes to the 2025-2026 Tax Credit Manual from the prior Tax Credit Manual for the Low-Income Housing Tax Credit Program is attached as Exhibit D.

INFORMATIONAL ITEM – ELM STREET (PAYNE BUILDING RESTORATION) – AFFORDABLE HOUSING FUND AWARD

Nathan Testman informed the Board that the Fund issues an annual request for proposals (RFP) from eligible Affordable Housing Fund (AHF) applicants. Mr. Testman noted that the Religious Coalition for Community Renewal, Inc. requested and was approved for a $95,000 loan through the AHF to fund its Elm Street Project.

INFORMATIONAL ITEM – IRS AUDIT

Erica Boggess updated the Board regarding the status of the IRS Audit relating to the Emergency Rental Assistance Program 1099s.

EXECUTIVE SESSION TO DISCUSS PERSONNEL MATTERS PURSUANT TO W. VA. CODE §6-9A-4(b)(2)(A)

Member Giatras moved that the Board enter Executive Session to discuss personnel matters pursuant to W. Va. Code §6-9A-4(b)(2)(A). His motion was seconded by Representative

Travis, and, upon the affirmative vote of the ten (10) members present the Chair declared the motion adopted. The Board adjourned into Executive Session at 9:18 a.m.

The Executive Session concluded at 9:28 a.m. Chair Urling stated that no action took place during the Executive Session.

RECOMMENDATION TO APPROVE INTERIM EXECUTIVE DIRECTOR SALARY

Member Giatras moved to approve a $5,000.00 increase to the Interim Executive Director's salary. His motion was seconded by Representative Travis, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

RECOMMENDATION TO ENTER INTO INDEPENDENT CONTRACT AGREEMENT WITH ERICA L. BOGGESS

Kristin Shaffer informed the Board that the Fund's current Executive Director, Erica L. Boggess, is retiring on January 2, 2025. To assist with the transition, staff recommends retaining Ms. Boggess on a temporary basis under an Independent Contractor Agreement.

Member Giatras moved to approve the Independent Contract Agreement with Erica L. Boggess. His motion was seconded by Representative Travis, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

ADJOURNMENT

There being no further business, Member Giatras moved to adjourn the meeting. His motion was seconded by Representative Travis. Meeting adjourned at 9:36 a.m.

Martha Lilly

Martha Lilly, Assistant Secretary

EXHIBIT A

West Virginia Housing Development Fund

AUDITED FINANCIAL STATEMENTS and Accompanying Financial Information

For the years ended June 30, 2024 and 2023

Audited Financial Statements and
Accompanying Financial Information

WEST VIRGINIA HOUSING DEVELOPMENT FUND

For the Years Ended June 30, 2024 and 2023

Audited Financial Statements

Required Supplementary Information

Accompanying Financial Information

Government Auditing Standards and Uniform Guidance Reports

Suttle & Stalnaker | Certified Public Accountants
A Professional Limited Liability Company

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
West Virginia Housing Development Fund
Charleston, West Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities (enterprise fund) and fiduciary fund type activities of the West Virginia Housing Development Fund (the Fund), a component unit of the State of West Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities (enterprise fund) and the fiduciary fund type activities of the Fund, as of June 30, 2024, 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 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 the Fund 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.

Prior Period Financial Statements

The financial statements of the business-type activities (enterprise fund) and fiduciary fund type activities of the West Virginia Housing Development Fund as of June 30, 2023 were audited by other auditors whose report dated January 17, 2024, expressed an unmodified opinion on those statements.

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.

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MAIN (304) 485-6584
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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 the Fund'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.

Auditor's 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 generally accepted auditing standards 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.

In performing an audit in accordance with generally accepted auditing standards 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 the Fund'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 the Fund'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, the schedules of the proportionate share of the net pension liability (asset) PERS, the schedules of contributions to the PERS, the schedules of changes in net OPEB liability (asset) and related ratios - Welfare Benefit plan, the schedules of contributions to the Welfare Benefit plan, the schedules of annual rate of return on investments - Welfare Benefit plan, and the accompanying notes to required supplementary information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024, on our consideration of the Fund'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 the Fund'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 the Fund's internal control over financial reporting and compliance.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
September 13, 2024, except for the Section on
Supplementary Information and Other Reporting
Required by *Government Auditing Standards*,
for which the date is December 9, 2024

INTRODUCTION

The West Virginia Housing Development Fund (the Fund) is a public body corporate with statewide responsibility for housing and operates a wide variety of programs to provide safe and affordable housing for residents and families in the State of West Virginia (the State). The Fund is a self-supporting agency and does not receive State appropriations for its operations. Through June 30, 2024, the Fund has provided assistance for almost 172,000 housing or housing-related units.

The permanent staff of the Fund consists of 114 persons as of June 30, 2024, including professional staff members qualified in the fields of accounting, finance, law, mortgage underwriting, mortgage loan servicing, secondary mortgage markets, planning, cost estimation, construction, inspection, and housing management. The Fund provides services in these fields for its programs as required and utilizes professional consulting services from time to time to supplement its own staff.

The Fund has 19 bond issues totaling $683,195,000 par amount outstanding under its Housing Finance bond resolution. The bonds are rated "AAA" by Standard & Poor's Public Ratings Services (S&P) and "Aaa" by Moody's Investors Service, Inc. (Moody's).

The Fund's unsecured long-term general obligation debt pledge is rated "Aaa" by Moody's and "AAA" by S&P. The Fund is the first and only housing finance agency ever to receive such ratings on its long-term general obligation debt pledge. These ratings are not assigned to any particular issue of debt, but rather represent an overall credit assessment of the Fund's long-term general obligation pledge.[1]

The financial transactions of the Fund related to its various programs are reported in the enterprise fund financial statements, which are more fully explained in the Notes to the Financial Statements. These programs consist of the General Account, Bond Programs, Other Loan Programs, Affordable Housing Fund, Land Development Program, Bond Insurance Account, and Federal Programs. These were established in accordance with the West Virginia Housing Development Fund Act (the Act), the bond resolution, or at management's discretion. The restricted net position of the Fund includes the net position of the Bond Programs, Affordable Housing Fund, Land Development Program, Bond Insurance Account, and Federal Programs, which are restricted by the bond resolution, the Act, or federal regulations. The Fund reports one fiduciary type fund, the Welfare Benefit Plan, an irrevocable trust for postemployment healthcare insurance benefits (OPEB) for the Fund's employees. The fiduciary fund's activities benefit the employees of the Fund and the fiduciary fund's resources are not available to support the various programs of the enterprise fund.

As management of the Fund, we offer readers of the Fund's enterprise fund financial statements the following narrative overview and analysis of the Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Fund Net Position as of and for the years ended June 30, 2024, 2023, and 2022.

[1] An explanation of the Moody's ratings may be obtained by writing to Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; an explanation of the S&P ratings may be obtained by writing to Standard & Poor's Public Ratings Services, 55 Water Street, New York, New York 10041. There is no assurance that such ratings will be maintained for any period of time or that such ratings will not be withdrawn or revised downward by Moody's or S&P if, in their judgment, circumstances so warrant. Such actions, if taken, could have an adverse effect on the market price of bonds issued by the Fund.

USING THIS REPORT

This report consists of a series of enterprise fund financial statements extracted from the audited financial statements: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Fund Net Position, and the Statements of Cash Flows. These statements provide information about the activities for each period presented.

The Fund prepares financial statements in conformity with accounting principles generally accepted in the United States of America for state housing finance enterprise funds. The enterprise fund Statements of Net Position represent the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources and include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the basis of accounting described above. Over time, increases or decreases in the net position are one indicator of whether financial status is improving, stable, or deteriorating. There are also other factors that should be considered when reviewing the operational results, such as changes in the interest rate environment, bond market, changes to state and federal laws governing the Fund's programs, changes to the tax code, and the real estate market in the State. The Statements of Revenues, Expenses, and Changes in Fund Net Position reflect revenues, such as interest on loans, loan-servicing fees, interest on investments, fees for the administration of federal financial awards programs, and expenses, such as loan fees, program expenses, administrative expenses, and interest on outstanding debt. The Notes to the Financial Statements provide information that is essential to fully understand the data provided in the financial statements.

FINANCIAL HIGHLIGHTS

Fiscal year 2024 was an impressive production year for the Fund. Lower interest rates offered to our borrowers gave us a competitive advantage over banks and lenders. To meet this demand, $325,000,000 in single family bonds were issued to fund homeownership loans. Multi-family construction production also had an increase during the fiscal year. This increase in bond issuances and mortgage lending, had a significant impact throughout our Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position. Expenses and income related to the increase in production include the bond cost of issuance expenses, loan origination fees, service fees, interest and fee income. Assets and liabilities also fluctuated due to increased mortgage loan balances and debt outstanding.

Following is a comparison of the enterprise fund condensed Statements of Net Position at June 30:

(Dollars in thousands)	**2024**	**2023**	2022
ASSETS			
Current assets	**$ 190,211**	**$ 166,703**	$ 201,282
Noncurrent assets:			
Mortgage loans & Restricted mortgage loans, net of allowance for losses	**1,020,647**	**790,556**	700,538
Restricted Federal Program mortgage loans, net of allowance for losses	**70,879**	**64,220**	64,434
Restricted cash and cash equivalents	**112,097**	**76,104**	57,626
Investments & Restricted investments	**60,664**	**63,345**	49,587
Capital assets, net of depreciation	**7,168**	**7,350**	7,619
Other assets & Restricted other assets, net of allowance for losses	**1,895**	**2,855**	5,354
Total assets	**1,463,561**	**1,171,133**	1,086,440
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension and OPEB	**2,131**	**3,267**	3,795
LIABILITIES			
Current liabilities:			
Accounts payable and other liabilities	**23,783**	**19,015**	18,704
Accrued interest payable	**4,048**	**2,040**	1,260
Bonds payable	**29,520**	**21,915**	18,885
Noncurrent liabilities:			
Bonds & notes payable, net	**654,168**	**368,057**	267,521
Other liabilities	**142,282**	**167,021**	197,516
Total liabilities	**853,801**	**578,048**	503,886
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension and OPEB	**632**	**367**	5,283
NET POSITION			
Net investment in capital assets	**7,168**	**7,350**	7,619
Net position - Restricted	**476,559**	**470,784**	464,577
Net position - Unrestricted	**127,532**	**117,851**	108,870
TOTAL NET POSITION	**$ 611,259**	**$ 595,985**	$ 581,066

Below is additional discussion of the significant financial statement items and the changes in those items over the prior two years due to recent events and activities of the Fund, current economic factors, and other factors affecting financial and programmatic operations.

Current assets

The increase of $23,508,000 (14.1%) in *Current assets* from 2023 to 2024 was primarily due to an increase of $36,739,000 in cash for program disbursements and debt service, an increase of $11,740,000 in cash due to a long-term investment reinvested as short-term, an increase of $3,928,000 in funds held for others which includes insurance and tax accounts held on behalf of the Fund's various mortgagors, an increase of $1,527,000 in accrued interest, an increase of $80,000 in foreclosed property, an increase of $33,000 in accounts receivable, a decrease of $30,025,000 in federal funds, which includes COVID relief funds, a decrease of $287,000 in cash held for the Federal Home Loan Bank of Pittsburgh's HOME 4 Good program, and a decrease of $218,000 in the balance of Mortgage Loans Held for Sale.

The decrease of $34,579,000 (17.2%) in *Current assets* from 2022 to 2023 was primarily due to a decrease of $32,866,000 in federal funds, which includes COVID relief funds, a decrease in cash of $4,395,000 for debt service, a $739,000 decrease in accounts receivable, a decrease of $557,000 in cash held for the Federal Home Loan Bank of Pittsburgh's HOME 4 Good program, a decrease of $173,000 in foreclosed property, a decrease of $20,000 in the balance of Mortgage Loans Held for Sale, an increase of $1,469,000 in multifamily construction funds, an increase of $1,334,000 in funds held for others which includes insurance and tax accounts held on behalf of the Fund's various mortgagors, an increase of $971,000 in cash for program disbursements, and an increase of $402,000 in accrued interest.

Mortgage loans & Restricted mortgage loans, net of allowance for losses

The increase of $230,091,000 (29.1%) in *Mortgage loans & Restricted mortgage loans, net of allowance for losses* from 2023 to 2024 was primarily due to originations of $318,121,000 exceeding loan repayments of $84,352,000, foreclosures of $2,008,000, and an increase in allowance for loan losses of $1,670,000.

The increase of $90,018,000 (12.8%) in *Mortgage loans & Restricted mortgage loans, net of allowance for losses* from 2022 to 2023 was primarily due to originations of $174,204,000 exceeding loan repayments of $81,607,000, foreclosures of $2,325,000, and an increase in allowance for loan losses of $254,000.

Restricted Federal Program mortgage loans, net of allowance for losses

This line item consists of the United States Department of Housing and Urban Development's (HUD) HOME Investment Program (HOME), National Housing Trust Fund (NHTF) and Emergency Rental Assistance mortgage loans. The fluctuations from year to year represent the net of program loan originations and repayments during the years presented.

Restricted cash and cash equivalents

The increase of $35,993,000 (47.3%) in *Restricted cash and cash equivalents* from 2023 to 2024 was primarily due to a $28,494,000 net increase in the balance of funds available to purchase single family mortgage loans related to the timing of bond issuances and an increase of $7,499,000 in short-term funds related to funding capital reserve accounts as a part of bond issuances.

The increase of $18,478,000 (32.1%) in *Restricted cash and cash equivalents* from 2022 to 2023 was primarily due to a $20,084,000 net increase in the balance of funds available to purchase single family mortgage loans related to the timing of bond issuances and a decrease of $1,606,000 in short-term funds on hand in 2022 invested long-term in 2023.

Investments & Restricted investments

The fluctuations in *Investments and Restricted investments* from year to year is the net effect of investment purchases, redemptions, maturities and amortization and the change in fair value of investments as required by governmental accounting standards. Certain investments are required to be recorded at fair value and the unrealized gains or losses are to be reported in the enterprise fund Statements of Revenues, Expenses and Changes in Fund Net Position.

The following summary illustrates the changes in *Investments & Restricted investments* as of June 30:

(Dollars in thousands)	2024	2023	2022
Balance at beginning of fiscal year	**$ 63,345**	**$ 49,587**	$ 38,746
Sales and maturities	**(58,395)**	**(37,313)**	(1,063)
Purchases	**56,043**	**52,231**	16,638
Decrease in fair value of investments and amortizations	**(329)**	**(1,160)**	(4,734)
Balance at end of fiscal year	**$ 60,664**	**$ 63,345**	$ 49,587

Capital assets, net of depreciation See *Note A – Capital assets, net of depreciation*

The decrease of $182,000 (2.5%) from 2023 to 2024 was due to depreciation of the Fund's office building, equipment, and software.

The decrease of $269,000 (3.5%) from 2022 to 2023 was due to depreciation of the Fund's office building, equipment, and software.

Other assets and Restricted other assets, net of allowance for losses

The decrease of $960,000 (33.6%) in *Other assets and Restricted other assets, net of allowance for losses* from 2023 to 2024 was primarily due to a $1,317,000 decrease in foreclosed properties, a decrease of $71,000 due from Federal program reimbursements, and an increase in the net pension and OPEB (Other Postemployment Benefits) assets of $414,000, and an increase of $14,000 in prepaid expenses.

The decrease of $2,499,000 (46.7%) in *Other assets and Restricted other assets, net of allowance for losses* from 2022 to 2023 was primarily due to a decrease in the net pension asset of $3,538,000, a decrease in miscellaneous assets of $12,000, a $1,023,000 increase in foreclosed properties, and an increase of $28,000 due from Federal program reimbursements.

Deferred outflows of resources related to pension and OPEB and Deferred inflows of resources related to pension and OPEB See *Note A – Accounting methods*

Deferred outflows and inflows of resources are directly related to the activity described in *Note F – Retirement Plan* to the financial statements in accounting for the changes in the Fund's proportionate share of the West Virginia Public Employees Retirement System's net pension liability (asset) and in *Note H – Other Postemployment Healthcare Benefits* to the financial statements in accounting for the changes in the Fund's net OPEB liability (asset).

Accounts payable and other liabilities

The increase of $4,768,000 (25.1%) in *Accounts payable and other liabilities* from 2023 to 2024 was primarily due to an increase of $4,615,000 in funds held for others, which includes tax and insurance accounts held on behalf of the Fund's various mortgagors, an increase of $433,000 in accrued expenses at year-end, an increase in the bond rebate liability of $8,000, and a decrease of $288,000 in cash held on behalf of the Federal Home Loan Bank of Pittsburgh (FHLB) for program disbursements to be used for its Home4Good program.

The increase of $311,000 (1.7%) in *Accounts payable and other liabilities* from 2022 to 2023 was primarily due to an increase of $1,137,000 in funds held for others, which includes tax and insurance accounts held on behalf of the Fund's various mortgagors, a decrease of $557,000 in cash held on behalf of the Federal Home Loan Bank of Pittsburgh (FHLB) for program disbursements to be used for its Home4Good program, a decrease of $200,000 in accrued expenses at year-end, and a decrease in the bond rebate liability of $69,000.

Bonds and notes payable, current and noncurrent

As illustrated in the following schedule, the changes in *Bonds and notes payable* were due to the early redemption of bonds, scheduled debt service payments, and new bonds and notes issued. The changes in the balance of bonds and notes payable and interest rates generally account for the fluctuations in *Accrued interest payable* in 2024 and 2023. See *Note D – Bonds Payable*.

Other liabilities

(Dollars in thousands)		2024	2023	2022
Balance at beginning of the fiscal year				
Bonds payable - current		**$ 21,915**	**$ 18,885**	$ 22,285
Bonds payable - noncurrent		**368,057**	**267,521**	290,636
Debt issued:	Housing Finance Bonds (*including discount*)	**325,000**	**134,953**	30,000
	Other Loan Programs note payable	**250**	**-**	250
Debt paid:	Scheduled debt service	**(22,009)**	**(19,000)**	(21,278)
	Early redemptions	**(9,525)**	**(12,370)**	(35,530)
Other Loan Programs note payable allowance for losses [1]		**-**	**(17)**	43
Balance at end of the fiscal year		**$ 683,688**	**$ 389,972**	$ 286,406
Bonds payable - current		**$ 29,520**	**$ 21,915**	$ 18,885
Bonds & notes payable - noncurrent		**654,168**	**368,057**	267,521
Total bonds & notes payable		**$ 683,688**	**$ 389,972**	$ 286,406

[1] See *Note D - Bonds Payable*

The decrease of $24,739,000 (14.8%) in *Other liabilities* from 2023 to 2024 was due to the expenditure of $27,105,000 in federal COVID relief funds for rental and homeowner assistance programs the Fund administers on behalf of the State, a decrease of $587,000 in the net OPEB liability, a decrease of $663,000 in the net pension liability, and an increase of $3,616,000 due to Federal Program mortgage loan repayments and prepayments exceeding originations.

The decrease of $30,495,000 (15.4%) in *Other liabilities* from 2022 to 2023 was due to the expenditure of $31,596,000 in federal COVID relief funds for rental and homeowner assistance programs the Fund administers on behalf of the State, and a decrease in the net OPEB liability of $261,000 and an increase of $699,000 due to Federal Program mortgage loan repayments and prepayments exceeding originations, and an increase of $663,000 in the net pension liability.

Total Net Position improved by $14,919,000 (2.6%) from June 30, 2022 to June 30, 2023. From June 30, 2023 to June 30, 2024, *Total Net Position* improved by $15,274,000 (2.6%) as the enterprise fund net position improved to $611,259,000 at June 30, 2024.

Following is a comparison of condensed enterprise fund Statements of Revenues, Expenses, and Changes in Fund Net Position for the fiscal years ended June 30:

(Dollars in thousands)	2024	2023	2022
REVENUES			
Interest on loans	**$ 41,298**	**$ 31,864**	$ 28,927
Pass-through grant revenue	**120,408**	**150,693**	191,700
Fee revenue	**9,734**	**8,599**	8,637
Net investment earnings (non-operating)	**10,829**	**4,592**	(2,723)
Other	**886**	**875**	1,207
Total Revenues	**183,155**	**196,623**	227,748
EXPENSES			
Pass-through grant expense	**120,408**	**150,693**	191,700
Interest and debt expense (non-operating)	**18,316**	**9,923**	7,357
Loan fees expense	**9,053**	**5,185**	4,209
Program expenses, net	**8,654**	**5,757**	4,332
Administrative expenses, net	**11,450**	**10,146**	6,034
Total Expenses	**167,881**	**181,704**	213,632
CHANGE IN NET POSITION	**15,274**	**14,919**	14,116
NET POSITION AT BEGINNING OF YEAR	**595,985**	**581,066**	566,950
NET POSITION AT END OF YEAR	**$ 611,259**	**$ 595,985**	$ 581,066

Interest on loans

The increase in *Interest on loans* of $9,434,000 (29.6%) from 2023 to 2024 was due to an increase in the volume of loans and an increase in the average mortgage loan rate.

The increase in *Interest on loans* of $2,937,000 (10.2%) from 2022 to 2023 was due to an increase in the volume of loans and an increase in the average mortgage loan rate.

Pass through grant revenue and Pass through grant expense

This line item represents federal funds received and disbursed to sub-recipients under Federal Programs.

The decrease of $30,285,000 (20.1%) from 2023 to 2024 was primarily due to a decrease of $40,355,000 in program disbursements for federal COVID relief rental assistance programs the Fund is administering on behalf of the State, a decrease of $374,000 in National Housing Trust Fund disbursements, an increase of $5,337,000 in HOME disbursements, an increase of $2,860,000 in Section 8 Housing Assistance Payments Program disbursements, an increase of $2,196,000 in Community Development Block Grants (CDBG) disbursements, and an increase of $51,000 in program disbursements for the federal COVID relief homeowner assistance program the Fund is administering on behalf of the State.

The decrease of $41,007,000 (21.4%) from 2022 to 2023 was primarily due to a decrease of $63,956,000 in program disbursements for federal COVID relief rental assistance programs the Fund is administering on behalf of the State, a decrease of $858,000 in HOME disbursements, an increase of $14,744,000 in program disbursements for the federal COVID relief homeowner assistance program the Fund is administering on behalf of the State, an increase of $6,036,000 in Community Development Block Grants (CDBG) disbursements, an increase of $2,591,000 in National Housing Trust Fund disbursements, and an increase of $436,000 in Section 8 Housing Assistance Payments Program disbursements.

Fee revenue

The increase of $1,135,000 (13.2%) in *Fee revenue* from 2023 to 2024 was primarily due to an increase of $907,000 in mortgage loan processing fees, an increase of $217,000 Section 8 fees, an increase of $77,000 in Low-Income Housing Tax credit fees, a decrease of $63,000 in Affordable Housing Fund fees, and a decrease of $3,000 in foreclosure fees.

The decrease of $38,000 (0.4%) in *Fee revenue* from 2022 to 2023 was primarily due to a decrease of $140,000 in mortgage loan processing fees, a decrease of $133,000 in Affordable Housing Fund fees, an increase of $119,000 Section 8 fees, an increase of $108,000 in Low-Income Housing Tax credit fees and an increase of $8,000 in foreclosure fees.

Net investment earnings

Net investment earnings increased $7,315,000 (268.6%) from 2022 to 2023 and increased $6,237,000 (135.8%) from 2023 to 2024 in the comparison of revenues and expenses above. However, *Net investment earnings* include unrealized gains and losses in the fair value of investments for each of the fiscal years presented as required by United States Generally Accepted Accounting Principles (US GAAP). As shown in the schedule below, investment earnings, adjusted for the unrealized gains or losses, increased 212.0% from 2022 to 2023 and increased 83.3% from 2023 to 2024.

(Dollars in thousands)		**June 30,**	
	2024	**2023**	2022
Net investment earnings per operating statement	**$ 10,829**	**$ 4,592**	$ (2,723)
Adjustments for unrealized loss on fair value of securities	**753**	**1,725**	4,748
Interest earned on investments	**$ 11,582**	**$ 6,317**	$ 2,025
% Increase (Decrease) from prior year	**83.3%**	**212.0%**	

Interest and debt expense

The $8,393,000 (84.6%) increase in *Interest and debt expense* from 2023 to 2024 was primarily due to debt issuances of $325,250,000 exceeding $22,009,000 in debt service and $9,525,000 in redemptions.

The $2,566,000 (34.9%) increase in *Interest and debt expense* from 2022 to 2023 was primarily due to debt issuances of $134,953,000 exceeding $19,000,000 in debt service and $12,370,000 in redemptions.

Loan fees expense

The $3,868,000 (74.6%) increase in *Loan fees expense* from 2023 to 2024 was primarily due to an increase in loan origination fees of $2,666,000, an increase in service release fees of $795,000, and an increase in service fees on loans of $407,000.

The $976,000 (23.2%) increase in *Loan fees expense* from 2022 to 2023 was primarily due to an increase in loan origination fees of $669,000, an increase in service fees on loans of $185,000, and an increase in service release fees of $122,000.

Program expenses, net

The $2,897,000 (50.3%) increase in *Program expenses, net* from 2023 to 2024 was primarily due to an increase of $1,523,000 in cost of issuance expenses, an increase of $1,447,000 in bad debt expense, an increase of $571,000 in losses on sale of foreclosed properties, an increase of $118,000 in Special Needs disbursements, an increase of $101,000 in general program disbursements, a decrease of $554,000 in Affordable Housing Fund disbursements, and a decrease of $309,000 in expenses related to repairs and holding costs for foreclosed properties.

The $1,425,000 (32.9%) increase in *Program expenses, net* from 2022 to 2023 was primarily due to an increase of $1,115,000 in cost of issuance expenses, an increase of $410,000 in Affordable Housing Fund disbursements, an increase of $158,000 in expenses related to repairs and holding costs for foreclosed properties, an increase of $24,000 in building expenses, a decrease of $174,000 in losses on sale of foreclosed properties, a decrease of $44,000 in general program disbursements, a decrease of $33,000 in bad debt expense, and a decrease of $28,000 in Special Needs disbursements.

Administrative expenses, net

The $1,304,000 (12.9%) increase in *Administrative expenses, net* from 2023 to 2024 was primarily due to an increase of $249,000 in professional services and temporary employees, an increase of $112,000 in salary and benefit expenses, an increase in computer related expenses of $90,000, a decrease in various administrative reimbursements of $1,118,000 related to the administration of COVID relief funds, a decrease in pension and OPEB related expenses of $204,000, a decrease of $46,000 in general expenses, and a decrease of $15,000 in travel expenses.

The $4,112,000 (68.1%) increase in *Administrative expenses, net* from 2022 to 2023 was primarily due to an increase in pension and OPEB related expenses of $1,447,000, an increase of $199,000 in professional services and temporary employees, an increase of $136,000 in general expenses, an increase of $78,000 in travel expenses, an increase of $23,000 in salary and benefit expenses, a decrease in various administrative reimbursements of $2,300,000 related to the administration of COVID relief funds, a decrease in computer related expenses of $52,000, and a decrease in compensated absences of $20,000.

OVERVIEW OF THE ENTERPRISE FUND FINANCIAL STATEMENTS

COVID Relief Programs

In response to the housing crisis related to a global outbreak of COVID-19, a respiratory disease declared to be a pandemic (the Pandemic) by the World Health Organization, Congress enacted the Consolidated Appropriations Act, 2021 in December 2020 creating the Emergency Rental Assistance (ERA1) program to provide funding to assist households that were unable to pay rent or utilities. The Fund received the State's allocation of $200 million under this Act to administer the rental assistance program on behalf of the State. As of June 30, 2024, $87,240,000 of these funds have been disbursed for rental and utility assistance. These funds are included in pass through grant revenue and pass through grant expense and in restricted cash and cash equivalents. As of August 26, 2022, the Fund ceased accepting applications for rental and utility assistance and all activity under ERA1 ceased pursuant to the U.S. Treasury guidelines as of September 30, 2022.

In addition, in March 2021 Congress enacted the American Rescue Plan Act of 2021, which allocated an additional $152,000,000 to the State for rental assistance for the Emergency Rental Assistance (ERA2) Program and $50,000,000 in homeowner assistance for the Homeowners Assistance Fund (HAF), both of which the Fund administers on behalf of the State. Collectively, ERA1 and ERA2 are locally known as the Mountaineer Rental Assistance Program (MRAP). As of June 30, 2024, $85,070,000 of the ERA2 funds has been disbursed for rental and utility assistance and $3,580,000 for the development of multifamily rental units. In addition, $36,389,000 of the HAF funds has been disbursed for mortgage and utility assistance. These funds are included in pass through grant revenue and pass through grant expense and in restricted cash and cash equivalents. As of May 8, 2024, the Housing Development Fund ceased accepting applications for assistance under the HAF Program.

Mortgage Lending

The Fund's Bond Programs are the core-housing programs and the primary source of income for the Fund. Various economic and regulatory factors such as prevailing economic conditions, mortgage interest rates, investment rates, the demand for housing, the cost of housing and of operating housing programs, the volume of mortgage lending activity in the State and other factors affecting the supply of housing in the State can create significant challenges for the Fund in both the Bond Programs and its overall operations.

The Fund's Movin' Up program is a long-term strategy intended to be a self-funding lending program as an alternative to dependency on the bond market and a method of assisting moderate income borrowers. The program is designed to attract a market to our single family loan program and provide a long-term increase in the Fund's mortgage loan balances. Unlike other single family bond programs the Fund offers, the Movin' Up Program does not have a first time homebuyer restriction and has significantly higher income limits than other single family programs offered. Its target market is moderate income buyers who may have outgrown their current homes and want to move up to a larger home and may provide the borrower with down payment and closing cost assistance.

In fiscal years 2020 and 2021, a decrease in interest rates contributed to an increase in the number of borrowers refinancing their mortgages. To a lesser extent, the decrease also reduced the Fund's competitive edge of mortgage rates and loan originations. The Fund's Bond Program mortgage loan balances decreased $22,494,000 (3.8%) in fiscal year 2021 compared to 2020 due to borrowers refinancing loans due to a drop in interest rates. In fiscal year 2022, mortgage rates increased, and the Fund regained its competitive edge of mortgage rates and loan originations increased. The Fund's Bond Program mortgage loan balances increased $13,505,000 (2.4%) in fiscal year 2022 as compared to fiscal year 2021 and increased $82,211,000 (14.1%) in fiscal year 2023 as compared to fiscal year 2022. The Fund's Bond Program mortgage loan balances increased an additional $225,373,000 (33.9%) in fiscal year 2024 as compared to fiscal year 2023. Mortgage loan balances and continued loan originations are key elements to future earnings potential.

The changes in Bond Programs mortgage loan balances from fiscal year 2022 through fiscal year 2024 are as follows:

(Dollars in thousands)		June 30,	
	2024	**2023**	2022
Beginning Balance	**$ 663,959**	**$ 581,748**	$ 568,243
Repayments/Prepayments	**(52,649)**	**(53,072)**	(82,523)
Foreclosures	**(4,353)**	**(2,898)**	(2,372)
Originations	**277,443**	**138,181**	111,400
Interfund transfer	**4,932**	**-**	(13,000)
Ending Balance	**$ 889,332**	**$ 663,959**	$ 581,748
% Increase from prior year	**33.9%**	**14.1%**	

The Fund continues to proactively monitor cash positions to ensure sufficient liquidity is maintained and to meet the increased demand for single family mortgage loan originations.

The Fund's single family Bond Program loans consist of 30-year fixed rate loans and no sub-prime loans. The median income of Fund single family borrowers is $65,000 as of June 30, 2024. This income level tends to be impacted quicker than an average borrower during economic declines.

The ability of the Fund to pay debt service on bonds outstanding is heavily dependent on the receipt of mortgage payments from borrowers. However, the Fund maintains a Capital Reserve Fund in an amount no less than the highest aggregate debt service of any year on all outstanding Mortgage Finance Bonds. In addition, the Fund maintains the Bond Insurance Account, as required by the Act, to provide for the payment of debt service on Mortgage Finance Bonds, if necessary.

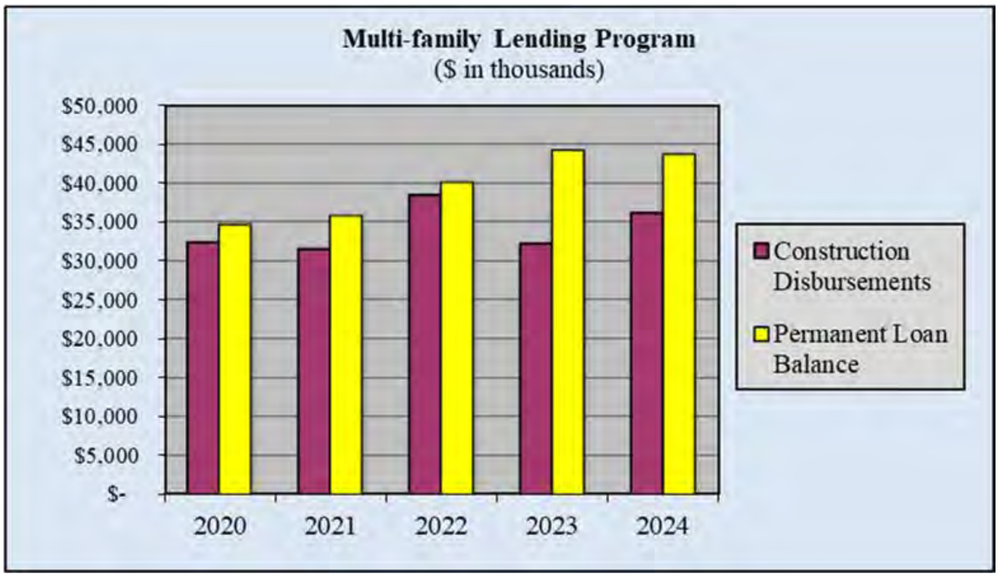
The Fund's Bond Program loan delinquency rates increased from 2022 to 2023 in the One-, Two- and Three-month categories and increased again from 2023 to 2024 as shown in the chart below. The Three + month category decreased in 2023 due to the expiration of the foreclosure moratorium and borrowers receiving assistance from the federal COVID relief HAF program. The Fund will continue to monitor delinquencies and increase communication with borrowers to control delinquencies where possible and/or modify loans as borrowers continue to deal with unemployment and other economic impacts.

Delinquency Rates

	WV Housing Development Fund Bond Programs As of June 30,			WV* As of June 30, 2024	USA* As of June 30, 2024
	2024	2023	2022		
Months Past Due					
One	4.82%	3.70%	3.39%	3.19%	2.28%
Two	1.61%	1.45%	1.17%	0.90%	0.70%
Three	0.79%	0.43%	0.41%	1.29%	1.00%
Three +	3.47%	2.64%	3.81%	1.72%	1.43%
In foreclosure	0.12%	0.18%	0.35%	0.43%	0.43%

*Most current data available.

In response to a continual increase in the demand for affordable rental housing, the Fund provides financing for both construction and permanent financing of multifamily rental housing. Resources for this initiative are provided from Other Loan Programs, HOME, the National Housing Trust Fund, the Low-Income Housing Tax Credit Program and ERA2. Permanent loans financed from Other Loan Programs often carry United States Department of Agriculture (USDA) 538 loan guarantees. The Fund expects to continue its focus on financing rental housing into fiscal 2025 and future years.



Interest rates on new single family bond loans originated in fiscal year 2024 have averaged approximately 5.59%. Interest rates on new multifamily permanent loans originated in fiscal year 2024 have averaged approximately 4.51%. The average loan interest rate listed below shows the Bond Programs average for fiscal years 2022 through 2024.

Average Loan Interest Rate	
June 30, 2022	4.12%
June 30, 2023	4.41%
June 30, 2024	4.81%

Investments

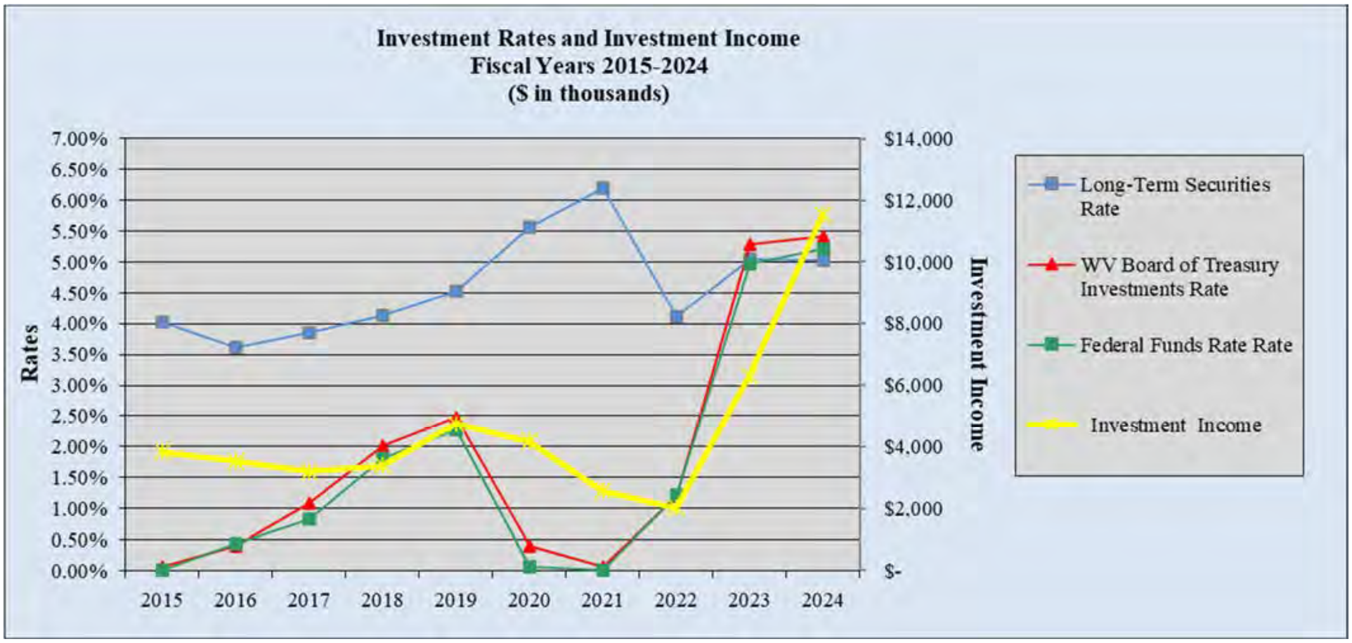
The Fund invests cash, as permitted by the Act, the bond resolution, and the Board approved Investment Policy. Funds related to the Bond Programs capital reserves and the Bond Insurance Account are primarily invested in long-term United States agency securities and FDIC insured money market accounts, which are expected to be held to maturity. Certain funds in the Bond Insurance Account and general operating funds are invested in mortgage loans held solely for investment. The interest earnings on these investment types are less affected by the fluctuation in short-term interest rates.

Loan proceeds and revenues of the Bond Programs, Other Loan Program, and operating funds are primarily on deposit with a bank, invested in FDIC insured money market accounts and short-term United States agency securities. All bank deposits are either FDIC insured or collateralized by permitted investments. The remaining funds are on deposit with the West Virginia Board of Treasury Investments (WVBOTI). Such funds are extremely sensitive to short-term interest rate fluctuations.

As shown in the following chart, the average investment rates for short-term investments and the WVBOTI have been consistent with the Federal Funds rate and have fluctuated accordingly.

Due to fluctuations in interest rates, investment earnings increased 83.3% from 2023 to 2024 and 212.0% from 2022 to 2023, net of unrealized gains or losses.

Below is a summary of the average investment rates from June 2015 to June 2024:



Debt Management (See *Note D – Bonds Payable*)

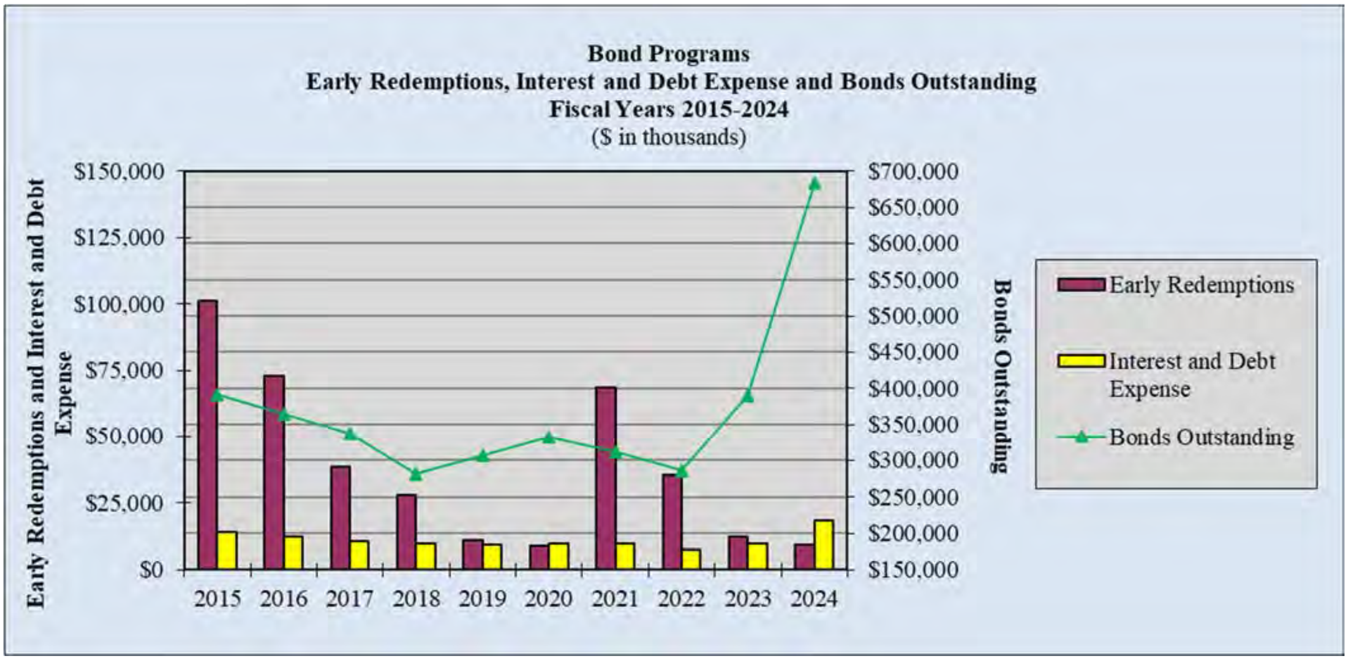
The Fund issues qualified mortgage revenue bonds to fund its single family Bond Programs. When bonds are issued, the initial proceeds are invested in short-term investments until the funds are used for the purchase of mortgage loans. Because short-term investment rates are typically lower than the long-term bond rates, this creates negative arbitrage. To reduce this negative arbitrage, the Fund delays the issuance of new bonds until absolutely necessary. The Fund sometimes uses general operating funds or other available funds as a warehouse line to purchase new loans in anticipation of bond sales.

When bonds are issued from the bond volume allocation, known as "new money" bonds, certain repayments and prepayments of mortgage loans made from these proceeds may be "recycled" into additional mortgage loans for ten years. The Fund uses recycling to supplement its bond issues by using prepayments for additional mortgage loans instead of issuing debt. If the market interest rates on mortgages are lower than the corresponding bond rates, the Fund may redeem bonds in lieu of recycling. However, if mortgage rates are higher than the corresponding bond rates the Fund may redirect prepayments into additional mortgage loans in lieu of redeeming bonds. Moving forward into fiscal year 2025 the Fund expects to continue to recycle mortgage loan repayments from its bond issues when it is economically prudent to do so.

During fiscal years 2022, 2023 and 2024, the Fund redeemed $35,530,000, $12,730,000 and $9,525,000 in bonds, respectively. By actively redeeming bonds, the Fund offsets the impact of reduced mortgage loan balances and rates.

Interest and debt expense was $7,357,000, $9,923,000 and $18,316,000 in fiscal years 2022, 2023 and 2024, respectively. Interest and debt expense increased in 2023 as compared to 2022 due to bond issuances of $134,953,000 exceeding debt service of $19,000,000 and $12,370,000 in redemptions. Interest and debt expense increased in 2024 as compared to 2023 due to bond issuances of $325,250,000 exceeding debt service of $22,009,000 and $9,525,000 in redemptions.

The following chart illustrates early bond redemptions, interest and debt expense and bonds outstanding in the Bond Programs.



Other

The Fund services all of its outstanding mortgage loans and services loans on behalf of Fannie Mae, the Federal Home Loan Bank of Pittsburgh and various non-profit organizations. The Fund is the largest loan servicer located in the State with serviced loans of $1.4 billion. Servicing fee income in the amount of $3,111,000 represents 4.96% of the Fund's total revenues, net of pass through grant revenue, for the fiscal year ended June 30, 2024.

OVERVIEW OF THE FIDUCIARY FUND FINANCIAL STATEMENTS

The Fund has one fiduciary fund, the Welfare Benefit Plan, which is an irrevocable trust for postemployment healthcare benefits for employees. These funds are not available to support the Fund's enterprise activities. The accounting used for fiduciary funds is much like that used for enterprise funds.

Net position restricted for other postemployment benefits improved by $343,000 (5.3%) from June 30, 2022 to June 30, 2023. From June 30, 2023 to June 30, 2024, *Net position restricted for other postemployment benefits* improved by $554,000 (8.2%) to $7,324,000 at June 30, 2024.

The fiduciary fund financial statements Plan is discussed in greater detail in *Note H – Other Postemployment Healthcare Benefits*.

CONTACTING THE FUND'S FINANCIAL MANAGEMENT

The above financial highlights are designed to provide a general overview of the Fund's operations and insight into the following financial statements. Additional information may be requested by contacting the Executive Director, West Virginia Housing Development Fund, at 5710 MacCorkle Ave. SE, Charleston, WV 25304, or may be found on our website at www.wvhdf.com.

WEST VIRGINIA HOUSING DEVELOPMENT FUND
PROPRIETARY FUND TYPE - ENTERPRISE FUND
STATEMENTS OF NET POSITION
(Dollars in Thousands)

	June 30, 2024	June 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents-- *(Notes A and C)*	$ 19,141	$ 14,872
Accrued interest on loans	899	1,216
Accounts receivable and other assets, net of allowance for losses-- *(Note A)*	1,665	1,563
Mortgage loans held for sale-- *(Note A)*	-	218
Restricted cash and cash equivalents-- *(Notes A and C)*	164,280	146,455
Restricted accrued interest on loans	3,392	2,059
Restricted accrued interest on investments	834	320
Total current assets	190,211	166,703
Noncurrent assets:		
Mortgage loans, net of allowance for losses-- *(Note A)*	117,011	109,527
Capital assets, net of depreciation-- *(Note A)*	7,168	7,350
Restricted cash and cash equivalents-- *(Notes A and C)*	112,097	76,104
Restricted investments-- *(Notes A and C)*	60,664	63,345
Restricted mortgage loans, net of allowance for losses-- *(Note A)*	974,515	745,249
Restricted other assets, net of allowance for losses-- *(Notes A, F and H)*	1,895	2,855
Total noncurrent assets	1,273,350	1,004,430
Total assets	1,463,561	1,171,133
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pension and OPEB-- *(Notes A, F and H)*	2,131	3,267
LIABILITIES		
Current liabilities:		
Accounts payable and other liabilities-- *(Note A)*	23,783	19,015
Accrued interest payable	4,048	2,040
Bonds payable-- *(Note D)*	29,520	21,915
Total current liabilities	57,351	42,970
Noncurrent liabilities:		
Other liabilities-- *(Notes A, F and H)*	142,282	167,021
Bonds & notes payable-- *(Note D)*	654,168	368,057
Total noncurrent liabilities	796,450	535,078
Total liabilities	853,801	578,048
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pension and OPEB-- *(Notes A, F and H)*	632	367
NET POSITION		
Restricted for debt service	409,809	397,878
Restricted by state statute	66,336	72,906
Restricted for pension and OPEB	414	-
Net investment in capital assets	7,168	7,350
Unrestricted	127,532	117,851
Total net position	$ 611,259	$ 595,985

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

WEST VIRGINIA HOUSING DEVELOPMENT FUND
PROPRIETARY FUND TYPE - ENTERPRISE FUND
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
(Dollars in Thousands)

	For the fiscal years ended June 30, 2024	2023
OPERATING REVENUES		
Interest on loans	$ 41,298	$ 31,864
Pass-through grant revenue-- *(Note A)*	120,408	150,693
Fee revenue-- *(Note A)*	9,734	8,599
Other-- *(Note A)*	886	875
	172,326	192,031
OPERATING EXPENSES		
Pass-through grant expense-- *(Note A)*	120,408	150,693
Loan fees expense-- *(Note A)*	9,053	5,185
Program expenses, net-- *(Note A)*	8,654	5,757
Administrative expenses, net-- *(Note A)*	11,450	10,146
	149,565	171,781
OPERATING INCOME	22,761	20,250
NON-OPERATING - FINANCING AND INVESTING (EXPENSES) REVENUES		
Investment earnings:		
Interest	11,582	6,317
Net decrease in the fair value of investments	(753)	(1,725)
Net investment earnings	10,829	4,592
Interest and debt expense	(18,316)	(9,923)
	(7,487)	(5,331)
CHANGE IN NET POSITION	15,274	14,919
NET POSITION AT BEGINNING OF YEAR	595,985	581,066
NET POSITION AT END OF YEAR	$ 611,259	$ 595,985

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

WEST VIRGINIA HOUSING DEVELOPMENT FUND
PROPRIETARY FUND TYPE - ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	For the fiscal years ended June 30, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from lending activities	$ 133,472	$ 119,655
Receipts from other operating activities	7,670	6,476
Receipts from escrows and advance activities [1]	40,717	43,337
Disbursements from escrows and advance activities [1]	(37,086)	(42,401)
Receipts for federal lending activities	10,764	8,570
Receipts for federal activities	78,076	120,025
Disbursements for federal activities	(99,489)	(135,631)
Purchase of mortgage loans	(334,945)	(182,782)
Purchase of mortgage loans held for sale	(7,102)	(2,808)
Sales of mortgage loans	7,320	2,828
Payments to employees for salaries and benefits	(8,759)	(8,104)
Payments to vendors	(22,947)	(29,940)
Net cash provided by (used in) operating activities	(232,309)	(100,775)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net proceeds from bonds and notes	343,250	134,953
Retirement of bonds and notes	(49,534)	(31,370)
Interest paid	(16,308)	(9,142)
Net cash provided by (used in) noncapital financing activities	277,408	94,441
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities of investments	58,395	37,313
Purchase of investments	(56,043)	(52,229)
Net investment earnings	10,636	5,682
Net cash provided by (used in) investing activities	12,988	(9,234)
Net increase (decrease) in cash and cash equivalents	58,087	(15,568)
Cash and cash equivalents at beginning of year	237,431	252,999
Cash and cash equivalents at end of year	$ 295,518	$ 237,431
Cash and cash equivalents consist of:		
Cash and cash equivalents	$ 19,141	$ 14,872
Restricted cash and cash equivalents - current	164,280	146,455
Restricted cash and cash equivalents - noncurrent	112,097	76,104
	$ 295,518	$ 237,431

[1] See Note A, *Restricted cash and cash equivalents*

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

WEST VIRGINIA HOUSING DEVELOPMENT FUND
PROPRIETARY FUND TYPE - ENTERPRISE FUND
STATEMENTS OF CASH FLOWS (CONTINUED)
(Dollars in Thousands)

	For the fiscal years ended June 30, 2024	2023
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	$ 22,761	$ 20,250
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Change in assets and liabilities:		
Accrued interest on loans	317	(484)
Mortgage loans held for sale	218	21
Other assets	288	1,189
Allowance for losses on other assets	4	(7)
Restricted accrued interest on loans	(1,333)	84
Restricted other assets	1,641	2,323
Allowance for (recovery of) losses on restricted other assets	(354)	176
Mortgage loans	(6,275)	(7,832)
Allowance for losses on mortgage loans	(1,210)	(1,092)
Restricted mortgage loans	(232,471)	(84,781)
Allowance for losses on restricted mortgage loans	3,205	3,901
Accounts payable	4,768	360
Other liabilities, federal programs	(23,488)	(30,897)
Deferred outflows of resources - pension and OPEB	1,136	528
Deferred inflows of resources - pension and OPEB	(265)	(4,916)
Other liabilities, pension and OPEB	(1,251)	402
Net cash provided by (used in) operating activities	$ (232,309)	$ (100,775)
Noncash investing and financing activities:		
Decrease in fair value of investments	$ (746)	$ (1,793)
Net amortization of (discounts) premiums on investments	416	(569)

WEST VIRGINIA HOUSING DEVELOPMENT FUND
FIDUCIARY FUND TYPE - WELFARE BENEFIT PLAN
STATEMENTS OF FIDUCIARY NET POSITION
(Dollars in Thousands)

	June 30, 2024	June 30, 2023
ASSETS		
Restricted cash and cash equivalents	$ 841	$ 904
Restricted accrued interest on investments	56	34
Restricted investments:		
U.S. Treasury securities	4,475	2,944
Federal agency securities	730	1,192
Certificates of deposit	1,240	1,699
Total restricted investments	6,445	5,835
Total restricted assets	7,342	6,773
LIABILITIES		
Current liabilities:		
Accounts payable and other liabilities	18	3
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	$ 7,324	$ 6,770

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

WEST VIRGINIA HOUSING DEVELOPMENT FUND
FIDUCIARY FUND TYPE - WELFARE BENEFIT PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
(Dollars in Thousands)

	For the fiscal years ended June 30, 2024	2023
ADDITIONS		
Contributions - employer	$ 401	$ 450
Investment income (loss):		
Interest	239	141
Net increase (decrease) in fair value of investments	110	(55)
Net investment income (loss)	349	86
Total additions	750	536
DEDUCTIONS		
Benefits	158	169
Administrative expenses	38	24
Total deductions	196	193
NET INCREASE IN FIDUCIARY NET POSITION	554	343
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS		
BEGINNING OF YEAR	6,770	6,427
END OF YEAR	$ 7,324	$ 6,770

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

NOTE A – AGENCY DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES

The West Virginia Housing Development Fund (the Fund) is a governmental instrumentality of the State of West Virginia (the State) and a public body corporate, created under the provisions of Article 18, Chapter 31 of the Code of West Virginia, 1931, as amended, and known as the West Virginia Housing Development Fund Act (the Act). Under the Act, the Fund's corporate purposes primarily relate to providing various housing programs. The Fund can also finance non-residential projects as defined in the Act.

The Fund is governed by a Board of Directors consisting of the Governor, Attorney General, Commissioner of Agriculture, and Treasurer of the State, all of whom serve ex-officio as public directors, and seven members, chosen by the Governor with the advice and consent of the State Senate, as private directors from the general public residing in the State. The Act designates the Governor or his or her designee as the Chair of the Board of Directors and provides that the Governor shall appoint the Executive Director, with the advice and consent of the State Senate, and that the Executive Director will serve at the Governor's will and pleasure.

The Fund receives no appropriations from the State; however, it is included as a discretely presented component unit of the primary government in the State's Annual Comprehensive Financial Report. The reporting entity for the Fund includes its Enterprise Fund and Welfare Benefit Plan. In defining the Fund for financial reporting purposes, management considered all potential component units. Based on the criteria of accounting principles generally accepted in the United States, the Fund has one component unit, the Welfare Benefit Plan, an irrevocable trust for postemployment healthcare insurance benefits provided to the Fund's employees. The Fund's financial statement presentation includes the Welfare Benefit Plan as a fiduciary fund.

The various programs of the Fund consist of the General Account, the Bond Programs, Other Loan Programs, Affordable Housing Fund, Land Development Program, Bond Insurance Account, and Federal Programs.

The General Account includes the results of the Fund's loan servicing operations, administrative expenses of the Fund's operations, operations of the Fund's building, fee income related to the administration of the Section 8 Housing Assistance Payments Programs (HAPs Program) and the Low-Income Housing Tax Credit Program, and Single Family mortgage loans remaining after the retirement of the corresponding bonds.

The Bond Programs include the activities of the single-family bond programs under the Housing Finance Bond Program resolution, the purpose of which is to provide affordable housing throughout the State. Assets and revenues of the Bond Programs are restricted, subject to the provisions of the bond resolution, and are available for other purposes only to the extent they are not required to meet specified reserve and funding provisions of the resolution.

Other Loan Programs include the Down Payment and Closing Cost Assistance Program, Secondary Market Program, Multifamily Lending Program, Low-Income Assisted Mortgage Program, On-Site Septic Systems Loan Program and the Special Assistance Lending Program, all of which have been financed from the general reserves of the Fund.

The Affordable Housing Fund was created by the State Legislature in 2018 through the transfer of operations of the West Virginia Affordable Housing Trust Fund to the Fund effective June 8, 2018. The Affordable Housing Fund's purpose is to provide funding for both technical assistance and housing assistance to 501(C)(3) non-profits, public housing authorities and government entities to encourage stronger partnerships, collaboration and greater involvement of local communities in meeting housing needs in the State. The Affordable Housing Fund receives a fee of twenty dollars on the transfer of real property and on the sale of factory-built homes by licensed dealers and is restricted by State statute. The transfer fees are required to be set aside in a special purpose account for the sole benefit of the Affordable Housing Fund.

The Land Development Program was established by the Act in 1973 with a $2,000,000 appropriation from the State Legislature from which the Fund can make below-market interest rate loans to developers to acquire and improve land for residential housing and non-residential construction. The Land Development Program includes the West Virginia Property Rescue Initiative Program and is restricted by State statute. The Land Development Program is included in the Fund's financial statements but is kept separate and apart from all other accounts of the Fund and the State.

The Bond Insurance Account was created by the Act as a special trust fund within the State Treasury designated as the "Mortgage Finance Bond Insurance Fund" and was established to provide for the payment of principal and interest in the event of default by the Fund on "Mortgage Finance Bonds," as defined in the Act. The Bond Insurance Account is restricted by State statute and is under the supervision of the West Virginia Municipal Bond Commission (the "Bond Commission"). The Bond Insurance Account is included in the Fund's financial statements but is kept separate and apart from all other accounts of the Fund, the Bond Commission, and the State. The only Mortgage Finance Bonds currently outstanding are in the Housing Finance Bond Program.

Federal Programs include the United States Department of Housing and Urban Development's (HUD) HOME Investment Program (HOME), National Housing Trust Fund (NHTF), HOME American Rescue Plan (ARP), Tax Credit Assistance Program (TCAP), HAPs Program and the U.S. Treasury's Tax Credit Exchange Program (TCEP) for which the Fund acts as program administrator. These programs are funded solely through federal monies and are restricted by Federal regulations.

Additionally, in response to the housing crisis related to the COVID-19 Pandemic, Congress enacted the Consolidated Appropriations Act, 2021 in December 2020 creating the Emergency Rental Assistance (ERA1) program to provide funding to assist households that are unable to pay rent or utilities. The Fund received the State's allocation of $200 million under this Act to administer the rental assistance program on behalf of the State. As of August 26, 2022, the Fund ceased accepting applications for rental and utility assistance and all activity under ERA1 ceased pursuant to the U.S. Treasury guidelines as of September 30, 2022. As of June 30, 2024, $87,240,000 of these funds had been disbursed for rental and utility assistance.

In addition, in March 2021 Congress enacted the American Rescue Plan Act of 2021, which allocated an additional $152,000,000 to the State for the Emergency Rental Assistance (ERA2) Program and $50,000,000 in homeowner's assistance for the Homeowners Assistance Fund (HAF), both of which the Fund administers on behalf of the State. Collectively, ERA1 and ERA2 are locally known as the Mountaineer Rental Assistance Program (MRAP). As of June 30, 2024, $85,070,000 of the ERA2 funds have been disbursed for rental and utility assistance and $3,580,000 has been disbursed for the production of multifamily rental units. In addition, $36,389,000 of the HAF funds has been disbursed for mortgage and utility assistance. As of May 8, 2024, the Housing Development Fund ceased accepting applications for assistance under the HAF Program.

Accounting methods: The accounting policies of the Fund conform to accounting principles generally accepted in the United States and to accounting principles for state housing finance agency enterprise funds. The various programs were established in accordance with the Act, the bond resolution, or at management's discretion. The financial statements of the enterprise fund and the fiduciary fund are prepared using the flow of economic resources measurement focus and the accrual basis of accounting, which requires recognition of revenue when earned and expenses when incurred.

Estimates: Certain estimates and assumptions are required by management in the preparation of the financial statements in accordance with accounting principles generally accepted in the United States (US GAAP). The significant estimates and assumptions are those required in the determination of the allowance for losses for the following items: accounts receivable and other assets, mortgage loans, restricted mortgage loans, and restricted other assets. Actual results in the near-term could differ significantly from those estimates.

Cash and cash equivalents: The Fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. This includes cash, certificates of deposit, short-term agency notes, and deposits with the West Virginia Board of Treasury Investments (WVBOTI).

Accounts receivable and other assets, net of allowance for losses include accounts receivables, land for housing purposes and foreclosed properties, net of an allowance for estimated probable declines in net realizable value.

(Dollars in thousands)	June 30, 2024			June 30, 2023		
	Balance	**Allowance**	**Net**	**Balance**	**Allowance**	**Net**
Accounts receivable and other Assets:						
Accounts receivable	$ 1,509	$ (5)	$ 1,504	$ 1,483	$ (1)	$ 1,482
Land	117	(58)	59	117	(58)	59
Foreclosed property	102	-	102	22	-	22
Total	$ 1,728	$ (63)	$ 1,665	$ 1,622	$ (59)	$ 1,563

Mortgage loans held for sale: In its Secondary Market Program, the Fund purchases and sells fixed-rate mortgage loans, primarily to Fannie Mae and Federal Home Loan Bank of Pittsburgh, on a servicing retained basis. The sale price is determined at the date of commitment and the commitment period generally ranges from 30 to 90 days. *Mortgage loans held for sale* are carried at the lower of aggregate cost or estimated fair value.

Enterprise fund *Restricted cash and cash equivalents* represents monies the Fund holds on behalf of others, restricted by the Act or by the bond resolution. Included in this line item are tax and insurance escrows held on behalf of the Fund's various mortgagors and payments collected on mortgages for which the Fund acts as servicer only. The Fund is obligated to expend these monies on escrowed items or remit them to the appropriate investors in the case of mortgage loans serviced for the benefit of others. Also included in *Restricted cash and cash equivalents* are federal and other housing program funds, including COVID relief funds, for which the Fund acts as grantee or agent. The total funds held on behalf of others were $92,112,000 at June 30, 2024 and $118,498,000 at June 30, 2023. *Restricted cash and cash equivalents* to be used for the acquisition of noncurrent assets, such as mortgage loans or investments, are classified as *Noncurrent assets*.

Fiduciary fund *Restricted cash and cash equivalents* represents monies held in an irrevocable trust for postemployment healthcare insurance benefits for Fund employees. These funds are not available to support the various programs of the enterprise fund.

Mortgage loans, net of allowances for losses: These loans consist primarily of unrestricted mortgage loans made under the General Account and Other Loan Programs. The Fund provides for possible losses on loans based on management's review of potential problem loans. The allowance for loan losses is shown below.

(Dollars in thousands)	June 30, 2024			June 30, 2023		
	Balance	**Allowance**	**Net**	**Balance**	**Allowance**	**Net**
Unrestricted Mortgage Loans:						
General Account	$ 8,796	$ (1,953)	$ 6,843	$ 10,020	$ (2,640)	$ 7,380
Other Loan Programs	119,311	(9,143)	110,168	111,812	(9,665)	102,147
Total	$ 128,107	$ (11,096)	$ 117,011	$ 121,832	$ (12,305)	$ 109,527

Capital assets, net of depreciation include land, buildings, equipment, furnishings and computer software that are stated at their original cost less accumulated depreciation. Capital asset expenditures of $20,000 or more with a useful life greater than 1 year are capitalized at cost and reported net of accumulated depreciation. Depreciation is computed using the straight-line method over the useful lives of the assets, which is 40 years for the building and from 3 to 10 years for furniture, equipment and software.

(Dollars in thousands)	**June 30, 2023**	**Additions**	**Deletions**	**June 30, 2024**
Capital assets, not being depreciated:				
Land	$ 1,810	$ -	$ -	$ 1,810
Total capital assets, not being depreciated	1,810	-	-	1,810
Capital assets, being depreciated:				
Buildings	7,810	-	(72)	7,738
Equipment and furnishings	1,513	53	-	1,566
Computer software	814	-	(814)	-
Total capital assets, being depreciated	10,137	53	(886)	9,304
Less accumulated depreciation for:				
Buildings	(2,349)	(175)	-	(2,524)
Equipment and furnishings	(1,441)	-	19	(1,422)
Computer software	(807)	-	807	-
Total accumulated depreciation	(4,597)	(175)	826	(3,946)
Total capital assets being depreciated, net	5,540	(122)	(60)	5,358
Total capital assets, net	$ 7,350	$ (122)	$ (60)	$ 7,168

(Dollars in thousands)	June 30, 2022	Additions	Deletions	June 30, 2023
Capital assets, not being depreciated:				
Land	$ 1,810	$ -	$ -	$ 1,810
Total capital assets, not being depreciated	1,810	-	-	1,810
Capital assets, being depreciated:				
Buildings	7,810	-	-	7,810
Equipment and furnishings	1,592	-	(79)	1,513
Computer software	814	-	-	814
Total capital assets, being depreciated	10,216	-	(79)	10,137
Less accumulated depreciation for:				
Buildings	(2,145)	(204)	-	(2,349)
Equipment and furnishings	(1,470)	(50)	79	(1,441)
Computer software	(792)	(15)	-	(807)
Total accumulated depreciation	(4,407)	(269)	79	(4,597)
Total capital assets being depreciated, net	5,809	(269)	-	5,540
Total capital assets, net	$ 7,619	$ (269)	$ -	$ 7,350

Restricted investments: The Fund established guidelines for the investment of its funds to meet the requirements of the bond resolution and the Act. Currently, investments consist primarily of United States government and agency obligations with maturities greater than 90 days.

Investment securities are recorded at fair value, or at amortized cost as permissible, and a portion of the unrealized gains or losses is reported in the Statements of Revenues, Expenses, and Changes in Fund Net Position as part of *Net investment earnings* as more fully explained in *Note C – Cash and Investments*.

Restricted mortgage loans, net of allowance for losses includes loans originated that are restricted by the bond resolution, the Act, State statute, federal programs or other restricted purposes.

The allowance for loan losses in these programs is shown below.

(Dollars in thousands)	June 30, 2024			June 30, 2023		
	Balance	Allowance	Net	Balance	Allowance	Net
Restricted Mortgage Loans:						
General Account	$ 250	$ (250)	$ -	$ 362	$ (362)	$ -
Other Loan Programs	453	(172)	281	452	(172)	280
Land Development	1,911	(360)	1,551	4,453	(1,727)	2,726
Affordable Housing Fund	3,334	(2,686)	648	3,460	(2,670)	790
Bond Insurance Account	12,079	(255)	11,824	13,564	(290)	13,274
Bond Programs	901,253	(11,921)	889,332	674,043	(10,084)	663,959
Federal Programs	170,820	(99,941)	70,879	161,295	(97,075)	64,220
Total	$ 1,090,100	$ (115,585)	$ 974,515	$ 857,629	$ (112,380)	$ 745,249

Federal Programs include HOME, NHTF, and HOME ARP, which are designed to assist very low-income borrowers and to provide capacity building funds for nonprofit housing organizations. The funds provided to the nonprofits are required to be repaid only if the nonprofit fails to provide the services required as a condition of receiving HOME and NHTF funds. Federal Programs also include TCAP and TCEP, which were designed to assist in the development of Low-Income Housing Tax Credit Program properties. These funds will only be repaid if the recipient fails to comply with certain covenants of their agreement. Therefore, HOME, NHTF, TCAP and TCEP projects are recorded as restricted mortgage loans and the TCAP, TCEP and nonprofit HOME and NHTF projects have a corresponding 100% loss allowance in the Statements of Net Position.

Most loans in the Bond Programs are protected against loss by various federal and private insurance programs. Repayment of certain multifamily rental project loans is dependent, in part, upon rental and interest subsidy programs of HUD and USDA.

Enterprise fund *Restricted other assets* include certain foreclosed properties, properties developed for flood activities, other land for restricted housing purposes, the Fund's net pension asset as explained in *Note F – Retirement Plan*, *Note H – Other Postemployment Healthcare Benefits*, and miscellaneous receivables, net of an allowance for estimated probable declines in the net realizable value. These assets are restricted subject to the provisions of the bond resolution, the Act, or federal regulations.

(Dollars in thousands)	June 30, 2024			June 30, 2023		
	Balance	**Allowance**	**Net**	**Balance**	**Allowance**	**Net**
Restricted other assets:						
Accounts receivable	$ 157	$ -	$ 157	$ 213	$ -	$ 213
Land	548	(548)	-	548	(548)	-
Foreclosed property	1,482	(158)	1,324	3,155	(513)	2,642
Net Pension asset	18	-	18	-	-	-
Net OPEB asset	396	-	396	-	-	-
Total	$ 2,601	$ (706)	$ 1,895	$ 3,916	$ (1,061)	$ 2,855

Deferred outflows of resources related to pension and OPEB represent a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until that time as explained in *Note F – Retirement Plan* and *Note H – Other Postemployment Healthcare Benefits*.

Accounts payable and other liabilities includes amounts held on behalf of others as explained in *Note A - Restricted cash and cash equivalents*, amounts due to vendors, and rebateable investment earnings.

Other liabilities include federal housing program funds for which the Fund acts as grantee or agent to originate mortgages under the HOME and NHTF programs and to disburse program funds under the ERA1, ERA2 and HAF programs, the Fund's net pension liability (asset) as explained in *Note F – Retirement Plan* and the Fund's net OPEB liability (asset) as explained in *Note H – Other Postemployment Healthcare Benefits*.

Deferred inflows of resources related to pension and OPEB represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time as explained in *Note F – Retirement Plan* and *Note H – Other Postemployment Healthcare Benefits*.

Enterprise fund *Restricted net position:* Net position of the Bond Programs is restricted to meet specified reserve and funding provisions in accordance with the bond resolution. Net positions of the Affordable Housing Fund, Land Development Program and Bond Insurance Account are restricted in accordance with the Act. Federal Programs are restricted due to requirements of HUD or other grantor agencies. Net position restricted for pension and OPEB is restricted for the payment of pension and OPEB benefits. When both restricted and unrestricted resources are available for use, it is generally the Fund's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fiduciary fund *Restricted net position:* Net position of the fiduciary fund is restricted to postemployment healthcare insurance benefits for the Fund's employees.

Operating revenues and expenses: The Fund classifies operating revenues and expenses in the enterprise fund based on the services provided by the Fund and its ongoing operations. This includes such activities as mortgage lending, administration of federal financial awards programs, property management and development, and other related program activities. *Net investment earnings* and interest on debt are reported as *non-operating revenues and expenses*.

Pass-through grant revenue and pass-through grant expense: The Fund receives grants and other financial assistance from HOME, NHTF, HOME ARP, CDBG-DR, ERA1, ERA2, HAF and the HAPs Programs to transfer or spend on behalf of various secondary recipients. These amounts are considered pass-through grants and are reported in the financial statements as revenue and expense when funds are disbursed to the secondary recipient.

Fee revenue consists primarily of loan servicing fees on mortgage loans serviced by the Fund, administration fees earned from the HAPs Program, financing fees, low-income housing tax credit fees, secondary market fees, Affordable Housing Fund transfer fees and deferred document penalty fees.

The Fund services all loans in its portfolio as well as loans on behalf of others totaling approximately $1,437,037,000 and $1,213,463,000 at June 30, 2024 and 2023, respectively. Of this total, the portfolio serviced by the Fund on behalf of others approximated $218,730,000 and $233,522,000 at June 30, 2024 and 2023, respectively.

Other revenues consist primarily of rental income, gains on sale of mortgages in the Secondary Market Program, gains on sales of foreclosed properties acquired through the Fund's mortgage lending activities, and other miscellaneous revenue items.

Loan fees expense includes fees paid to lenders and vendors related to the origination of mortgage loans. In addition, loan fees expense includes the cost of acquiring the servicing rights to mortgage loans owned by the Fund and loans owned by others, primarily Fannie Mae.

Program expenses primarily consist of disbursements made under the Fund's various programs, provisions for mortgage loan losses, losses on sales of foreclosed properties acquired through the Fund's mortgage lending activities, repair and maintenance costs for foreclosed properties and costs of bond issuance. *Program expenses* also include daily operating expenses of the office building owned by the Fund.

Administrative expenses, net include salary, benefits, and other operating expenses related to the daily operations of the Fund. When an expense is incurred, the expense is charged to the program or account for which it is directly applicable, whether restricted or unrestricted. Indirect expenses are allocated to programs and accounts based on a percentage of the program's or account's direct salary cost.

Contributions – Employer includes contributions from the enterprise fund to the fiduciary fund for healthcare insurance benefits for retired employees and their eligible dependents.

Net investment income represents interest earnings on postemployment healthcare cash and investments and the increase or decrease in the fair value of investments for the fiduciary fund.

Benefits include benefit payments from the fiduciary fund for postemployment healthcare costs for retired employees and their eligible dependents.

Administrative expenses in the fiduciary fund include trustee fees associated with investment management of the Welfare Benefit Plan and fees for actuarial valuations.

NOTE B – ASSETS FOR RESERVED AND OTHER PURPOSES

Assets and revenues of the Bond Programs are subject to the provisions of the bond resolution and are available for other purposes only to the extent they are not required to meet specified reserve and funding provisions of the resolution. The Fund, to the extent such monies become available under the terms of the resolution, has pledged to maintain the net position of its Bond Programs at a level to preserve the Fund's bond ratings. In the event that the Fund fails to comply with the terms of the bond resolution the holders of such obligations would have recourse to the unrestricted assets of the Fund. The Affordable Housing Fund, Land Development Program and the Bond Insurance Account are restricted by State statute.

Assets of the General Account and Other Loan Programs are principally unrestricted and may be transferred to other programs subject to the approval of the Board of Directors. As of June 30, 2024, the Fund has committed $24,299,000 from Other Loan Programs for various loans or projects. These amounts are included in *Unrestricted net position*. The Fund is actively accepting applications from prospective recipients to originate loans from amounts allocated by the Board of Directors from Other Loan Programs.

The Board of Directors has also allocated $1,000,000 of the *Unrestricted net position* for the "Directors' and Officers' Insurance Account" for the purpose of providing indemnification for the directors and officers of the Fund. The fiscal year 2025 administrative budget of $16,223,000 will be provided from the *Unrestricted net position* and from future revenues of the Fund.

NOTE C – CASH AND INVESTMENTS

The Fund's enterprise fund actively invests cash in conformity with the Act, the Bond Programs and the Board-approved Investment Policy. Permitted investments include a wide variety of securities and obligations such as certain corporate deposits, money market accounts, investment agreements or repurchase agreements with primary government dealers, direct obligations or obligations guaranteed by the State, United States government securities, or federal agency securities. Currently, the enterprise fund's investments consist primarily of United States government or agency securities, FDIC insured money markets and cash. The Investment Policy also permits the Fund to invest a maximum of $60,000,000, excluding funds held for others. The WVBOTI operates in accordance with applicable State laws and regulations.

The following is a detail of the Fund's enterprise fund investments, including cash equivalents, by type:

(Dollars in thousands)		June 30, 2024		June 30, 2023	
	Weighted Avg Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Reported at cost					
Demand Deposits, Money Market Funds	1 day	$ 140,865	$ 140,865	$ 94,721	$ 94,721
Mortgages held for investment purposes	20.3 years	12,692	12,692	14,275	14,275
WVBOTI deposits *(includes held for others)*	1 day	105,724	105,724	121,236	121,236
Total		259,281	259,281	230,232	230,232
Reported at estimated fair value					
Fannie Mae MBS pools	7.22 years	208	211	265	267
Federal agency securities	2.56 years	98,685	99,120	74,026	75,321
U.S. Treasury securities	14.64 years	10,360	10,262	9,442	9,231
Total		109,253	109,593	83,733	84,819
Total investments, including cash equivalents		$ 368,534	$ 368,874	$ 313,965	$ 315,051

The Fund's fiduciary fund actively invests cash in conformity with the Act and the Board-approved Investment Policy. Permitted investments include a variety of securities and obligations such as money market accounts, certificates of deposit, direct obligations or obligations guaranteed by the State, United States government securities, or federal agency securities. Currently, the fiduciary fund's investments consist primarily of United States government or agency securities, FDIC insured money markets and negotiable certificates of deposit.

The following is a detail of the Fund's fiduciary fund investments, including cash equivalents, by type:

(Dollars in thousands)		June 30, 2024		June 30, 2023	
	Weighted Avg Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Reported at cost					
Demand Deposits	1 day	$ 841	$ 841	$ 904	$ 904
Total		841	841	904	904
Reported at estimated fair value					
U.S. Treasury securities	0.91 years	4,490	4,475	2,990	2,944
Federal agency securities	0.6 years	750	730	1,250	1,192
Certificates of deposit	1.77 years	1,250	1,240	1,750	1,699
Total		6,490	6,445	5,990	5,835
Total investments, including cash equivalents		$ 7,331	$ 7,286	$ 6,894	$ 6,739

Interest Rate Risk - Enterprise fund. The Investment Policy limits the weighted average maturity of various fund types as shown in the following table. The Act does not provide for investment maturity limits. Reserve funds are the capital reserve investments required for the Bond Programs which are currently invested in long-term U.S. Government and government agency obligations. The Bond Insurance Account, which provides additional reserves for the payment of the Housing Finance Bonds is currently invested in U.S. Government and government agency obligations as well as mortgage loans for investment purposes. Other funds consist of bond revenues to be used for debt service on the outstanding bonds, bond proceeds for the purchase of mortgage revenue bond loans, Other Loan Program funds and general operating funds. Other funds are primarily invested short-term to meet program funding needs and to provide for daily operational costs of the Fund. Funds held for others consist of single family and multifamily escrow funds as well as amounts to be remitted to others. The Fund has both the intent and the ability to hold long-term securities until final maturity and is therefore limited in its exposure to interest rate risk on these long-term obligations.

	Permitted Maturity Limit	Average Maturity as of June 30, 2024
Reserve Funds	30 years	6 years
Bond Insurance Funds	15 years	7 years
Other Funds	4 years	1 month
Funds held for others*		1 day

*Funds held for others not applicable to limit calculations

Interest Rate Risk – Fiduciary fund. The Investment Policy limits the weighted average maturity of all funds as shown in the following table. The Act does not provide for investment maturity limits. Fiduciary fund investments are managed at an appropriate average duration based on current interest rate environments.

	Permitted Maturity Limit	Average Maturity as of June 30, 2024
Fiduciary Funds	4 years	1 year

Credit Risk – Enterprise fund. Although permitted by the Act, the Fund’s Investment Policy prohibits investment in State and Local obligations other than West Virginia and prohibits investment in corporate debt instruments. The Fund’s Investment Policy additionally requires repurchase agreements to be invested with banks or primary dealers which are rated or provide the necessary collateral to maintain the Fund’s bond, note and issuer ratings. Furthermore, the Investment Policy limits collateral for repurchase agreements to direct federal and federally guaranteed obligations, and federal agency obligations.

As of June 30, 2024, the Fund’s investments in the WVBOTI are rated AAAm. Federal agency securities consist of Fannie Mae, Federal Farm Credit Bank and Federal Home Loan Bank all of which are rated AAA. Fannie Mae MBS pools are also rated AAA. Insured Cash Sweep (ICS) Funds and the Demand Deposit Marketplace Funds are FDIC insured. Money Market Funds are invested in the Fidelity Investments Money Market Government Portfolio and are rated AAA. Mortgages held for investment purposes are not rated.

Credit Risk – Fiduciary fund. The fiduciary fund’s Investment Policy limits investments to U.S. Treasury Securities that are backed by the full faith and credit of the United States, Federal agency securities, which are rated AAA and FDIC insured certificates of deposit.

Concentration of Credit Risk – Enterprise fund. The Investment Policy limits the percentage or amount of the investment portfolio that may be invested in various types of issuers as indicated in the table below. The Act does not limit the percentage of investments in any permitted investment type.

As of June 30, 2024 (Dollars in thousands)	**Maximum of Portfolio**	**Invested Funds**	**% of Total Investment**
Direct Federal Obligations	100%	$ 10,360	4%
Federal Agency Obligations	90%	98,893	36%
Federally Guaranteed Obligations	100%	-	0%
Demand Deposits	30%	18,872	7%
Collateralized CDs	$75,000	-	0%
CDARS FDIC Insured CDs	$65,000	-	0%
West Virginia Obligations	15%	-	0%
ICS FDIC Insured Demand Deposits	$75,000	-	0%
ICS FDIC Insured Savings Deposits	$100,000	90,783	33%
Mortgages Held for Investment Purposes	30%	12,692	4%
Money Market Funds	25%	15,387	5%
WVBOTI deposits	$60,000	29,435	11%
TOTAL		$ 276,422	100%
Funds Held for Others *	N/A	92,112	
TOTAL INVESTED FUNDS		$ 368,534	

* Funds held for others not applicable to limit calculations.

Concentration of Credit Risk – Fiduciary fund. The Investment Policy limits the percentage or amount of the investment portfolio that may be invested in various types of issuers as indicated in the table below. The Act does not limit the percentage of investments in any permitted investment type.

As of June 30, 2024 (Dollars in thousands)	**Maximum of Portfolio**	**Invested Funds**	**% of Total Investment**
Demand Deposits	30%	$ 841	12%
Direct Federal Obligations	90%	4,490	61%
Federal Agency Obligations	90%	750	10%
Federally Guaranteed Obligations	90%	-	0%
FDIC Insured CDs	50%	1,250	17%
TOTAL INVESTED FUNDS		$ 7,331	100%

Custodial Credit Risk – Deposits - The Act requires all deposits to be FDIC insured or fully collateralized by permitted investments for both enterprise funds and fiduciary funds. The enterprise fund Investment Policy further limits the securities permitted as collateral for amounts in excess of FDIC insurance to direct federal or federally guaranteed obligations, federal agency, or State of West Virginia obligations. The fiduciary fund Investment Policy further limits the securities permitted as collateral for amounts in excess of FDIC insurance to direct federal or federally guaranteed obligations or federal agency obligations.

The enterprise fund cash, including escrow funds, had a carrying value of $140,865,000 and $94,721,000 as of June 30, 2024 and 2023, respectively. Bank balances approximated $143,155,000 and $96,396,000 as of June 30, 2024 and 2023, respectively, of which approximately $112,755,000 and $79,740,000 was covered by federal depository insurance as of June 30, 2024 and 2023, respectively, and $15,012,000 and $13,450,000 was either collateralized with securities pledged to the Fund and held by the trust department of the pledging financial institution or held and pledged to the Fund by the pledging financial institution's agent as of June 30, 2024 and 2023, respectively. Also included in the bank balances above are trust account money market fund balances of $15,388,000 and $3,206,000 as of June 30, 2024 and 2023, respectively, which are not subject to custodial credit risk.

The fiduciary fund cash had a carrying value of $841,000 and $904,000 as of June 30, 2024 and 2023, respectively. Bank balances approximated $844,000 and $907,000 as of June 30, 2024 and 2023, respectively, which are trust account money market funds and not subject to custodial credit risk.

Custodial Credit Risk – Investments – Custodial Credit Risk – Investments – The Investment Policy requires purchased securities to be physically delivered to the Fund's custodian or trustee or, in the case of book-entry securities; registration books shall designate the custodian or trustee. The Investment Policy also requires collateral for repurchase agreements be delivered to a third-party custodian or in the case of book-entry securities, be registered to the Fund. All U.S. government and agency obligations owned by the Fund are registered in the Fund's name or the Fund's designated trustee. The Act does not address custodial credit risk for investments.

Fair value hierarchy: The fair value hierarchy established under GAAP categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to quoted prices in active markets inputs (Level 1) and the lowest priority to unobservable inputs (Level 3).

The levels of the hierarchy are identified as follows:

Level 1 – Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in an active market.

Level 2 – Valuation is based upon inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 – Valuation is based upon unobservable inputs for an asset or liability.

Enterprise fund investments measured at fair value using the fair value hierarchy categories are as follows:

(Dollars in thousands)	June 30, 2024	June 30, 2023
Level 1 inputs		
Federal agency securities	$ 99,120	$ 75,321
U.S. Treasury securities	10,262	9,231
Total	109,382	84,552
Level 2 inputs		
Fannie Mae MBS pools	211	267
Total	211	267
Total investments, reported at estimated fair value	$ 109,593	$ 84,819

Fiduciary fund investments measured at fair value using the fair value hierarchy categories are as follows:

(Dollars in thousands)	June 30, 2024	June 30, 2023
Level 1 inputs		
U.S. Treasury securities	$ 4,475	$ 2,944
Federal agency securities	730	1,192
Certificates of deposit	1,240	1,699
Total investments, reported at estimated fair value	$ 6,445	$ 5,835

Fair value measurements for investments classified as Level 2, Fannie Mae MBS pools, are valued using matrix pricing sources that provide a pricing indication from market transactions for similar or identical assets.

Mortgages held for investment are included in *Mortgage loans, net of allowances* and *Restricted mortgage loans, net of allowances* on the Statements of Net Position. Investments are included in the accompanying enterprise fund financial statements as follows:

(Dollars in thousands)	June 30, 2024	June 30, 2023
Cash and cash equivalents	$ 19,141	$ 14,872
Current restricted cash and cash equivalents	164,280	146,455
Noncurrent restricted cash and cash equivalents	112,097	76,104
Restricted investments	60,664	63,345
Plus mortgages held for investment purposes	12,692	14,275
Total Investments and cash equivalents	$ 368,874	$ 315,051
Less unrealized gains	340	1,086
Total Invested Funds	$ 368,534	$ 313,965

Investments are included in the accompanying fiduciary fund financial statements as follows:

(Dollars in thousands)	June 30, 2024	June 30, 2023
Restricted cash and cash equivalents	$ 841	$ 904
Restricted investments	6,445	5,835
Total Investments and cash equivalents	$ 7,286	$ 6,739
Plus unrealized loss	(45)	(155)
Total Invested Funds	$ 7,331	$ 6,894

The enterprise fund has an unrealized gain on investments of $340,000 and $1,086,000 as of June 30, 2024 and 2023, respectively. This represents a decrease in unrealized gain on investments of $746,000 and $1,793,000 as of June 30, 2024 and 2023, respectively. In connection with the unrealized gain, a liability for related investment earnings is recorded in the amount of $12,000 and $4,000 as of June 30, 2024 and June 30, 2023, respectively. This portion is recorded as a liability because, if this gain were realized, it would increase excess rebateable investment earnings pursuant to Section 103A of the Internal Revenue Code, as amended (the Code). To adjust the fair value of investments to reflect this unrealized gain at June 30, 2024 and 2023 and to properly reflect the rebate liability, a $753,000 and $1,725,000 decrease was recorded in *Net investment earnings* in the Statements of Revenues, Expenses, and Changes in Fund Net Position for the year ended June 30, 2024 and 2023, respectively.

The fiduciary fund has an unrealized loss on investments of $45,000 and $155,000 as of June 30, 2024 and June 30, 2023, respectively. This represents an increase in unrealized loss on investments of $110,000 and an increase of $55,000 from June 30, 2023 and 2022, respectively. To adjust the fair value of investments to reflect this unrealized loss at June 30, 2024 and 2023 a $165,000 increase and a $55,000 decrease was recorded in *Net investment income* in the Statements Changes in Fiduciary Net Position for the year ended June 30, 2024 and 2023, respectively.

NOTE D – BONDS PAYABLE

The Act authorizes the Fund to issue bonds and notes for its various programs in an aggregate principal amount not to exceed $1,250,000,000 outstanding at any one time, exclusive of refunded obligations. Bonds and notes issued by the Fund are considered obligations of the Fund and are not deemed to constitute a debt or liability of the State.

The proceeds from the Fund's Bond Programs are used to finance mortgage loans to eligible State borrowers and to establish certain reserves as required by the resolution. The mortgage loans are secured by deeds of trust and approximately 81.58% of all Bond Program loans are subject to coverage under federal or private mortgage insurance or guarantee programs. All bonds are secured by a pledge of all mortgage loan repayments, all proceeds of federal or private mortgage insurance, interest received on any monies or securities held pursuant to the resolution, and the rights and interest of the Fund in and to the mortgage loans. In the event that the Fund fails to comply with the terms of the bond resolution, the holders of such obligations would have recourse to the unrestricted assets of the Fund. Principal and interest paid on bonds and notes payable for the years ended June 30, 2024 and 2023 was $65,842,000 and $40,512,000, respectively. Total pledged revenues in 2024 and 2023 were $89,774,000 and $81,346,000 respectively.

The On-Site Systems Loan Program (the OSLP) was created in September 2007 in partnership with the West Virginia Department of Environmental Protection (the DEP). Under this program the Fund may borrow funds from the DEP Clean Water Revolving Loan Fund. These funds are then loaned to State residents to upgrade, replace or repair inadequate septic systems. Since the inception of the program, the Board has authorized the Fund to borrow $3,000,000 from DEP for this program. The Fund is obligated to repay the amount borrowed from the DEP only to the extent the Fund receives payments from loan recipients. An allowance for loan losses has been established based on management's review of potential problem loans. At June 30, 2024, *Bonds & notes payable - noncurrent* includes a $690,000 note payable, net of a $132,000 loss allowance, due to DEP related to this program under Other Loan Programs.

Most bonds issued by the Fund are subject to redemption at the option of the Fund prior to maturity at dates and premiums as set forth in the bond documents. To reduce its debt expense, the Fund redeems bonds prior to their stated maturity dates primarily due to excess program revenues, the prepayments of mortgage loans pledged for the repayment of the bonds, excess amounts in the capital reserve funds, and/or from proceeds of refunding bonds. During the fiscal years ended June 30, 2024 and 2023, the Fund redeemed or refunded $9,525,000 and $12,370,000 of bonds, respectively, at redemption prices that approximated their carrying value.

The following tables summarize bond and note activity from 2023 to 2024 and 2022 to 2023, respectively.

(Dollars in thousands)	**Bonds Payable Current**	**Bonds & Notes Payable Noncurrent**	**Bonds & Notes Payable Total**
Outstanding Balance, June 30, 2023	$ 21,915	$ 368,057	$ 389,972
Debt Issued (*including discount*)	-	325,250	325,250
Debt Paid	(21,915)	(94)	(22,009)
Early Redemptions	-	(9,525)	(9,525)
Note Payable allowance for losses	-	-	-
Reclassification from noncurrent to current	29,520	(29,520)	-
Outstanding Balance, June 30, 2024	$ 29,520	$ 654,168	$ 683,688

(Dollars in thousands)	**Bonds Payable Current**	**Bonds & Notes Payable Noncurrent**	**Bonds & Notes Payable Total**
Outstanding Balance, June 30, 2022	$ 18,885	$ 267,521	$ 286,406
Debt Issued (*including discount*)	-	134,953	134,953
Debt Paid	(18,885)	(115)	(19,000)
Early Redemptions	-	(12,370)	(12,370)
Note Payable allowance for losses	-	(17)	(17)
Reclassification from noncurrent to current	21,915	(21,915)	-
Outstanding Balance, June 30, 2023	$ 21,915	$ 368,057	$ 389,972

The following is a summary of the bonds outstanding in the Housing Finance Bond and notes outstanding in Other Loan Programs:

	Original Amount Authorized	Outstanding at June 30, 2024	2023
		(Dollars in thousands)	
HOUSING FINANCE BOND PROGRAM			
2013 Series A (3.20%) due 2025-2029	$ 21,000	$ 6,955	$ 8,365
2015 Series A,B (2.95% to 3.70%), due 2025-2032	50,660	14,005	16,470
2015 Series C,D (3.2% to 3.85%), due 2025-2033	70,060	24,980	29,145
2017 Series A,B (2.75% to 4.00%), due 2025-2034	39,505	15,925	18,925
2018 Series A (2.65% to 3.85%), due 2025-2040	25,000	13,415	14,710
2019 Series A (2.15% to 3.875%), due 2025-2044	35,000	23,080	24,865
2019 Series B (1.65% to 3.05%), due 2025-2044	30,000	20,595	23,190
2020 Series A (0.90% to 2.80%), due 2025-2048	30,000	23,440	25,595
2020 Series B,C (0.50% to 2.40%), due 2025-2042	44,960	31,425	35,630
2021 Series A (.45% to 2.50%), due 2025-2052	30,000	26,615	28,115
2022 Series A (2.5% to 4.15%), due 2025-2052	30,000	28,265	29,625
2022 Series B (2% to 4.25%), due 2025-2051	40,000	37,260	40,000
2022 Series C (2.8% to 4.85%), due 2025-2053	45,000	43,500	45,000
2023 Series A (3.00% to 4.85%), due 2025-2054	50,000	49,010	50,000
2023 Series B (3.20% to 4.70%), due 2025-2054	50,000	49,835	-
2023 Series C (3.45% to 5.00%), due 2025-2054	60,000	59,890	-
2023 Series D (3.4% to 4.9%), due 2025-2054	60,000	60,000	-
2024 Series A (3.10% to 4.65%), due 2025-2055	75,000	75,000	-
2024 Series B,C (3.45% to 6.12%), due 2025-2055	80,000	80,000	-
Total bonds payable, excluding unamortized discount		683,195	389,635
Unamortized bond discount, net		(65)	(66)
OTHER LOAN PROGRAMS			
Notes Payable (0.00%), net of allowance for losses [1]	3,000	558	403
Total bonds & notes payable		$ 683,688	$ 389,972

[1] Payments are due to the DEP as the Fund receives payments from OSLP loan recipients.

Total bonds payable does not include $32,200,000 in special obligation bonds issued by the Fund as a conduit issuer. These special obligation bonds are secured by loan payments and deeds of trust on three projects. None of the Fund's assets or revenues are pledged to the payment of these special obligations. Furthermore, these special obligations are not secured by the Fund's general obligation debt pledge or its moral obligation and are not included in the Fund's financial statements. The Housing Development Fund is authorized under the Act to issue bonds or notes up to a limit of $1,250,000 outstanding at any one time, exclusive of refunded obligations, for the purpose of carrying out its various programs. This amount is inclusive of bonds issued under the General Resolution and the special obligation bonds.

The following is a summary of scheduled annual principal and interest for bonds in the Bond Programs for the five years commencing July 1, 2024, and thereafter to maturity.

Bonds Maturing During Year Ending June 30:	**Principal**	**Interest**	**Total**
	(Dollars in thousands)		
2025	$ 29,520	$ 25,042	$ 54,562
2026	36,255	24,724	60,979
2027	38,810	23,668	62,478
2028	38,255	22,489	60,744
2029	34,565	21,314	55,879
2030-2034	157,510	89,703	247,213
2035-2039	116,725	64,624	181,349
2040-2044	96,370	42,735	139,105
2045-2049	76,944	23,652	100,596
2050-2054	56,706	7,036	63,742
2055	1,535	40	1,575
	$ 683,195	$ 345,027	$1,028,222

In accordance with Section 103A of the Code, the Fund has established allowances for excess rebateable investment earnings. The excess rebateable investment earnings arise due to actual investment yields earned by the Fund being greater than yields permitted to be retained by the Fund under the Code. The Code requires such excess investment earnings to be remitted to the Internal Revenue Service. The Housing Finance Bond Program established liabilities of $12,000 and $4,000 at June 30, 2024 and June 30, 2023, respectively, for the excess of the fair value of investments over amortized costs as explained in *Note C - <u>Cash and Investments</u>*. Future excess investment earnings may require the establishment of liabilities for these and other bond issues.

On January 30, 2020, the Fund entered into a revolving Commercial Loan Agreement (the “Line of Credit”) with United Bank, in an amount not to exceed $20,000,000, payable monthly. On January 31, 2024, the Line of Credit was renewed with a maturity date of January 30, 2026, currently bearing an interest rate of 5.52% per annum. The purpose of the Line of Credit is to provide warehouse funding for loans under the Multifamily Loan Program. During fiscal year 2024, the Fund had drawn a total of $18,000,000, all of which was repaid during the fiscal year.

NOTE E – CONTINGENT LIABILITIES AND RISK MANAGEMENT

Under the terms of certain federal programs, periodic audits are required and certain costs and expenditures may be questioned under the terms of the program. Such audits could lead to reimbursements to the grantor agencies. Historically, questioned costs have been immaterial. Management of the Fund believes future disallowances relating to current federal program expenditures, if any, will continue to be immaterial.

The Fund is a defendant in various legal proceedings arising in the normal course of business. In the opinion of management, based upon the advice of legal counsel, the ultimate resolution of these proceedings will not have a material adverse effect on the Fund’s financial position.

Through its business operations, the Fund is exposed to various risks of loss related to potential loan losses on program mortgages, fire, liability, and employee wrongdoing. To reduce the risk of loss on program mortgages, the Fund has various types of mortgage insurance. At June 30, 2024, 51.51% of the Fund’s single family Bond Program loans were VA, USDA Rural Development, or FHA guaranteed. Another 30.07% of these loans carry private mortgage insurance. Substantially all permanent multifamily mortgages are federally insured or guaranteed and/or are subject to HUD Section 8 rental assistance subsidies.

The Fund is insured against fire for owned assets, liability, and employee negligence through private insurance. Furthermore, key staff members of the Fund are bonded against theft in the aggregate amount of $4,000,000. The Board of Directors has allocated $1,000,000 of the Fund's unrestricted net position to provide indemnification for the directors and officers of the Fund. Additionally, the Fund has general liability insurance with the State Board of Risk and Insurance Management in the amount of $1,000,000 per occurrence and excess liability coverage of $10,000,000 aggregate with General Star Insurance Company for officers' and directors' indemnity. The Fund pays an annual premium in exchange for such coverage. The Fund has $5,000,000 in cyber insurance through Houston Casualty Company. There have been no significant settlements in excess of insurance coverage during the past three calendar years.

NOTE F – RETIREMENT PLAN

Plan Description. All full-time Fund employees participate in the State's Public Employees' Retirement System (PERS), a multiple-employer defined benefit cost-sharing public employee retirement system administered by the West Virginia Consolidated Public Retirement Board (CPRB). Benefits under PERS include deferred retirement, early retirement, death, and disability benefits and have been established and may be amended by action of the State Legislature. The CPRB issues a publicly available financial report that includes financial statements for PERS that may be obtained at www.wvretirement.com.

Benefits Provided. Employees hired before July 1, 2015 are eligible for normal retirement at age 60 with five or more years of credited service, or at least age 55 with age and service equal to 80 or greater. Employees hired on or after July 1, 2015 may retire at age 62 with ten years of service. The straight-life annuity retirement benefit, established by State statute, is equivalent to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired on or after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired on or after July 1, 2015, this age increases to 64 with ten years of service.

Contributions. Contributions as a percentage of payroll for members are established by statutes, subject to legislative limitations and are not actuarially determined. Contributions as a percentage of payroll for employees are established by the CPRB. Current funding policy requires employer contributions of 9.0% for 2024 and 2023 and 10.0% for each of the years ended June 30, 2022 and 2021. As permitted by legislation, the Fund has elected to pay 100% of all costs relating to the Plan, including the employee's 4.5% contribution of annual earnings for employees hired on or before February 6, 2012. Beginning February 7, 2012, new hires are required to pay the employee's contribution of 4.5%. For all employees hired on or after July 1, 2015 the employee contribution is 6.0%. The Fund's contribution to the Plan, excluding the employee's contribution paid by the Fund, approximated $619,000, $640,000, and $721,000 for the fiscal years ended June 30, 2024, 2023, and 2022, respectively.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The Fund reported a liability (asset) of ($18,000) and $663,000 as of June 30, 2024 and June 30, 2023, respectively, for its proportionate share of the net pension liability (asset). The net pension liability (asset) reported at June 30, 2024 was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2022, rolled forward to the measurement date of June 30, 2023. The Fund's proportion of the net pension liability (asset) was based on the Fund's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2023. At June 30, 2023 and June 30, 2022, the Fund's proportionate share was .40% and .45%, respectively.

For the years ended June 30, 2024 and June 30, 2023, respectively, the Fund recognized pension expense of $663,000 and $352,000. At June 30, 2024 and June 30, 2023, the Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Dollars in thousands)	June 30, 2024 Deferred Outflows of Resouces	June 30, 2024 Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 110	$ -
Difference between expected and actual experience	153	-
Changes in assumptions	117	-
Changes in proportion and differences between Fund contributions and proportionate share of contributions	43	2
Fund contributions made subsequent to the measurement date	619	-
	$ 1,042	**$ 2**

(Dollars in thousands)	June 30, 2023 Deferred Outflows of Resouces	June 30, 2023 Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 400	$ -
Difference between expected and actual experience	254	-
Changes in assumptions	436	-
Changes in proportion and differences between Fund contributions and proportionate share of contributions	43	9
Fund contributions made subsequent to the measurement date	640	-
	$ 1,773	**$ 9**

Deferred outflows of resources related to pensions of $619,000 resulting from Fund contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (or increase in the net pension asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

(Dollars in thousands)

Year Ended June 30:	Pension Expense
2025	17
2026	(405)
2027	883
2028	(74)

Actuarial Assumptions and Methods. The following assumptions and methods were used in the actuarial valuation:

	2023	2022
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through Fiscal Year 2035	Through Fiscal Year 2035
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases:		
State	2.75% - 5.55%	2.75% - 5.55%
Non-state	3.60% - 6.75%	3.60% - 6.75%
Inflation rate	2.75%	2.75%
Discount rate	7.25%	7.25%
Mortality rates	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018
	Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018	Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018
	Retired healthy females - 122% of Pub-2010 General Retiree Female table, below median headcount weighted, projected generationally with scale MP-2018	Retired healthy females - 122% of Pub-2010 General Retiree Female table, below median headcount weighted, projected generationally with scale MP-2018
	Disabled males - 118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018	Disabled males - 118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018
	Disabled females - 117% of Pub-2010 General / Teachers Disabled Female table headcount weighted, projected generationally with scale MP-2018	Disabled females - 117% of Pub-2010 General / Teachers Disabled Female table headcount weighted, projected generationally with scale MP-2018
Withdrawal rates		
State	2.28% - 45.63%	2.28% - 45.63%
Non-state	2.50% - 35.88%	2.50% - 35.88%
Disability rates	0.005% - 0.540%	0.005% - 0.540%
Retirement rates	12% - 100%	12% - 100%
Date range in most recent experience study	2013-2018	2013-2018

The long-term rates of return on pension plan investments were determined using the building-block method in which estimates of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term geometric rates of return are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Average Expected Real Rate of Return
Domestic Equity	27.5%	6.5%	1.79%
International Equity	27.5%	9.1%	2.50%
Fixed Income	15.0%	4.3%	0.65%
Real estate	10.0%	5.8%	0.58%
Private equity	10.0%	9.2%	0.92%
Hedge funds	10.0%	4.6%	0.46%
Total	100%		6.90%
Inflation (CPI)			2.50%
			9.40%

Discount Rate. The discount rates used to measure the total pension liabilities were 7.25% for the 2023 and 2022 actuarial valuations. At June 30, 2023 and 2022, the projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current 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 the Fund's proportionate share of the net pension liability (asset) to changes in the discount rate. The following table presents the Fund's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25% and 7.25% for the years ended June 30, 2024 and June 30, 2023, respectively, as well as what the Fund's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

(Dollars in thousands)

Net Pension Liability (Asset) June 30,					
2024			2023		
1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
$ 3,739	$ (18)	$ (3,188)	$ 4,691	$ 663	$ (2,784)

NOTE G – COMPENSATED ABSENCES

Employees accumulate annual leave balances to a maximum of 210 hours. Most employees receive a 100% termination payment upon separation based upon their final rate of pay. The liability for annual leave is valued at 100% of the balance plus the Fund's share of Social Security and Medicare contributions. The Fund has recorded a liability for accrued leave for all employees in accordance with GAAP. The liability for annual leave is shown below. In lieu of cash payment at retirement, an employee who became a member of PERS before July 1, 2015 may elect to use accumulated annual leave toward additional service in the computation of retirement benefits or toward their postemployment health care insurance premium as further explained in *Note H – Other Postemployment Healthcare Benefits*. If an employee became a member on or after July 1, 2015, they may not use accumulated annual leave to acquire additional credited service but they may still elect to use accumulated annual leave toward their postemployment health care insurance premium explained in *Note H – Other Postemployment Healthcare Benefits*.

(Dollars in thousands)

	Accumulated Annual Leave		
	2024	**2023**	**2022**
Balance at beginning of fiscal year	$ 611	$ 631	$ 659
Annual leave earned	527	571	575
Annual leave (used)	(555)	(591)	(603)
Balance at end of fiscal year	$ 583	$ 611	$ 631
Estimated to be paid in one year	$ 583	$ 611	$ 631

NOTE H – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

Plan administration. The Welfare Benefit Plan (the Plan), an irrevocable trust, is a single-employer defined other postemployment benefit plan administered by the Fund and the Fund's Board of Directors that is used to provide postemployment benefits other than pensions (OPEB) for employees of the Fund. Substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the Fund. The assets of the Plan are deposited with an external trustee and are presented in the stand-alone fiduciary fund financial statements.

Benefits Provided

The Fund provides certain healthcare insurance benefits for retired employees and their eligible dependents. Benefits are fully self-insured by the Fund and are administered through a third-party administrator. The full cost of benefits is covered by the plan. Management of the Fund has the authority to establish and amend benefit provisions of the Plan. An employee may receive a cash payout for their annual leave but not for sick leave. In lieu of cash payment at retirement, an employee may elect to use accumulated annual and accumulated sick leave toward their postemployment health care insurance premium. A retiree may convert two unused leave days into one month's insurance premium for single coverage or three unused leave days into one month's premium for family coverage. The Fund will pay monthly health insurance premiums of these retirees based on unused sick leave and/or annual leave at the time of retirement until the unused leave is fully utilized or until the retiree reaches the eligible age for Medicare. Accordingly, the maximum period for which a retiree may be entitled to such benefits would be twelve years.

Employees covered by benefit terms. At June 30, 2024 and June 30, 2023, the following employees were covered by the benefit terms:

Covered Employees	June 30, 2024	2023
Inactive employees or beneficiaries currently receiving benefit payments	12	8
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active plan members	99	97
Total	111	105

Contributions

The contribution requirements of plan members and the Fund are established and may be amended by the Fund's management. Management establishes contribution rates based on an actuarially determined rate. Plan members are not required to contribute to the plan. The Fund's contribution to the Plan approximated $401,000, and $450,000 for the fiscal years ended June 30, 2024 and 2023, respectively.

Investments

Investment policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Fund's Board of Directors. Investments are to be diversified as to minimize the risk of large losses as follows:

Permitted Investments	Maximum % of Porfolio
Cash:	
Demand Deposits	30%
Fixed Income:	
Direct Federal Obligations	90%
Federal Agency Obligations	90%
Federally Guaranteed Obligations	90%
FDIC Insured CDs	50%

Rate of Return. For the years ended June 30, 2024 and June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 5.25% and 1.27%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability (Asset)

At June 30, 2024 and 2023, the components of the net OPEB (asset) liability of the Fund were as follows:

(Dollars in thousands)	June 30, 2024	June 30, 2023
Total OPEB Liability	$ 7,052	$ 7,286
Plan Fiduciary Net Position	7,324	6,770
Net OPEB (Asset) Liability	$ (272)	$ 516
Plan Fiduciary Net Position as a percentage of the Total OPEB (Asset) Liability	103.90%	92.90%

Actuarial Assumptions and Methods

The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of January 2024 rolled forward to June 30, 2024. The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of January 2022 and rolled forward to June 30, 2023. The following actuarial assumptions and methods were used:

Valuation Date	1/1/2024 Rolled forward to 6/30/2024	1/1/2022 Rolled forward to 6/30/2023
Actuarial Method	Entry Age	Entry Age
Amortization Method	Level Percentage of Pay, Closed	Level Percentage of Pay, Closed
Remaining Amortization Period	13 years as of 1/1/2024	15 years as of 1/1/2022
Asset Valuation Method	Fair Value of Assets	Fair Value of Assets
Actuarial Assumptions:		
Investment Rate of Return	3.00%	3.00%
Salary Increases	3.00%	3.00%
Ultimate Rate of Medical Inflation	3.00%	2.72%
General Rate of Inflation	2.20%	2.00%

Mortality rates for the January 1,2024 valuation rolled forward to June 30, 2024 and January 1, 2022 valuation rolled forward to June 30, 2023 were based on Pub-2010 General Employees table, below-median, headcount-weighted, projected generationally with scale MP-2018.

An actuarial experience study was not completed. Actuarial assumptions for disability, termination, retirement, and dependent age were based on the PERS actuarial valuation as of July 1, 2020 for the January 2022 Plan valuation rolled forward to June 30, 2023. Actuarial assumptions for disability, termination, retirement, and dependent age were based on the PERS actuarial valuation as of July 1, 2022 for the January 2024 Plan valuation rolled forward to June 30, 2024.

The long-term expected rate of return on the 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 Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalents	10.0%	3.00%
U.S. Government Obligations	90.0%	3.50%
Total	100.0%	

Discount rate. The discount rate as of June 30, 2024 and June 30, 2023 is 3.00%, which is the assumed long-term expected rate of return on Plan investments. This is the same discount rate that was used in the January 1, 2024 liability calculations. Projections of the Plan's fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current plan members. As such, the single rate of return is equal to the long-term expected rate of return on the Plan assets, which is 3.00%.

Development of discount rate.

As of June 30, 2024, the Plan uses the Bond Buyer GO 20-Bond Municipal Bond Index. As this index is issued weekly, the value closest to but not after the reporting date is used in determining the appropriate rate. Based on this practice, the municipal bond rate at June 29, 2023 was 3.65% and the municipal bond rate at June 27, 2024 was 3.93%. However, the depletion test as of the most recent actuarial valuation as of January 1, 2024, reflecting known contributions after that date as well as the current funding policy, showed that the projected assets are expected to cover future benefit payments for current participants and as such the single rate used as the discount rate is the long-term expected rate of return, 3.00%. The actuarial liability, normal cost, and expected benefit payments were projected for the remaining lifetimes of the closed group population as of January 1, 2024, using the assumptions detailed in the 2024 actuarial valuation report. An Actuarially Determined Contribution (ADC) was calculated each year based on the current closed amortization period. The assets were then projected forward reflecting known contributions through June 30, 2024, and then assuming that the ADC is contributed in the future. Since the assets are projected to always be greater than the expected benefit payments in any year, the long-term expected rate of return of 3.00% is used to calculate the liabilities.

As of June 30, 2023, the Plan uses the Bond Buyer GO 20-Bond Municipal Bond Index. As this index is issued weekly, the value closest to but not after the reporting date is used in determining the appropriate rate. Based on this practice, the municipal bond rate at June 30, 2022 was 3.54% and the municipal bond rate at June 29, 2023 was 3.65%. However, the depletion test as of the most recent actuarial valuation as of January 1, 2022, reflecting known contributions after that date as well as the current funding policy, showed that the projected assets are expected to cover future benefit payments for current participants and as such the single rate used as the discount rate is the long-term expected rate of return, 3.00%. The actuarial liability, normal cost, and expected benefit payments were projected for the remaining lifetimes of the closed group population as of January 1, 2022, using the assumptions detailed in the 2022 actuarial valuation report. An Actuarially Determined Contribution (ADC) was calculated each year based on the current closed amortization period. The assets were then projected forward reflecting known contributions through June 30, 2023, and then assuming that the ADC is contributed in the future. Since the assets are projected to always be greater than the expected benefit payments in any year, the long-term expected rate of return of 3.00% is used to calculate the liabilities.

Changes in the Net OPEB Liability (Asset)

At June 30, 2024 and June 30, 2023, respectively, the Fund reported a Net OPEB (Asset) Liability of ($272,434) and $515,512. Total OPEB Liability (TOL) at the end of the measurement year, June 30, 2024, is measured as of a valuation date of January 1, 2024, and is projected to June 30, 2024, and June 30, 2023, is measured as of a valuation date of January 1, 2022 and is projected to June 30, 2023. Valuations will be completed every other year.

(Dollars in thousands)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at 6/30/2023	$ 7,286	$ 6,770	516
Changes for the year:			
Service cost	283	-	283
Interest	225	-	225
Changes of benefits	(311)	-	(311)
Differences between expected and actual experience	(477)	-	(477)
Changes of assumptions	204	-	204
Contributions - employer	-	402	(402)
Net investment income	-	348	(348)
Benefit payments	(158)	(158)	-
Administrative expense	-	(38)	38
Net changes	(234)	554	(788)
Balances at 6/30/2024	$ 7,052	$ 7,324	$ (272)

(Dollars in thousands)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at 6/30/2022	$ 7,276	$ 6,427	849
Changes for the year:			
Service cost	245	-	245
Interest	215	-	215
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	450	(450)
Net investment income	-	86	(86)
Benefit payments	(450)	(169)	(281)
Administrative expense	-	(24)	24
Net changes	10	343	(333)
Balances at 6/30/2023	$ 7,286	$ 6,770	$ 516

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the net OPEB liability (asset) of the Fund, as well as what the Fund's net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (2.0%) or one-percentage-point higher (4.0%) than the current discount rate:

(Dollars in thousands)	Net OPEB Liability (Asset) June 30, 2024			2023		
	1% Decrease 2.00%	Current Discount Rate 3.00%	1% Increase 4.00%	1% Decrease 2.00%	Current Discount Rate 3.00%	1% Increase 4.00%
Total OPEB Liability	$ 7,503	$ 7,052	$ 6,636	$ 7,785	$ 7,286	$ 6,835
Plan Fiduciary Net Position	7,324	7,324	7,324	6,770	6,770	6,770
Net OPEB Liability (Asset)	$ 179	$ (272)	$ (688)	$ 1,015	$ 516	$ 65
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	97.60%	103.90%	110.40%	87.00%	92.90%	99.10%

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rates. The following presents the net OPEB liability (asset) of the Fund, as well as what the Fund's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

(Dollars in thousands)	Net OPEB Liability (Asset) June 30, 2024			2023		
	Trend Minus 1%	Current Baseline Trends	Trend Plus 1%	Trend Minus 1%	Current Baseline Trends	Trend Plus 1%
Total OPEB Liability	$ 6,605	$ 7,052	$ 7,556	$ 6,674	$ 7,286	$ 7,982
Plan Fiduciary Net Position	7,324	7,324	7,324	6,770	6,770	6,770
Net OPEB Liability (Asset)	$ (719)	$ (272)	$ 232	$ (96)	$ 516	$ 1,212
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	110.90%	103.90%	96.90%	101.40%	92.90%	84.80%

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended June 30, 2024 and June 30, 2023, respectively, the Fund recognized OPEB expense of $335,188 and $570,549. At June 30, 2024 and June 30, 2023, the Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Dollars in thousands)	June 30, 2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 405	$ -	$ 82
Changes in assumptions	810	-	1,032	-
Net difference between projected and actual earnings on OPEB plan investments	-	82	95	-
Total	$ 810	$ 487	$ 1,127	$ 82

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

(Dollars in thousands)

Year Ended June 30:	OPEB Expense
2025	292
2026	192
2027	(133)
2028	(28)

NOTE I – SUBSEQUENT EVENTS

On July 5, 2024, the Fund received $8,000,000 from the State to administer the Veteran's Mortgage Program that was passed during the 2024 West Virginia Legislature session under Senate Bill 261.

NOTE J - NEW ACCOUNTING PRONOUNCEMENTS

The Fund implemented GASB Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*, which is effective for fiscal years beginning after June 15, 2023. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. Those changes include things like: certain changes in accounting principles, certain changes in estimates that result from a justified or preferable change in measurement or new methodology. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods; changes to or within the reporting entity be reported by adjusting beginning balances of the current period; and changes in accounting estimates be reported prospectively by recognizing the change in the current period. If the change in accounting principle is the result of a new pronouncement the requirements only apply absent specific transition guidance in the pronouncement. Under this standard it is also necessary to display the total adjustment to beginning net position, fund balance, or fund net position on the face of the financial statements, by reporting unit. This statement also specifies both qualitative and quantitative disclosure requirements. Lastly, this statement provides guidance for if and how these changes should be reflected in required supplementary information and supplementary information. The adoption of this Statement did not have a significant impact on the Fund's financial statements.

GASB has issued Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. This statement modifies the criteria requiring a liability for compensated absences to be recognized. Under this statement a liability must be recognized for leave that has not been used, or leave that has been used but not yet paid in cash or settled through noncash means. Furthermore, the liability for leave that has not been used is recognized if the leave is attributed to services already rendered, that accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. If the leave is considered more likely than not to be settled through conversion to a defined benefit post-employment benefit it should not be included in the liability for compensated absences. This statement also specifies certain types of benefits where the liability is not recognized until leave commences or where the liability is not recognized until the leave is used. The statement also provides guidance for measuring the liability and modifies the disclosure requirements allowing for disclosure of only the net change in the liability, and no longer requiring disclosure of which governmental funds have been used to liquidate the liabilities. The Fund has not yet determined the effect that the adoption of GASB Statement No. 101 may have on its financial statements.

GASB has also issued Statement No. 102, *Certain Risk Disclosures*, which is effective for fiscal years beginning after June 15, 2024. The objective of this statement is to provide financial statement users with information about risks due to concentrations or constraints common in a governmental environment. The standard requires an assessment of whether any concentrations or constraints increase the government's vulnerability to significant impacts, and whether events associated with concentrations and/or constraints have occurred or are more likely than not to occur within one year of issuance of the financial statements. Further, additional detailed disclosures may be required in certain situations. The Fund has not yet determined the effect that the adoption of GASB Statement No. 102 may have on its financial statements.

GASB has also issued Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. The focus of the improvements are to the presentation of (1) management's discussion and analysis, the statement clarifies that management's discussion and analysis should be limited to only topics in the existing sections and stresses that the detailed analyses section should provide clear explanation of why balances or results changed rather than simply presenting the amounts of the change. (2) unusual or infrequent items, the statement provides description of unusual or infrequent items and where on the statements they should be presented. (3) proprietary fund statement of revenues, expenses, and changes in net position, providing definitions for operating and nonoperating revenues and expenses, and the order in which they should be presented (4) major component unit information, adding a requirement that major component units should be presented separately in the statements unless it reduces readability, and (5) budgetary comparison information should be presented as RSI. The Fund has not yet determined the effect that the adoption of GASB Statement No. 103 may have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) PERS

(Dollars in thousands)

	Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
The Fund's proportionate (percentage) of the net pension liability (asset)	0.402458%	0.445175%	0.403023%	0.370100%	0.385094%	0.386822%	0.381747%	0.383639%	0.413624%	0.413581%
The Fund's proportionate share of the net pension liability (asset)	$ (18)	$ 663	$ (3,538)	$ 1,957	$ 828	$ 999	$ 1,648	$ 3,526	$ 2,310	$ 1,526
The Fund's covered payroll	$ 7,211	$ 7,210	$ 6,420	$ 5,750	$ 5,650	$ 5,345	$ 5,183	$ 5,289	$ 5,607	$ 5,538
The Fund's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(0.25%)	9.20%	(55.11%)	34.03%	14.65%	18.70%	31.81%	66.70%	41.18%	27.56%
Plan fiduciary net position as a percentage of the total pension liability	100.05%	98.24%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%

Note: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date

SCHEDULES OF CONTRIBUTIONS TO THE PERS

(Dollars in thousands)

	Years Ended, June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 619	$ 649	$ 721	$ 642	$ 575	$ 565	$ 588	$ 622	$ 714	$ 785
Contributions in relation to the statutorily required contribution	619	649	721	642	575	565	588	622	714	785
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fund's covered payroll	$ 6,878	$ 7,211	$ 7,210	$ 6,420	$ 5,750	$ 5,650	$ 5,345	$ 5,183	$ 5,289	$ 5,607
Contributions as a percentage of covered payroll	9.0%	9.0%	10.0%	10.0%	10.0%	10.0%	11.0%	12.0%	13.5%	14.0%

See Independent Auditor's Report and Notes to the Required Supplementary Information.

SCHEDULES OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS – WELFARE BENEFIT PLAN

(Dollars in thousands)	June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	$ 283	$ 245	$ 223	$ 200	$ 172	$ 143	$ 147	$ 150
Interest (includes interest on service cost)	225	215	177	174	227	219	234	245
Changes in benefit terms	(311)	-	(186)	-	-	-	-	-
Differences between expected and actual experience	(477)	-	(58)	-	(142)	-	(200)	-
Changes of assumptions	204	-	1,409	-	560	-	(660)	-
Benefit payments	(158)	(168)	(216)	(92)	(95)	(311)	(228)	(218)
Net change in total OPEB liability	**$ (234)**	**$ 292**	**$ 1,349**	**$ 282**	**$ 722**	**$ 51**	**$ (707)**	**$ 177**
Total OPEB liability - beginning	**7,286**	**6,994**	**5,927**	**5,645**	**4,923**	**4,872**	**5,579**	**5,402**
Total OPEB liability - ending	**$ 7,052**	**$ 7,286**	**$ 7,276**	**$ 5,927**	**$ 5,645**	**$ 4,923**	**$ 4,872**	**$ 5,579**
Plan fiduciary net position								
Contributions - employer	$ 402	$ 450	$ 789	$ 321	$ 95	$ 311	$ 228	$ 405
Net investment income	348	367	(88)	21	180	172	46	22
Benefit payments, including refunds of member contributions	(158)	(168)	(216)	(92)	(95)	(311)	(228)	(218)
Administrative expense	(38)	(24)	(20)	(33)	(20)	(31)	(35)	(16)
Net change in plan fiduciary net position	**$ 554**	**$ 625**	**$ 465**	**$ 217**	**$ 160**	**$ 141**	**$ 11**	**$ 193**
Plan fiduciary net position - beginning	**6,770**	**6,145**	**5,962**	**5,745**	**5,585**	**5,444**	**5,433**	**5,240**
Plan fiduciary net position - ending	**$ 7,324**	**$ 6,770**	**$ 6,427**	**$ 5,962**	**$ 5,745**	**$ 5,585**	**$ 5,444**	**$ 5,433**
Net OPEB liability (asset) - ending	**$ (272)**	**$ 516**	**$ 849**	**$ (35)**	**$ (100)**	**$ (662)**	**$ (572)**	**$ 146**
Plan fiduciary net position as a percentage of the total OPEB liability	103.90%	92.90%	88.30%	100.60%	101.78%	113.46%	111.74%	97.40%

SCHEDULES OF CONTRIBUTIONS TO THE WELFARE BENEFIT PLAN

(Dollars in thousands)	June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 347	$ 391	$ 412	$ 221	$ 189	$ 108	$ 101	$ 162
Contributions in relation to the actuarially determined contribution	401	450	789	321	95	311	228	405
Contribution (excess)	(54)	(59)	(377)	(100)	94	(203)	(127)	(243)
Covered employee payroll	$ 6,906	$ 6,317	$ 6,133	$ 5,946	$ 5,773	$ 5,582	$ 5,396	$ 5,268
Contributions as a percentage of covered employee payroll	5.81%	7.12%	12.88%	5.41%	1.65%	5.57%	4.23%	7.69%

SCHEDULES OF ANNUAL RATE OF RETURN ON INVESTMENTS – WELFARE BENEFIT PLAN

	June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Money-weighted rate of return, net of investment expense	5.25%	1.27%	(1.42%)	0.17%	3.23%	3.37%	0.78%	0.66%

See Independent Auditor's Report and Notes to the Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE A – RETIREMENT PLAN TREND INFORMATION PRESENTED

The accompanying schedules of the Fund's proportionate share of the net pension liabilities (assets) and contributions to the PERS and the Welfare Benefit Plan and the schedules of annual rate of return on investments of the Welfare Benefit Plan are required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

NOTE B – RETIREMENT PLAN ACTUARIAL ASSUMPTIONS AND METHODS

The information presented in the Schedules of Contributions to PERS was based on the actuarial valuation as of July 1, 2020 using the actuarial assumptions and methods as follows:

	2022-2023	2021
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through Fiscal Year 2035	Through Fiscal Year 2035
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases:		
State	2.75% - 5.55%	2.75% - 5.55%
Non-state	3.60 - 6.75%	3.60 - 6.75%
Inflation rate	2.75%	2.75%
Discount rate	7.25%	7.25%
Mortality rates	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018
	Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018	Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018
	Retired healthy females - 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018	Retired healthy females - 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018
	Disabled males - 118% of Pub-2010 General/Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018	Disabled males - 118% of Pub-2010 General/Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018
	Disabled females - 117% of Pub-2010 General/Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018	Disabled females - 117% of Pub-2010 General/Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018
Withdrawal rates:		
State	2.28 - 45.63%	2.275 - 45.63%
Non-state	2.50 - 35.88%	2.50 - 35.88%
Disability rates	.005 - 0.540%	.005 - 0.540%
Retirement rates	12% - 100%	12% - 100%
Date range in most recent experience study	2013-2018	2013-2018

	2020	2019	2015-2018
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through Fiscal Year 2029	Through Fiscal Year 2035	Through Fiscal Year 2035
Actuarial assumptions:			
Investment rate of return	7.50%	7.50%	7.50%
Projected salary increases:			
State	3.1 - 5.3%	3.1 - 5.3%	3.0 - 4.6%
Non-state	3.35 - 6.5%	3.35 - 6.5%	3.35 - 6.0%
Inflation rate	3.00%	3.00%	3.0% (2015-1.90%)
Discount rate	7.50%	7.50%	7.50%
Mortality rates	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with with scale MP-2018	Active - 100% of RP-2000 Non-Annuitant, Scale AA fully generational
	Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018	Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018	Retired healthy males - 110% of RP-2000 Healthy Annuitant, Scale AA fully generational
	Retired healthy females - 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018	Retired healthy females - 122% of Pub-2010 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018	Retired healthy females - 101% of RP-2000 Healthy Annuitant, Scale AA fully generational
	Disabled males - 118% of Pub-2010 General/Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018	Disabled males - 118% of Pub-2010 General/Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018	Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA fully generational
	Disabled females - 117% of Pub-2010 General/Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018	Disabled females - 118% of Pub-2010 General/Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018	Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA fully generational
Withdrawal rates:			
State	2.275 - 45.63%	2.28 - 45.63%	1.75 - 35.10%
Non-state	2.50 - 35.88%	2.00 - 35.88%	2.00 - 35.88%
Disability rates	.005 - 0.540%	.005 - 0.540%	.007 - .675%
Retirement rates	12% - 100%	12% - 100%	12% - 100%
Date range in most recent experience study	2013-2018	2013-2018	2009-2014

The information presented in the Schedules of Contributions to the Welfare Benefit Plan was based on the actuarial assumptions and methods as follows:

Valuation date	1/1/2024 Rolled forward to 6/30/2024
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	13 years as of 1/1/2024
Actuarial Assumptions:	
Discount rate	3.00%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2024 grading down to 3% over 20 years
	Medicare: No Medicare coverage; PEIA penalty payments are not expected to increase
	Administrative expenses: 2.5% per year

Valuation date	1/1/2022 Rolled forward to 6/30/2023
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	15 years as of 1/1/2022
Actuarial Assumptions:	
Discount rate	3.00%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2022 grading down to 2.72% over 19 years
	Medicare: 5.0% in calendar 2022 and 2023 5.0% grading down to 2.72% over 18 years
	Administrative expenses: 2.72% per year

Valuation date	1/1/2022 Rolled forward to 6/30/2022
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	15 years as of 1/1/2022
Actuarial Assumptions:	
Discount rate	3.00%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2022 grading down to 2.72% over 19 years
	Medicare: 5.0% in calendar 2022 and 2023 5.0% grading down to 2.72% over 18 years
	Administrative expenses: 2.72% per year

Valuation date	1/1/2020 Rolled forward to 6/30/2021
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	17 years as of 1/1/2020
Actuarial Assumptions:	
Discount rate	3.00%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2020 grading down to 2.72% over 19 years
	Medicare: 0.0% in calendar 2020 and 2021 5.0% grading down to 2.72% over 18 years
	Administrative expenses: 2.72% per year

Valuation date	1/1/2020 Rolled forward to 6/30/2020
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay Closed
Remaining Amortization Period	17 years as of 1/1/2020
Actuarial Assumptions:	
Discount rate	3.00%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2020 grading down to 2.72% over 19 years
	Medicare: 0.0% in calendar 2020 and 2021 5.0% grading down to 2.72% over 18 years
	Administrative expenses: 2.72% per year

Valuation date	1/1/2018 Rolled forward to 6/30/2019
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay Closed
Remaining Amortization Period	19 years as of 1/1/2018
Actuarial Assumptions:	
Discount rate	4.50%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 8.40% in calendar 2018 grading down to 4.0% over 15 years
	Medicare: 0.0% in calendar 2018 and 2019 5.0% grading down to 4.0% over 13 years
	Administrative expenses: 4.0% per year

Valuation date	1/1/2016 Rolled forward to 6/30/2017
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay Closed
Remaining Amortization Period	21 years as of 1/1/2016
Actuarial Assumptions:	
Discount rate	4.50%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2016 grading down to 4.0% over 15 years
	Medicare: 6.0% in calendar 2016 grading down to 4.0% over 15 years
	Administrative expenses: 4.0% per year

NOTE C – PERS PLAN AMENDMENTS

The PERS was amended to make changes which apply to new employees hired on or after July 1, 2015 as follows:

- For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. A member may retire with the pension reduced actuarially if the member is at least 55 and has at least 10 years of contributory service, or at any age with 30 years of contributory service. For employees hired after July 1, 2015, qualification for normal retirement is 62 with 10 years of service. A member hired after July 1, 2015 may retire with the pension reduced actuarially if the member is between the ages of 60 and 62 with at least ten years of contributory service, between ages 57 and 62 with at least twenty years of contributory service or between the ages 55 and 62 with at least thirty years of contributory service.

- The straight life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired on or after July 1, 2015 average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings.

- For employees hired prior to July 1, 2015, terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired on or after July 1, 2015, this age increases to 64 with at least ten years of contributory service, or age 63 with at least twenty years of contributory service.

- For all employees hired prior to July 1, 2015, employees are required to contribute 4.5% of annual earnings. All employees hired on or after July 1, 2015, are required to contribute 6% of annual earnings.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
WEST VIRGINIA HOUSING DEVELOPMENT FUND
Year Ended June 30, 2024

Award Description	Assistance Listing Number	Receipt from Treasury, HUD & IDIS Drawdown	Program Income	Total Federal Financial Receipts	Amount of Award Expended for Administrative Reimbursement	Federal Expenditures	Expenditures to Subrecipients	Total Federal Financial Expenditures FY2024	Beginning Balance of Loans from Previous Years with Continuing Federal Compliance Requirements at 6/30/2024	Total Federal Financial Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT										
Section 8 Project-Based Cluster:										
Section 8 Performance Based Contract Administration	14.WV800	$ 76,093,691	$ -	$ 76,093,691	$ 2,654,912	$ 73,438,779	$ -	$ 76,093,691	$ -	$ 76,093,691
Total Section 8 Project-Based Cluster		76,093,691	-	76,093,691	2,654,912	73,438,779	-	76,093,691	-	76,093,691
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (Passed Through the West Virginia Development Office - Federal Award Identification Number B-16-DL-54-0001)	14.228	8,804,315	-	8,804,315	120,509	8,683,806	-	8,804,315	-	8,804,315
HOME Investment Partnerships Non-Loan Program	14.239	1,129,609	165,347	1,294,956	1,154,870	140,086	-	1,294,956	-	1,294,956
HOME Investment Partnerships Loan Program	14.239	5,026,278	3,985,296	9,011,574	-	9,011,574	-	9,011,574	113,078,933	122,090,507
Total HOME Investment Partnerships Program (14.239)		6,155,887	4,150,643	10,306,530	1,154,870	9,151,660	-	10,306,530	113,078,933	123,385,463
Housing Trust Fund Non-Loan Program	14.275	240,630	-	240,630	240,630	-	-	240,630	-	240,630
Housing Trust Fund Loan Program	14.275	4,389,747	861	4,390,608	-	4,390,608	-	4,390,608	13,279,361	17,669,969
Total Housing Trust Fund (14.275)		4,630,377	861	4,631,238	240,630	4,390,608	-	4,631,238	13,279,361	17,910,599

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
WEST VIRGINIA HOUSING DEVELOPMENT FUND
Year Ended June 30, 2024

Award Description	Assistance Listing Number	Receipt from Treasury, HUD & IDIS Drawdown	Program Income	Total Federal Financial Receipts	Amount of Award Expended for Administrative Reimbursement	Federal Expenditures	Expenditures to Subrecipients	Total Federal Financial Expenditures FY2024	Beginning Balance of Loans from Previous Years with Continuing Federal Compliance Requirements at 6/30/2024	Total Federal Financial Expenditures
U.S. DEPARTMENT OF THE TREASURY										
Passed Through the State of West Virginia:										
Emergency Rental Assistance (ERA1) - COVID-19										
Federal Award Identification Number - OMB										
Approved No.: 1505-0266	21.023	-	93,109	93,109	-	(119,660)	-	(119,660)	-	(119,660)
Emergency Rental Assistance (ERA2) - COVID-19										
Federal Award Identification Number - OMB										
Approved No.: 1505-0270	21.023	-	3,508,294	3,508,294	397,074	6,088,980	1,694,750	8,180,804	-	8,180,804
Total Emergency Rental Assistance (21.023)		-	3,601,403	3,601,403	397,074	5,969,320	1,694,750	8,061,144	-	8,061,144
Homeowner Assistance Fund (HAF) - COVID-19										
Federal Award Identification Number - OMB										
Approved No.: 1505-0629	21.026	-	1,035,874	1,035,874	1,572,940	17,078,494	-	18,651,434	-	18,651,434
Total Federal Awards		$ 95,684,270	$ 8,788,781	$ 104,473,051	$ 6,140,935	$ 118,712,667	$ 1,694,750	$ 126,548,352	$ 126,358,294	$ 252,906,646

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards.

WEST VIRGINIA HOUSING DEVELOPMENT FUND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2024

NOTE A – BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards (SEFA) is presented on the accrual basis.

NOTE B – ADMINISTRATIVE EXPENSES

The West Virginia Housing Development Fund (the Fund) receives a fee for the administration of the Section 8 Housing Assistance Program (14.WV800). The fee amount is a maximum of 2% of the fair market rent per unit per month. Also, the Fund receives reimbursement for administrative expenses relating to the HOME Investment Partnerships (14.239) and National Housing Trust Fund (14.275) programs. The amount available for reimbursement is equal to 10% of the HOME Investment Partnerships and National Housing Trust Fund program basic allocation formula for each fiscal year. The Fund also receives reimbursement for administrative expenses relating to the ERA2 program (21.023) and HAF program (21.026). The amount available for reimbursement is equal to no more than 15% of the amounts paid to the Fund under the ERA2 and HAF Programs. The Fund receives reimbursement for actual administrative expenses related to the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (14.228).

NOTE C – HOME INVESTMENT PARTNERSHIPS PROGRAM

The following is a summary of total federal receipts and expenditures for the HOME Investment Partnership Program by participant number for fiscal year 2024:

Participant Number	Federal Receipts	Repayment Income	Total Federal Financial Receipts	Total Expenditures
M18-SG-54-0100	$ 75,000	$ -	$ 75,000	$ 75,000
M19-SG-54-0100	100,000	-	100,000	100,000
M20-SG-54-0100	1,149,153	200,000	1,349,153	1,349,153
M21-SG-54-0100	4,407,516	2,179,716	6,587,232	6,587,232
M22-SG-54-0100	382,538	1,605,580	1,988,118	1,988,118
M23-SG-54-0100	41,680	165,347	207,027	207,027
	$ 6,155,887	$ 4,150,643	$ 10,306,530	$ 10,306,530

NOTE D – HOUSING TRUST FUND PROGRAM

The following is a summary of total federal receipts and expenditures for the Housing Trust Fund by participant number for fiscal year 2024:

Participant Number	Federal Receipts	Repayment Income	Total Federal Financial Receipts	Total Expenditures
F18-SG-54-0100	$ 145,100	$ -	$ 145,100	$ 145,100
F19-SG-54-0100	108,300	-	108,300	108,300
F20-SG-54-0100	1,193,790	-	1,193,790	1,193,790
F21-SG-54-0100	1,805,997	-	1,805,997	1,805,997
F22-SG-54-0100	1,377,190	861	1,378,051	1,378,051
	$ 4,630,377	$ 861	$ 4,631,238	$ 4,631,238

NOTE E – LOANS WITH CONTINUING FEDERAL COMPLIANCE REQUIREMENTS

The following is a summary of loan balances at June 30, 2024 for which the Federal government imposes continuing compliance requirements:

Program Title	Assistance Listing Number	Loan Balance
Housing Trust Fund	14.275	$ 17,669,969
HOME Investment	14.239	115,071,540
		$ 132,741,509

INDEPENDENT AUDITOR'S 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*

To the Board of Directors
West Virginia Housing Development Fund
Charleston, West Virginia

We have audited, in accordance with the 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 West Virginia Housing Development Fund (the Fund) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated September 13, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund'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*.

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 the entity'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.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
December 9, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
West Virginia Housing Development Fund
Charleston, West Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the West Virginia Housing Development Fund's (the Fund's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Fund's major federal programs for the year ended June 30, 2024. The Fund's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Fund complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Fund's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Fund's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Fund's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Fund's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Fund's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Fund's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
December 9, 2024

WEST VIRGINIA HOUSING DEVELOPMENT FUND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified Opinion			
Internal control over financial reporting:				
Material weakness(es) identified?		yes	X	no
Significant deficiency(ies) identified?		yes	X	none reported
Noncompliance material to financial statements noted?		yes	X	no

Federal Awards

Internal control over major federal programs:				
Material weakness(es) identified?		yes	X	no
Significant deficiency(ies) identified?		yes	X	none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified Opinion			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		yes	X	no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.WV800	Section 8 Project Based Cluster
21.023	Emergency Rental Assistance

Dollar threshold used to distinguish between type A and type B programs:	$3,000,000			
Auditee qualified as low-risk auditee?	X	yes		no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

WEST VIRGINIA HOUSING DEVELOPMENT FUND
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Status of Prior Audit Findings

Finding Number	Title	Status

There were no prior year audit findings.

WEST VIRGINIA HOUSING DEVELOPMENT FUND
PLAN OF FINANCE
APPROVED BY THE BOARD OF DIRECTORS, December 18, 2024

Single Family – Housing Finance Program Bonds

AUTHORIZED MAXIMUM ISSUANCE AMOUNT

This Plan of Finance authorizes the issuance of one or more series of New Money Bonds not to exceed a maximum aggregate principal amount of $250,000,000, and one or more series of Refunding Bonds not to exceed an aggregate principal amount of $36,295,000. The New Money Bonds and the Refunding Bonds together will be referred to as the 2025 Bonds. The bonds to be refunded may include the Housing Finance Bonds 2015 Series A in the amount of $7,205,000, 2015 Series B in the amount of $5,665,000, 2015 Series C in the amount of $11,685,000 and 2015 Series D in the amount of $11,740,000.

FINANCING TEAM

The Housing Development Fund will retain Piper Sandler & Co. for certain financial advisory services relating to this Plan of Finance. Expected services will include assistance in the preparation of bond and disclosure documents, preparation of rating agency information and cash flows, marketing advice on terms and conditions of the 2025 Bonds, verification of bids or assistance in negotiating pricing rates, assistance in obtaining underwriters as needed and other activities necessary to complete each transaction. The other members of the Financing Team include:

- Bond Counsel – Hawkins Delafield & Wood LLP, Howard Zucker, Daniel Fuss, Kathleen Orlandi, Nicholas Koontz and Shira Levine
- General Counsel – Jackson Kelly PLLC, Samme Gee, Gregg Bernaciak, Mark Imbrogno and Kelley Goes
- Trustee – United Bank, Christy Bly
- Underwriters – See Marketing Plan below.

OBJECTIVE

The objective of this Plan of Finance is to sell one or more series of the 2025 Bonds to provide up to $250,000,000 in fixed rate mortgages, achieve an economic benefit by refunding higher interest rate debt and to provide funds for new mortgages. The 2025 Bonds may be issued as taxable and/or tax-exempt debt, depending on market factors and the potential benefit.

Taxable debt eliminates IRS regulations restricting the use of bond proceeds as well as the regulations restricting the spread of the mortgage loan rate over the bond yield. If tax-exempt bonds are issued for refunding purposes, tax-exempt New Money Bonds may be issued if needed to blend down the mortgage rate on the existing mortgages to meet the IRS yield limit. New Money Bonds may also be issued if needed to meet mortgage demand.

THE 2025 BONDS

General Housing Finance Bond Resolution

The 2025 Bonds may be issued on parity with bond issues currently outstanding under the General Housing Finance Bond Resolution (the "Housing Finance Resolution"). (See Exhibit I for a complete summary of Housing Finance Bonds issued and currently outstanding). The Housing Finance Resolution is a general obligation of the Housing Development Fund and is rated "Aaa" by Moody's and "AAA" by Standard and Poor's.

Structure

The 2025 Bonds will be book-entry bonds featuring serial and/or term bonds with fixed interest rates. However, if meaningful interest savings can be obtained, capital appreciation, deep discount, tender option, super sinker, planned amortization class or premium bonds may be added to the final structure. The final size of an issue will be based on borrower need and market rates.

If tax-exempt bonds are issued, the Refunding Bonds may not require the use of Bond Volume Cap. Tax-exempt New Money Bonds may require the use of Bond Volume Cap (however, the proceeds of all or a portion of tax-exempt New Money Bonds may be treated for federal tax purposes (but not under the Housing Finance Resolution) as applied to the redemption or payment at maturity of certain outstanding Housing Finance Bonds, in which case the related tax-exempt New Money Bonds will not require Bond Volume Cap).

The Housing Development Fund has sufficient Bond Volume Cap available for tax-exempt bonds that require it.

Taxable bonds do not require the use of Bond Volume Cap.

Redemption Provisions

If issued as tax-exempt bonds, the 2025 Bonds may be subject to optional redemption by the Housing Development Fund prior to maturity, as a whole or in part, at a premium not to exceed 3%, commencing on a date determined as of the date of sale.

The Housing Development Fund may make special redemptions of tax-exempt 2025 Bonds at any time under the following conditions:

- **Non-Origination** - Funds not used to purchase Program Loans during the origination period may be used to call the 2025 Bonds.

- **Excess Program Revenues and Excess Capital Reserve Funds -** Subject to requirements of the Internal Revenue Code, excess program revenue, including Program Loan prepayments to the extent not recycled into new Program Loans and Capital Reserve Funds in excess of the Capital Reserve Fund Requirement, may be used to call the 2025 Bonds or other bonds under the Housing Finance Resolution.

Such special redemptions of tax-exempt 2025 Bonds may be made at par or at such premium determined to be beneficial to the sale of any of the 2025 Bonds, in each case plus accrued interest to the redemption date.

Taxable 2025 Bonds may be issued with or without the above or similar redemption provisions or may be issued with "make-whole" provisions that strongly discourage economic refunding but allow for redemptions under extenuating circumstances.

Redemption provisions may be modified if such modification proves to be beneficial to the sale of any of the 2025 Bonds.

Capital Reserve Fund

The Housing Finance Resolution requires the aggregate Capital Reserve Fund for all bonds outstanding to be funded in an amount equal to the highest annual aggregate debt service payment. If additional funds are needed to satisfy the Capital Reserve Fund Requirement after the issuance of any of the 2025 Bonds, they may be provided from proceeds of the 2025 Bonds, other funds held pursuant to the Housing Finance Resolution or a contribution from the Bond Insurance Fund.

To maintain the bond ratings, the rating agencies may require a set-aside of assets currently held under the Housing Finance Resolution or other sources to secure against potential loan losses.

Investments

All investments of bond proceeds will comply with the Investment Policy approved by the Board of Directors, with bond documents and with IRS regulations.

Bond Insurance Fund

The Bond Insurance Fund will secure the 2025 Bonds. All Program Loans not federally insured or guaranteed require the payment of a Bond Insurance Fund Premium of 1% at loan closing and .50% annually. To reduce interest costs for the borrowers, such premiums will be paid to the Bond Insurance Fund from available funds. It is currently expected that the Bond Insurance Fund will have the funds available to cover the Bond Insurance Fund Premiums due for the Program Loans originated from the 2025 Bonds. This process reduces the cost to the borrowers.

MARKETING PLAN

The Finance Team will explore the ability to issue the bonds through a competitive sale or a private placement with an institutional investor. Electronic bidding may be used under the competitive sale option. However, if tax-exempt bonds are issued, it will likely be necessary to market each series of 2025 Bonds through a negotiated sale. If market conditions necessitate the use of a negotiated sale, the Housing Development Fund will use Raymond James & Associates, Inc. as underwriter. In no instance will any 2025 Bonds be sold after December 31, 2025 without prior Board approval.

Underwriting Spread

The gross spread on each issue of 2025 Bonds sold through competitive or negotiated sale will not be permitted to exceed $8.50 per $1,000 bond. The amount of the actual gross spread will be established based on market conditions when each issue of 2025 Bonds is marketed.

CONTRIBUTION

The costs of issuance of the 2025 Bonds may be paid from the Housing Finance Program, the General Fund or from proceeds of the 2025 Bonds. (See Exhibit II for a summary of the expected costs of issuance).

PROGRAM LOANS

All Mortgage Loans made with the proceeds of the New Money Bonds will be serviced by the Housing Development Fund and be subject to the following:

- Maximum Amount of Loans - $250 million
- Maximum Mortgage Term – 30 years

New mortgages financed with the New Money Bonds will likely be originated by lending institutions throughout the State on behalf of the Housing Development Fund. Lenders will be paid a compensation fee to originate each loan as well as a servicing release fee for the purchase of loan servicing rights. The Housing Development Fund will adjust the loan origination fee and the servicing release fee paid to originators based on current market practices. Origination fees per loan will not exceed the greater of 2% of the loan principal balance or $1,500. Servicing release fees per loan will generally not exceed 1%. The Housing Development Fund may also originate a de minimis amount of new mortgages through its retail lending division.

Mortgages with loan-to-value ratios at origination in excess of 80% will be FHA insured, VA or RHS guaranteed or covered by private mortgage insurance.

Eligible Borrowers will continue to be offered down payment closing cost assistance loans to cover loan closing costs and downpayment. The funds for these loans will be provided from the Down Payment and Closing Cost Assistance Program previously authorized and funded by the Board or other available funds.

WAREHOUSING LOANS

Typically, when bonds are issued, the initial proceeds are invested in short-term investments until the funds are used for the purchase of mortgage loans. Because short-term investment rates are significantly lower than long-term bond rates, this will create negative arbitrage.

To reduce this negative arbitrage or to manage cash flow, the Housing Development Fund may use available general operating funds to warehouse loans in anticipation of the sale of 2025 Bonds. While the mortgage loans are held in our general accounts, they will provide a higher interest rate than investments available in the short-term market. The risk associated with this process is that interest rates will rise before the 2025 Bonds can be issued, which reduces the spread between the long-term bond rate and the rate on the mortgage loans.

PROGRAM LOAN RATE ADJUSTMENT

The Housing Development Fund may increase or decrease the Program Loan rate according to market conditions during the origination period, however, the ability to adjust the rate may be significantly limited in order to comply with our permitted mortgage yield spread to tax-exempt bonds. The Housing Development Fund will monitor the effect of any rate changes to ensure that we do not exceed any permitted yield spread.

Exhibit I
Summary of Housing Finance Bonds Outstanding
As of December 1, 2024 (unaudited) (1)
(Dollars in Thousands)

Issue (2)	Interest Rates of Outstanding Maturities	Original Issue Amount	Scheduled Maturities and Sinking Fund Payments	Early Redemptions from Prepayments, Excess Revenues, and Reserves	Amount Outstanding December 1, 2024
2013 A (3)	3.20%	$ 21,000	$ 14,770	-	$ 6,230
2015 AB	3.10%-3.70%	50,660	25,200	$ 12,590	12,870
2015 CD	3.30%-3.85%	70,060	28,375	18,260	23,425
2017 AB	2.75%-4.00%	39,505	13,080	11,420	15,005
2018 A	2.75%-3.85%	25,000	5,755	6,375	12,870
2019 A	2.20%-3.875%	35,000	7,305	5,405	22,290
2019 B	1.70%-3.05%	30,000	5,635	4,490	19,875
2020 A	1.15%-2.80%	30,000	5,255	2,045	22,700
2020 BC	0.60%-2.40%	44,960	9,395	5,415	30,150
2021 A	0.55%-2.50%	30,000	3,985	185	25,830
2022 A	2.70%-4.15%	30,000	1,985	360	27,655
2022 B	2.25%-4.25%	40,000	1,320	2,100	36,580
2022 C	2.95%-4.85%	45,000	1,780	495	42,725
2023 A	3.00%-4.85%	50,000	1,360	380	48,260
2023 B	3.20%-4.70%	50,000	625	165	49,210
2023 C	3.50%-5.00%	60,000	325	110	59,565
2023 D	3.40%-4.90%	60,000	-	-	60,000
2024 A	3.10%-4.65%	75,000	-	-	75,000
2024 B	3.45%-4.90%	48,000	-	-	48,000
2024 C (3)	4.935%-6.119%	32,000	-	-	32,000
2024 D	3.65%-5.00%	56,000	-	-	56,000
2024 E (3)	4.70%-6.00%	24,000	-	-	24,000
Total HF		**$ 946,185**	**$ 126,150**	**$ 69,795**	**$ 750,240**

(1) Following November 1, 2024 Scheduled Debt Service.
(2) All listed issues finance Program Loans (primarily single family).
(3) Taxable Issue.

EXHIBIT II
Plan Of Finance Dated December 18, 2024

Housing Finance Program Bonds
Estimated Cost Of Issuance
$286,295,000 Bonds

	Total
Bond Counsel	$135,000
Trustee Acceptance Fee	10,500
Trustee Counsel Fee	22,500
Official Statement Printing & Mailing	10,500
Rating Agencies	339,500
Financial Advisor	148,500
General Counsel	60,000
Binding	3,600
Internet Bidding & Notice Of Sale	24,000
HDF Expenses	120,000
TOTAL	$874,100
Underwriters' Discount (Maximum)	$2,433,508
Total Cost Of Issuance	$3,307,608

This estimate assumes three separate bond transactions at the maximum underwriters spread.

WEST VIRGINIA HOUSING DEVELOPMENT FUND

Sixty-first Supplemental Housing Finance

Bond Resolution

Authorizing

not to exceed

$286,295,000

Housing Finance Bonds

Adopted December 18, 2024

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MISCELLANEOUS

A SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE OF HOUSING FINANCE BONDS

BE IT RESOLVED by the Board of Directors of the West Virginia Housing Development Fund (the "Housing Development Fund") as follows:

ARTICLE I

Definitions and Authority

Section 1.01. Short Title. This resolution may hereafter be cited by the Housing Development Fund and is herein referred to as the "Sixty-first Supplemental Housing Finance Bond Resolution."

Section 1.02. Definitions. (A) All terms which are defined in Section 102 of the resolution of the Housing Development Fund adopted April 29, 1976, as supplemented, and entitled: "General Housing Finance Bond Resolution" (the "Resolution") shall have the same meanings, respectively, in this Sixty-first Supplemental Housing Finance Bond Resolution as such terms are given in said Section 102.

(B) In addition, as used in this Supplemental Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"Act" means the West Virginia Housing Development Fund Act, as amended.

"Certificate of Determinations" means a document signed by the Executive Director, any Deputy Director or any Assistant Secretary upon the sale of Supplemental Bonds setting forth matters to be therein determined pursuant to this Supplemental Resolution.

"Notice of Sale" means any notice of the sale of Supplemental Bonds to potential bidders pursuant to Section 3.01.

"Plan of Finance" means the plan of finance approved by Section 3.03 of this Supplemental Resolution.

"Prior Bonds" means the outstanding Housing Finance Bonds, 2015 Series A, 2015 Series B, 2015 Series C and 2015 Series D of the Housing Development Fund.

"Serial Bond" means any Supplemental Bond which is not subject to redemption from mandatory sinking fund payments.

"Supplemental Bonds" means the Bonds of the Housing Development Fund authorized by this Supplemental Resolution.

"Supplemental Resolution" means this Sixty-first Supplemental Housing Finance Bond Resolution.

"Term Bond" means any Supplemental Bond which is subject to redemption from mandatory sinking fund payments.

(C) Unless the context shall otherwise indicate, words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(D) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Supplemental Resolution, refer to this Supplemental Resolution.

Section 1.03. Authority for this Resolution. This Supplemental Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II

Terms and Issuance

Section 2.01. Principal Amount, Designation and Series. In order to provide funds necessary for the Housing Finance Program, in accordance with and subject to the terms, conditions and limitations established herein and in the Resolution, additional Series of Housing Finance Bonds are hereby authorized to be issued in an aggregate principal amount not to exceed $250,000,000 to provide additional funds for the Housing Finance Program and in an aggregate principal amount not to exceed $36,295,000 to refund the Prior Bonds. The Housing Development Fund is of the opinion and hereby determines that the issuance of such Bonds in up to said amounts is necessary to provide sufficient funds to be used and expended for the Housing Finance Program. In addition to the title "Housing Finance Bond" the Bonds of each such Series shall bear an additional designation distinguishing such Bonds from other Bonds. The Supplemental Bonds may consist of Serial Bonds and Term Bonds and the principal amount of Serial Bonds and Term Bonds shall be as set forth in a Certificate of Determinations. The Supplemental Bonds shall be issued as fully-registered bonds in the name of a securities depository or other registered owners as specified by the initial purchaser(s) thereof. Nothing in this paragraph or any other section of this Supplemental Resolution shall be construed to require the use of Term Bonds or Serial Bonds or current interest paying bonds, but may include such a combination of such Bonds as the Executive Director, any Deputy Director or any Assistant Secretary may, subject to Section 2.04, provide in the Certificate of Determinations.

Section 2.02. Purposes. The purposes for which the Supplemental Bonds are being issued are to refund the outstanding Prior Bonds, to raise funds to finance Home Mortgage Loans under the Housing Finance Program and to provide funds for deposit in the Mortgage Loan Fund, the Capital Reserve Fund and the Interest Account in the Debt Service Fund, all to the extent and subject to the limitations contained in the Resolution and Article IV hereof.

Section 2.03. Dated Dates. The Supplemental Bonds shall have such dated date, or dated dates, as provided in a Certificate of Determinations.

Section 2.04. Maturities and Interest Rates. The Supplemental Bonds of each Series shall mature on May 1 or November 1, or both, of such years through not later than 2065 as shall be specified in a Certificate of Determinations and, to the extent that such Bonds bear interest, shall bear interest payable commencing no later than a May 1 or November 1 that is less than twelve months after the date of issuance thereof. Notwithstanding anything to the contrary herein, no Supplemental Bond shall be issued to mature more than 50 years from its date of issuance. The amount of the Supplemental Bonds maturing in any particular year and the interest rate or rates relating to such Bonds shall be specified by the Executive Director, any Deputy Director or any Assistant Secretary in a Certificate of Determinations. In no event shall the interest rate or rates on the Supplemental Bonds of any particular maturity exceed 8.00% per annum. The amount of each maturity shall be established so as to satisfy the provisions of Section 206 of the Resolution concerning the delivery of a Statement of Projected Revenues.

Section 2.05. Denominations, Numbers and Letters. The Supplemental Bonds of a Series maturing in each year shall be issued in the denomination of $5,000 each or any integral multiple thereof (not exceeding the aggregate principal amount of the Supplemental Bonds of such Series maturing in such year) and the Supplemental Bonds of each such Series shall be numbered from 1 upward in order of their maturity dates with such letter and number prefixes as shall be determined by the Trustee to be appropriate for purposes of transfer, registry and exchange.

Section 2.06. Paying Agent. The Trustee is hereby appointed the Paying Agent for the Supplemental Bonds pursuant to Section 1102 of the Resolution.

Section 2.07. Special Redemption. (A) The Supplemental Bonds shall be subject to redemption, as a whole or in part, in accordance with the provisions of the Resolution from (i) unexpended proceeds of the Supplemental Bonds, and any other amounts allocable to the Supplemental Bonds remaining in the Mortgage Loan Fund, together with financing fees, commitment fees and origination fees, if any, received in connection therewith; (ii) any repayments and Recoveries of Principal with respect to Mortgage Loans held under the Resolution; and (iii) amounts equal to amounts on deposit in the Capital Reserve Fund in excess of the Capital Reserve Fund Requirement and amounts in the Revenue Fund in excess of the amount required to meet accrued Debt Service on all Outstanding Bonds, on any date (which date shall be determined subject to the provisions of and in accordance with the Resolution and when so determined shall be deemed and is hereby set forth as the redemption date), prior to their respective maturities, upon notice as provided in Article VI of the Resolution, at a Redemption Price equal to 100% of the principal amount of such Bonds to be so redeemed (*except* that, in the case of Supplemental Bonds sold at a premium, the Redemption Price for any redemption described in clause (i) above shall be as expressly set forth in a Certificate of Determinations), plus in each case interest accrued to the redemption date.

(B) All or any portion of the Supplemental Bonds may be subject to redemption or required to be redeemed as a whole or in part, from a portion or all of the sources listed in Paragraph (A) of this Section or from any additional amounts available therefor in the Funds and Accounts held under the Resolution, upon the dates and terms set forth in a Certificate of Determinations.

Section 2.08. Optional Redemption. (A) The Supplemental Bonds shall also be subject to redemption, at the election of the Housing Development Fund, on any date (which date shall be determined by the Housing Development Fund or selected by the Trustee, subject to the provisions of and in accordance with the Resolution, and when so determined or selected shall be deemed and is hereby set forth as the redemption date) on or after any interest payment date not less than five years from their dated date and prior to their respective maturities, upon notice as provided in Article VI of the Resolution, at the respective Redemption Prices (expressed as percentages of the principal amount of such Supplemental Bonds to be so redeemed) as shall be set forth in a Certificate of Determinations, plus in each case interest accrued to the redemption date, *provided* that no such Redemption Price shall exceed 103% of the principal amount of such Supplemental Bonds to be so redeemed, *except* in the case of (i) taxable bonds subject to a "make-whole" redemption and (ii) bonds sold at a premium, in each case as expressly set forth in such Certificate of Determinations.

(B) All or any portion of the Supplemental Bonds may be subject to redemption as a whole or in part as described in Paragraph (A) of this Section from moneys in the General Redemption Account, as permitted by subsection (B) of Section 506 of the Resolution, upon dates and terms set forth in a Certificate of Determinations.

Section 2.09. Mandatory Redemption of Term Bonds. The Term Bonds shall be subject to redemption in part by operation of the Principal Installment Account through application of Sinking Fund Payments as provided in subsection 505(E) of the Resolution, in each case at the Redemption Price equal to the principal amount of each Supplemental Bond or portion thereof to be redeemed, together with interest accrued to the redemption date. Subject to the provisions of subsections 505(D) and 506(E) of the Resolution permitting amounts to be credited toward part or all of any one or more Sinking Fund Payments, there shall be due, and the Housing Development Fund shall at any and all events be required to pay, on May 1 and November 1 of each of the years specified in a Certificate of Determinations, the amount established for such purpose in the Certificate of Determinations, and said amount is hereby established as and shall constitute a Sinking Fund Payment for the retirement of the Term Bonds of the respective Series specified in the Certificate of Determinations.

Section 2.10. Selection by Lot. If less than all of the Supplemental Bonds of the same Series, maturity and interest rate are to be redeemed, the particular Supplemental Bonds of such Series, maturity and interest rate to be redeemed shall be selected by lot in accordance with Section 604 of the Resolution.

Section 2.11. Additional Determinations. (A) To the extent the Executive Director, any Deputy Director or any Assistant Secretary deems necessary to preserve any applicable tax-exempt status of, or the rating on, any of the Supplemental Bonds, based on the advice of counsel or a financial advisor, as appropriate, the Certificate of Determinations may include additional determinations including adjustments to the interest rate, fees and points applicable to Mortgage Loans being financed with the proceeds of the Supplemental Bonds, minimum requirements on amounts held in the various Funds and Accounts and restrictions on investments of amounts held under the various Funds and Accounts.

(B) To the extent that the Executive Director, any Deputy Director or any Assistant Secretary determines that such modification is desirable to assist in marketing the Supplemental Bonds or to reduce the Housing Development Fund's exposure to the risk of significant reductions in market interest rates, the Executive Director, any Deputy Director or any Assistant Secretary may in the Certificate of Determinations modify or eliminate any of the terms of redemption of the Supplemental Bonds, including the prices, dates, and special, optional or mandatory redemption sources, *provided* that the Redemption Price of Supplemental Bonds shall not exceed 103% of the principal amount thereof, *except* in the case of (i) taxable bonds subject to a "make-whole" redemption and (ii) bonds sold at a premium, in each case as expressly set forth in the Certificate of Determinations.

ARTICLE III

Sale and Delivery

Section 3.01. Sale. (A) The Supplemental Bonds may be sold at one time or from time to time, and in one or more Series, by no later than December 31, 2025, and may be sold pursuant to competitive bids, or, in the alternative, at a private or negotiated sale to potential underwriters, Fannie Mae (formerly the Federal National Mortgage Association), the Federal Home Loan Mortgage Corporation or any other party or parties upon the determination of the Executive Director, any Deputy Director or any Assistant Secretary that such sale would be in the best interest of the Housing Development Fund.

(B) The Chairman, the Executive Director, any Deputy Director or any Assistant Secretary is hereby authorized (i) to publish and distribute a notice or notices of sale of all or any part of the Supplemental Bonds or to sell the same at a private or negotiated sale as aforesaid, (ii) to distribute to prospective purchasers and investors a preliminary official statement or private placement memorandum with respect to all or any part of the Supplemental Bonds, (iii) to receive bids for Supplemental Bonds pursuant to such notice or notices of sale, (iv) to select the underwriter or underwriters for Supplemental Bonds the Chairman, the Executive Director, any Deputy Director or any Assistant Secretary determines shall be sold by negotiated sale, (v) to negotiate the terms and conditions of any negotiated or private sale, (vi) to award Supplemental Bonds to the successful bidder or bidders at competitive sale or enter into a contract for the private or negotiated sale of Supplemental Bonds, as aforesaid, and (vii) to deliver to the purchaser or purchasers of any Supplemental Bonds a final official statement or private placement memorandum with respect to such Supplemental Bonds. Any notice of sale of Supplemental Bonds or any contract for the sale thereof shall contain such terms and conditions consistent with this Supplemental Resolution as the Chairman, the Executive Director, any Deputy Director or any Assistant Secretary shall determine to be customary and prudent taking into account the best interests of the Housing Development Fund. Any official statement or private placement memorandum with respect to Supplemental Bonds shall be in substantially the form of the Official Statement dated September 25, 2024, with respect to the Housing Finance Bonds, 2024 Series D and 2024 Series E of the Housing Development Fund, with such changes as the officers preparing the same shall determine to be necessary or appropriate, including changes to reflect developments since the preparation of such Official Statement dated September 25, 2024. In connection with the sale of any Supplemental Bonds, the aforesaid officers or any of them are authorized to enter into an agreement with respect to continuing disclosure of the type contemplated by Rule 15c2-12(b)(5)(i) of the United States Securities and Exchange Commission (17 CFR §240.15c2-12(b)(5)(i)).

Section 3.02. Execution and Delivery. The Chairman, the Executive Director, any Deputy Director and any Assistant Secretary of the Housing Development Fund, each as an Authorized Officer, are hereby authorized to execute the Supplemental Bonds in an aggregate principal amount not to exceed $286,295,0000 in the name of and on behalf of the Housing Development Fund by his or her signature or by facsimile thereof and to cause the corporate seal of the Housing Development Fund or a facsimile thereof to be affixed, imprinted, engraved or otherwise reproduced on the Supplemental Bonds; and the Secretary, any Assistant Secretary or any Assistant Treasurer or any of the aforesaid Authorized Officers hereby is authorized to attest by his or her manual or facsimile signature, said corporate seal or facsimile thereof.

Each of the Chairman, the Executive Director, any Deputy Director and any Assistant Secretary of the Housing Development Fund is hereby specifically designated as an Authorized Officer as defined in the Resolution and they are hereby severally authorized, after the execution of any Supplemental Bonds, to deliver the same for authentication to the Trustee, and, upon authentication and upon receipt of the purchase price thereof, to deliver to the Trustee a written order in the name of the Housing Development Fund directing the Trustee to deliver such Supplemental Bonds to the order of the purchasers thereof and to receive the proceeds of the sale thereof and give a written receipt therefor on behalf of the Housing Development Fund, to apply said proceeds and other moneys in accordance with the terms of the Resolution and this Supplemental Resolution and in such manner as is required to cause the conditions precedent to the issuance of such Supplemental Bonds to be complied with, and to do and perform or cause to be done or performed, for or on behalf of the Housing Development Fund, all acts and things that constitute conditions precedent to the authentication and delivery of Supplemental Bonds or that are otherwise required or desirable to be done and performed by or on behalf of the Housing Development Fund prior to or simultaneously with the delivery of Supplemental Bonds.

Section 3.03. Plan of Finance. The Plan of Finance presented to the Board of Directors at this meeting is hereby approved. A copy of such Plan of Finance shall be included in the minutes of this meeting as an Exhibit with the same force and effect as if set forth therein.

ARTICLE IV

Disposition of Proceeds and Other Moneys

Section 4.01. Interest Account. Upon receipt of the proceeds of sale of any Supplemental Bonds, there shall be deposited in the Interest Account the amount, if any, received as accrued interest thereon.

Section 4.02. Capital Reserve Fund. Simultaneously with the deposit in the Interest Account referred to above, there shall be deposited from the proceeds of the Supplemental Bonds or other available funds into the Capital Reserve Fund, the amount, if any, specified in a Certificate of Determinations, but in no event less than the amount necessary to cause the amount in the Capital Reserve Fund to equal the Capital Reserve Fund Requirement.

Section 4.03. Refunding Bonds. The proceeds of Supplemental Bonds issued for refunding purposes shall be used to accomplish such refunding.

Section 4.04. Mortgage Loan Account. After the deposits and uses referred to in Sections 4.01, 4.02 and 4.03 hereof, the balance of the proceeds of sale and delivery of any of the Supplemental Bonds shall be deposited in one or more accounts in the Mortgage Loan Fund. Subject to the provisions of Section 2.02 and Section 3.03 hereof, no limitation is herein set forth with respect to the purposes for which such moneys may be expended and applied.

Section 4.05. Cost of Issuance. The Housing Development Fund's officers are authorized to pay costs of issuance of the Supplemental Bonds issued as authorized in Section 2.01 in accordance with the Plan of Finance in an aggregate amount not to exceed $3,307,608.

ARTICLE V

Form

Section 5.01. Form of Registered Bond. The form of each fully-registered Supplemental Bond, with such additions and variations as shall be appropriate in accordance with a Certificate of Determinations, shall be substantially as follows:

WEST VIRGINIA HOUSING DEVELOPMENT FUND
HOUSING FINANCE BOND
2025 Series ___

No. _________

Interest Rate	Maturity Date	Dated Date	CUSIP	Principal Sum

Registered Owner: ____________________________

Principal Sum: _____________________________________ Dollars

West Virginia Housing Development Fund (hereinafter sometimes called the "Housing Development Fund"), a public body corporate and governmental instrumentality of the State of West Virginia (herein called the "State"), created and existing under and by virtue of the laws of the State, acknowledges itself indebted, and for value received hereby promises to pay, to the Registered Owner (named above), or registered assigns, on the maturity date as shown above, unless redeemed prior thereto, the Principal Sum (as shown above) on the Maturity Date (as shown above), and to pay interest on said Principal Sum from the Dated Date hereof, until the Housing Development Fund's obligation with respect to the payment of said Principal Sum shall be discharged, at the Interest Rate (as shown above) payable semi-annually on the first day of May and the first day of November of each year, commencing ___________. The principal or redemption price, if any, of and interest on this bond are payable at the principal office of United Bank, in the City of Charleston, West Virginia, in any coin or currency of the United States of America, which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

This bond is one of the Bonds of the Housing Development Fund designated "Housing Finance Bonds" (herein called the "Bonds"), authorized to be issued in various series under and pursuant to Article 18, Chapter 31 of the Code of West Virginia, 1931, as amended (herein called the "Act"), a resolution of the Housing Development Fund adopted April 29, 1976, and entitled: "General Housing Finance Bond Resolution" (as amended and supplemented, herein called the "General Resolution") and a supplemental resolution authorizing each series. As provided in the General Resolution, the Bonds may be issued from time to time in one or more series of various principal amounts, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. All Bonds issued and to be issued under the General Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the General Resolution.

This bond is one of a series of Bonds additionally designated "2025 Series __" (herein called the "2025 Series __ Bonds") issued in the aggregate principal amount of $_____________ under the General Resolution and a supplemental resolution of the Housing Development Fund adopted December 18, 2024, and entitled: "Sixty-first Supplemental Housing Finance Bond Resolution Authorizing not to exceed $286,295,0000 Housing Finance Bonds" (including the Certificate of Determinations of the Housing Development Fund dated as of ________ __, 2025 delivered as therein provided, and herein together with the General Resolution called the "Resolutions"). Copies of the Resolutions are on file at the office of the Housing Development Fund in the City of Charleston, West Virginia, and at the principal office of United Bank, in the City of Charleston, West Virginia, as trustee under the General Resolution (said trustee and any successor thereto under the General Resolution being herein called the "Trustee"), and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Bonds with respect thereto and the terms and conditions upon which the Bonds have been issued and may be issued thereunder. Upon certain conditions provided in the General Resolution, the provisions thereof may be discharged and satisfied prior to the maturity of the Bonds. To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto may be modified or amended by the Housing Development Fund, with the written consent of the holders of at least two-thirds in principal amount of the Bonds then outstanding, and, in case less than all of the several series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each series so affected then outstanding. If such modification or amendment will by its terms not take effect so long as any Bonds of any specified like series and maturity remain outstanding, however, the consent of the holders of such Bonds shall not be required. The holder of this bond shall have no right to enforce the provisions of the Resolutions, to institute action to enforce the provisions of the Resolutions or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the General Resolution. In certain events, on the condition, in the manner and with the effect set forth in the General Resolution, the principal of all the Bonds issued thereunder and then outstanding, together with accrued interest thereon, may become or may be declared due and payable before the maturity thereof.

This bond is transferable, as provided in the Resolutions, only upon the books of the Trustee at the direction of the registered owner hereof in person, or by his attorney duly authorized in writing, and thereupon a new fully-registered 2025 Series __ Bond or Bonds in the same aggregate principal amount and of the same maturity, shall be issued to the transferee in exchange therefor as provided in the Resolutions and upon the payment of the charges, if any, therein prescribed. The Housing Development Fund, the Trustee and any paying agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

The 2025 Series __ Bonds maturing in any one year are issuable in fully-registered form, in the denominations of $5,000 or any multiple thereof not exceeding the aggregate principal amount of 2025 Series __ Bonds maturing in such year.

Subject to any agreements heretofore or hereafter made with the persons who shall hold any other bonds or notes of the Housing Development Fund pledging any particular revenues or assets not pledged under the General Resolution and the exclusion by the Act of a pledge of funds in the Operating Loan Fund, the Land Development Fund, and the Affordable Housing Fund (each as described in the Act), this bond is a direct and general obligation of the Housing Development Fund and the full faith and credit of the Housing Development Fund is hereby pledged to the payment of the principal or redemption price, if any, hereof and interest hereon.

Pursuant to the Resolutions, the 2025 Series __ Bonds are subject to redemption at the election of the Housing Development Fund at the times and in the manner provided in the Resolutions.

The State is not liable on the Bonds, neither the faith and credit nor the taxing power of the State or of any political subdivision of the State is pledged to the payment of the principal of or the interest on the Bonds, and the Bonds do not constitute a debt, liability or other obligation of the State.

The Act provides that neither the directors or officers of the Housing Development Fund nor any person executing this bond shall be liable personally hereon or shall be subject to any personal liability or accountability by reason of its execution.

This bond shall not be valid or become obligatory for any other purpose or be entitled to any security or benefit under the Resolutions until the Certificate of Authentication hereon shall have been signed by the Trustee.

In accordance with the provisions of the Resolutions, the principal of this bond may be paid in part without surrender hereof, upon receipt by the Trustee of evidence satisfactory to the Trustee that such partial payment has been received by the registered owner hereof and upon notation of such payment and of the resulting principal amount hereof in the records of the Trustee relating to the 2025 Series __ Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 2025 Series __ Bonds, together with all other indebtedness of the Housing Development Fund, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the West Virginia Housing Development Fund has caused this bond to be executed in its name by the manual signature of its duly authorized officer and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon and attested by the manual signature of its Assistant Treasurer, Secretary or other Authorized Officer, all as of the dated date shown above.

WEST VIRGINIA HOUSING DEVELOPMENT FUND

By____
Authorized Officer

[Seal]

Attest

____
Assistant Secretary

Section 5.02. Form of Trustee's Certificate of Authentication. The Supplemental Bonds shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication in substantially the following form:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the within-mentioned Resolutions and is one of the Housing Finance Bonds, 2025 Series __ of the West Virginia Housing Development Fund.

____

By__________________________________
Authorized Officer

Date of Authentication
________ __, 2025

Section 5.03. Form of Assignment. A Form of Assignment in the following form shall be attached to every Supplemental Bond:

ASSIGNMENT

Social Security or Other Identifying
Number of Assignee:

____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto ____ the within bond and all rights and title thereunder and hereby irrevocably constitutes and appoints ____________________ or its successor as Bond Registrar to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date:______________________

____

Notice: Signature must correspond with the name of the registered owner as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

____
(Bank, Trust Company or Firm)

____
(Authorized Officer)

ARTICLE VI

Miscellaneous

Section 6.01. Recourse Against Directors or Officers or Other Persons. No recourse shall be had for the payment of the principal of or interest on the Supplemental Bonds or for any claim based thereon or on this Supplemental Resolution against any director or officer of the Housing Development Fund or any person executing the Supplemental Bonds and neither the directors or officers of the Housing Development Fund nor any person executing the Supplemental Bonds shall be liable personally on the Supplemental Bonds or be subject to any personal liability or accountability by reason of the execution thereof.

Section 6.02. Reservation of Funds. As provided in the Plan of Finance, the Executive Director, any Deputy Director or any Assistant Secretary is hereby authorized to provide for amounts to be reserved and restricted in the Revenue Fund or in the General Fund or the Bond Insurance Fund of the Housing Development Fund in order to provide assurances to the rating agencies and the holders of the Bonds against certain contingencies and to provide a source for the payment of Bond Insurance Fund premiums for Home Mortgage Loans that are not insured by the Federal Housing Administration or any successor thereto or guaranteed by the United States Department of Veterans Affairs or the United States Department of Agriculture, Rural Housing Service (formerly the Farmers Home Administration), or any successor thereto.

Section 6.03. Interim Financing. To provide funds for the acquisition of Home Mortgage Loans, including, but not limited to, those pooled into mortgage-backed securities, prior to the issuance of Supplemental Bonds, amounts from general operating funds or other sources may be applied to such acquisition, with the amounts so applied being reimbursed or repaid with the proceeds of Supplemental Bonds. Such amounts, reimbursed by one or more Series of Supplemental Bonds, shall be in an amount of up to $286,295,000, and this Supplemental Resolution is intended to be the official action required by, and to be in compliance with, the technical requirements of Treasury Regulation 1.150-2(d)(1). Any such reimbursement shall occur within 18 months of the date of expenditure with such interim financing unless otherwise permitted by applicable tax law.

Section 6.04. Public Approval. The Housing Development Fund is hereby authorized to conduct a public hearing as required by Section 147 of the Internal Revenue Code of 1986, as amended, for which reasonable notice shall be given. Any actions heretofore taken with respect to the conduct of such a public hearing are ratified and confirmed.

The results of the public hearing shall be submitted to the Governor of the State of West Virginia for his consideration in the approval of the issuance of Supplemental Bonds and any interim loans or interim financing notes.

Section 6.05. Effective Date. This Supplemental Resolution shall take effect immediately.

NEW ISSUE

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the West Virginia Housing Development Fund (the "Housing Development Fund"), (a) under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the below-defined 2024 D Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the 2024 D Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; however, interest on the 2024 D Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code; and (b) interest on the below-defined 2024 E Bonds is included in gross income for federal income tax purposes. In the opinion of General Counsel to the Housing Development Fund, under existing statutes, the below-defined 2024 DE Bonds and the income therefrom shall at all times be exempt from taxation by the State of West Virginia (the "State"), or any county, municipality or other governmental subdivision of the State, except for death and gift taxes, taxes on transfers, sales taxes, real property taxes and business and occupation taxes. See "TAX MATTERS" herein.

$80,000,000

West Virginia Housing Development Fund

WEST VIRGINIA HOUSING DEVELOPMENT FUND

Housing Finance Bonds

$56,000,000 2024 Series D (Non-AMT)
(Social Bonds)

$24,000,000 2024 Series E (Federally Taxable)
(Social Bonds)

Dated: Date of Delivery **Due: As Shown on Inside Cover**

The Housing Finance Bonds, 2024 Series D (the "2024 D Bonds") and the Housing Finance Bonds, 2024 Series E (the "2024 E Bonds"; together with the 2024 D Bonds, the "2024 DE Bonds") are issuable only as fully-registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as Securities Depository for the 2024 DE Bonds. Individual purchases will be made in book-entry form only in denominations of $5,000 principal amount and integral multiples thereof. Beneficial Owners will not receive certificates representing their interest in the 2024 DE Bonds.

Principal and interest are payable by the Trustee, United Bank, a Virginia banking corporation authorized to transact business in West Virginia (formerly United Bank, Inc.), to the Securities Depository, which will in turn remit such principal and interest to its participants for subsequent distribution to the Beneficial Owners of the 2024 DE Bonds, as described herein. The 2024 DE Bonds will bear interest from their date of initial delivery at the rates set forth on the inside cover page hereof, payable semiannually on each May 1 and November 1, commencing May 1, 2025. Interest on the 2024 DE Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The 2024 DE Bonds are subject to redemption at par prior to maturity as more fully described herein.

BONDS ISSUED UNDER THE GENERAL RESOLUTION ARE GENERAL OBLIGATIONS OF THE HOUSING DEVELOPMENT FUND FOR WHICH ITS FULL FAITH AND CREDIT ARE PLEDGED.

THE HOUSING DEVELOPMENT FUND HAS NO TAXING POWER. THE STATE IS NOT LIABLE ON THE 2024 DE BONDS, AND THE 2024 DE BONDS ARE NOT A DEBT OF THE STATE.

The 2024 DE Bonds are offered when, as and if issued and received in book-entry form, subject to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Housing Development Fund, and certain other conditions. Certain legal matters will be passed upon for the Housing Development Fund by Jackson Kelly PLLC, Charleston, West Virginia, its General Counsel. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, Atlanta, Georgia. It is expected that the 2024 DE Bonds in definitive form will be available for delivery at DTC in New York, New York on or about October 10, 2024.

RAYMOND JAMES®

September 25, 2024

MATURITY SCHEDULE

$80,000,000

West Virginia Housing Development Fund
Housing Finance Bonds
$56,000,000 2024 Series D (Non-AMT) (Social Bonds)

$24,800,000 2024 Series D Serial Bonds

Maturity	Amount	Interest Rate	Price	CUSIP Number†
November 1, 2025	$ 595,000	5.00%	102.139%	95662NRA8
May 1, 2026	745,000	5.00	103.345	95662NRB6
November 1, 2026	900,000	5.00	104.348	95662NRC4
May 1, 2027	1,045,000	5.00	105.165	95662NRD2
November 1, 2027	1,180,000	5.00	106.131	95662NRE0
May 1, 2028	1,210,000	5.00	107.014	95662NRF7
November 1, 2028	1,200,000	5.00	107.745	95662NRG5
May 1, 2029	1,190,000	5.00	108.504	95662NRH3
November 1, 2029	1,185,000	5.00	109.221	95662NRJ9
May 1, 2030	1,175,000	5.00	109.630	95662NRK6
November 1, 2030	1,160,000	5.00	110.187	95662NRL4
May 1, 2031	1,155,000	5.00	110.757	95662NRM2
November 1, 2031	1,145,000	5.00	111.156	95662NRN0
May 1, 2032	1,140,000	5.00	111.713	95662NRP5
November 1, 2032	1,130,000	5.00	112.091	95662NRQ3
May 1, 2033	1,125,000	5.00	112.583	95662NRR1
November 1, 2033	1,115,000	3.65	100.000	95662NRS9
May 1, 2034	1,105,000	3.70	100.000	95662NRT7
November 1, 2034	1,090,000	3.70	100.000	95662NRU4
May 1, 2035	1,075,000	3.75	100.000	95662NRV2
November 1, 2035	1,060,000	3.75	100.000	95662NRW0
May 1, 2036	1,045,000	3.80	100.000	95662NRX8
November 1, 2036	1,030,000	3.80	100.000	95662NRY6

$5,945,000 3.90% 2024 Series D Term Bonds Due November 1, 2039; CUSIP† 95662NRZ3; Price: 100.000%

$9,115,000 4.30% 2024 Series D Term Bonds Due November 1, 2044; CUSIP† 95662NSA7; Price: 100.000%

$8,360,000 4.45% 2024 Series D Term Bonds Due November 1, 2049; CUSIP† 95662NSB5; Price: 100.000%

$7,780,000 4.50% 2024 Series D Term Bonds Due November 1, 2054; CUSIP† 95662NSC3; Price: 100.000%

$24,000,000 2024 Series E (Federally Taxable) (Social Bonds)
$9,720,000 2024 Series E Serial Bonds

Maturity	Amount	Interest Rate	Price	CUSIP Number†
November 1, 2025	$245,000	6.00%	101.893%	95662NSD1
May 1, 2026	320,000	6.00	102.989	95662NSE9
November 1, 2026	385,000	6.00	103.911	95662NSF6
May 1, 2027	450,000	6.00	104.814	95662NSG4
November 1, 2027	505,000	6.00	105.700	95662NSH2
May 1, 2028	520,000	6.00	106.296	95662NSJ8
November 1, 2028	515,000	6.00	107.111	95662NSK5
May 1, 2029	510,000	6.00	107.694	95662NSL3
November 1, 2029	505,000	6.00	108.454	95662NSM1
May 1, 2030	500,000	6.00	108.528	95662NSN9
November 1, 2030	500,000	6.00	109.202	95662NSP4
May 1, 2031	495,000	6.00	109.264	95662NSQ2
November 1, 2031	490,000	6.00	109.869	95662NSR0
May 1, 2032	485,000	6.00	109.183	95662NSS8
November 1, 2032	485,000	6.00	109.334	95662NST6
May 1, 2033	480,000	6.00	109.439	95662NSU3
November 1, 2033	480,000	4.70	100.000	95662NSV1
May 1, 2034	470,000	4.80	100.000	95662NSW9
November 1, 2034	465,000	4.85	100.000	95662NSX7
May 1, 2035	460,000	4.90	100.000	95662NSY5
November 1, 2035	455,000	4.95	100.000	95662NSZ2

$3,450,000 5.05% 2024 Series E Term Bonds Due November 1, 2039; CUSIP† 95662NTA6; Price: 100.000%

$3,915,000 5.48% 2024 Series E Term Bonds Due November 1, 2044; CUSIP† 95662NTB4; Price: 100.000%

$3,580,000 5.55% 2024 Series E Term Bonds Due November 1, 2049; CUSIP† 95662NTC2; Price: 100.000%

$3,335,000 5.60% 2024 Series E Term Bonds Due November 1, 2054; CUSIP† 95662NTD0; Price: 100.000%

No dealer, broker, salesman or other person has been authorized by the Housing Development Fund to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Housing Development Fund. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2024 DE Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder may, under any circumstances, create any implication that there has been no change in the affairs of the Housing Development Fund since the date hereof.

The 2024 DE Bonds may be offered and sold by the Underwriter to certain dealers at prices lower than the initial public offering prices set forth on the inside cover page, and such public offering prices may be changed from time to time by the Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE 2024 DE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND THE RESOLUTIONS HAVE NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, BECAUSE OF AVAILABLE EXEMPTIONS THEREFROM, AND THE HOUSING DEVELOPMENT FUND IS RELYING ON AN EXEMPTION FROM REGISTRATION BY QUALIFICATION UNDER THE WEST VIRGINIA SECURITIES ACT. THE 2024 DE BONDS HAVE NOT BEEN APPROVED, DISAPPROVED, ENDORSED OR RECOMMENDED BY THE WEST VIRGINIA SECURITIES COMMISSION OR ANY OTHER FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, AND NONE OF THE FOREGOING HAS REVIEWED THIS OFFICIAL STATEMENT OR CONFIRMED THE ACCURACY OR TRUTHFULNESS THEREOF OR WHETHER IT IS COMPLETE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE. PROSPECTIVE PURCHASERS SHOULD MAKE THEIR OWN DECISION WHETHER THIS OFFERING MEETS THEIR INVESTMENT OBJECTIVES AND FINANCIAL RISK TOLERANCE LEVEL.

IN CONNECTION WITH THE OFFERING OF THE 2024 DE BONDS, THE UNDERWRITER MAY EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 2024 DE BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CAUTIONARY INFORMATION REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Housing Development Fund does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, change.

The information on any third-party website referenced in this Official Statement has been provided by such third party and is not incorporated by reference herein, and the Housing Development Fund makes no representation as to the accuracy or completeness thereof.

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OFFICIAL STATEMENT

WEST VIRGINIA HOUSING DEVELOPMENT FUND

$80,000,000
Housing Finance Bonds
$56,000,000 2024 Series D (Non-AMT) (Social Bonds)
$24,000,000 2024 Series E (Federally Taxable) (Social Bonds)

This Official Statement provides certain information concerning the West Virginia Housing Development Fund (the "Housing Development Fund") in connection with the sale of its $56,000,000 Housing Finance Bonds, 2024 Series D (the "2024 D Bonds") and its $24,000,000 Housing Finance Bonds, 2024 Series E (the "2024 E Bonds"; together with the 2024 D Bonds, the "2024 DE Bonds").

The 2024 DE Bonds are being issued pursuant to the West Virginia Housing Development Fund Act, constituting Article 18 of Chapter 31 of the Code of West Virginia, 1931, as amended (the "Act"), the General Housing Finance Bond Resolution adopted by the Housing Development Fund on April 29, 1976, for the benefit of United Bank, a Virginia banking corporation (formerly United Bank, Inc.), authorized to transact business in the State of West Virginia (the "State"), as trustee (the "Trustee"), as amended and supplemented (the "General Resolution"), the Sixtieth Supplemental Housing Finance Bond Resolution adopted by the Housing Development Fund on April 24, 2024 (the "Sixtieth Supplemental Resolution"), the Direction and Certification of the Governor of the State dated August 27, 2024 and a Certificate of Determinations of the Housing Development Fund, dated as of September 25, 2024 (the "Certificate").

Pursuant to the General Resolution, bonds issued thereunder are equally and ratably secured by the pledges and covenants contained therein. All such bonds, including the 2024 DE Bonds, are herein called the "Bonds." Certain provisions of the General Resolution, the Sixtieth Supplemental Resolution and the Certificate (collectively, the "Resolutions") are summarized herein, and a glossary of certain words and terms defined in the General Resolution appears as **APPENDIX E** to this Official Statement. Words and terms defined in the Resolutions are used herein as so defined, except as expressly provided herein.

INTRODUCTION

The General Resolution authorizes Bonds to be issued to provide funds to finance mortgage loans to eligible persons for single family housing ("Program Loans") and mortgage loans to eligible persons or sponsors for multi-family rental housing accommodations ("Project Loans") within the State and to provide funds for deposit into the various funds and accounts established under the General Resolution (the "Housing Finance Program").

On April 24, 2024, the Housing Development Fund's Board of Directors approved the Sixtieth Supplemental Resolution and a plan of finance authorizing the sale of up to $288,985,000 of Bonds to provide funds to finance Program Loans and to refund bonds previously issued to provide such financing. Under authorization of the Sixtieth Supplemental Resolution and the plan of finance, proceeds of a portion of the 2024 D Bonds are expected to be treated for federal tax purposes as being used to replace amounts to be used thereafter, within 90 days of the date of issuance of the 2024 D Bonds, to refund certain prior Series of Bonds, which will make an equal amount of funds available (from and after such replacement), together with proceeds of the balance of the 2024 D Bonds and proceeds of the 2024 E Bonds, to finance single family mortgage loans (the "2024 DE Program Loans"), to pay origination fees on 2024 DE Program Loans, to make a deposit to the Capital Reserve Fund and to pay underwriters' fees and other costs of issuance with respect to the 2024 DE Bonds. See "SOURCES AND USES OF FUNDS."

Approximately $3.89 billion of Bonds have been issued under the General Resolution, of which $683,195,000 are currently Outstanding. As of July 31, 2024, there were unexpended lendable proceeds of the following Series of Bonds:

Series	Original Lendable Proceeds	Unexpended Lendable Proceeds
2023 Series D	$60,000,000	$1,000,286
2024 Series A	70,038,870	4,925,665
2024 Series B	48,000,000	35,109,020
2024 Series C	32,000,000	22,176,223

The Housing Development Fund expects to have mortgage loan commitments exceeding the remaining lendable proceeds of such Bonds as of the date of issuance of the 2024 DE Bonds and expects that such remaining lendable proceeds will be fully expended to purchase Program Loans on or before December 31, 2024. Additional information concerning the currently Outstanding Bonds and the Mortgage Loans securing them is contained in the sections entitled "NATURE OF BONDS AND SOURCES OF PAYMENT – Debt Service and Estimated Revenues Including Prepayments" and "THE HOUSING FINANCE PROGRAM" and in **APPENDICES A-1**, **A-2**, **A-3** and **A-4**. Instances of market or business disruption may impact the origination of Mortgage Loans. See "BUSINESS DISRUPTION RISK" herein.

The General Resolution provides for a Capital Reserve Fund to be held by the Trustee, which is required to have on deposit an amount, as of any computation date, equal to the greatest annual amount of Aggregate Debt Service for the current or any future Bond Year (the "Capital Reserve Fund Requirement"). Upon the issuance of the 2024 DE Bonds, the amount on deposit in the Capital Reserve Fund will be at least equal to the Capital Reserve Fund Requirement. See "NATURE OF BONDS AND SOURCES OF PAYMENT – Capital Reserve Fund."

Bonds issued under the General Resolution are general obligations of the Housing Development Fund for which its full faith and credit are pledged. Bonds are additionally secured by a pledge of the revenues derived from the Mortgage Loans financed pursuant to the General Resolution and moneys and securities held in any fund or account established thereunder. See "NATURE OF BONDS AND SOURCES OF PAYMENT – Pledge of the General Resolution." In addition, the Bonds are entitled to the benefit of the Mortgage Finance Bond Insurance Fund, a special trust fund established and maintained pursuant to the Act, to which amounts may be appropriated by the State Legislature as more fully described herein. See "NATURE OF BONDS AND SOURCES OF PAYMENT – Mortgage Finance Bond Insurance Fund."

THE HOUSING DEVELOPMENT FUND HAS NO TAXING POWER. THE STATE IS NOT LIABLE ON THE 2024 DE BONDS, AND THE 2024 DE BONDS ARE NOT A DEBT OF THE STATE.

There follows in this Official Statement a brief description of the Housing Development Fund and its Housing Finance Program, together with summaries of certain terms of the 2024 DE Bonds, the Resolutions and certain provisions of the Act. Brief descriptions of other programs and other outstanding obligations of the Housing Development Fund are included in "OTHER PROGRAMS OF THE HOUSING DEVELOPMENT FUND" herein. All references herein to the Act and the Resolutions are qualified in their entirety by reference to each such document, copies of which are available from the Housing Development Fund. All references to the 2024 DE Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Resolutions.

The 2024 DE Bonds are designated as "Social Bonds." See "DESIGNATION OF THE 2024 DE BONDS AS SOCIAL BONDS" herein.

Ratings

The 2024 DE Bonds are rated "AAA" by S&P Global Ratings ("S&P") and are rated "Aaa" by Moody's Investors Service, Inc. ("Moody's").

Additionally, Moody's and S&P rate the Housing Development Fund's unsecured, long-term general obligation debt pledge "Aaa" and "AAA" respectively. These ratings are not assigned to any particular issue of debt, but rather, represent an overall credit assessment by the respective rating agencies of the Housing Development Fund's general obligation debt pledge. The Housing Development Fund makes no representation as to the meanings of such ratings.

The ratings are not recommendations to buy, sell or hold the 2024 DE Bonds. There is no assurance that such ratings will be maintained for any period of time or that such ratings will not be withdrawn or revised downward by Moody's or S&P if, in their judgment, circumstances so warrant. Therefore, after the date hereof, investors should not assume that such ratings are still in effect. The Housing Development Fund has not assumed any responsibility either to notify the owners of any proposed rating change or withdrawal of such ratings subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Agreement (see "UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE" herein) or to contest any such revision or withdrawal. A downward revision or withdrawal of any of such ratings, if taken, could have an adverse effect on the market price or marketability of bonds issued by the Housing Development Fund, including the 2024 DE Bonds.

An explanation of the Moody's ratings may be obtained by writing to Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and an explanation of the S&P ratings may be obtained by writing to S&P Global Ratings, 55 Water Street, New York, New York 10041.

DESIGNATION OF THE 2024 DE BONDS AS SOCIAL BONDS

General

The Housing Development Fund is designating the 2024 DE Bonds as Social Bonds based on, among other things, the intended use of proceeds of the 2024 DE Bonds to finance affordable home loans to primarily low and moderate income first-time homebuyers throughout the State. The Housing Development Fund's Social Bonds designation reflects the intended use of the proceeds of the 2024 DE Bonds in a manner that is consistent with the four core components (the "Social Bond Principles") described by the International Capital Market Association ("ICMA") in its June 2023 publication, *Social Bond Principles: Voluntary Process Guidelines for Issuing Social Bonds*: 1. Use of Proceeds; 2. Process for Project Evaluation and Selection; 3. Management of Proceeds; and 4. Reporting.

Housing Development Fund Housing Finance Bond Borrower Profile (01/01/2021 - 12/31/2023) [(1)]		
Program Loans Provided		2,214
Average Program Loan Amount	$	143,086
Average Purchase Price	$	151,264
Average Household Income	$	53,296
Average Household Size		1.97
DPA Loans Provided		2,069
% of Borrowers Receiving a DPA Loan		93%
Average DPA Loan Amount Provided	$	7,167
Minimum DPA Loan Amount	$	800

[(1)] *Information provided by the Housing Development Fund. Past uses of the proceeds of the Housing Development Fund's Bonds do not guarantee that the proceeds of the 2024 DE Bonds will be used in the same manner or with the same results.*

The term "Social Bonds" is neither defined in nor related to provisions in the Resolutions. The use of such term herein is for identification purposes only and is not intended to provide or imply that an owner of Social Bonds is entitled to any additional security beyond that provided therefor in the Resolutions. Holders of Social Bonds do not assume any specific risk with respect to any of the 2024 DE Program Loans by reason of the 2024 DE Bonds being designated as Social Bonds, and such 2024 DE Bonds are secured on a parity with all other Bonds issued and to be issued under the General Resolution.

Use of Proceeds. The core component of a Social Bond is the use of proceeds of the Social Bond consistent with the Social Bond Principles. The Social Bond Principles include project categories for the most commonly used types of projects (defined as "Social Projects") supported by or expected to be supported by the Social Bond market. Social Projects include "affordable housing." The Housing Development Fund's programs, as summarized below, provide affordable housing in the State and serve certain of the target populations included by the ICMA in the Social Bond Principles such as communities that are underserved regarding affordable homeownership. The Housing Development Fund's Social Bonds designation also reflects the process by which the Housing Development Fund has determined that its activities further advance affordable housing in the State, including the way the Housing Development Fund tracks the use of 2024 DE Bond proceeds to fund its affordable housing programs and reports on such activities. The proceeds of the 2024 DE Bonds will be used to finance the purchase of Program Loans pursuant to the Housing Finance Program. See "THE HOUSING FINANCE PROGRAM" and "TAX MATTERS" herein.

Program Evaluation and Selection. Program Loans funded by the proceeds of the 2024 DE Bonds will be originated by Participating Lenders and are expected to be consistent with the Housing Finance Program, as described in "THE HOUSING FINANCE PROGRAM" herein.

Management of Proceeds. Net of certain transaction costs, the proceeds of the 2024 DE Bonds will be invested in Investment Securities until disbursed to finance the 2024 DE Program Loans. Such disbursements will be tracked by the Housing Development Fund and the 2024 DE Program Loans are tracked for compliance with Housing Finance Program requirements.

Reporting. The Housing Development Fund will provide annual updates regarding the disbursement of the lendable proceeds of the 2024 DE Bonds, generally in the form included in **APPENDIX H** – "FORM OF SOCIAL BONDS ANNUAL REPORTING" in this Official Statement. Once all the lendable proceeds of the 2024 DE Bonds have been fully expended, no further updates will be provided.

The Housing Development Fund expects to post these updates as voluntary filings on the Electronic Municipal Market Access System ("EMMA") of the Municipal Securities Rulemaking Board ("MSRB"). Although the Housing Development Fund intends to provide such updates, the Housing Development Fund is not required to provide these updates pursuant to its Continuing Disclosure Agreement (as hereinafter described) with respect to the 2024 DE Bonds or any other agreement to provide continuing disclosure and the failure to do so will not constitute an event default thereunder or under the General Resolution.

Mission & Summary Statistics

The Housing Development Fund's mission is to assist in providing a range of affordable housing opportunities for West Virginia, which the Housing Development Fund finances through a variety of programs. One such program is the Housing Finance Program, which advances the Housing Development Fund's mission by, among other things, financing Program Loans with proceeds of tax-exempt qualified mortgage bonds for owner-occupied housing for persons and families of low and moderate income in the State. With few exceptions, such homebuyers at the time of the funding of a Mortgage Loan satisfy the "first-time homebuyers restrictions," discussed further herein. Moreover, the Housing Development Fund's Low Down Home Loan Program assists eligible borrowers with down payment and closing costs associated with the purchase of a home. See "THE HOUSING FINANCE PROGRAM," "OTHER PROGRAMS OF THE HOUSING DEVELOPMENT FUND" and "TAX MATTERS" herein.

The Housing Development Fund's historical information from 2021 through 2023 demonstrates that, under its Housing Finance Program, the Housing Development Fund purchased during such period approximately 2,214 Program Loans in the approximate aggregate original principal amount of $316.8 million from proceeds of its tax-exempt qualified mortgage bonds. Over 59% of such lendable proceeds were lent to borrowers whose household incomes were below 100% area median income ("AMI") and 33.7% of such lendable proceeds were lent to borrowers whose household incomes were at or below 80% AMI, as broken down by AMI bands in the table below. These Program Loans were provided to residents throughout the State in fifty of the State's 55 counties. The average borrower household income was $53,296 and ranged from $5,376 to $159,781. Approximately 93% of such borrowers received down payment and closing costs assistance from the Housing Development Fund in the form of a second mortgage loan ("DPA Loan") in an amount not to exceed the maximum amount therefor authorized by the Housing Development Fund's Board of Directors (currently $15,000). For additional details on the Housing Development Fund's single family procedures and policies, see "THE HOUSING FINANCE PROGRAM – Single Family Procedures and Policies" herein.

West Virginia Housing Development Fund
Housing Finance Bond Funded Program Loans Originated
by $ Amount and as a % Borrower's Area Median Income ("AMI") (1)

	2021		2022		2023		Cumulative	
AMI Band	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**
<50%	$4,686,799	9.60%	$5,918,390	8.14%	$7,058,476	3.61%	$17,663,665	5.58%
50% - 59%	$4,782,024	9.80%	$5,939,170	8.17%	$12,130,102	6.21%	$22,851,296	7.21%
60% - 69%	$6,534,696	13.39%	$9,813,872	13.50%	$13,260,180	6.79%	$29,608,748	9.34%
70% - 79%	$6,773,422	13.87%	$10,774,804	14.82%	$18,963,878	9.71%	$36,512,104	11.52%
80% - 89%	$7,111,860	14.57%	$11,308,245	15.56%	$22,078,452	11.30%	$40,498,557	12.78%
90% - 99%	$7,229,978	14.81%	$9,052,066	12.46%	$24,954,586	12.78%	$41,236,630	13.02%
>100%	$11,694,175	23.96%	$19,881,015	27.35%	$96,881,090	49.60%	$128,456,280	40.55%
Total	**$48,812,954**	**100.00%**	**$72,687,562**	**100.00%**	**$195,326,764**	**100.00%**	**$316,827,280**	**100.00%**

(1) *Information provided by the Housing Development Fund. Past uses of the proceeds of the Housing Development Fund's Bonds do not guarantee that the proceeds of the 2024 DE Bonds will be used in the same manner or with the same results.*

DESCRIPTION OF THE 2024 DE BONDS

General

The 2024 DE Bonds will be issued as fully-registered bonds in denominations of $5,000 principal amount and integral multiples thereof. The 2024 DE Bonds are available in book-entry form only in the name of Cede & Co., will be dated the date of issuance and delivery and will mature on the dates and in the amounts shown on the inside cover page of this Official Statement. Interest on the 2024 DE Bonds is payable on May 1 and November 1 of each year until maturity or prior redemption, commencing May 1, 2025.

See "NATURE OF BONDS AND SOURCES OF PAYMENT – Debt Service and Estimated Revenues Including Prepayments" regarding the scheduling of maturities of the 2024 DE Bonds.

So long as Cede & Co. is the registered owner of the 2024 DE Bonds as nominee of The Depository Trust Company, New York, New York ("DTC"), references herein to the holders or registered owners of the 2024 DE Bonds (*except* under "TAX MATTERS") mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the 2024 DE Bonds. Beneficial Owners of the 2024 DE Bonds will not receive certificates representing their interest in the 2024 DE Bonds. DTC will act as securities depository for the 2024 DE Bonds. One fully-registered Bond certificate for each maturity of the 2024 DE Bonds will be issued and deposited with DTC. For a summary of DTC's policies and procedures relating to the 2024 DE Bonds, see **APPENDIX F**.

The Housing Development Fund may issue additional Bonds under the General Resolution. See "NATURE OF BONDS AND SOURCES OF PAYMENT – Additional Bonds."

Redemption Provisions

The 2024 DE Bonds are subject to redemption as described below.

Special Optional Redemption

The 2024 DE Bonds are subject to redemption at the option of the Housing Development Fund as a whole or in part, at any time, at a redemption price equal to 100% of the principal amount plus accrued interest to the date of redemption, in amounts, irrespective of the source of such amount, not exceeding:

(a) unexpended proceeds of the 2024 DE Bonds remaining in the Mortgage Loan Fund together with origination fees, if any, received in connection therewith, *provided* that unexpended proceeds of the 2024 D Bonds can only be applied to redeem 2024 D Bonds;

(b) any repayments and Recoveries of Principal of mortgage loans deemed to be allocated to or financed with 2024 DE Bond proceeds or proceeds of any prior or other subsequent Series of Bonds to the extent not otherwise pledged or dedicated to the redemption of any prior or other subsequent Series of Bonds (see "NATURE OF BONDS AND SOURCES OF PAYMENT – Debt Service and Estimated Revenue Including Prepayments" herein), *subject to* compliance with the Housing Development Fund's tax covenants; and

(c) amounts on deposit in the Capital Reserve Fund in excess of the Capital Reserve Fund Requirement and amounts in the Revenue Fund in excess of the amount required to meet accrued Debt Service requirements with respect to the 2024 DE Bonds or any prior or subsequent Series of Bonds.

Notwithstanding the foregoing, the 2024 D Bonds maturing on or before May 1, 2033 (the "Call-Restricted 2024 D Bonds") and the 2024 E Bonds maturing on or before May 1, 2033 shall not be subject to redemption pursuant to clauses (a), (b) and (c) above (including but not limited to redemption as described below under "*Special Required Redemptions*") *unless* (i) there are no other Bonds of the related Series then Outstanding and (ii) such redemption is required by the Code.

Special Required Redemptions

The Internal Revenue Code of 1986, as amended (the "Code") requires repayments (including prepayments) of mortgage loans financed with proceeds of or allocable to tax-exempt qualified mortgage bonds received after 10 years from the date of issuance of such bonds (or the date of issuance of the original bonds in the case of refunding bonds), except for a $250,000 *de minimis* amount, to be used to retire such bonds no later than the close of the first semiannual period beginning after the date of receipt. As a consequence, the following approximate percentages of repayments (including prepayments) of 2024 DE Program Loans allocable to the 2024 D Bonds received during the following applicable periods are expected to be required to be applied no later than the close of the first semiannual period beginning after the date of receipt to retire 2024 D Bonds. This information is based on the current expected use of proceeds of the 2024 D Bonds and on current tax law. The Housing Development Fund cannot predict the actual repayments (including prepayments) of 2024 DE Program Loans it will receive or whether such Code provisions may be repealed, and no assurance can be given that such actual redemptions will occur. Further, the Housing Development Fund reserves the right to modify the use of proceeds of the 2024 D Bonds, which could affect such dates and percentages.

Period (dates inclusive)	Percentage
Issue Date to July 18, 2028	0.00%
July 19, 2028 to March 6, 2029	0.95
March 7, 2029 to October 9, 2029	2.32
October 10, 2029 to June 17, 2030	3.57
June 18, 2030 to June 7, 2031	4.86
June 8, 2031 to May 11, 2032	6.23
May 12, 2032 to August 9, 2032	7.29
August 10, 2032 to December 14, 2032	8.47
December 15, 2032 to July 18, 2033	9.82
July 19, 2033 to October 4, 2033	10.91
October 5, 2033 to October 9, 2034	11.47
October 10, 2034 to Final Maturity of Bonds	100.00

Additionally, the Code requires that non-refunding lendable proceeds of the 2024 D Bonds not used to originate Program Loans within 42 months from the date of issuance of the 2024 D Bonds be used to redeem 2024 D Bonds.

Amounts required to be used to redeem 2024 D Bonds as described under this heading "*Special Required Redemptions*" will be applied *first*, to redeem the 2024 D Bonds *other than* the Call-Restricted 2024 D Bonds until such other Bonds are no longer Outstanding, and *second*, to redeem the Call-Restricted 2024 D Bonds.

Optional Redemption

The 2024 DE Bonds maturing on or after May 1, 2034 are subject to redemption at the option of the Housing Development Fund, as a whole or in part, from any source of funds, on any date on or after November 1, 2033, in such amounts as the Housing Development Fund shall determine, at a redemption price equal to 100% of the principal amount plus accrued interest to the date of the redemption.

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Mandatory Sinking Fund Redemption

The 2024 DE Bonds shown below are subject to redemption in part, by lot, at a redemption price equal to the principal amounts thereof and interest thereon, from mandatory Sinking Fund Payments which are required to be made in amounts sufficient to redeem such 2024 DE Bonds on the respective dates and in the respective principal amounts as set forth herein.

2024 Series D Term Bonds due November 1, 2039

Date	Amount	Date	Amount
May 1, 2037	$1,020,000	November 1, 2038	$985,000
November 1, 2037	1,010,000	May 1, 2039	975,000
May 1, 2038	995,000	November 1, 2039†	960,000

2024 Series D Term Bonds due November 1, 2044

Date	Amount	Date	Amount
May 1, 2040	$950,000	November 1, 2042	$905,000
November 1, 2040	940,000	May 1, 2043	900,000
May 1, 2041	935,000	November 1, 2043	890,000
November 1, 2041	925,000	May 1, 2044	880,000
May 1, 2042	915,000	November 1, 2044†	875,000

2024 Series D Term Bonds due November 1, 2049

Date	Amount	Date	Amount
May 1, 2045	$865,000	November 1, 2047	$835,000
November 1, 2045	860,000	May 1, 2048	825,000
May 1, 2046	850,000	November 1, 2048	820,000
November 1, 2046	845,000	May 1, 2049	810,000
May 1, 2047	840,000	November 1, 2049†	810,000

2024 Series D Term Bonds due November 1, 2054

Date	Amount	Date	Amount
May 1, 2050	$800,000	November 1, 2052	$775,000
November 1, 2050	800,000	May 1, 2053	770,000
May 1, 2051	790,000	November 1, 2053	765,000
November 1, 2051	785,000	May 1, 2054	760,000
May 1, 2052	780,000	November 1, 2054†	755,000

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† Final Maturity

2024 Series E Term Bonds due November 1, 2039

Date	Amount	Date	Amount
May 1, 2036	$450,000	May 1, 2038	$430,000
November 1, 2036	445,000	November 1, 2038	425,000
May 1, 2037	440,000	May 1, 2039	415,000
November 1, 2037	430,000	November 1, 2039†	415,000

2024 Series E Term Bonds due November 1, 2044

Date	Amount	Date	Amount
May 1, 2040	$410,000	November 1, 2042	$390,000
November 1, 2040	405,000	May 1, 2043	385,000
May 1, 2041	400,000	November 1, 2043	380,000
November 1, 2041	395,000	May 1, 2044	380,000
May 1, 2042	395,000	November 1, 2044†	375,000

2024 Series E Term Bonds due November 1, 2049

Date	Amount	Date	Amount
May 1, 2045	$370,000	November 1, 2047	$355,000
November 1, 2045	365,000	May 1, 2048	355,000
May 1, 2046	365,000	November 1, 2048	350,000
November 1, 2046	365,000	May 1, 2049	350,000
May 1, 2047	360,000	November 1, 2049†	345,000

2024 Series E Term Bonds due November 1, 2054

Date	Amount	Date	Amount
May 1, 2050	$345,000	November 1, 2052	$330,000
November 1, 2050	340,000	May 1, 2053	330,000
May 1, 2051	340,000	November 1, 2053	330,000
November 1, 2051	335,000	May 1, 2054	325,000
May 1, 2052	335,000	November 1, 2054†	325,000

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† Final Maturity

Amounts accumulated for each Sinking Fund Payment may be applied by the Trustee, at the direction of the Housing Development Fund, prior to the forty-fifth day preceding the due date of the related Sinking Fund Payment, to the purchase of the 2024 DE Bonds to be redeemed from such Sinking Fund Payments, at prices (including any brokerage and other charges) not exceeding the applicable redemption price, plus accrued interest to the date of purchase, and the principal amount of the 2024 DE Bonds purchased is to be credited against the applicable Sinking Fund Payment.

Upon any purchase or redemption of 2024 DE Bonds of any maturity for which Sinking Fund Payments have been established, other than by application of Sinking Fund Payments, the principal amount of the 2024 DE Bonds so purchased or redeemed will reduce the principal amount of such 2024 DE Bonds required to be redeemed on any date from Sinking Fund Payments, as directed by the Housing Development Fund, or, failing such direction, will reduce each such principal amount in the same ratio as the total principal amount of all such 2024 DE Bonds so purchased or redeemed bears to the total principal amount of all the 2024 DE Bonds of the applicable maturity.

General Provisions

The Housing Development Fund may select Bonds for redemption from among any Series of Bonds and maturities as it deems appropriate, subject to the provisions of the applicable supplemental resolution and the Code. If less than all the Bonds of a single Series and maturity are called for redemption, the particular Bonds to be redeemed are to be selected by lot.

Any notice of redemption may state that it is conditional upon receipt by the Trustee of moneys sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs.

SOURCES AND USES OF FUNDS

The proceeds of the 2024 DE Bonds, after certain replacements and related refundings described above, and certain other amounts currently held under the General Resolution are expected to be applied approximately as follows:

Sources	
Principal Amount of 2024 DE Bonds	$80,000,000.00
Premium Amount of 2024 DE Bonds	2,035,372.20
Amounts Available under the General Resolution	271,048.12
Total	$82,306,420.32

Uses	
Purchase of 2024 DE Program Loans	$73,300,000.00
Payment of Origination Fees on 2024 DE Program Loans	1,480,000.00
Deposit to the Capital Reserve Fund	6,700,000.00
Underwriter's Compensation	526,420.32
Other Costs of Issuance	300,000.00
Total	$82,306,420.32

BUSINESS DISRUPTION RISK

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Housing Development Fund's ability to conduct its business. A prolonged disruption in the Housing Development Fund's operations could have an adverse effect on the Housing Development Fund's financial condition and results of operations. To plan for and mitigate the impact such an event may have on its operations, the Housing Development Fund has developed a Business Continuity Plan (the "Plan"). The Plan is designed to (i) provide for the continued execution of the mission-essential functions of the Housing Development Fund and minimize disruption if an emergency threatens, interrupts or incapacitates the Housing Development Fund's operations, (ii) provide Housing Development Fund leadership with timely direction, control and coordination before, during and after an emergency, and (iii) facilitate the return to normal operating conditions as soon as practical based on the circumstances surrounding any given emergency. No assurances can be given that the Housing Development Fund's efforts to mitigate the effects of an emergency or other event will be successful in preventing any and all disruptions to its operations.

Cybersecurity

The Housing Development Fund relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the Housing Development Fund faces multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware, phishing, business email compromise, theft, destruction and other attacks on computers, servers, cloud resources, and other sensitive digital networks, systems, and assets. Housing finance authorities and other public finance entities have been targeted by outside third parties, including technically sophisticated and well-resourced actors, attempting to misappropriate assets or information or cause operational disruption and damage. Further, third parties, such as hosted solution providers, that provide various technology services to the Housing Development Fund, could also be a source of security risk in the event of a failure of their own security systems and infrastructure.

The Housing Development Fund uses a layered approach that employs sound operational strategies and security technology solutions to secure against, detect, and mitigate the effects of cyber threats on its infrastructure and information assets. The Housing Development Fund conducts regular information security and privacy awareness training that is mandatory for all Housing Development Fund staff and regularly conducts risk assessments and tests of its cybersecurity systems and infrastructure. The Housing Development Fund's Senior Manager – Information Services manages all information technology and leads the efforts of the Housing Development Fund to keep its cyber assets secure.

Despite its efforts, no assurances can be given that the Housing Development Fund's security and operational control measures will be successful in guarding against any and each cyber threat and attack, especially because the techniques used are increasingly sophisticated, change frequently, are complex, and are often not recognized until launched. To date, cyber-attacks have not had a material impact on the Housing Development Fund's financial condition, results or business; however, the Housing Development Fund is not able to predict future attacks or their severity. The results of any attack on the Housing Development Fund's computer and information technology systems as well as any third party hosted solutions utilized by the Housing Development Fund could impact its operations for an unknown period of time, damage the Housing Development Fund's digital networks and systems, and damage the Housing Development Fund's reputation, financial performance, and customer or vendor relationships. Such an attack also could result in litigation or regulatory investigations or actions, including regulatory actions by state and federal governmental authorities. The costs of remedying any such damage could be substantial and such damage to the Housing Development Fund's reputation and relationships could adversely affect the Housing Development Fund's ability to make loans and issue Bonds in the future.

NATURE OF BONDS AND SOURCES OF PAYMENT

Pledge of the General Resolution

The General Resolution is a contract among the Housing Development Fund, the Trustee and the holders of all Bonds issued thereunder, and the provisions thereof are for the equal benefit, protection and security of the holders of all such Bonds, each of which, regardless of time of issue or maturity, is to be of equal rank, without preference, priority or distinction except as provided in the General Resolution. See **APPENDIX E** – "DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE GENERAL RESOLUTION – Remedies."

The Bonds are general obligations of the Housing Development Fund, payable from any funds of the Housing Development Fund available therefor pursuant to the Act, which excludes payment from the Housing Development Fund's Land Development Fund (a source of funds for, among other things, the Housing Development Fund's West Virginia Property Rescue Initiative), Operating Loan Fund and Affordable Housing Fund. The Bonds are not payable from assets pledged to the payment of special, limited obligation bonds, as described further herein under "OTHER PROGRAMS OF THE HOUSING DEVELOPMENT FUND – Other Bond Programs." To further secure the payment of the principal and redemption price of and interest on the Bonds, the General Resolution creates a continuing pledge of and lien on the following revenues and assets:

(a) The Pledged Receipts, which consist of (i) the scheduled payments of principal and interest from any Mortgage Loan financed pursuant to the General Resolution (the "Acquired Mortgages") or amounts received in lieu thereof with respect to any Acquired Mortgage as a result of default, (ii) fees, charges and other income paid to the Housing Development Fund with respect to such Acquired Mortgages (excluding, however, servicing fees, escrow payments and Recoveries of Principal, as described below, and/or fees, charges and other income received prior to the financing of a Mortgage Loan pursuant to the General Resolution or amounts which are required by the Act to be deposited in the Mortgage Finance Bond Insurance Fund), and (iii) amounts received as a result of the investment or deposit of amounts held in any Fund or Account established pursuant to the General Resolution which are in excess of any losses on such investment or deposits;

(b) The Recoveries of Principal, which consist of all amounts received by the Housing Development Fund as a recovery of the principal amount of any Acquired Mortgage (i) as a result of the acceleration of the due date thereon through foreclosure or other proceeds of foreclosure or condemnation, (ii) as a result of the prepayment thereof, including any penalty, fee, premium or additional charge, or (iii) on account of the sale, assignment, endorsement or other disposition thereof, or from the sale of the whole or any part of the property originally covered by a Mortgage Loan subsequent to the acquisition of such property by the Housing Development Fund as a result of default, or insurance proceeds received as a result of default; and

(c) All amounts held in any Fund or Account established pursuant to the General Resolution, including Investment Securities on deposit therein.

Additional Bonds

Additional Series of Bonds may be issued as provided in the General Resolution on a parity with the Bonds of all other Series, secured by an equal charge and lien on such revenues and assets and payable equally therefrom, but no Series of Bonds may be issued unless the principal amount of all Bonds issued or to be issued will not exceed any limitation imposed by law and unless, upon the issuance of such Bonds, the amount credited to the Capital Reserve Fund will not be less than the Capital Reserve Fund Requirement. The Housing Development Fund reserves the right to adopt additional general bond resolutions and to issue other obligations. Certain revenues and assets of the Housing Development Fund have been pledged to the payment of certain obligations other than the Bonds. See "THE HOUSING DEVELOPMENT FUND – Management Discussion and Analysis – General Fund" and "OTHER PROGRAMS OF THE HOUSING DEVELOPMENT FUND."

Capital Reserve Fund

The General Resolution provides for a Capital Reserve Fund to be held by the Trustee which, as of any computation date, is required to have on deposit an amount equal to the Capital Reserve Fund Requirement. In the event that other funds available to the Housing Development Fund under the General Resolution are insufficient to pay, when due, interest on the Bonds or the principal or Redemption Price thereof (whether redeemed from Sinking Fund Payments or otherwise), the Trustee is required to apply amounts in the Capital Reserve Fund to make such payments. Except for such payments, no withdrawal may be made from the Capital Reserve Fund which reduces the amount in the Capital Reserve Fund to less than the Capital Reserve Fund Requirement. The Housing Development Fund has covenanted to make no withdrawals therefrom unless it has determined that the amounts withdrawn are not necessary to make the scheduled payments of principal and interest on the Bonds. The General Resolution also provides that after the required monthly application of Pledged Receipts for Program Expenses and the provision of the amounts for the payment of principal of and interest on the Bonds, any amounts remaining are to be deposited in the Capital Reserve Fund to the extent necessary to meet the Capital Reserve Fund Requirement. As of June 30, 2024, the amount on deposit in the Capital Reserve Fund, valued in accordance with the General Resolution, was approximately $62,229,194 which amount was at least equal to the Capital Reserve Fund Requirement on such date. Upon the issuance of the 2024 DE Bonds, the amount on deposit in the Capital Reserve Fund will be at least equal to the Capital Reserve Fund Requirement.

Debt Service and Estimated Revenues Including Prepayments

The ability of the Housing Development Fund to pay principal of, and interest on, the Bonds and Program Expenses depends upon the receipt by the Trustee of sufficient payments of principal and interest on the Acquired Mortgages and the investment or reinvestment of moneys held pursuant to the General Resolution.

The Housing Development Fund expects payments under the mortgage loans and moneys and securities held under the Resolutions and the income thereon to be sufficient to pay, when due, the principal (including Sinking Fund Payments) of and interest on the Outstanding Bonds (including the 2024 DE Bonds).

Maturities and Sinking Fund Payments with respect to the 2024 DE Bonds were scheduled based upon an assumed rate of prepayment of the related Program Loans of 50% of the Securities Industry and Financial Markets Association (formerly known as the Public Securities Association ("PSA") prepayment standard model (the "PSA Prepayment Model")). See the table appearing on the following page for certain information regarding prior Series of Bonds for which prepayments of Program Loans also were assumed to be received at a level other than 0%. Since Program Loan prepayments cannot be predicted, the actual principal amount of and characteristics of the Program Loans may differ from assumptions. The Housing Development Fund makes no representation that actual experience will conform to such prepayment assumptions.

The PSA Prepayment Model is based on an assumed rate of prepayment each month of the then unpaid principal balance of mortgage loans. One hundred percent of the PSA Prepayment Model assumes prepayment rates of 0.2 percent per year of the then unpaid principal balance of such mortgage loans in the first month of the life of such mortgage loans and an additional 0.2 percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the 30th month. Beginning in the 30th month and in each month thereafter during the life of the mortgage loans, 100 percent of the PSA Prepayment Model assumes a constant prepayment rate of the mortgage loans of six percent per year. Multiples will be calculated from this prepayment rate sequence; e.g., 200 percent of the PSA Prepayment Model assumes prepayment rates will be 0.4 percent per year in month one, 0.8 percent per year in month two, reaching 12 percent per year in month 30 and remaining constant at 12 percent per year thereafter.

The following table provides information regarding prior Series of Bonds that are currently Outstanding for which prepayments of Program Loans were assumed to be received at a level other than 0% in connection with scheduling related maturities and Sinking Fund Payments:

Housing Finance Bond Series	*Prepayment Assumption (expressed as a percentage of the PSA Prepayment Model)*	*Calculated Prepayment Speed††††*	*Original Amount of Lendable Proceeds*	*Remaining Principal Balance of Related Program Loans as of July 31, 2024*
2013 A	75% PSA†	196% PSA	$21,048,665	$4,964,822
2015 A and B	50% PSA	231% PSA	$50,660,000	$16,214,041
2015 C and D	50% PSA	184% PSA	$70,060,000	$26,583,231
2017 A and B	50% PSA	192% PSA	$39,505,000	$16,641,351
2018 A	50% PSA	158% PSA	$25,000,000	$14,164,388
2019 A	50% PSA	128% PSA	$35,000,000	$23,535,762
2019 B	50% PSA	142% PSA	$30,000,000	$20,748,098
2020 A	50% PSA	92% PSA	$30,000,000	$23,809,399
2020 B and C	50% PSA	155% PSA	$44,960,000	$32,764,615
2021 A	50% PSA	62% PSA	$30,000,000	$26,434,768
2022 A	50% PSA	48% PSA	$30,000,000	$28,350,969
2022 B	50% PSA	82% PSA	$40,000,000	$36,942,565
2022 C	50% PSA	23% PSA	$45,000,000	$43,785,122
2023 A	50% PSA	129% PSA	$50,000,000	$48,542,664
2023 B	50% PSA	N/A	$50,000,000	$48,904,501
2023 C	50% PSA	180% PSA	$60,000,000	$59,042,531
2023 D††	50% PSA	N/A	$60,000,000	$58,275,888
2024 A††	50% PSA	N/A	$70,038,870	$59,342,872
2024 B and C††	50% PSA	N/A	$73,300,000	$16,114,704
Total†††			$854,572,535	$605,162,291

† Maturities and Sinking Fund Payments with respect to these Bonds were scheduled to approximate level debt service on such Bonds and not based upon any assumed rate of prepayment of Program Loans. The listed percentage of the PSA Prepayment Model approximates an equivalent to such rate had one been assumed.

†† $1,000,286, $4,925,665, $35,109,020, and $22,176,223 principal amount of lendable proceeds of the 2023 D, 2024 A, 2024 B, and 2024 C remained unexpended as of July 31, 2024

††† Representing approximately 66% of the principal balance of outstanding Program Loans.

†††† Approximate annualized prepayment speed since origination of Program Loans or transfer of Program Loans upon refunding of prior Series of Bonds.

See **APPENDIX A-2** – "CERTAIN INFORMATION RELATING TO THE HOUSING FINANCE BOND PROGRAM LOANS – Program Loan Prepayments, Early Bond Redemptions and Recycled Loan Funds."

The General Resolution requires that the Housing Development Fund deliver a Statement of Projected Revenues at least once annually and in connection with the issuance of each Series of Bonds and upon the occurrence of certain events as provided in the General Resolution. Each Statement of Projected Revenues is run with various sets of assumptions, one of which is that no prepayments are received with respect to the Acquired Mortgages. To date, each Statement of Projected Revenues run with such prepayment assumption demonstrates all scheduled principal of and interest on the Bonds being paid when due.

No Project Loans are currently subject to prepayment penalties. By their terms, Program Loans are subject to prepayment without penalty. The Housing Development Fund has experienced early terminations of Program Loans and Project Loans both as a result of prepayments and defaults. See **APPENDIX A-1, APPENDIX A-2** and **APPENDIX A-3** and "THE HOUSING FINANCE PROGRAM – Financing Activities of the Housing Finance Program."

Special redemption provisions of the Bonds provide the Housing Development Fund the ability to cross-call Bonds between different Series under the Resolutions as well as the ability to target specific Bond maturities for redemption, in each case subject to applicable tax law. As a result of this practice, the original maturity structures of various bond issues can be and have been altered. See **APPENDIX A-4** – "SUMMARY OF HOUSING FINANCE BONDS OUTSTANDING."

Due to the many factors that influence economic and financial market conditions, the Housing Development Fund is unable to predict the level of prepayments and default terminations on Mortgage Loans financed with Bonds. Prepayments received in excess of scheduled principal installments have been used to redeem Bonds and to finance additional Mortgage Loans as discussed under "THE HOUSING FINANCE PROGRAM" below. Certain historical information regarding prepayments and early redemptions of Bonds therefrom is set forth in **APPENDICES A-1, A-2, A-3 and A-4**.

If, on any interest payment date, the amount on deposit in the Revenue Fund is insufficient to pay principal and interest due on Outstanding Bonds, the deficiency is to be provided from available amounts in the Capital Reserve Fund, the Surplus Fund, the Mortgage Finance Bond Insurance Fund, the General Fund or, under certain circumstances, the Mortgage Loan Fund. See "NATURE OF BONDS AND SOURCES OF PAYMENT – Capital Reserve Fund" herein.

Mortgage Finance Bond Insurance Fund

The Act created and established a special trust fund within the State Treasury designated as the "Mortgage Finance Bond Insurance Fund" (the "Bond Insurance Fund"). The Bond Insurance Fund is under the supervision and control of the West Virginia Municipal Bond Commission (the "Bond Commission") and is kept separate and apart from all other funds of the Housing Development Fund, the Bond Commission, and the State. The Housing Development Fund is permitted to pledge amounts in the Bond Insurance Fund to the payment of certain bonds (herein called "Mortgage Finance Bonds") in the manner, to the extent, and on such terms and conditions as may be provided by the Housing Development Fund. Currently, the only Mortgage Finance Bonds outstanding are the Bonds. The Housing Development Fund reserves the right to adopt additional general bond resolutions and to issue other obligations secured by the Bond Insurance Fund and designated as Mortgage Finance Bonds.

Except for federally insured/guaranteed mortgage loans, the Housing Development Fund is required to charge a special commitment fee in the amount of one percent of the principal amount and special monthly premiums at a rate of one-half of one percent per annum on all loans made or purchased with the proceeds of the sale of such Mortgage Finance Bonds, and such fees and premiums are required to be deposited in the Bond Insurance Fund.

In the General Resolution, the Housing Development Fund has pledged the amounts in the Bond Insurance Fund to the payment of the Bonds and has covenanted that it will not issue any other obligations secured by the pledge or lien on such amounts prior to or having a preference over the pledge and lien thereby created. The Act requires that the Housing Development Fund deposit an amount for the 2024 DE Bonds, which together with the sum of the amount then on deposit in the Bond Insurance Fund and in the Capital Reserve Fund, shall equal the "minimum bond insurance requirement" (as herein defined). However, pursuant to the General Resolution, amounts on deposit in the Bond Insurance Fund will not be taken into account when computing the Capital Reserve Fund Requirement.

Pursuant to the Act, the "minimum bond insurance requirement" means, as of any particular date of computation, an amount of money equal to the greatest of the respective amounts, for the then current or any future calendar year, of annual debt service of the Housing Development Fund on all outstanding Mortgage Finance Bonds secured by a pledge of amounts in the Bond Insurance Fund; such annual debt service for any calendar year being the amount of money equal to the aggregate of (a) all interest payable during such calendar year on such Mortgage Finance Bonds on such date of computation, plus (b) the principal amount of such Mortgage Finance Bonds outstanding which matures during such calendar year, other than Mortgage Finance Bonds for which annual sinking fund payments have been or are to be made in accordance with the general resolution authorizing such bonds, plus (c) the amount of all annual sinking fund payments payable during such calendar year with respect to any such Mortgage Finance Bonds, all calculated on the assumption that such bonds will after said date of computation cease to be outstanding by reason, but only by reason, of the payment of such bonds when due, and application in accordance with the general resolution authorizing such bonds of all such sinking fund payments payable at or after said date of computation.

If, at any time, the Housing Development Fund determines that because of defaults or other reasons the moneys available therefor are insufficient to pay the principal, including the annual sinking fund payments, of and interest on Mortgage Finance Bonds becoming due during the next ensuing six-month period, the Housing Development Fund must give written notice to the Bond Commission of the amount of moneys required for such payment, and must request that the Bond Commission make such payment on or before the time and to such trustee or paying agent for any of the Mortgage Finance Bonds as shall be specified in such notice, and the Bond Commission shall make such transfer.

In order to assist in maintaining an amount equal to the minimum bond insurance requirement in the Bond Insurance Fund, the Act provides that:

"In the event that the sum of the amount held in the mortgage finance bond insurance fund and in reserves set aside with a trustee or trustees and held pursuant to the resolution or resolutions authorizing the issuance of such bonds only for the payment of designated mortgage finance bonds prior to, or at, their maturity, shall be less than the minimum bond insurance requirement, the chairman of the housing development fund shall certify, on or before the first day of December of each year, the amount of such deficiency to the governor of the State, for inclusion, if the governor shall so elect, of the amount of such deficiency in the budget to be submitted to the next session of the Legislature for appropriation to the state sinking fund commission[†] for deposit in the mortgage finance bond insurance fund: Provided, that the Legislature shall not be required to make any appropriation so requested, and the amount of such deficiencies shall not constitute a debt or liability of the state."

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[†] The State Legislature has changed the name of the State Sinking Fund Commission to the "Municipal Bond Commission."

Summary of Revenues, Expenses and Changes in Fund Net Position - Bond Insurance Fund

Set forth in the following table is a summary of Revenues, Expenses and Changes in Fund Net Position for the Housing Development Fund's Bond Insurance Fund for the fiscal years ended June 30, 2020 through June 30, 2024:

BOND INSURANCE FUND
SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
(Dollars in Thousands) (Unaudited)

	Years Ended June 30,				
	2024	2023	2022	2021	2020
OPERATING REVENUES					
Interest on Loans	$ 642	$ 691	$ 423	$ 511	$ 745
Fees	-	1	-	-	2
Other Revenues	-	-	-	-	-
	642	692	423	511	747
OPERATING EXPENSES					
Program and Administrative Expenses, Net	(10)	11	(64)	(111)	(78)
OPERATING INCOME	652	681	487	622	825
NON-OPERATING FINANCING AND INVESTING REVENUES (EXPENSES)					
Interest on Investments	1,459	1,056	653	555	1,042
Unrealized Gain (Loss) on Investments	103	(520)	(1,849)	(586)	647
	1,562	536	(1,196)	(31)	1,689
CHANGE IN NET POSITION	2,214	1,217	(709)	591	2,514
NET POSITION AT BEGINNING OF YEAR	61,114	63,397	64,106	63,515	61,001
Inter-program Transfers, Net	(10,300)	(3,500)	-	-	-
NET POSITION AT END OF YEAR	$ 53,028	$ 61,114	$ 63,397	$ 64,106	$ 63,515

Management Discussion and Analysis - Bond Insurance Fund

Based on the current levels of the Capital Reserve Fund and net assets of the Mortgage Finance Bonds to which the Bond Insurance Fund is pledged, the Housing Development Fund currently expects transfers from the Bond Insurance Fund will not be required to meet the Capital Reserve Fund Requirements of any currently outstanding Mortgage Finance Bonds. The Housing Development Fund has withdrawn funds from the Bond Insurance Fund to fund various programs as explained below under *Inter-program Transfers, Net*. The Housing Development Fund may make additional withdrawals from the Bond Insurance Fund for other purposes.

The Act requires a special commitment fee in the amount of one percent of the principal amount and a special monthly premium at a rate of one-half of one percent per annum on privately insured or uninsured mortgage loans made or purchased with the proceeds of Mortgage Finance Bonds. Since 1986, the Housing Development Fund has paid such fees and premiums on behalf of the borrowers on privately insured or uninsured Mortgage Loans originated with proceeds of Bonds from funds withdrawn from the Bond Insurance Fund pursuant to Section 20b(c) of the Act. The Summary of Revenues, Expenses and Changes in Fund Net Position of the Bond Insurance Fund is not affected by these withdrawals.

The following provides a brief explanation of the individual line items in the above table under the heading "Summary of Revenues, Expenses and Changes in Fund Net Position – Bond Insurance Fund."

Interest on Loans is mortgage loan interest income earned by the Bond Insurance Fund from both single family and multifamily mortgages held for investment purposes. The single family loans are primarily loans remaining from retired single family bond program resolutions. The multifamily loans include federally insured and federally guaranteed loans purchased as an investment from other programs operated by the Housing Development Fund. The decrease from 2023 to 2024 is primarily due to a decrease in mortgage asset balance.

Fees represent the amounts earned on loan servicing activities related to both single family and multifamily mortgages held by the Bond Insurance Fund for investment purposes.

Other Revenues consist of the gain on the disposition of a foreclosed property.

Program and Administrative Expenses, Net represents staff and other costs related to the administration of the Bond Insurance Fund, loan servicing fees paid to the General Fund as well as foreclosed property expenses and mortgage loan loss provisions. The fluctuations from year to year are primarily related to fluctuations in loss provision expenses.

Interest on Investments is income earned on the investment of funds in the Bond Insurance Fund. The increases in 2022, 2023 and 2024 are primarily related to increases in short-term investment rates. The decrease in 2021 is primarily related to the maturity of long-term investments reinvested at lower rates and decreases in short-term investment rates.

Unrealized Gain (Loss) on Investments: The Governmental Accounting Standards Board ("GASB") Statement #31 requires certain investments be recorded at fair value and the unrealized gains or losses be reported in the Summary of Revenues, Expenses and Changes in Fund Net Position.

Inter-program Transfers, Net represents permanent funds transfers to or from other Housing Development Fund programs.

- In fiscal year 2023, the Housing Development Fund withdrew $3,500,000 from the Bond Insurance Fund and transferred the funds to the Housing Finance Program to fund the capital reserve for the 2023 A bond issue.

- In fiscal year 2024, the Housing Development Fund withdrew $10,300,000 from the Bond Insurance Fund and transferred the funds to the Housing Finance Program to fund the capital reserve for the 2023 B, 2023 C, and 2023 D bond issues.

THE HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in 1968 as a governmental instrumentality of the State and a public body corporate. Its primary corporate purpose is to increase the supply of residential housing in the State for persons and families of low and moderate income and, among other things, it is empowered by the Act to provide construction and permanent mortgage financing to public and private sponsors of such housing.

The Housing Development Fund is authorized under the Act to issue bonds or notes up to a limit of $1,250,000,000 outstanding at any one time, exclusive of refunded obligations, for the purpose of carrying out its various programs. Upon the issuance of the 2024 DE Bonds, there will be Housing Development Fund bonds outstanding with an estimated aggregate principal maturity amount of approximately $763,195,000. In addition to Bonds under the General Resolution, the Housing Development Fund's other bonds outstanding currently consist of two series of limited, special obligations of the Housing Development Fund. See "OTHER PROGRAMS OF THE HOUSING DEVELOPMENT FUND – Other Bond Programs."

Powers and Purposes

In 1969, the Supreme Court of Appeals of West Virginia unanimously affirmed the constitutionality of the Act as then in effect and the validity of the Housing Development Fund and its purposes. Since then, several amendments were made to the Act which expanded the scope of the Housing Development Fund's powers with respect to its housing programs including providing housing for persons of higher income, providing temporary housing for homeless people, disaster victims, battered persons, families with hospitalized persons, and students and handicapped persons, and providing home improvement and rehabilitation loans. In 1989, the Act was extensively amended to grant the Housing Development Fund significant new powers, including the making of loans for "nonresidential projects" as well as loans for residential housing. A "nonresidential project" is broadly defined to include any project determined by the Housing Development Fund as likely to foster and enhance economic growth and development in the State.

In 1992 the Act was amended to create a new "Special Project Account" in the Land Development Fund, into which the Housing Development Fund transferred $10,000,000. From this amount $5,450,000 was used to provide the State match for the Water Pollution Control Revolving Fund already existing under State law, and $4,550,000 was used to finance soil conservation projects.

Under the Act, the State has pledged and agreed to the holders of any notes and bonds issued pursuant to the Act, including the 2024 DE Bonds, that the State will not limit or alter the rights vested in the Housing Development Fund to fulfill the terms of any agreements made with the holders of any such notes or bonds, or in any way impair the rights and remedies of such holders until such notes or bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses for which the Housing Development Fund is liable in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The Act authorizes the Housing Development Fund to include this pledge and agreement of the State in any agreement with the holders of such notes and bonds, and the Housing Development Fund has so covenanted in the Resolutions.

Operations to Date

Through its various programs, the Housing Development Fund has financed or assisted in the development or provision of over an estimated 171,000 housing units in the State. The Housing Development Fund finances a portion of its single family mortgage loans through the issuance of bonds using an advance commitment procedure. Using this procedure, mortgage loans are acquired which have been specifically originated for purchase by the Housing Development Fund. The Housing Development Fund also operates a secondary market program for single family mortgage loans as a Fannie Mae (formerly the Federal National Mortgage Association) ("Fannie Mae") seller/servicer (see "OTHER PROGRAMS OF THE HOUSING DEVELOPMENT FUND – Other Housing Programs" herein). The Housing Development Fund's multifamily loan portfolio is entirely self-originated. The Housing Development Fund services all single and multifamily loans in its portfolio and is the largest loan servicer in the State.

In planning and operating its various programs, the management of the Housing Development Fund takes into consideration various economic and regulatory factors which affect its business activities and legislative mandate. Such factors, including prevailing economic conditions, mortgage interest rates, investment rates, the demand for housing, the cost of housing and of operating housing programs, the volume of mortgage lending activity in the State and other factors affecting the supply of housing in the State may affect the financing activities of the Housing Development Fund. The programs operated by the Housing Development Fund have been and may again be affected by State and federal administrative, regulatory and legislative actions.

Organization and Membership

The Housing Development Fund is governed by an eleven-member Board of Directors (the "Board of Directors"), consisting of the West Virginia Governor, Attorney General, Commissioner of Agriculture and Treasurer, all of whom serve ex-officio as public directors, and seven members chosen as private directors from the general public residing in the State. All public directors may designate representatives to serve on their behalf. The offices of Governor, Attorney General, Commissioner of Agriculture and Treasurer are elective and the current terms of such offices expire in January 2025. The Governor with the advice and consent of the State Senate appoints private directors for staggered terms of four years with no more than four of the private directors from the same political party. The Act designates the Governor or his or her designee as the Chair of the Board of Directors, and also provides that the Governor shall appoint the executive director, with the advice and consent of the State Senate, and that the executive director will serve at the Governor's will and pleasure.

The members and officers of the Housing Development Fund, their State office or private affiliation, and the dates of expiration of their terms as directors of the Housing Development Fund are as set forth below:

JIM JUSTICE, Chair of the Board of Directors - Governor, State of West Virginia (ex-officio) (elective term expires January 2025).

RILEY MOORE, Treasurer of the Board of Directors - Treasurer, State of West Virginia (ex-officio) (elective term expires January 2025).

PATRICK J. MORRISEY, Attorney General, State of West Virginia (ex-officio) (elective term expires January 2025).

KENT LEONHARDT, Commissioner of Agriculture, State of West Virginia (ex-officio) (elective term expires January 2025).

ROBERT NISTENDIRK, Member/Partner at Woomer, Nistendirk & Associates, PLLC, Certified Public Accountants, Charleston, West Virginia (term expires October 30, 2024).

PAT MARTIN, Commercial Real Estate Agent with KLM Properties, Inc., Morgantown, West Virginia. Retired Market President with BB&T Bank (currently Truist Bank) (term expires October 30, 2027).

KRISTINA D. RAYNES, Assistant Prosecuting Attorney for the Putnam County Office of the Prosecuting Attorney (term expires October 30, 2026).

ALLEN RETTON, Executive Vice President and Director of Commercial Banking at WesBanco, Morgantown, West Virginia (term expires October 30, 2027).

LYNNE GIANOLA, Member/Partner at Gianola, Harmon & Associates PLLC, South Charleston, West Virginia (term expires October 30, 2024).

TROY GIATRAS, Member/Partner at The Giatras Law Firm, PLLC, Charleston, West Virginia (term expires October 30, 2024).

KELLIE WOOTEN-WILLIS, CPA, Retired Nationwide Insurance Agent/Owner, Logan, West Virginia (term expires October 30, 2028).

On June 30, 2024, the permanent staff of the Housing Development Fund consisted of 117 persons, including professional staff members qualified in the fields of accounting, finance, law, mortgage underwriting, mortgage loan servicing, secondary mortgage markets, planning, cost estimation, construction, inspection and housing management. The Housing Development Fund provides services in these fields for its programs as required and utilizes professional consulting services from time to time to supplement its own staff. The principal officers and staff of the Housing Development Fund are as follows:

ERICA L. BOGGESS, Executive Director – Ms. Boggess joined the Housing Development Fund in 1986 serving in various accounting and finance positions and was appointed Deputy Director in January 2005 and served as the Assistant Treasurer to the Board of Directors. On January 1, 2012, Ms. Boggess was appointed Acting Executive Director, and was confirmed by the State Senate as Executive Director on February 13, 2017. Prior to joining the Housing Development Fund, she worked in public accounting. Ms. Boggess graduated from Marshall University with a Bachelor of Science, Business Administration - Accounting and is a Certified Public Accountant. Ms. Boggess has announced her retirement from the Housing Development Fund effective on or about January 10, 2025.

KRISTIN A. SHAFFER, Deputy Director – Administration and General Counsel – Ms. Shaffer joined the Housing Development Fund in 2011 as Assistant Legal Counsel, was appointed to Senior Legal Counsel in 2015 and was appointed to her current position in September 2023. She graduated from West Virginia University in 2003 and earned her law degree from the West Virginia University College of Law in 2006. Prior to joining the Housing Development Fund, Ms. Shaffer worked in the Commercial and Financial Services department at Bowles Rice LLP.

NATHAN E. TESTMAN, Deputy Director – Production – Mr. Testman joined the Housing Development Fund in 2016 as Senior Division Manager – Multi Family Lending and was appointed to his current position in September 2023. Prior to joining the Housing Development Fund, he worked in commercial banking where he gained experience in credit underwriting and commercial lending. Mr. Testman is a graduate of West Virginia University, with a Bachelor of Science in Business Administration – Finance.

CHAD M. LEPORT, Chief Financial Officer – Mr. Leport joined the Housing Development Fund in 2004, as the Internal Auditor. He was appointed to Senior Manager - Internal Audit in June 2012, was appointed to Division Manager – Accounting and Finance in October 2017, and was appointed to Division Manager – Finance and Federal Programs in October 2020. He was appointed to his current position in September 2024. Prior to 2004, Mr. Leport worked in public accounting. Mr. Leport is a graduate of West Virginia University, with a Bachelor of Science in Business Administration - Accounting, and the University of Charleston, where he received a Master of Business Administration degree. He is a Certified Public Accountant.

JON M. ROGERS, Senior Division Manager – Single Family Lending – Mr. Rogers joined the Housing Development Fund in January 2015 and has over 35 years of experience in the mortgage banking and affordable housing industries. He was previously employed with the Housing Development Fund from 1996 to 2004, during which time he worked in state and federal housing programs. Mr. Rogers has a Bachelor of Science in Business Administration from West Virginia State University and a Masters of Legal Studies from West Virginia University. He is a licensed mortgage lender.

MICHELLE L. WILSHERE, Senior Division Manager – Multifamily – Ms. Wilshere joined the Housing Development Fund in 1998 as the Senior Tax Credit Processor. In 2004 she became the Manager of the Low-Income Housing Tax Credit Program, was appointed Senior Manager in 2011, and was appointed to her current position in 2024. Prior to 1998, Ms. Wilshere was an accountant for several companies in the hospitality and commercial rental industries. She graduated from West Virginia State College with a bachelor's degree in Accounting, is a Certified Public Accountant, and earned her Master's Degree in Business Administration in 2000 from Marshall University Graduate College.

TAMMY BONHAM, Senior Division Manager – Loan Servicing – Ms. Bonham joined the Housing Development Fund in 2000, serving as Collection Manager. She was appointed to Division Manager, Loan Servicing in 2017 and to her current position in January 2023. She has nearly three decades of experience in mortgage servicing. She is a licensed mortgage lender.

ALICIA DELIGNE MASSIE, Senior Legal Counsel – Ms. Massie joined the Housing Development Fund in 2013, as Assistant Legal Counsel for Compliance. She was appointed to Legal Counsel – Compliance in 2013 and to her current position in September 2023. She graduated from Marshall University in 2002, with a Bachelor of Science in Business Administration – Accounting and earned her law degree from the West Virginia University College of Law in 2006. Prior to joining the Housing Development Fund, Ms. Massie worked in private practice, focusing on consumer lending and insurance-related matters.

SCOTT SMITH, Senior Manager – Multi Family Lending – Mr. Smith joined the Housing Development Fund in July 2023 and has over 34 years of experience in the commercial banking industry. Mr. Smith has previous experience in commercial banking, underwriting, troubled assets and government guaranteed financing. Mr. Smith is a graduate of Alma College, with a Bachelor of Arts Degree in Accounting and History. He has a Master of Business Administration from the University of Michigan.

KELLEY RIDLING, Senior Manager – Internal Audit – A graduate of West Virginia University, Ms. Ridling holds a Bachelor of Science in Business Administration and has earned the Certified Internal Auditor, Certified Fraud Examiner and Certified Quality Auditor designations. Prior to joining the Housing Development Fund in 2018, Ms. Ridling worked in the banking, insurance, automotive and consulting industries.

DUSTIN M. SHAPERO, Senior Manager – Information Services – Mr. Shapero joined the Housing Development Fund in 2024 as the Senior Manager of Information Services and has over 15 years of experience in the Information Technology Field. Mr. Shapero graduated from Florida State University in 2020 with a Master of Science in Management Information Systems. Mr. Shapero has held numerous certifications since 2000 including three CCNA certifications, two MCSE certifications, MCSA, PSM I, ITIL 4, GCP ACE, and three professional GCP certifications.

Jackson Kelly PLLC, Charleston, West Virginia, has served as General Counsel to the Housing Development Fund since 1968.

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Summary of Revenues, Expenses and Changes in Fund Net Position - General Fund

Set forth in the following table is a summary of Revenues, Expenses and Changes in Fund Net Position for the Housing Development Fund's General Fund for the fiscal years ended June 30, 2020 through June 30, 2024:

GENERAL FUND
SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
(Dollars in Thousands) (Unaudited)

	Years Ended June 30,				
	2024	2023	2022	2021	2020
OPERATING REVENUES					
Interest on Loans	$ 307	$ 313	$ 320	$ 96	$ 51
Fees	7,731	6,943	6,830	6,721	6,565
Other Revenues	709	733	770	738	711
	8,747	7,989	7,920	7,555	7,327
OPERATING EXPENSES					
Program and Administrative Expenses, Net	8,350	6,646	3,232	6,686	7,134
OPERATING INCOME (LOSS)	397	1,343	4,688	869	193
NON-OPERATING FINANCING AND INVESTING REVENUES (EXPENSES)					
Interest on Investments	1,426	708	34	33	220
	1,426	708	34	33	220
CHANGE IN NET POSITION	1,823	2,051	4,722	902	413
NET POSITION AT BEGINNING OF YEAR	31,883	30,132	20,409	16,597	14,237
CUMULATIVE EFFECT OF ADOPTION OF ACCOUNTING PRINCIPLE†	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	-	-	-	-	-
Inter-program Transfers, Net	-	(300)	5,001	2,910	1,947
NET POSITION AT END OF YEAR	$ 33,706	$ 31,883	$ 30,132	$ 20,409	$ 16,597

Management Discussion and Analysis - General Fund

The General Fund includes certain programs funded from excess reserves of the Housing Development Fund, single family and multifamily mortgage loans purchased for investment purposes, results of the Housing Development Fund's loan servicing operations, fees for the contract administration of the U.S. Department of Housing and Urban Development's ("HUD") Section 8 Housing Assistance Payments ("HAP") Program, the Low-Income Housing Tax Credit Program, the administrative expenses of its operations and the operating revenues and expenses of the Housing Development Fund's office building.

Pursuant to the Act and its agreements with the holders of its notes and bonds, substantial portions of the Housing Development Fund's current and long-term assets are pledged to secure specific obligations or are otherwise restricted. Assets of restricted funds and programs may be transferred to the General Fund for general purposes, subject to the provisions of the respective bond and note resolutions. There can be no assurance that circumstances will not occur that will require expenditure of amounts in the General Fund or that losses in the General Fund will not occur.

The following provides a brief explanation of the individual line items in the above table under the heading "Summary of Revenues, Expenses and Changes in Fund Net Position – General Fund."

Interest on Loans represents the loan interest income earned on single family and multifamily loans purchased for investment purposes. As these loan balances fluctuate, so does Interest on Loan revenues.

Fees represent earnings on the Housing Development Fund's loan servicing activities. Also included in this line item are fees earned in connection with the administration of the HAP Program and the Low-Income Housing Tax Credit Program. The increase in 2021 is primarily due to an increase in mortgage loan processing fees and Low-Income Tax Credit fees. The increase in 2022 is primarily due to an increase in mortgage loan processing fees and HAP fees. The increase in 2023 is primarily due to an increase in Section 8 Fees and an increase in Low-Income Housing Tax Credit fees net of a decrease in mortgage loan processing fees. The increase in 2024 is primarily due to an increase in mortgage loan processing fees, Section 8 fees, and Low-Income Housing Tax Credit fees. HUD has indicated that it intends to re-bid the administration of the HAP Program with an anticipated award in fiscal year 2026. Pending the re-bidding of the contract administration, the Housing Development Fund is currently operating the HAP Program under the Tenth amendment of HUD's Performance-Based Annual Contributions Contract (ACC). In June 2024, HUD gave notice of its election to exercise an additional successive term of six calendar months, extending the term of the ACC through January 31, 2025, subject to the availability of sufficient appropriations.

Other Revenues consist primarily of rental income from the Housing Development Fund's building. The increases in 2021 and 2022 are primarily due to increases in the gains on the disposition of foreclosed properties. The decreases in 2023 and 2024 are primarily due to decreases in gains on the disposition of foreclosed properties.

Program and Administrative Expenses, Net primarily includes wages, operating expenses of the loan servicing department, operations of the Housing Development Fund's building, provision for loan losses, servicing release fees paid for single family bond loans and loans purchased for sale in the Secondary Market Program, and loan origination fees paid on behalf of borrowers in the HOME Program.

Program and Administrative Expenses, Net decreased in 2021 primarily due to an increase in various administrative reimbursements, a decrease in legal expenses and a decrease in expenses related to postemployment healthcare insurance benefits. The decrease in 2022 is primarily due to an increase in various administrative reimbursements related to temporary COVID-19 related relief programs and a decrease in expenses related to postemployment healthcare insurance benefits. The increase in 2023 is primarily due to a decrease in various administrative reimbursements related to temporary COVID-19 related relief programs. The increase in 2024 is primarily due to a decrease in various administrative reimbursements related to temporary COVID-19 related relief programs and an increase in service release fees and professional services expenses net decreases in salary and benefit expenses and expenses related to pension and postemployment healthcare insurance benefits.

Interest on Investments is interest earned on the investment of funds in the General Fund. Since the Housing Development Fund maintains a high level of liquidity in the General Fund it is particularly impacted by fluctuations in short-term interest rates.

Inter-program Transfers, Net, represents permanent funds transfers to or from other Housing Development Fund programs.

- In fiscal year 2020, the Housing Development Fund transferred $1,947,000 to the General Fund from Other Loan Programs related to annual program funding allocations.

- In fiscal year 2021, the Housing Development Fund transferred $2,772,000 from the Housing Finance Program and $138,000 from Other Loan Programs to the General Fund related to annual program funding allocations.

- In fiscal year 2022, the Housing Development Fund transferred $5,001,000 to the General Fund from the Housing Finance Program related to annual program funding allocations.

- In fiscal year 2023, the Housing Development Fund transferred $300,000 to Other Loan Programs related to annual program funding allocations.

Assets and net assets of the General Fund are principally unrestricted. However, the Board of Directors has designated $1,000,000 of the General Fund's net assets to provide indemnification for its Directors and Officers.

Pension Benefits and Other Postemployment Benefits: For ease of accounting, the Housing Development Fund elected to report the entire net pension liability and deferred inflows and outflows of resources related to GASB 68 in the General Fund.

Pursuant to GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (OPEB), the Housing Development Fund has established a fund in respect of retiree health benefits, all amounts in which are held irrevocably in trust therefor, and the Housing Development Fund makes Annual Required Contributions to such fund (as defined by GASB Statement No. 45).

GASB Statement No. 45 requires the Housing Development Fund to perform an actuarial valuation of OPEB costs. The Housing Development Fund's most recent such valuation is as of January 1, 2024, rolled forward to June 30, 2024. Based on this valuation, the Housing Development Fund has an unfunded OPEB asset of approximately $272,000.

THE HOUSING FINANCE PROGRAM

Financing Activities of the Housing Finance Program

The General Resolution authorizes the issuance of Bonds to provide funds for the Housing Finance Program, for making or purchasing Mortgage Loans for rental or owner-occupied dwellings, including uninsured, federally insured or guaranteed, and privately insured loans. **APPENDIX A-4** sets forth the original principal amounts and amounts of Bonds outstanding as of June 30, 2024.

Since 1976, the Housing Development Fund has issued 77 Series of taxable and tax-exempt Bonds to provide financing for both Project Loans and Program Loans. One issue, the 1991 Series A Bonds, was redeemed on May 1, 1992 from undisbursed proceeds. The Housing Development Fund has not had an unused original proceeds call on any bond issue since 1992.

As more fully described in **APPENDIX A-1**, there are twelve Project Loans with a principal balance of $30,325,040 outstanding as of June 30, 2024. Of these Project Loans, five receive some level of Section 8 rental assistance payments, and nine are subject to some type of federal mortgage insurance or guarantee.

For some Project Loans that receive HUD Section 8 rental assistance payments, the Housing Development Fund deducts its monthly mortgage and escrow payment from the rental assistance payment due on the Project Loan and remits the balance to the project to ensure that the Housing Development Fund gets timely receipt of its monthly mortgage payments.

The 2000 Series D Bonds were issued to purchase certain existing Mortgage Loans (the "2000 D Loans") from the West Virginia Investment Management Board (the "WVIMB"), consisting of Project Loans and Program Loans originated and serviced by the Housing Development Fund on behalf of the predecessor to the WVIMB. Due to the nature of these loans and the lack of federal mortgage insurance on the Project Loans, the 2000 D Loans were purchased at a significant discount from their outstanding principal balance. The 2000 Series D Bonds have been retired and the 2000 D Loans remain under the General Resolution.

Since 2001, 21 Project Loans totaling $4,953,421 have been foreclosed or forgiven due to lack of marketability. Foreclosed projects are operated by the Housing Development Fund until the project is sold or the Project Loan is assumed by a new owner. No such foreclosed projects are currently held by the Housing Development Fund. Losses on foreclosed Project Loans have been immaterial. Twelve of the previously foreclosed Project Loans were assumed by a single non-profit organization. In June 2010, this non-profit organization indicated problems operating these projects and asked the Housing Development Fund for assistance and in February 2011, the debt of these projects was consolidated into a single loan; hence, the drop in the number of Project Loans.

The HUD Mark-to-Market Program has been designed to restructure FHA-insured multifamily loans whose Section 8 rental assistance contracts have expired. The goal of this program is to reduce the federal government's long-term cost of rental assistance by reducing current rents through a reduction in financing costs. As of July 31, 2024, no Project Loans are seeking refinancing under the Mark-to-Market Program.

APPENDIX A-2 and **APPENDIX A-3** provide information on Program Loans financed under the Housing Finance Program. As of June 30, 2024, there are approximately 9,131 single family loans outstanding with a current principal balance of approximately $868,748,295. Of these loans, approximately 82% measured by principal balance are insured by the Federal Housing Administration ("FHA"), Veterans Administration ("VA"), United States Department of Agriculture ("USDA") Rural Development Rural Housing Service (the "USDA RHS") (formerly the Farmer's Home Administration) or private mortgage insurance. All Program Loans are fixed interest rate, level debt service loans, with generally a 30-year term.

The Housing Development Fund accepts Program Loan applications on a continuous basis. Lendable proceeds needed to cover these applications are provided from Bond proceeds, recycling of existing loan repayments and prepayments or excess revenues. The Housing Development Fund may also warehouse loans from general reserves and unrestricted amounts within the General Resolution in anticipation of upcoming bond issues.

Instances of market or business disruption may impact the origination of Program Loans. See "BUSINESS DISRUPTION RISK."

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Combined Summary of Revenues, Expenses and Changes in Fund Net Position - Housing Finance Program

Set forth in the following table is a combined summary of Revenues, Expenses and Changes in Fund Net Position for the Housing Development Fund's Housing Finance Program for the fiscal years ended June 30, 2020 through June 30, 2024.

HOUSING FINANCE PROGRAM FUNDS
SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
(Dollars in Thousands) (Unaudited)

	Years Ended June 30,				
	2024	2023	2022	2021	2020
OPERATING REVENUES					
Interest on Loans	$ 35,546	$ 26,460	$ 23,951	$ 24,889	$ 24,989
Fees	727	343	266	163	153
Other Revenues	10	58	142	244	36
	36,283	26,861	24,359	25,296	25,178
OPERATING EXPENSES					
Program and Administrative Expenses, Net	17,989	10,814	7,833	7,685	8,966
OPERATING INCOME	18,294	16,047	16,526	17,611	16,212
NON-OPERATING FINANCING AND INVESTING REVENUES (EXPENSES)					
Interest on Investments	7,823	4,095	1,311	1,613	2,337
Interest and Debt Expense	(18,130)	(9,923)	(7,357)	(8,629)	(8,259)
Unrealized Gain (Loss) on Investments	(856)	(1,205)	(2,899)	(1,716)	1,258
	(11,163)	(7,033)	(8,945)	(8,732)	(4,664)
CHANGE IN NET POSITION	7,131	9,014	7,581	8,879	11,548
NET POSITION AT BEGINNING OF YEAR	397,878	385,364	387,784	378,666	367,118
Inter-program Transfers, Net	4,800	3,500	(10,001)	239	-
NET POSITION AT END OF YEAR	$ 409,809	$ 397,878	$ 385,364	$ 387,784	$ 378,666

Management Discussion and Analysis - Housing Finance Program

Surplus funds have been withdrawn from the Housing Finance Program to fund various programs. The Housing Development Fund may make additional withdrawals in the future. The Housing Development Fund has provided assurances to S&P and Moody's not to withdraw surplus funds of the Housing Finance Program in such a manner as would adversely affect the ratings on the Bonds.

The following provides a brief explanation of the individual line items in the above table under the heading "Summary of Revenues, Expenses and Changes in Fund Net Position – Housing Finance Program."

Interest on Loans represents interest income on mortgage loans made under the Housing Finance Program. The decrease in *Interest on Loans* in fiscal year 2022 is primarily due to a decrease in the average mortgage loan rate from the prior year. The decrease in fiscal year 2021 is due to prepayments and repayments exceeding mortgage loan originations. The increases in fiscal years 2023 and 2024 are primarily due to increases in mortgage loan originations exceeding prepayments and repayments.

Fees represent income related to the origination of Housing Finance loans. The increases in fiscal years 2021, 2022, 2023 and 2024 are primarily due to increases in the volume of single family loan originations.

Other Revenues consist primarily of gains on the disposition of foreclosed properties. The decreases in 2024, 2023 and 2022 are related to a decrease in the gains on the disposition of foreclosed properties. The increase in 2021 is related to an increase in the gains on the disposition of foreclosed properties.

Program and Administrative Expenses, Net represents administrative expenses for operating the Housing Finance Program, loan servicing fees paid to the General Fund, loan origination fees paid to lenders and costs of issuance paid on certain Bonds. The decrease in fiscal year 2021 is primarily due to a decrease in loan origination and service fees, a decrease in holding costs related to foreclosed properties, a decrease in bad debt expenses and a decrease in administrative expenses. The increase in fiscal year 2022 is primarily due to an increase in service fees, bad debt expense and administrative expenses, net of a decrease in cost of issuance expenses, losses on the sale of foreclosed properties, and holding costs related to foreclosed properties. The increase in 2023 is primarily due to an increase in loan origination fees and cost of issuance expenses. The increase in 2024 is primarily due to an increase in loan origination fees, bad debt expense, cost of issuance expenses, losses on sale of foreclosed properties, and loan service fees.

Interest on Investments represents interest income earned on the investment of short-term funds pending the purchase of loans or the payment of debt service and income earned on the capital reserve fund investments which are primarily long-term securities. The decreases in 2021 and 2022 are primarily due to decreases in short-term rates. The increases in 2023 and 2024 are primarily due to increases in short-term interest rates and in the amount of funds invested.

Interest and Debt Expense is the interest paid or accrued on outstanding bonds. The decrease in fiscal year 2022 is due to the decrease in the balance of Bonds outstanding. The increases in 2021, 2023 and 2024 are due to the increase in the balance of Bonds outstanding.

Unrealized Gain (Loss) on Investments: GASB Statement #31 requires certain investments be recorded at fair value and the unrealized gains or losses be reported in the Summary of Revenues, Expenses and Changes in Fund Net Position.

Inter-program Transfers, Net, reflect net contributions to or from other funds of the Housing Development Fund.

- During fiscal year 2021, $239,000 was transferred from the New Issue Bond Program to the Housing Finance Bond Program related to the refunding and cash defeasance of New Issue Bond Program Bonds into the Housing Finance Bond Program.

- During fiscal year 2022, $5,001,000 was transferred to the General Fund and $5,000,000 was transferred to Other Loan Programs related to annual program funding allocations.

- During fiscal year 2023, the Housing Development Fund withdrew $3,500,000 from the Bond Insurance Fund and transferred the funds to the Housing Finance Program to fund the capital reserve for the 2023 A bond issue.

- During fiscal year 2024, $5,500,000 was transferred to the Low Down Home Loan Program related to annual program funding allocations. Additionally, the Housing Development Fund withdrew $10,300,000 from the Bond Insurance Fund and transferred the funds to the Housing Finance Program to fund the capital reserve for 2023 B, 2023 C, and 2023 D bond issues.

Single Family Procedures and Policies

In connection with its single family financings, the Housing Development Fund has established program standards relating to its single family lending activities which set out general requirements and policies with respect to qualifications of Participating Lenders, Third Party Originators and Eligible Borrowers (all as defined below), as well as the basic requisites applicable to all Program Loans and the dwellings which are mortgaged to secure such Program Loans. The Housing Development Fund's Single Family Procedural Guide (the "Procedural Guide") sets forth more particular instructions for its Participating Lenders, Third Party Originators and the Housing Development Fund's retail operation, and includes procedures and documentation requirements established to enable the Housing Development Fund to comply with the provisions of the Code and to meet the requirements of the Act, the Resolutions, and the procedures applicable to mortgage loans insured by FHA, guaranteed by USDA RHS (formerly the Farmer's Home Administration) or the VA or insured by private mortgage insurance companies. The Housing Development Fund has generally conformed its single family procedures and policies, in most respects, to the procedures followed by Fannie Mae (including underwriting guidelines established by Fannie Mae for Housing Finance Agencies under the "HFA Preferred Program"), and industry standards and guidelines. The policies and procedures of the Housing Development Fund may be modified from time to time, and it is expected that there may be variations in the implementation of the policies and procedures in particular cases.

In order to monitor the compliance of Program Loans with applicable requirements as described above, the Housing Development Fund currently engages a third-party vendor to perform quality control audits and performs additional quality control audits in-house (the "Quality Control System"). The Quality Control System reviews a sample of purchased loans for compliance with the Code, Fannie Mae, insurer and guarantor and other requirements. Certain loan files are examined to determine that credit documents have been processed, loans are underwritten and closed in accordance with the Housing Development Fund's policies and procedures, and that investor, insurer or guarantor, Code and regulatory requirements are met. Appraisals are reviewed on a percentage of the loans to monitor the accuracy and quality of the information supplied, and additional credit reports may be obtained to monitor the accuracy of the reports relied upon for lending decisions.

Program Loan Requirements. Program Loans must meet the origination standards set forth in the Procedural Guide and must provide for substantially level payments of principal and interest on the first day of each month. In addition, Program Loans must conform to the eligibility and credit underwriting standards set forth in the Procedural Guide and to the requirements/limitations of the applicable federal or private mortgage insurer/guarantor.

Program Loans may be used for the purchase of owner-occupied one-unit dwellings or two-to-four unit dwellings (with limited exceptions) by residents of the State whose annual gross income, consistent with the Code, does not exceed certain maximum amounts determined from time to time by the Housing Development Fund ("Eligible Borrowers").

Each Eligible Borrower must (a) possess legal capacity to enter into the Program Loan; (b) have a satisfactory credit standing as determined by the Participating Lender and/or the Housing Development Fund; (c) intend to purchase the home for a permanent principal residence; and (d) with limited exceptions, not have had a present ownership interest in a principal residence at any time during the three-year period prior to the closing date of the applicable Program Loan ("first-time homebuyers restrictions").

Housing Development Fund policies and the requirements of the Code have resulted in the establishment of maximum purchase price limits and family income limits with respect to Program Loans. The Housing Development Fund, consistent with the Code, may from time to time revise the income eligibility requirements and the purchase price limitations.

Proceeds of each Program Loan must be applied to the permanent financing for the purchase or construction of a residential dwelling unit. Properties eligible for a Program Loan must be located in the State, be structurally sound and functionally adequate and meet all applicable zoning and similar requirements. Such dwelling units include detached and attached one-family houses or townhouses, condominium units or units in a planned unit development and subject to certain limitations, and manufactured housing units permanently constructed or affixed on a mortgagor's property.

A request for an assumption of a Program Loan may be considered in accordance with the Housing Development Fund's assumption policy.

APPENDIX B provides information concerning certain federal insurance programs covering single family and multifamily loans financed by the Housing Development Fund.

The Housing Development Fund currently makes second mortgage loans available to certain Eligible Borrowers who are qualified to obtain a Program Loan. Such loans, not to exceed the amount authorized by the Board of Directors (currently $15,000), are to assist borrowers with certain closing costs and down payments in connection with the purchase of the home. These second mortgage loans are currently funded by general reserves or from other available funds. A de-minimis amount of these loan repayments are pledged to the payment of the Bonds.

Procedures for Origination and Purchase. The Housing Development Fund purchases Program Loans from lenders who, in the regular course of their business, have demonstrated an ability to originate mortgage loans and otherwise meet the requirement for participating established by the Housing Development Fund as set forth in the Procedural Guide ("Participating Lenders"). Each Participating Lender must execute a Loan Purchase Agreement that requires lenders to originate Program Loans in accordance with the requirements of the Procedural Guide, which includes all applicable requirements of the Code. The Housing Development Fund also originates Program Loans through its retail operation and receives Program Loan applications through assignment from a network of approved third party originators ("Third Party Originator") in accordance with the requirements of the Procedural Guide. Third Party Originators must execute a Third Party Originator Agreement that requires the performance of certain loan origination services for loans closed by the Housing Development Fund in accordance with the requirements of the Procedural Guide.

The Housing Development Fund establishes a pool of money from which lenders are able to apply for commitments of funds to purchase Program Loans. Participating Lenders draw from this pool by receiving a forward commitment at the time of the Participating Lender's prequalification of the Program Loan. Participating Lenders are required to enter into Program Loan Purchase Agreements under which each agrees that only Program Loans meeting the qualifications described in the Procedural Guide will be sold to the Housing Development Fund. Third Party Originators forward certain information as described in the Procedural Guide to the Housing Development Fund for review. The Housing Development Fund, after review, notifies the Third Party Originator of the approval or denial of the commitment of funds.

Participating Lenders are expected to deliver Program Loans to be purchased under the Housing Finance Program to the Housing Development Fund at a price of 100% of their respective principal amounts plus accrued interest. The Participating Lenders are expected to receive an origination fee; such origination fee will be at least $1,500 but not higher than the lesser of $4,000 or 185 basis points of the principal amount of the Program Loan to be purchased. Such fee may come from funds paid by the Eligible Borrower or the seller but in most cases will be paid from funds provided by the Housing Development Fund. Additionally, the Housing Development Fund will pay the Participating Lender a servicing release fee as discussed below. Third Party Originators receive a fee payable by the Housing Development Fund, currently $575, if certain loan origination services as described in the Procedural Guide are performed.

The Housing Development Fund has implemented various procedures to monitor the performance of Participating Lenders. Mortgage loans are reviewed for conformity with the standards set out in the Procedural Guide. The staff of the Housing Development Fund may also review property appraisals or make an on-site inspection of the property.

If substantial error or defect is discovered which could invalidate or jeopardize the lien securing the Program Loan or any other major violation of mortgage eligibility requirements, the Participating Lender must cure such error or defect. If the error or defect is not cured, the Program Loan may be subject to repurchase by the Participating Lender in accordance with the terms of the Loan Purchase Agreement and the Procedural Guide. In addition, the Housing Development Fund may sell, assign or otherwise dispose of a Program Loan.

Servicing. The Housing Development Fund will service all Program Loans financed or acquired with the proceeds of the Bonds. The Housing Development Fund currently services all of the Project Loans and Program Loans held pursuant to the General Resolution and all other loans originated and owned by the Housing Development Fund. The Housing Development Fund currently charges a servicing fee of 1/4 to 3/8 of 1% per annum computed monthly on the basis of the outstanding aggregate principal amount of Program Loans serviced. The Housing Development Fund pays a servicing release fee to all Participating Lenders originating Program Loans and services those Program Loans directly and collects the servicing fee mentioned above. The servicing release fee paid to Participating Lenders in no instance shall exceed $1,000.

Requirements of the Code. The Code contains specific requirements related to single family mortgage loans made or purchased with proceeds allocable to Qualified Mortgage Bonds (including the 2024 D Bonds), and related eligible mortgagors, as well as investment and other limitations as described below. These requirements do not apply to single family mortgage loans made or purchased with amounts allocable to taxable bonds or not otherwise subject to such requirements of the Code, such as loans made under the Movin' Up Program. See "Movin' Up Program Procedures and Policies" below.

The Code provides that an issue of Qualified Mortgage Bonds will be treated as meeting the mortgage eligibility requirements only if (a) at least 95% of the lendable proceeds of such bonds is applied to the financing of mortgages which meet such requirements, (b) with respect to any defective mortgages, the Housing Development Fund must in good faith have attempted to satisfy all requirements of the Code before the mortgage loans were executed, and (c) the Housing Development Fund must correct such defects within a reasonable period after it discovers such defects.

These requirements currently limit the use of proceeds of Qualified Mortgage Bonds to the financing of single family, one to four unit, residences which premises, or one unit of which, the borrower intends to use as a principal residence, and the borrower (a) with limited exceptions, has not had a prior homeownership interest within the last three years, (b) is not refinancing an existing mortgage, and (c) meets certain income limits depending on the location of the residence. The requirements also limit assumptions of the mortgage loan to Eligible Borrowers and limit the acquisition price of the residence based on location. See "Program Loan Requirements" above.

The Code, in the case of mortgage loans made or purchased with proceeds allocable to tax-exempt bonds, requires a payment to the United States from certain mortgagors upon sale of their homes. This requirement provides that an assumed subsidy amount (but not in excess of 50% of any gain on the sale of the house) be recaptured on disposition of the house. The recapture amount increases over the period of ownership, with full recapture occurring if the house is sold at the end of the fifth year. The recapture amount declines ratably to zero with respect to sales occurring between five and nine full years after the closing of the Program Loan. An exception excludes from recapture part or all of the subsidy in the case of certain mortgagors whose incomes are less than prescribed amounts at the time of the disposition.

Under procedures established by the Housing Development Fund to comply with the Code, Participating Lenders and/or the Housing Development Fund will be responsible for reviewing each mortgage loan application and the accompanying documentation including, but not limited to, the Application Affidavit, the Seller Affidavit, and the borrower's past one year of federal income tax returns when three years of residency is clearly disclosed on the loan application. When three years residency, type of residency and landlord information is not disclosed on the loan application, tax returns for the previous three years are required. Normal and appropriate measures may be undertaken to verify the information given, either independently or concurrently with credit reviews when applicable.

Prior to purchasing a Program Loan, the Housing Development Fund conducts a review of the relevant documents for compliance with the requirements of the Code. To the extent these requirements are not complied with, the Participating Lender is contacted to provide sufficient additional explanation or documentation to enable the Housing Development Fund to make a determination regarding the status of the loan application.

The Code requires that the effective interest rate on the Program Loans financed or refinanced with proceeds of an issue of tax-exempt bonds may not exceed the yield on such issue by more than 1.125%.

Movin' Up Program Procedures and Policies

The Movin' Up Program, which was approved by the Board of Directors on December 6, 2012, provides financing for Program Loans and Project Loans from funds within the General Resolution that are not tax-exempt bond proceeds under the Code. Earnings from this program are recycled to enable it to be self-sustaining.

Program Loans financed under the Movin' Up Program are not subject to requirements of the Code, such as the income and purchase price limits, and are generally offered to borrowers who do not meet the first-time homebuyer requirement. See "THE HOUSING FINANCE PROGRAM – Single Family Procedures and Policies – Requirements of the Code." The income limits in the Movin' Up Program are set by the Board of Directors and are generally higher than those then provided for by the Code. The Housing Development Fund currently uses the same purchase price limits for the Movin' Up Program as those provided for by the Code. The Housing Development Fund may at any time revise at its discretion the income and purchase price limits it has chosen to apply to the Movin' Up Program. See **APPENDIX A-3** – "SUMMARY OF HOUSING FINANCE PROGRAM SINGLE FAMILY LOANS OUTSTANDING."

On August 28, 2020, the Housing Development Fund executed a Mortgage Partnership Finance Program Participating Financial Institution Agreement (the "PFI Agreement") with the Federal Home Loan Bank of Pittsburgh (the "FHLB Pittsburgh"), pursuant to which the Housing Development Fund sells single family mortgage loans to the FHLB Pittsburgh. Such loans may be FHA-insured or guaranteed by the VA or USDA RHS, and the Housing Development Fund retains the servicing of such loans. Such loans are originated under the Movin' Up Program. The Housing Development Fund began selling mortgage loans under the PFI Agreement in fiscal year 2021. As of July 31, 2024, the Housing Development Fund has sold 13 mortgage loans under the PFI Agreement with an approximate aggregate original principal amount of $2.0 million.

The Movin' Up Program also provides financing for Project Loans. See "THE HOUSING FINANCE PROGRAM – Multifamily Procedures and Policies" and **APPENDIX A-1** – "PROJECT LOANS FINANCED WITH HOUSING FINANCE BONDS."

Multifamily Procedures and Policies

Tenant Selection, Marketing and Management. Housing Development Fund financed developments are subject to a Loan Agreement between the Housing Development Fund and the mortgagor which typically regulates, among other things, the rents, profits, occupancy, management and operation of the development. The management of the development is also typically governed by a Management Agreement and a Management Plan between the mortgagor and its managing agent which may, in some cases, be affiliated with the mortgagor. This agreement is reviewed and approved by the Housing Development Fund. The Housing Development Fund has the right to terminate the Management Agreement for failure of the managing agent to perform in accordance with the Management Plan approved by the Housing Development Fund.

The Housing Development Fund's Asset Management Department is responsible for monitoring the standards and procedures for the management of the developments.

The mortgagor is required to submit a variety of reports to the Housing Development Fund's Asset Management Department, which may include the following: (a) an annual operating budget; (b) a quarterly budget comparison with actual operating expenses and receipts; (c) a monthly listing of all occupancies; and (d) a summary of leasing and occupancy activity upon request. The mortgagor is also required to submit to the Housing Development Fund annual audited financial statements for the development prepared by a certified public accountant.

Reserve for Replacement and Escrow for Real Estate Taxes and Insurance Premiums. The Loan Agreement typically requires each mortgagor to pay monthly amounts to fund a Reserve for Replacement Account for each development. The mortgagor may request the Housing Development Fund to disburse funds from the Reserve for Replacement Account from time to time for payment of costs of replacement items and/or capital improvements. These requests are reviewed and approved by the Housing Development Fund's Asset Management Department. Disbursements are made primarily in accordance with the Housing Development Fund's determinations as to what is in the best interest of the development. An escrow account for the payment of real estate taxes is maintained by the Housing Development Fund for each development it services and is funded by monthly payments by the mortgagor of one-twelfth of the estimated annual real estate tax assessments by all taxing authorities for the next following tax year. Mortgagors are required to contribute additional funds in the event of a deficiency in the escrow account.

For multifamily projects with credit enhancement, an escrow account for the payment of annual federal mortgage insurance/guarantee premiums is also maintained by the Housing Development Fund and funded by monthly payments by or on behalf of the mortgagor.

The Housing Development Fund requires each mortgagor to provide adequate insurance acceptable to the Housing Development Fund. An escrow account for the payment of fire and extended coverage insurance is maintained by the Housing Development Fund.

Housing Development Fund financed loans are often also subject to restrictions from a third party that provides credit enhancement to the loan (mortgage guarantee or insurance) such as the USDA Rural Development Section 538 Guaranteed Rural Rental Housing Program (the "USDA Section 538 Program"), or HUD's 221(d)(3) Program or 221(d)(4) Program.

OTHER PROGRAMS OF THE HOUSING DEVELOPMENT FUND

As a public body with statewide responsibility for a range of housing needs, the Housing Development Fund has implemented a number of other programs to provide technical, consultative and financial assistance for the provision of sanitary, decent and safe residential housing for persons of low and moderate income. These activities are described below. Except as specified below, these activities are financed out of the general reserves of the Housing Development Fund. Such activities are not expected to have a material impact on such reserves or the amounts available to pay debt service on the Bonds under the General Resolution.

Other Bond Programs

The Housing Development Fund has issued under separate indentures and/or financing agreements two series of limited, special obligation bonds which financed the loan of bond proceeds from the Housing Development Fund to the respective borrowers for the acquisition and rehabilitation of two separate affordable housing projects. Such bonds, separately issued, are currently outstanding in the aggregate principal amount of $36,740,000. These limited, special obligation bonds are separately secured by, among other things, loan repayments on the bond proceeds. None of the Housing Development Fund's other assets or revenues, including the Bond Insurance Fund and amounts held in any Fund or Account established pursuant to the General Resolution, are pledged to the payment of these limited, special obligation bonds. Furthermore, these limited, special obligation bonds are not secured by the Housing Development Fund's general obligation debt pledge.

Land Development Program

With an initial appropriation by the State Legislature of $2,000,000 in 1973, the Housing Development Fund established the Land Development Fund from which below-market interest rate loans are made to qualified builders and developers for the purpose of acquiring and making improvements to land for residential housing and nonresidential construction. The Housing Development Fund has transferred an additional $4,930,000 to the Land Development Fund from the General Fund, Bond Insurance Fund and Housing Finance Program.

The Housing Development Fund owns various land parcels and developments that were directly developed by the Housing Development Fund or acquired for emergency and permanent housing for victims of various floods or through foreclosure. All assets of the Land Development Program are restricted in accordance with the Act.

In 2015, the Legislature created the West Virginia Property Rescue Initiative ("PRI") program to provide loans to assist cities and counties throughout the State in the acquisition and/or demolition of blighted properties which constitute health and safety hazards. The PRI program required the Housing Development Fund to contribute $1,000,000 annually for five years beginning July 1, 2015 to establish a revolving loan program, following which the Board of Directors is authorized to adjust the funding for the program as needed. The PRI program is funded by the Land Development Fund and is subject to legislative restrictions and restricted in accordance with the Act.

Other Housing Programs

Other housing programs consist of a variety of single and multifamily programs funded by the Housing Development Fund's general reserves and earnings. These programs are designed to provide a full range of housing assistance to the citizens of the State and to meet the Housing Development Fund's mission of providing safe, decent and affordable housing. In certain instances, repayment from borrowers is not required. In these instances, the Housing Development Fund has established loss provisions. The net assets of these programs are generally unrestricted and are available, as needed, to satisfy the general obligations of the Housing Development Fund, including the Bonds.

In 1991, the Housing Development Fund established the Secondary Market Program designed to provide liquidity to small lenders by providing a market for loans which would otherwise be held in their portfolios. Mortgage loans purchased in the Secondary Market Program are currently sold to Fannie Mae. This program is intended to encourage the making of loans on more favorable terms than are available from small State lenders.

The Multifamily Loan Program provides rehabilitation, construction and/or permanent financing for multifamily rental projects, which may receive part of their financing from equity raised through the syndication of Low-Income Housing Tax Credits and other lenders or programs. Many of these loans are guaranteed under the USDA Section 538 Program. On January 30, 2020, the Housing Development Fund entered into a revolving Commercial Loan Agreement (the "Line of Credit") with United Bank, in an amount not to exceed $20,000,000, currently bearing interest thereon at a rate of 5.52% per annum (on January 1, 2025, such rate will adjust to a new fixed rate equal to the then-current per annum rate for one-year-maturity United States Treasury bills plus 0.80% per annum), payable monthly, and due to expire January 30, 2026, in order to provide a funding source for loans under the Multifamily Loan Program. As of July 31, 2024, Housing Development Fund multifamily loan notes in the aggregate principal amount of $26,875,645 are pledged as collateral for the Line of Credit. Notwithstanding such, upon the occurrence of an Event of Default under the Line of Credit, United Bank may have the right to set-off amounts due thereunder against any amount owing by United Bank to the Housing Development Fund in any unrestricted funds, including any of the Housing Development Fund's unrestricted deposit accounts with United Bank. The Line of Credit is neither secured by nor payable from amounts under the General Resolution. As of July 31, 2024, the Housing Development Fund has no outstanding balance under the Line of Credit.

The Low Down Home Loan Program assists borrowers in the Housing Development Fund's single family bond program with down payment and closing costs associated with the purchase of a home. Such loans may not exceed the amount authorized by the Board of Directors (currently $15,000).

The Low Income Assisted Mortgage Program ("LAMP") was established to help non-profit housing groups increase their production of owner-occupied housing for very low-income families. LAMP provides a secondary market where non-profit groups can sell their existing single family loans to the Housing Development Fund. The proceeds of those loan sales can then be used to construct additional housing units. In 1993, LAMP was one of ten recipients of a $100,000 grant from the Ford Foundation as a winner of its Innovations in State and Local Government awards administered by the John F. Kennedy School of Government at Harvard University.

On-Site Systems Loan Program

The On-Site Systems Loan Program ("OSLP") was created in September 2007 in partnership with the West Virginia Department of Environmental Protection (the "DEP"). Under this program the Housing Development Fund is authorized to borrow up to $2,000,000 from the DEP Clean Water Revolving Loan Fund. These funds are loaned to State residents to upgrade, replace or repair inadequate septic systems. The Housing Development Fund is obligated to repay the amount borrowed from the DEP only to the extent the Housing Development Fund receives payments from loan recipients.

Home4Good

Home4Good is a collaborative initiative between the FHLB Pittsburgh and the Housing Development Fund to provide grants and/or forgivable loans to address systemic gaps in support services and help make homelessness in West Virginia rare, brief and non-recurring. The funds are awarded to organizations that help individuals retain or find housing, provide supportive services to those facing homelessness or address other unmet needs within the existing homeless provider network. Since 2018, the FHLB Pittsburgh has contributed $6.7 million to the Home4Good program and the Housing Development Fund has contributed $1.5 million.

The HOME Investment Partnership Program

In March 1991, the Housing Development Fund began operating HUD's HOME Investment Partnership Program (the "HOME Program") for the development and financing of housing for persons at or below 80% of the State's median income. A minimum of fifteen percent of HOME Program funds are spent for projects developed by approved Community Housing Development Organizations and ten percent is used to offset the administrative costs incurred by the Housing Development Fund. The ten percent used to offset administrative costs generally does not cover the Housing Development Fund's costs of administering the HOME Program. Therefore, uncovered costs of the HOME Program are paid by the General Fund. This program is restricted by federal regulations.

In April 2021, the Housing Development Fund received a $19,106,500 HOME – American Rescue Plan Program ("HOME – ARP") allocation to provide assistance to individuals or households who are homeless or are at risk of homelessness and other vulnerable populations. HOME – ARP funds may be used for production or preservation of affordable housing, tenant-based rental assistance, supportive services, and purchase and development of non-congregate shelter. The HOME – ARP funds are administered through the HOME Program.

Housing Trust Fund

The Housing Trust Fund ("HTF") is an affordable housing production program funded by HUD that will complement existing federal, state and local efforts to increase and preserve the supply of safe, decent and sanitary affordable housing for extremely low and very low-income households (30% or less of AMI). HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing with suitable amenities. This program is restricted by federal regulations.

Low-Income Housing Tax Credit Program

The Low-Income Housing Tax Credit Program facilitates the development of quality rental housing in the State by offering a conduit through which owners, builders and organizations may qualify for a federal income tax credit. The Housing Development Fund, as the State's authorized issuer of Low-Income Housing Tax Credits, can allocate up to the State's applicable annual housing credit ceiling in housing credit dollars.

Mortgage Credit Certificates

The Housing Development Fund is authorized to act as the State's issuer of Mortgage Credit Certificates. This program permits qualified homebuyers to receive a federal tax credit for a portion of the interest paid on the homebuyer's mortgage loan. Currently, the Housing Development Fund is not issuing any new Mortgage Credit Certificates but may resume doing so in the future.

Mortgage Loan Refinance Program

Whenever loans repay, the Housing Development Fund loses the corresponding mortgage loan servicing revenue. In order to reduce the effect of prepayments on this revenue, the Housing Development Fund has developed a refinancing program for those customers who want to reduce their borrowing costs. This allows the Housing Development Fund to continue to earn servicing income on the loan. Generally, these loans are funded from general reserves and are then sold in the secondary market.

Affordable Housing Fund

In 2001, the Legislature created the Affordable Housing Trust Fund to provide funding for both technical assistance and housing assistance to non-profit organizations and government entities and to encourage stronger partnerships, collaboration and greater involvement of local communities in meeting affordable housing needs in West Virginia.

The Legislature passed legislation in 2018, effective June 8, 2018, discontinuing the existence of the Affordable Housing Trust Fund, creating under the Act an Affordable Housing Fund to be administered by the Housing Development Fund, and transferring certain former powers, procedures and assets of the Affordable Housing Trust Fund to the Housing Development Fund in connection therewith. The Affordable Housing Fund receives a per-transaction transfer fee from residential real estate transfers and sales of manufactured homes in the State. This fee must be used solely for the purposes of the Affordable Housing Fund as provided by the Act. The Housing Development Fund receives no allocation from the transfer fee to compensate it for any costs of administering the Affordable Housing Fund.

Mountaineer Rental Assistance Program

The Consolidated Appropriations Act of 2021 contained federal spending provisions through the U.S. Department of the Treasury (the "U.S. Treasury") for grants to states to fund emergency rental assistance, rental arrears, and utility costs for households with incomes no more than 80% of AMI and at risk of homelessness or housing instability due to COVID-19. The State was awarded $200 million for this purpose under the Emergency Rental Assistance Program – ERA1 ("ERA1"). Ten percent of this amount was available to be used to offset administrative costs.

The American Rescue Plan Act of 2021 (the "American Rescue Plan") provided funds through the U.S. Treasury to states to fund emergency rental assistance, rental arrears, and utility costs for households with incomes consistent with the definition of "low-income families," as defined in Section 3(b) of the United States Housing Act of 1937, and at risk of homelessness or instability due to COVID-19. The State was awarded $152 million for this purpose under the Emergency Rental Assistance Program – ERA2 ("ERA2"). Fifteen percent of this amount is available to be used to offset administrative costs.

The Housing Development Fund administers these programs on behalf of the State as the Mountaineer Rental Assistance Program ("MRAP"). As of August 26, 2022, the MRAP ceased accepting applications for rental and utility assistance. All activity under ERA1 ceased pursuant to the U.S. Treasury guidelines as of September 30, 2022. The Housing Development Fund will continue the ERA2 funding to provide eviction prevention activities and the production or rehabilitation of existing housing units as permitted under the regulations.

West Virginia Homeowners Rescue Program

The American Rescue Plan also provided funds through the U.S. Treasury to states to provide assistance designed to prevent homeowner mortgage delinquencies, mortgage defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners who experienced a financial hardship after January 21, 2020 due to the effects of COVID-19 and have incomes equal to or less than 150% of AMI or 100% of the median income of the United States, whichever is greater. The State was awarded $50 million for this purpose. Fifteen percent of this amount is available to be used to offset administrative costs. The Housing Development Fund administers this program on behalf of the State as the West Virginia Homeowners Rescue Program. As of May 8, 2024, the Housing Development Fund ceased accepting applications for assistance under the West Virginia Homeowners Rescue Program.

TAX MATTERS

2024 D Bonds (Tax-Exempt Bonds)

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Housing Development Fund, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2024 D Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and (ii) interest on the 2024 D Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; however, interest on the 2024 D Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Housing Development Fund and others in connection with the 2024 D Bonds, and Bond Counsel has assumed compliance by the Housing Development Fund with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2024 D Bonds from gross income under Section 103 of the Code.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the 2024 D Bonds, or the ownership or disposition thereof, except as stated in the paragraph above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the 2024 D Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2024 D Bonds in order that interest on the 2024 D Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2024 D Bonds, yield and other restrictions on investments of gross proceeds of the 2024 D Bonds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds of the 2024 D Bonds be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2024 D Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Housing Development Fund has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2024 D Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2024 D Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a 2024 D Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2024 D Bonds.

Prospective owners of the 2024 D Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the 2024 D Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a 2024 D Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the 2024 D Bonds. In general, the issue price for each maturity of 2024 D Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. Bond Counsel further is of the opinion that, for any 2024 D Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the 2024 D Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of OID for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a 2024 D Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the 2024 D Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that 2024 D Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2024 D Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2024 D Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2024 D Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

West Virginia Taxes

Under the Act, the 2024 D Bonds and the income therefrom shall at all times be exempt from taxation by the State, or any county, municipality or other governmental subdivision of the State, except for death and gift taxes, taxes on transfers, sales taxes, real property taxes and business and occupation taxes.

The State also imposes a corporation net income tax on corporations and a personal income tax on the resident partners of partnerships, the resident shareholders of S corporations and the resident members of limited liability companies doing business in the State. The corporation net income and personal income tax statutes contain formulary adjustments decreasing the amount of income subject to these taxes for certain corporations, partnerships, S corporations or limited liability companies owning bonds such as the 2024 D Bonds.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2024 D Bonds under federal or state law or otherwise prevent beneficial owners of the 2024 D Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2024 D Bonds.

Prospective purchasers of the 2024 D Bonds should consult their own tax advisors regarding the foregoing matters.

2024 E Bonds (Taxable Bonds)

General

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of 2024 E Bonds ("Taxable Bonds") by original purchasers of the Taxable Bonds who are "U.S. Holders," as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Taxable Bonds will be held as "capital assets"; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Taxable Bonds as a position in a "hedge" or "straddle," U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Taxable Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers who are required to prepare certified financial statements and file such financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below. In addition, interest on the Taxable Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

U.S. Holders of Taxable Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Taxable Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Housing Development Fund, interest on the Taxable Bonds is *included* in gross income for federal income tax purposes.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Taxable Bonds, or the ownership or disposition thereof, except as stated in the paragraph above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters.

Original Issue Discount

In general, if OID is greater than a statutorily defined de minimis amount, a U.S. Holder of a Taxable Bond must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such U.S. Holder holds such Taxable Bond) the daily portion of OID, as it accrues (generally on a constant-yield method) and regardless of the U.S. Holder's method of accounting. "OID" is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price." For purposes of the foregoing: "issue price" means the first price at which a substantial amount of the Taxable Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated redemption price at maturity" means the sum of all payments, other than "qualified stated interest," provided by such Taxable Bond; "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and "de minimis amount" is an amount equal to 0.25 percent of the Taxable Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity. A U.S. Holder may irrevocably elect to include in gross income all interest that accrues on a Taxable Bond using the constant-yield method, subject to certain modifications.

Bond Premium

In general, if a Taxable Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Taxable Bond other than "qualified stated interest" (a "Taxable Premium Bond"), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the U.S. Holder of a Taxable Premium Bond elects to amortize the premium as "amortizable bond premium" over the remaining term of the Taxable Premium Bond, determined based on constant-yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to the U.S. Holder's basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the U.S. Holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the U.S. Holder's original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Taxable Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder's adjusted tax basis in the Taxable Bond.

The Housing Development Fund may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Bonds to be deemed to be no longer outstanding under the General Resolution (a "defeasance"). (See APPENDIX E – "DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE GENERAL RESOLUTION" herein). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Taxable Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate U.S. Holders of the Taxable Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a Taxable Bond and the proceeds of the sale of a Taxable Bond before maturity within the United States. Backup withholding may apply to U.S. Holders of Taxable Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a Taxable Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

West Virginia Taxes

Under the Act, the Taxable Bonds and the income therefrom shall at all times be exempt from taxation by the State, or any county, municipality or other governmental subdivision of the State, except for death and gift taxes, taxes on transfers, sales taxes, real property taxes and business and occupation taxes.

The State also imposes a corporation net income tax on corporations and a personal income tax on the resident partners of partnerships, the resident shareholders of S corporations and the resident members of limited liability companies doing business in the State. The corporation net income and personal income tax statutes contain formulary adjustments decreasing the amount of income subject to these taxes for certain corporations, partnerships, S corporations or limited liability companies owning bonds such as the Taxable Bonds.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Taxable Bonds under state law and could affect the market price or marketability of the Taxable Bonds.

Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding the foregoing matters.

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Prior to the issuance of the 2024 DE Bonds, the Housing Development Fund will enter into a Continuing Disclosure Agreement with the Trustee, for the benefit of the holders of the 2024 DE Bonds, pursuant to which the Housing Development Fund will agree to provide certain financial information and operating data relating to the Housing Development Fund on an annual basis and to provide notices of the occurrence of certain enumerated events, in each case by filings with the MSRB through EMMA. The Housing Development Fund will enter into the Continuing Disclosure Agreement in order to assist the underwriter of the 2024 DE Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, as amended (the "Rule"). **APPENDIX G** contains the form of the Continuing Disclosure Agreement.

A failure by the Housing Development Fund to comply with this undertaking will not constitute an Event of Default under the Resolutions. Nevertheless, such a failure must be considered by any broker or dealer before recommending the purchase or sale of the 2024 DE Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2024 DE Bonds and their market price and the ability of the Housing Development Fund to issue and sell bonds in the future.

The Housing Development Fund has filed Annual and Quarterly Secondary Market Disclosure Reports and other materials with the MSRB's EMMA portal. This information is also available on the Housing Development Fund website at www.wvhdf.com.

LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2024 DE Bonds, or in any way contesting or affecting the validity of the 2024 DE Bonds or any proceedings of the Housing Development Fund taken with respect to moneys or security provided for the payment of the 2024 DE Bonds, or the existence or powers of the Housing Development Fund insofar as they relate to the authorization, sale and issuance of the 2024 DE Bonds or such pledge or the application of moneys and security.

APPROVAL OF LEGALITY

In connection with the issuance of the 2024 DE Bonds, legal matters incident to the authorization, issuance, sale and delivery of the 2024 DE Bonds are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Housing Development Fund. The proposed form of the opinion of Bond Counsel is included in **APPENDIX D**. Certain legal matters will be passed upon for the Housing Development Fund by its

General Counsel, Jackson Kelly PLLC, Charleston, West Virginia. Certain legal matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP, Atlanta, Georgia.

FINANCIAL STATEMENTS OF THE HOUSING DEVELOPMENT FUND

Included in **APPENDIX C** to this Official Statement are the basic financial statements for the Housing Development Fund, as of and for the fiscal years ended June 30, 2024 and June 30, 2023. The June 30, 2024 and June 30, 2023 financial statements were audited by Suttle & Stalnaker, PLLC. These financial statements are also available on the Housing Development Fund website at www.wvhdf.com and on the EMMA website of the MSRB.

Certain information in this Official Statement under "NATURE OF BONDS AND SOURCES OF PAYMENT — Summary of Revenues, Expenses and Changes in Fund Net Position - Bond Insurance Fund" and "— Management Discussion and Analysis - Bond Insurance Fund," "THE HOUSING DEVELOPMENT FUND — Summary of Revenues, Expenses and Changes in Fund Net Position - General Fund" and "— Management Discussion and Analysis - General Fund" and "THE HOUSING FINANCE PROGRAM — Combined Summary of Revenues, Expenses and Changes in Fund Net Position - Housing Finance Program" and "— Management Discussion and Analysis - Housing Finance Program" has been updated to reflect information related to the June 30, 2024 and June 30, 2023 financial statements.

UNDERWRITING

Raymond James & Associates, Inc. (the "Underwriter") has agreed to purchase the 2024 DE Bonds at the price of $82,035,372.20 (representing the principal amount of the 2024 DE Bonds plus aggregate initial issue premium of $2,035,372.20). The Underwriter will be paid a fee of $526,420.32 which will include reimbursement of certain expenses, with respect to the offering and sale of the 2024 DE Bonds. The initial public offering prices may be changed, from time to time, by the Underwriter.

The Housing Development Fund has been advised that the Underwriter expects to make a market in the 2024 DE Bonds. However, the Underwriter is not obligated to make such markets and may discontinue making such markets at any time without notice. Neither the Housing Development Fund nor the Underwriter can give any assurance that secondary markets will develop.

The following paragraph has been provided by the Underwriter:

The Underwriter is a full-service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Housing Development Fund, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Housing Development Fund.

FINANCIAL ADVISOR

Piper Sandler & Co. has been engaged to provide financial advisory services for the issuance of Bonds under the April 24, 2024 plan of finance (including the 2024 DE Bonds).

ADDITIONAL INFORMATION

Certain provisions of the Act and the Resolutions are summarized in this Official Statement. Such summaries do not purport to be comprehensive or definitive and reference is made to such documents, copies of which are available upon request, for a full and complete statement of their respective provisions.

The information contained in this Official Statement is subject to change without notice and no implication shall be derived therefrom or from the sale of the 2024 DE Bonds that there has been no change in the affairs of the Housing Development Fund from the date hereof.

Pursuant to the Resolutions, the Housing Development Fund has covenanted to keep proper books of record and account in which full, true and correct entries will be made of all its dealings and transactions under the Resolutions and to cause such books to be audited for each fiscal year. The Resolutions require that such books be open to inspection by the holder of an aggregate of not less than 5% of the Outstanding Bonds during regular business hours of the Housing Development Fund and that the Housing Development Fund furnish a copy of the auditor's report, when available, upon the request of the holder of any Outstanding Bonds.

Copies of the Housing Development Fund's future audited financial statements, when available, may be requested from the Housing Development Fund at 5710 MacCorkle Avenue, SE, Charleston, WV 25304, telephone (304) 391-8600, or accessed on the Housing Development Fund website, www.wvhdf.com.

This Official Statement is submitted in connection with the offering of the 2024 DE Bonds and may not be reproduced or used, as a whole or in part, for any other purposes. Any statements in this Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Housing Development Fund and the purchasers or holders of any of the 2024 DE Bonds. The distribution of this Official Statement has been approved by the Board of Directors. Additional information may be obtained from the Housing Development Fund at 5710 MacCorkle Avenue, SE, Charleston, WV 25304, telephone (304) 391-8600.

WEST VIRGINIA HOUSING DEVELOPMENT FUND

By /s/ Erica L. Boggess
Executive Director

Dated: September 25, 2024

APPENDIX A-1
Project Loans Financed with Housing Finance Bonds
As of June 30, 2024 (unaudited)

	Project Loan	Location	Mortgage Interest Rate	Original Mortgage Balance	Outstanding Mortgage Balance	Mortgage Note Maturity	Federal Subsidy Insurance or Guarantee	Section 8 Subsidy Expiration	Total # of Units	% of Section 8 Subsidized Units	Occupancy Rate	# Days Delinquent
	Housing Finance Bonds 1998 Series F											
	Clay Apts.	Clay	1.00%	$321,806	$45,762	09/01/33	None	04/11/35	8	100%	100%	30
				$321,806	**$45,762**				**8**			
	Housing Finance Bonds 1998 Series E (held from various issues)											
(1)	Lindsey Terrace	Martinsburg	4.50%	$1,740,000	$1,726,805	08/01/63	USDA 538	N/A	40	0%	95%	None
(1)	Post Glen	Oceana	4.50%	$1,300,000	$1,290,142	08/01/63	USDA 538	N/A	40	0%	98%	None
(1)	Keyser Greene	Keyser	4.00%	$1,050,000	$1,019,066	09/01/61	USDA 538	N/A	38	0%	100%	None
(1)	Newberry	Parkersburg	5.00%	$925,000	$892,125	05/01/60	USDA 538	N/A	32	0%	100%	None
	Dylan Heights	Summersville	7.37%	$1,475,000	$1,218,355	03/01/45	USDA 538	N/A	48	0%	94%	None
	Jenna Landing	Sissonville	6.25%	$1,403,000	$1,109,841	03/01/45	USDA 538	N/A	48	0%	98%	None
	Plateau Oaks	Oak Hill	7.54%	$786,028	$647,305	10/01/44	USDA 538	N/A	32	0%	100%	None
(2)	Chapmanville Towers	Chapmanville	3.50%	$3,879,000	$3,724,744	10/01/61	USDA 538	04/30/37	88	100%	89%	None
(2)	Parkland Place	Parkersburg	4.00%	$7,700,000	$7,474,897	12/01/50	None	11/30/40	133	100%	94%	None
(2)	Potomac Heights	Keyser	4.00%	$11,160,000	$10,702,412	09/01/60	USDA 538	09/30/40	141	99%	90%	None
(3)	Mountain Cap		2.00%	$1,580,000	$473,586	03/01/29	None					None
	Orient Hills	Orient Hills					None	12/20/34	8	100%	100%	
	Hunter Ridge I	Bradley					None	02/22/32	8	100%	100%	
	Hunter Ridge II	Bradley					None	02/22/32	8	100%	100%	
	Rupert Apartments	Rupert					None	03/25/32	8	100%	88%	
	Spruce Villa	Phillipi					None	03/18/32	8	100%	88%	
	Woodland Heights	Salem					None	08/26/32	8	100%	100%	
	Cherry Falls	Webster Springs					None	09/30/32	6	100%	83%	
	Hunter Ridge III	Bradley					None	12/22/32	8	100%	75%	
	Quinwood Apts.	Quinwood					None	11/15/32	8	100%	88%	
	Rainelle Apts.	Rainelle					None	11/15/32	8	100%	100%	
	Rainelle Apts. II	Rainelle					None	03/07/33	8	100%	100%	
	Rupert Apts. II	Rupert					None	03/07/33	8	100%	100%	
				$32,998,028	**$30,279,278**				**734**			
	GRAND TOTAL:			**$33,319,834**	**$30,325,040**				**742**			

(1) These projects were added in May 2024 using Movin' Up Program Funds.
(2) Project Loan financed under the Movin' Up Program.
(3) Debt of the projects listed below were restructured and now has one loan for these combined projects. Their subsidy and occupancy information is listed by project.

APPENDIX A-1
Project Loans Financed with Housing Finance Bonds
As of June 30, 2024 (unaudited)

IN FORECLOSURE

Project Name	Original Mortgage Balance	Mortgage Interest Rate	Foreclosed Balance	Original Maturity Date	Foreclosed Date	Housing Finance Bond Issue
TOTAL IN FORECLOSURE	0		$0			

PREPAYMENTS

Bond Issue	Number	Prepaid Amount	
1976 A and 1977 A Bonds	1	$1,798,000	
1987 B Bonds	1	$4,190,000	
1992 E Bonds	9	$3,446,000	
1998 F Bonds	6	$1,113,000	
2000 D Bonds	20	$2,629,000	(1)
2001 D Bonds	34	$55,713,000	
2002 BC Bonds	6	$16,771,000	
2003 C Bonds	12	$14,611,000	
TOTAL PREPAYMENTS	89	$100,271,000	

(1) Includes a payment of $150,000 in lieu of foreclosure.

APPENDIX A-2
Certain Information Relating to the Housing Finance Bond Program Loans
As of June 30, 2024 (unaudited)
($ in thousands)

The following tables set forth various characteristics of the single family mortgage loans financed with Housing Finance Bonds ("Program Loans"). The information about the status of Program Loans is provided solely for the purpose of describing the experience of the Housing Development Fund under the General Resolution.

PROGRAM LOANS BY TYPE OF INSURANCE/GUARANTEE

Type of Insurance /Guarantee	Number of Loans	Percentage of Portfolio	Original Balance	Current Balance	
FHA	3,376	44.17%	$ 429,113	$ 383,715	
Privately Insured	2,194	30.08%	276,405	261,234	
Uninsured	2,781	18.43%	227,307	160,091	**(1)**
VA	185	2.09%	23,533	18,302	
USDA RHS	595	5.23%	66,436	45,406	
Totals	9,131	100.00%	$ 1,022,794	$ 868,748	

PROGRAM LOANS BY LOAN-TO-VALUE RATIO
(If sales price or appraised value was not available, the original loan balance was used to calculate the LTV ratio) **(2)**

Loan-to-Value Ratio	Number of Loans	Percentage of Portfolio	Original Balance	Current Balance
80% or less	5,136	34.14%	$ 428,614	$ 296,609
81 to 85%	796	9.43%	89,207	81,882
86 to 90%	1,196	16.92%	155,742	146,977
91 to 95%	1,303	23.56%	209,497	204,638
over 95%	700	15.95%	139,734	138,642
Totals	9,131	100.00%	$ 1,022,794	$ 868,748

PROGRAM LOANS PURCHASED BY ORIGINAL PRINCIPAL AMOUNT

		Number of Program Loans				
Program Loan	Amount	Uninsured	Privately Insured	VA	FHA	RHS
Less than $30,000	$ 1,735	160	2	2	20	4
30,000 to 39,999	5,783	172	14	5	68	17
40,000 to 49,999	14,052	301	45	18	132	37
50,000 to 59,999	26,205	365	96	10	208	50
60,000 to 69,999	37,320	377	137	24	240	63
70,000 to 79,999	43,649	290	188	20	253	50
80,000 to 89,999	52,352	233	214	15	283	49
90,000 to 99,999	45,859	170	171	12	206	42
100,000 and over	641,793	713	1,327	79	1,966	283
Totals	$ 868,748	2,781	2,194	185	3,376	595

(1) The amount of uninsured loans includes both Program Loans that were uninsured from inception due to high down payments and Program Loans which were privately insured at the time of closing but have since met the requirements of The Homeowner's Protection Act of 1998 for termination of private mortgage insurance.

(2) The Housing Development Fund makes no representation regarding the current value being equivalent to the original loan balance.

PRIVATE MORTGAGE INSURERS OF PROGRAM LOANS

Private Mortgage Insurance Company **(1)**	Number of Program Loans Insured	Current Principal Amount	Percentage of PMI Loans	Percentage of Portfolio
MGIC	1,048	$ 118,220	45.25%	13.61%
GE Mortgage Insurance	545	65,050	24.90%	7.49%
PMI Insurance Company	5	481	0.18%	0.06%
United Guarantee	1	84	0.03%	0.01%
RMIC	3	234	0.09%	0.03%
Radian	177	28,094	10.75%	3.23%
Triad	2	167	0.06%	0.02%
CMG	137	17,112	6.55%	1.97%
National MI	192	21,763	8.35%	2.51%
Other PMI Companies	84	10,029	3.84%	1.15%
Totals	2,194	$ 261,234	100.00%	30.08% **(2)**

DELINQUENCY STATISTICS ON PROGRAM LOANS

The following table sets forth the percentage of Program Loans delinquent or in foreclosure as of the dates noted.
The West Virginia and the United States data are based on The National Delinquency Survey prepared by
the Economic and Research Department of the Mortgage Bankers' Association of America at June 30, 2024
Delinquent loans include loans in forbearance. Loans in foreclosure include loans undergoing loan modification.

Months Past Due	Housing Finance Program 6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	West Virginia 6/30/2024	USA 6/30/2024
One	2.80%	3.06%	4.11%	4.00%	4.59%	3.19%	2.28%
Two	1.50%	0.83%	1.27%	1.72%	1.50%	0.90%	0.70%
Three	0.83%	0.43%	0.48%	0.54%	0.72%	1.29%	1.00%
In foreclosure	0.32%	0.08%	0.44%	0.21%	0.14%	0.43%	0.43%

PROGRAM LOANS BY INCOME LEVELS

Borrower Income (At Date of Origination)

	Less than $20,000	$20,000 to $29,999	$30,000 to $39,999	$40,000 to $49,999	Above $50,000	Totals
FHA	150	512	753	595	1,366	3,376
Privately Insured	45	205	447	461	1,036	2,194
Uninsured	264	691	805	488	533	2,781
VA	5	26	61	34	59	185
RHS	24	153	167	101	150	595
Totals	488	1,587	2,233	1,679	3,144	9,131
Original Principal Amount	$ 25,783	$ 107,472	$ 197,635	$ 185,200	$ 506,704	$ 1,022,794
Percentage of Portfolio	5.34%	17.38%	24.46%	18.39%	34.43%	100.00%

(1) The Housing Development Fund makes no representation regarding the financial condition of any of the private mortgage insurance companies or their ability to make full and timely payment of claims on Program Loans on which losses are incurred. Recent rating agency reviews of private mortgage insurers may be indicative of some future inability of private mortgage insurers generally to fulfill in full their obligations, if and when required upon a mortgage default, to make timely payments on policies.

(2) See Appendix B for PMI coverage requirements.

PROGRAM LOAN PREPAYMENTS, EARLY BOND REDEMPTIONS AND RECYCLED LOAN FUNDS

These amounts do not include Bonds refunded by new Bond issues.

Fiscal Year	Program Loan Prepayments	Redemptions from Excess Revenue and Repayments	Recycled Funds
2024	$29,465	$9,525	$21,436
2023	31,729	12,370	30,884
2022	58,716	35,530	54,237
2021	67,975	20,660	23,957
2020	38,163	6,430	34,687
	$ 226,048	$ 84,515	$ 165,201

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APPENDIX A-3
Summary of Housing Finance Program Single Family Loans Outstanding
As of June 30, 2024 (unaudited)
(Dollars in Thousands)

Issue	Weighted Average Interest Rate per Issue (1)	Number of Outstanding Mortgage Loans	Original Balance of Outstanding Mortgage Loans	Outstanding Balance of Mortgage Loans
1998 E (2) (4)	4.655%	2,525	$ 190,239	$ 107,107
Movin' Up (3) (4)	4.333%	1,483	188,498	170,307
2013 A (4)	5.024%	122	9,158	4,995
2015 AB (4)	4.054%	323	26,336	16,417
2015 CD (4)	4.264%	457	37,186	26,761
2017 AB (4)	4.449%	262	22,158	16,809
2018 A (4)	4.624%	165	16,021	14,201
2019 A (4)	4.400%	267	26,316	23,784
2019 B (4)	3.637%	207	22,921	20,803
2020 A (4)	3.353%	236	26,055	23,950
2020 BC (4)	3.170%	390	40,957	32,896
2021 A (4)	3.137%	233	28,246	26,557
2022 A (4)	4.893%	220	29,395	28,486
2022 B (4)	5.097%	276	37,932	37,001
2022 C (4)	5.570%	316	44,643	43,846
2023 A (4)	5.405%	323	49,292	48,617
2023 B (4)	5.451%	307	49,607	49,122
2023 C (4)	5.829%	364	59,782	59,380
2023 D (4)	5.658%	320	57,366	57,073
2024 A (4)	5.379%	323	58,725	58,675
2024 BC (4)(5)	6.270%	12	1,961	1,961
Totals		9,131	1,022,794	868,748

(1) All loans are fixed-rate loans.
(2) This outstanding loan balance consists of mortgage loans transferred from various Housing Finance Bond issues which have been refunded or redeemed.
(3) The Movin' Up Program provides financing for borrowers seeking to sell their current residence and purchase a new residence from amounts under the General Resolution that are not subject to Code requirements applicable to first-time homebuyers. The income limits in the Movin' Up Program are generally higher than those set by the Code for first-time homebuyers. Although not required by the Code, the Movin' Up Program follows the purchase price limits set by the Code for first-time homebuyers.
(4) This issue permits the purchase of additional Program Loans from certain recoveries of principal and surplus revenues. However, the Housing Development Fund may instead elect to redeem bonds from such recoveries of prinicpal and surplus revenues where economically prudent.
(5) This issue is a blend of tax-exempt and taxable proceeds that are allocated to each loan as 60% funded by tax-exempt funds and 40% funded by taxable funds.

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APPENDIX A-4
Summary of Housing Finance Bonds Outstanding
As of June 30, 2024 (unaudited)(1)
(Dollars in Thousands)

Issue (2)	Interest Rates of Outstanding Maturities	Original Issue Amount	Scheduled Maturities and Sinking Fund Payments	Early Redemptions from Prepayments, Excess Revenues, and Reserves	Amount Outstanding June 30, 2024
2013 A (3)	3.20%	21,000	14,045	-	6,955
2015 AB	2.95%-3.70%	50,660	24,065	12,590	14,005
2015 CD	3.20%-3.85%	70,060	26,820	18,260	24,980
2017 AB	2.75%-4.00%	39,505	12,160	11,420	15,925
2018 A	2.65%-3.85%	25,000	5,210	6,375	13,415
2019 A	2.15%-3.875%	35,000	6,515	5,405	23,080
2019 B	1.65%-3.05%	30,000	4,915	4,490	20,595
2020 A	0.90%-2.80%	30,000	4,515	2,045	23,440
2020 BC	0.50%-2.40%	44,960	8,120	5,415	31,425
2021 A	0.45%-2.50%	30,000	3,200	185	26,615
2022 A	2.50%-4.15%	30,000	1,375	360	28,265
2022 B	2.00%-4.25%	40,000	640	2,100	37,260
2022 C	2.80%-4.85%	45,000	1,005	495	43,500
2023 A	3.00%-4.85%	50,000	610	380	49,010
2023 B	3.20%-4.70%	50,000	-	165	49,835
2023 C	3.45%-5.00%	60,000	-	110	59,890
2023 D	3.40%-4.90%	60,000	-	-	60,000
2024 A	3.10%-4.65%	75,000	-	-	75,000
2024 B	3.45%-4.90%	48,000	-	-	48,000
2024 C (3)	4.935%-6.119%	$ 32,000	$ -	$ -	$ 32,000
Totals		$ 866,185	$ 113,195	$ 69,795	$ 683,195

(1) Following the issuance of 2023 BC on June 18, 2024.
(2) All listed issues finance Program Loans (primarily single family).
(3) Taxable Issue.

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APPENDIX B

SUMMARY OF CERTAIN FEDERAL HOUSING SUBSIDY AND MORTGAGE INSURANCE PROGRAMS AND EXPERIENCE WITH LOAN DEFAULTS

INTRODUCTION

The United States Department of Housing and Urban Development ("HUD"), created by the Housing and Urban Development Act of 1965, is responsible for the administration of various federal programs authorized under the National Housing Act of 1934, as amended, and the United States Housing Act of 1937, as amended. The United States Department of Veterans Affairs, formerly Veterans Administration ("VA") administers the mortgage guaranty program authorized under the Servicemen's Readjustment Act of 1944, as amended. The Rural Housing Loan Program (the "Loan Guaranty Program") is administered by the United States Rural Housing Service ("RHS") (formerly the Farmers Home Administration) under Sections 1980.301 et. seq. of the Code of Federal Regulations. These programs may be financed by annual appropriations from Congress, as well as by mortgage insurance premiums and fees; subsidies and insurance payments are in some cases made from trust funds established under the various programs.

Following is a summary of these programs as they affect mortgages that the Housing Development Fund has financed or intends to finance under the Housing Finance Program. This summary is intended only as a brief description and does not purport to summarize or describe all of the provisions of such programs and insurance. Reference is made to applicable statutes, regulations and agreements for more detailed information regarding Federal Housing Administration ("FHA") and VA program(s), Rural Housing and this summary is qualified in its entirety by reference to such statutes, regulations and agreements.

THE SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM

The Section 8 project-based program is provided by HUD and authorizes payments to the owners of qualified housing units. The housing assistance payments to the owner represent the differences between the "contract rents" for all eligible units in a rental dwelling, adjusted annually as specified by HUD, and the eligible tenants' rental contributions. Housing assistance payments provide a subsidy for the benefit of families whose incomes generally do not exceed 50% of the median income (adjusted for family size), as determined by HUD, in the area where the housing is located.

Subsidy Contracts – Under Section 8 of the United States Housing Act of 1937, as amended ("Section 8"), HUD contracts with Public Housing Authorities to administer and implement federal rental assistance contracts. The State's Section 8 project-based subsidy program is administered by the Housing Development Fund.

The payment of subsidies under the Section 8 program is generally made pursuant to two contracts: an annual contributions contract ("ACC"), between HUD and the Housing Development Fund, and a housing assistance payments contract (the "HAPC") among HUD, the Housing Development Fund and the owner of the development. The ACC obligates HUD to provide funds to the Housing Development Fund with which to make monthly housing assistance payments to the owner pursuant to the HAPC.

The HAPC is usually for a term of 20 years. Currently, there are three Project Loans whose terms extend beyond the expiration of the related HAPC. See APPENDIX A-1 – "PROJECT LOANS FINANCED WITH HOUSING FINANCE BONDS."

Amount and Payment of Subsidy – The contract rent initially established for each unit in a development is limited to the fair market rent for the dwelling unit, which is the rent, as determined annually by HUD and published in the Federal Register, which would be required to be paid to occupy privately developed and owned housing of a comparable nature with respect to each locality.

For each assisted unit, the amount of the subsidy actually payable to the Housing Development Fund for the account of the owner is equal to the contract rent less the payment to be made to the owner by the tenant(s), as approved by HUD. The tenant payment is generally 30% of adjusted family income, with a minimum rent of $25 a month. The total rental income from subsidized housing units payable to the owner is equal to the contract rent, part being paid by the tenants directly to the owner and the remainder subsidized by HUD and paid through the Housing Development Fund. Tenants are required to report any changes in their income or household status and to certify their income and family composition at least annually to determine any necessary changes to the payment contribution.

Adjustments of Subsidy Amount -- HUD's Section 8 regulations and the HAPC provide that the initial contract rents for the assisted dwelling units in each development will be adjusted annually by HUD pursuant to an annual adjustment factor, operating cost adjustment factor and/or a Rent Comparability Study. Such adjustments may increase or decrease the amount of the contract rents from time to time, but will not reduce the amount of the contract rents below the level initially established pursuant to the ACC and throughout the term of the HAPC. Additionally, special adjustments may be approved by HUD to reflect increases in the actual and necessary expenses of owning and maintaining the development which have resulted from substantial general increases in real property taxes, utility rates or similar costs (e.g., assessments and utilities not covered by regulated rates), but only to the extent that the adjusted rent does not exceed the reasonable rent as determined under the regulations.

On October 27, 1997, Congress enacted the Multi-Family Assisted Housing Reform Act ("MAHRA") which established new policies for renewal of Section 8 HAPCs, upon expiration. Renewal HAPC's can be based upon comparable market rents instead of the Fair Market Rent ("FMR") standard. Owners may elect from several options, the method used to establish rents and other financing objectives upon contract expiration and at each successive renewal term.

Vacancies and Debt Service -- Generally, the Section 8 subsidy is payable with respect to the dwelling unit only when it is occupied by an eligible family. However, the law and the regulations provide for payment of the subsidy under certain circumstances, for a limited period of time, when the dwelling unit is not occupied.

If requested, upon occurrence of a vacancy in a dwelling unit, a subsidy amounting to 80% of the contract rent is payable for a vacancy period of 60 days subject to compliance by the mortgagor with certain conditions relating primarily to a diligent effort to rent the subsidized unit. Subsequent to the initial rent-up period, if a dwelling unit remains vacant after such 60-day period and certain other criteria are met, certain projects may request the payment of a subsidy for one or more additional periods of up to 12 months in an amount equal to the principal and interest payments required to amortize that portion of the debt attributable to such vacant unit.

The regulations provide that HUD and the Housing Development Fund may reduce the number of contract units if the owner fails for a substantial period of time to lease or make available for leasing by eligible families the required percentage of contract units.

Pledge of Subsidy as Security for the Bonds -- HUD regulations permit the mortgagor and the Housing Development Fund to pledge, or offer the federal subsidy payments as security for financing of the developments. The Housing Development Fund requires the mortgagor for each development to pledge or offer as security such federal subsidy payments, with HUD approval, as security for the mortgage loan on the development by an assignment of the HAPC to the Housing Development Fund, and in the Resolution, the Housing Development Fund has pledged the revenues received from the Mortgage Loans to the payment of the Bonds.

The regulations provide that in the event of foreclosure, or assignment or sale to the Housing Development Fund in lieu of foreclosure, or in the event of an assignment or sale agreed to by the Housing Development Fund and approved by HUD (which approval shall not be unreasonably delayed or withheld), subsidy payments will continue in accordance with the HAPC.

Compliance with Subsidy Contracts -- The ACC and the HAPC each contain numerous agreements on the part of the Housing Development Fund and the mortgagor.

Housing subsidies will continue as long as the owner complies with the requirements of the HAPC and has leased the assisted units to eligible tenants or has satisfied the criteria for receiving assistance for vacant units. The Housing Development Fund, which has primary responsibility for administering the HAPC, subject to review and audit by HUD, may require the owner to cure any default under the HAPC, and housing assistance payments may be abated and overpayments recovered pending remedy for the default. If the default is not cured, the HAPC may be terminated or other corrective actions taken.

If HUD determines that the Housing Development Fund has failed to fulfill its obligations, HUD may, after notice to the Housing Development Fund and giving it a reasonable opportunity to take corrective action, require that the Housing Development Fund assign to it all rights under the HAPC.

FHA INSURANCE PROGRAMS

The National Housing Act of 1934, as amended, authorizes various FHA mortgage insurance programs. Insurance benefits are payable only upon foreclosure (or other acquisition or possession) and conveyance of the mortgaged premises to HUD or, in the case of multifamily loans, upon assignment of the defaulted loan to HUD.

With respect to the conveyance of defaulted home mortgage loans to HUD, the insured must first pursue a full range of loss mitigation efforts. Loss mitigation efforts include temporary or special forbearance, loan modification, partial claim, pre-foreclosure sale or a deed in lieu of foreclosure to cure the delinquency within a reasonable time, or to return a borrower to regular, full mortgage payments or to assist the borrower with disposition of the property without foreclosure. The loss mitigation strategy must be pursued consistent with the borrower's circumstances, before the mortgagee makes the determination to initiate foreclosure proceedings.

Under some of the FHA insurance programs, HUD pays insurance claims in cash unless the mortgage lender specifically requests payment in debentures issued by HUD. Under others, HUD has the option at its discretion to pay insurance claims in cash or in such debentures. The current HUD policy, subject to change at any time, is to make insurance payments on mortgages covering less than five dwelling units in cash with respect to all programs covering such units as to which it has discretion to determine the form of insurance payments. HUD debentures issued in satisfaction of FHA insurance claims bear interest at the HUD debenture interest rate in effect under HUD regulations on the date of the mortgage insurance commitment or of the initial insurance endorsement of the mortgage, whichever rate is higher.

When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance, the insurance payment is computed as of the date of default by the mortgagor, as defined in HUD regulations, and the mortgage holder generally is compensated for the unpaid principal balance plus six months of interest after the date of default. The regulations under all insurance programs described above provide that the insurance payment itself shall bear interest from the date of default to the date of payment of the claim at the same interest rate as the applicable HUD debenture interest rate determined in the manner set forth above.

When a property to be conveyed has been damaged by any cause, whether by accidental means or otherwise, it generally is required as a condition to payment of an insurance claim, that such property be restored excepting reasonable wear and tear to an established conveyance condition. When any property conveyed to HUD or subject to a mortgage to be assigned to HUD has been damaged by fire, earthquake, flood or tornado, it generally is required, as a condition to payment of an insurance claim, that such property be repaired by the mortgage lender prior to such conveyance or assignment.

Not all mortgaged properties are required to be conveyed to HUD. The Housing Development Fund participates in the Claims Without Conveyance of Title Program. In this Program, the foreclosure bid price is based on the Federal Housing Commissioner's Adjusted Fair Market Value ("CAFMV") after a HUD appraisal is received. If these properties are not sold to a third party during the foreclosure sale, they are added to the Housing Development Fund's real estate owned inventory.

EXPERIENCE WITH MULTIFAMILY LOAN DEFAULTS

The Housing Development Fund is entitled to claim the benefits of federal mortgage insurance upon the occurrence and continuance for 30 days of certain events of default specified in its loan agreements with the project mortgagors, including failure of the mortgagor to make timely payments due under the Mortgage Loan. A notice of the existence of the default is sent to the mortgagor and reported electronically to HUD. The Housing Development Fund must pursue loss mitigation strategies prior to a decision to foreclose. Once all loss mitigation has failed to resolve the default, the Housing Development Fund may proceed with foreclosure and convey the property to HUD at which time the Housing Development Fund is eligible to receive the insurance proceeds, in an amount equal to 99% of the outstanding balance of the mortgage loan plus an amount, representative of accrued interest on the claim, at a rate equal to the FHA debenture rate in effect on the date of commitment or initial endorsement of the loan by HUD, whichever rate is higher (in the case of Section 236 insurance the interest rate applicable during the period between default and assignment is the mortgage rate). This rate may be higher or lower than the rate the mortgagor was obligated to pay. To date, the Housing Development Fund has requested payment from FHA on several Program Loans but has never assigned a Project Loan to FHA for payment. The Housing Development Fund has assigned one multifamily mortgage in the Bond Insurance Fund to FHA, and received payment under the insurance program.

VETERANS ADMINISTRATION GUARANTY PROGRAM*

**The VA has become the "Department of Veterans Affairs".*

The Servicemen's Readjustment Act of 1944, as amended, permits a veteran (or in certain instances, a spouse) to obtain a mortgage loan guaranty by the VA covering mortgage financing of the purchase of a one-to-four family dwelling at interest rates permitted by VA. The program has no mortgage loan limits, requires no down payment from the purchaser and permits the guaranty of mortgage loans of up to thirty years and thirty-two days duration.

For loans of $45,000 or less, the guaranty will be 50% of the loan amount. For loans of more than $45,000, but not more than $56,250, $22,500 of the loan is guaranteed, and for loans of more than $56,250 and less than $144,000, the guaranty will be the lesser of 40% of the loan amount or $36,000, with a minimum guaranty of $22,500. For loans greater than $144,000, the maximum guarantee amount is up to an amount equal to 25% of the county loan limit. For manufactured homes the guaranty will be the lesser of 40% of the loan amount or $20,000. In addition, a manufactured home loan is limited to 95% of the purchase price, requiring a minimum down payment of 5%. The liability on the guaranty is reduced or increased pro rata with any reduction or increase in the amount of the indebtedness, but in no event will the amount payable on the guaranty exceed the amount of the original guaranty. Notwithstanding the dollar and percentage limitations of the guaranty, a mortgage lender will ordinarily suffer a monetary loss only when the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of a mortgaged premise is greater than the original guaranty as adjusted. The VA may, at its option, and without regard to the guaranty, make full payment to a mortgage lender of unsatisfied indebtedness on a mortgage upon its assignment to VA.

PRIVATE MORTAGE INSURANCE

The Housing Development Fund requires private mortgage insurance coverage for all Program Loans if the principal amount of the Program Loan exceeds 80% of the lesser of the purchase price or appraised value and the Program Loan is not guaranteed by VA or USDA/RD or insured by FHA.

The Housing Development Fund will allow privately insured Program Loans underwritten using nationally accepted underwriting guidelines established by Fannie Mae for Housing Finance Agencies under the Fannie Mae "HFA Preferred" program. These loans must be approved through an automated underwriting system such as Desktop Underwriter with expanded approvals generally not acceptable. Such privately insured mortgage loans may have loan-to-value ratios no greater than 100% of the lesser of the purchase price or the appraised value.

Effective June 19, 2006 the Housing Development Fund's minimum requirement for private mortgage insurance coverage are as follows:

Loan-to-Value Ratio	PMI Coverage
97% to 100%	20%*
95% to ≤97%	18%
90% to ≤95%	16%
85% to ≤90%	12%
80% to ≤ 85%	6%

*No longer offered as this coverage is not available from private mortgage insurers.

See "APPENDIX A-2 – Certain Information Relating to the Housing Finance Bond Program Loans", for additional information regarding private mortgage insurance and the Program Loans.

Prior to a decision to foreclose on a loan in default, the Housing Development Fund must pursue loss mitigation strategies. The strategies include forbearance, loan modification, pre-foreclosure sale of the mortgaged property, or a deed-in-lieu of foreclosure. Once all loss mitigation strategies have been exhausted, the Housing Development Fund may proceed with a foreclosure sale.

The amount of loss payable generally consists of the following: a percentage of the unpaid principal balance plus a portion of the accrued interest; usual and customary attorneys' fees; real estate taxes; a portion of the hazard and private mortgage insurance premiums necessarily advanced by the insured; some expenses incurred in preservation and maintenance of the property; and other costs and expenses incurred to acquire title to the property.

The majority of privately insured mortgage loans are held for sale by the Real Estate Owned department of the Housing Development Fund. On the rare occasion when a property to be conveyed directly to a private mortgage insurer or subject to a mortgage to be assigned to such insurer has been damaged by any cause, whether by accidental means or otherwise, it generally is required, as a condition to payment of an insurance claim, that such property be restored to its condition at the time such insurance was issued, excepting reasonable wear and tear, prior to such conveyance or assignment.

RURAL HOUSING LOAN GUARANTY PROGRAM

The Rural Housing Loan Program (the "Loan Guaranty Program") is administered by the United States Rural Housing Service ("RHS") (formerly the Farmers Home Administration) under Title 7, Sections 1980.301 et. seq. of the Code of Federal Regulations. The objective of the Loan Guaranty Program is to assist eligible households in obtaining modest, decent, safe, and sanitary dwellings for their own use in rural areas by guarantying loans, which would not be made without a guaranty.

Guaranties are limited to loans to applicants with incomes that do not exceed median income limits specified and published by RHS. Applicants may not be denied assistance based on receipt of income from public assistance. The amount of the loan may not exceed the maximum dollar limitation for loans insured by HUD under Section 203 (b) (2) of the National Housing Act. The loan may include amounts for the guaranty fee. The property (including certain eligible leaseholds) must be located in rural areas as established from time to time by the State Director of RHS.

To be eligible for the guaranty, the loan must be a fixed interest rate loan amortizing over a period of 30 years.

The terms of the Lender Agreement between RHS and the Housing Development Fund obligate the Housing Development Fund to notify RHS whenever a borrower is a full 60 days past due on a payment or is otherwise in default and to update RHS with respect to such loans each thirty days until the default is resolved.

The Housing Development Fund is also required to request the borrower to participate in an interview for the purpose of resolving the past due account before the loan becomes 90 days past due. The Housing Development Fund is a delegated servicer and is not required to seek RHS approval for loss mitigation, but must provide information to RHS via their website. Options for resolving the past due account are informal forbearance/repayment, special forbearance, loan modifications, special loan servicing or pre-foreclosure sale and deed in lieu.

If the plan of liquidation involves a foreclosure, the Housing Development Fund must obtain a fair market value appraisal and bid in an amount, at foreclosure, that is at least 78% of the appraised value. After liquidation, the Housing Development Fund markets the property and a claim must be filed with RHS for insurance benefits no later than 60 days from the date of recording of the foreclosure sale deed. The maximum guarantee for the permanent loan will be 90% of unpaid principal and accrued interest for 90 days from the date the decision is made to liquidate the loan. The maximum loss payment to a lender or holder is 100% of any loss sustained by the holder on the guaranteed portion.

The guaranty is an obligation supported by the full faith and credit of the United States. The amount of the guaranty loss payment may not exceed unpaid principal and interest to the date of final settlement. Interest on interest is not permitted.

U.S. DEPARTMENT OF AGRICULTURE SECTION 538 GUARANTEED RURAL RENTAL HOUSING LOAN PROGRAM

The U.S. Department of Agriculture's ("USDA") Section 538 Guaranteed Rural Rental Housing Program (Section 538 Program) provides a loan note guarantee to the lender of the permanent loan amount for qualifying residential rental properties, serving low or moderate-income families. Generally, properties must be located in areas with a population of less than 10,000 (and in some cases up to 35,000).

Section 538 Program loans may have a loan and amortization term of up to 40 years. In addition to the 90% loan note guarantee, the Section 538 Program may also provide an interest credit on the first $1,500,000 of the permanent loan (funneled through the lender) to the property owner to buy down the interest rate to the applicable federal rate. At initial occupancy, each tenant household's income cannot exceed 115% of the area median income as adjusted for family size. On an annual basis, the monthly rent cannot exceed 30% of the area median income as adjusted for family size.

Servicing procedures are defined under Section IV. Servicing, Section V. Default and Section VI. Liquidation of the Lender's Agreement Business and Industry Guaranteed Loan Program and Section 9006 Program Form 4279-4. The lender will notify USDA of any loan 30 days past due on form FmHA 1980-44 and all actions taken will be with the written concurrence of USDA.

If the lender concludes pursuant to USDA regulations that liquidation of a guaranteed loan account is necessary, the lender will pursue actions in concurrence with USDA and prepare a liquidation plan. If USDA concurs with the liquidation plan the Lender will ordinarily conduct the liquidation. The Lender will transmit to the USDA their pro rata share of any payments received from the Borrower and of liquidation and any other proceeds, using FmHA form 449-30.

The foregoing description of certain programs is only a brief outline and does not purport to summarize or describe all of the provisions of these programs. For a more complete description of the terms of these programs, reference is made to the provisions of the contracts embodied in the regulations of the FHA, the VA, RHS and USDA respectively.

MORTGAGOR BANKRUPTCY

Mortgagors may seek protection under the United States Bankruptcy Code, which provides a debtor with an opportunity to adjust his debts without losing control of his assets. Under a plan confirmed under Chapter 13 of the Bankruptcy Code, the debtor's unsecured and secured debts may be modified, except that debts secured by a mortgage on real property used as the debtor's principal residence may not be modified, except to cure defaults or reinstate maturity. Absent court ordered relief (which is only available under limited circumstances) the automatic stay under Section 362 of the Bankruptcy Code will apply in any case commenced under the Bankruptcy Code, and the mortgagee will be stayed from any action to satisfy its claim, including foreclosure on the real property. To date, the Housing Development Fund has not experienced any significant loss of principal as a result of the implementation of plans confirmed under Chapter 13 of the Bankruptcy Code, and it does not believe that any such implementations will have a materially adverse effect on its Housing Finance Program.

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APPENDIX C

WEST VIRGINIA HOUSING DEVELOPMENT FUND

AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

West Virginia Housing Development Fund

AUDITED FINANCIAL STATEMENTS

For the years ended June 30, 2024 and 2023

Audited Financial Statements

WEST VIRGINIA HOUSING DEVELOPMENT FUND

For the Years Ended June 30, 2024 and 2023

Audited Financial Statements

Required Supplementary Information

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Suttle & Stalnaker | Certified Public Accountants
A Professional Limited Liability Company

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
West Virginia Housing Development Fund
Charleston, West Virginia

Opinions

We have audited the accompanying financial statements of the business-type activities (enterprise fund) and fiduciary fund type activities of the West Virginia Housing Development Fund (the Fund), a component unit of the State of West Virginia, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities (enterprise fund) and the fiduciary fund type activities of the Fund, as of June 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years 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. 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 the Fund 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.

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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 the Fund'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.

Auditor's 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 generally accepted 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.

In performing an audit in accordance with generally accepted 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 the Fund'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 the Fund'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, the schedules of the proportionate share of the net pension liability (asset) PERS, the schedules of contributions to the PERS, the schedules of changes in net OPEB liability (asset) and related ratios - Welfare Benefit plan, the schedules of contributions to the Welfare Benefit plan, the schedules of annual rate of return on investments - Welfare Benefit plan, and the accompanying notes to required supplementary information 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.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
September 13, 2024

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INTRODUCTION

The West Virginia Housing Development Fund (the Fund) is a public body corporate with statewide responsibility for housing and operates a wide variety of programs to provide safe and affordable housing for residents and families in the State of West Virginia (the State). The Fund is a self-supporting agency and does not receive State appropriations for its operations. Through June 30, 2024, the Fund has provided assistance for almost 172,000 housing or housing-related units.

The permanent staff of the Fund consists of 114 persons as of June 30, 2024, including professional staff members qualified in the fields of accounting, finance, law, mortgage underwriting, mortgage loan servicing, secondary mortgage markets, planning, cost estimation, construction, inspection, and housing management. The Fund provides services in these fields for its programs as required and utilizes professional consulting services from time to time to supplement its own staff.

The Fund has 19 bond issues totaling $683,195,000 par amount outstanding under its Housing Finance bond resolution. The bonds are rated "AAA" by Standard & Poor's Public Ratings Services (S&P) and "Aaa" by Moody's Investors Service, Inc. (Moody's).

The Fund's unsecured long-term general obligation debt pledge is rated "Aaa" by Moody's and "AAA" by S&P. The Fund is the first and only housing finance agency ever to receive such ratings on its long-term general obligation debt pledge. These ratings are not assigned to any particular issue of debt, but rather represent an overall credit assessment of the Fund's long-term general obligation pledge.[1]

The financial transactions of the Fund related to its various programs are reported in the enterprise fund financial statements, which are more fully explained in the Notes to the Financial Statements. These programs consist of the General Account, Bond Programs, Other Loan Programs, Affordable Housing Fund, Land Development Program, Bond Insurance Account, and Federal Programs. These were established in accordance with the West Virginia Housing Development Fund Act (the Act), the bond resolution, or at management's discretion. The restricted net position of the Fund includes the net position of the Bond Programs, Affordable Housing Fund, Land Development Program, Bond Insurance Account, and Federal Programs, which are restricted by the bond resolution, the Act, or federal regulations. The Fund reports one fiduciary type fund, the Welfare Benefit Plan, an irrevocable trust for postemployment healthcare insurance benefits (OPEB) for the Fund's employees. The fiduciary fund's activities benefit the employees of the Fund and the fiduciary fund's resources are not available to support the various programs of the enterprise fund.

As management of the Fund, we offer readers of the Fund's enterprise fund financial statements the following narrative overview and analysis of the Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Fund Net Position as of and for the years ended June 30, 2024, 2023, and 2022.

[1] An explanation of the Moody's ratings may be obtained by writing to Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; an explanation of the S&P ratings may be obtained by writing to Standard & Poor's Public Ratings Services, 55 Water Street, New York, New York 10041. There is no assurance that such ratings will be maintained for any period of time or that such ratings will not be withdrawn or revised downward by Moody's or S&P if, in their judgment, circumstances so warrant. Such actions, if taken, could have an adverse effect on the market price of bonds issued by the Fund.

USING THIS REPORT

This report consists of a series of enterprise fund financial statements extracted from the audited financial statements: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Fund Net Position, and the Statements of Cash Flows. These statements provide information about the activities for each period presented.

The Fund prepares financial statements in conformity with accounting principles generally accepted in the United States of America for state housing finance enterprise funds. The enterprise fund Statements of Net Position represent the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources and include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the basis of accounting described above. Over time, increases or decreases in the net position are one indicator of whether financial status is improving, stable, or deteriorating. There are also other factors that should be considered when reviewing the operational results, such as changes in the interest rate environment, bond market, changes to state and federal laws governing the Fund's programs, changes to the tax code, and the real estate market in the State. The Statements of Revenues, Expenses, and Changes in Fund Net Position reflect revenues, such as interest on loans, loan-servicing fees, interest on investments, fees for the administration of federal financial awards programs, and expenses, such as loan fees, program expenses, administrative expenses, and interest on outstanding debt. The Notes to the Financial Statements provide information that is essential to fully understand the data provided in the financial statements.

FINANCIAL HIGHLIGHTS

Fiscal year 2024 was an impressive production year for the Fund. Lower interest rates offered to our borrowers gave us a competitive advantage over banks and lenders. To meet this demand, $325,000,000 in single family bonds were issued to fund homeownership loans. Multi-family construction production also had an increase during the fiscal year. This increase in bond issuances and mortgage lending, had a significant impact throughout our Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position. Expenses and income related to the increase in production include the bond cost of issuance expenses, loan origination fees, service fees, interest and fee income. Assets and liabilities also fluctuated due to increased mortgage loan balances and debt outstanding.

Following is a comparison of the enterprise fund condensed Statements of Net Position at June 30:

(Dollars in thousands)	2024	2023	2022
ASSETS			
Current assets	**$ 190,211**	**$ 166,703**	$ 201,282
Noncurrent assets:			
Mortgage loans & Restricted mortgage loans, net of allowance for losses	**1,020,647**	**790,556**	700,538
Restricted Federal Program mortgage loans, net of allowance for losses	**70,879**	**64,220**	64,434
Restricted cash and cash equivalents	**112,097**	**76,104**	57,626
Investments & Restricted investments	**60,664**	**63,345**	49,587
Capital assets, net of depreciation	**7,168**	**7,350**	7,619
Other assets & Restricted other assets, net of allowance for losses	**1,895**	**2,855**	5,354
Total assets	**1,463,561**	**1,171,133**	1,086,440
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension and OPEB	**2,131**	**3,267**	3,795
LIABILITIES			
Current liabilities:			
Accounts payable and other liabilities	**23,783**	**19,015**	18,704
Accrued interest payable	**4,048**	**2,040**	1,260
Bonds payable	**29,520**	**21,915**	18,885
Noncurrent liabilities:			
Bonds & notes payable, net	**654,168**	**368,057**	267,521
Other liabilities	**142,282**	**167,021**	197,516
Total liabilities	**853,801**	**578,048**	503,886
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension and OPEB	**632**	**367**	5,283
NET POSITION			
Net investment in capital assets	**7,168**	**7,350**	7,619
Net position - Restricted	**476,559**	**470,784**	464,577
Net position - Unrestricted	**127,532**	**117,851**	108,870
TOTAL NET POSITION	**$ 611,259**	**$ 595,985**	$ 581,066

Below is additional discussion of the significant financial statement items and the changes in those items over the prior two years due to recent events and activities of the Fund, current economic factors, and other factors affecting financial and programmatic operations.

Current assets

The increase of $23,508,000 (14.1%) in *Current assets* from 2023 to 2024 was primarily due to an increase of $36,739,000 in cash for program disbursements and debt service, an increase of $11,740,000 in cash due to a long-term investment reinvested as short-term, an increase of $3,928,000 in funds held for others which includes insurance and tax accounts held on behalf of the Fund's various mortgagors, an increase of $1,527,000 in accrued interest, an increase of $80,000 in foreclosed property, an increase of $33,000 in accounts receivable, a decrease of $30,025,000 in federal funds, which includes COVID relief funds, a decrease of $287,000 in cash held for the Federal Home Loan Bank of Pittsburgh's HOME 4 Good program, and a decrease of $218,000 in the balance of Mortgage Loans Held for Sale.

The decrease of $34,579,000 (17.2%) in *Current assets* from 2022 to 2023 was primarily due to a decrease of $32,866,000 in federal funds, which includes COVID relief funds, a decrease in cash of $4,395,000 for debt service, a $739,000 decrease in accounts receivable, a decrease of $557,000 in cash held for the Federal Home Loan Bank of Pittsburgh's HOME 4 Good program, a decrease of $173,000 in foreclosed property, a decrease of $20,000 in the balance of Mortgage Loans Held for Sale, an increase of $1,469,000 in multifamily construction funds, an increase of $1,334,000 in funds held for others which includes insurance and tax accounts held on behalf of the Fund's various mortgagors, an increase of $971,000 in cash for program disbursements, and an increase of $402,000 in accrued interest.

Mortgage loans & Restricted mortgage loans, net of allowance for losses

The increase of $230,091,000 (29.1%) in *Mortgage loans & Restricted mortgage loans, net of allowance for losses* from 2023 to 2024 was primarily due to originations of $318,121,000 exceeding loan repayments of $84,352,000, foreclosures of $2,008,000, and an increase in allowance for loan losses of $1,670,000.

The increase of $90,018,000 (12.8%) in *Mortgage loans & Restricted mortgage loans, net of allowance for losses* from 2022 to 2023 was primarily due to originations of $174,204,000 exceeding loan repayments of $81,607,000, foreclosures of $2,325,000, and an increase in allowance for loan losses of $254,000.

Restricted Federal Program mortgage loans, net of allowance for losses

This line item consists of the United States Department of Housing and Urban Development's (HUD) HOME Investment Program (HOME), National Housing Trust Fund (NHTF) and Emergency Rental Assistance mortgage loans. The fluctuations from year to year represent the net of program loan originations and repayments during the years presented.

Restricted cash and cash equivalents

The increase of $35,993,000 (47.3%) in *Restricted cash and cash equivalents* from 2023 to 2024 was primarily due to a $28,494,000 net increase in the balance of funds available to purchase single family mortgage loans related to the timing of bond issuances and an increase of $7,499,000 in short-term funds related to funding capital reserve accounts as a part of bond issuances.

The increase of $18,478,000 (32.1%) in *Restricted cash and cash equivalents* from 2022 to 2023 was primarily due to a $20,084,000 net increase in the balance of funds available to purchase single family mortgage loans related to the timing of bond issuances and a decrease of $1,606,000 in short-term funds on hand in 2022 invested long-term in 2023.

Investments & Restricted investments

The fluctuations in *Investments and Restricted investments* from year to year is the net effect of investment purchases, redemptions, maturities and amortization and the change in fair value of investments as required by governmental accounting standards. Certain investments are required to be recorded at fair value and the unrealized gains or losses are to be reported in the enterprise fund Statements of Revenues, Expenses and Changes in Fund Net Position.

The following summary illustrates the changes in *Investments & Restricted investments* as of June 30:

(Dollars in thousands)	2024	2023	2022
Balance at beginning of fiscal year	**$ 63,345**	**$ 49,587**	$ 38,746
Sales and maturities	**(58,395)**	**(37,313)**	(1,063)
Purchases	**56,043**	**52,231**	16,638
Decrease in fair value of investments and amortizations	**(329)**	**(1,160)**	(4,734)
Balance at end of fiscal year	**$ 60,664**	**$ 63,345**	$ 49,587

Capital assets, net of depreciation See *Note A – Capital assets, net of depreciation*

The decrease of $182,000 (2.5%) from 2023 to 2024 was due to depreciation of the Fund's office building, equipment, and software.

The decrease of $269,000 (3.5%) from 2022 to 2023 was due to depreciation of the Fund's office building, equipment, and software.

Other assets and Restricted other assets, net of allowance for losses

The decrease of $960,000 (33.6%) in *Other assets and Restricted other assets, net of allowance for losses* from 2023 to 2024 was primarily due to a $1,317,000 decrease in foreclosed properties, a decrease of $71,000 due from Federal program reimbursements, and an increase in the net pension and OPEB (Other Postemployment Benefits) assets of $414,000, and an increase of $14,000 in prepaid expenses.

The decrease of $2,499,000 (46.7%) in *Other assets and Restricted other assets, net of allowance for losses* from 2022 to 2023 was primarily due to a decrease in the net pension asset of $3,538,000, a decrease in miscellaneous assets of $12,000, a $1,023,000 increase in foreclosed properties, and an increase of $28,000 due from Federal program reimbursements.

Deferred outflows of resources related to pension and OPEB and Deferred inflows of resources related to pension and OPEB
See *Note A – Accounting methods*

Deferred outflows and inflows of resources are directly related to the activity described in *Note F – Retirement Plan* to the financial statements in accounting for the changes in the Fund's proportionate share of the West Virginia Public Employees Retirement System's net pension liability (asset) and in *Note H – Other Postemployment Healthcare Benefits* to the financial statements in accounting for the changes in the Fund's net OPEB liability (asset).

Accounts payable and other liabilities

The increase of $4,768,000 (25.1%) in *Accounts payable and other liabilities* from 2023 to 2024 was primarily due to an increase of $4,615,000 in funds held for others, which includes tax and insurance accounts held on behalf of the Fund's various mortgagors, an increase of $433,000 in accrued expenses at year-end, an increase in the bond rebate liability of $8,000, and a decrease of $288,000 in cash held on behalf of the Federal Home Loan Bank of Pittsburgh (FHLB) for program disbursements to be used for its Home4Good program.

The increase of $311,000 (1.7%) in *Accounts payable and other liabilities* from 2022 to 2023 was primarily due to an increase of $1,137,000 in funds held for others, which includes tax and insurance accounts held on behalf of the Fund's various mortgagors, a decrease of $557,000 in cash held on behalf of the Federal Home Loan Bank of Pittsburgh (FHLB) for program disbursements to be used for its Home4Good program, a decrease of $200,000 in accrued expenses at year-end, and a decrease in the bond rebate liability of $69,000.

Bonds and notes payable, current and noncurrent

As illustrated in the following schedule, the changes in Bonds and notes payable were due to the early redemption of bonds, scheduled debt service payments, and new bonds and notes issued. The changes in the balance of bonds and notes payable and interest rates generally account for the fluctuations in *Accrued interest payable* in 2024 and 2023. See *Note D – Bonds Payable*.

Other liabilities

(Dollars in thousands)		2024	2023	2022
Balance at beginning of the fiscal year				
Bonds payable - current		**$ 21,915**	**$ 18,885**	$ 22,285
Bonds payable - noncurrent		**368,057**	**267,521**	290,636
Debt issued:	Housing Finance Bonds (*including discount*)	**325,000**	**134,953**	30,000
	Other Loan Programs note payable	**250**	**-**	250
Debt paid:	Scheduled debt service	**(22,009)**	**(19,000)**	(21,278)
	Early redemptions	**(9,525)**	**(12,370)**	(35,530)
Other Loan Programs note payable allowance for losses [1]		**-**	**(17)**	43
Balance at end of the fiscal year		**$ 683,688**	**$ 389,972**	$ 286,406
Bonds payable - current		**$ 29,520**	**$ 21,915**	$ 18,885
Bonds & notes payable - noncurrent		**654,168**	**368,057**	267,521
Total bonds & notes payable		**$ 683,688**	**$ 389,972**	$ 286,406

[1] See *Note D - Bonds Payable*

The decrease of $24,739,000 (14.8%) in *Other liabilities* from 2023 to 2024 was due to the expenditure of $27,105,000 in federal COVID relief funds for rental and homeowner assistance programs the Fund administers on behalf of the State, a decrease of $587,000 in the net OPEB liability, a decrease of $663,000 in the net pension liability, and an increase of $3,616,000 due to Federal Program mortgage loan repayments and prepayments exceeding originations.

The decrease of $30,495,000 (15.4%) in *Other liabilities* from 2022 to 2023 was due to the expenditure of $31,596,000 in federal COVID relief funds for rental and homeowner assistance programs the Fund administers on behalf of the State, and a decrease in the net OPEB liability of $261,000 and an increase of $699,000 due to Federal Program mortgage loan repayments and prepayments exceeding originations, and an increase of $663,000 in the net pension liability.

Total Net Position improved by $14,919,000 (2.6%) from June 30, 2022 to June 30, 2023. From June 30, 2023 to June 30, 2024, *Total Net Position* improved by $15,274,000 (2.6%) as the enterprise fund net position improved to $611,259,000 at June 30, 2024.

Following is a comparison of condensed enterprise fund Statements of Revenues, Expenses, and Changes in Fund Net Position for the fiscal years ended June 30:

(Dollars in thousands)	2024	2023	2022
REVENUES			
Interest on loans	**$ 41,298**	**$ 31,864**	$ 28,927
Pass-through grant revenue	**120,408**	**150,693**	191,700
Fee revenue	**9,734**	**8,599**	8,637
Net investment earnings (non-operating)	**10,829**	**4,592**	(2,723)
Other	**886**	**875**	1,207
Total Revenues	**183,155**	**196,623**	227,748
EXPENSES			
Pass-through grant expense	**120,408**	**150,693**	191,700
Interest and debt expense (non-operating)	**18,316**	**9,923**	7,357
Loan fees expense	**9,053**	**5,185**	4,209
Program expenses, net	**8,654**	**5,757**	4,332
Administrative expenses, net	**11,450**	**10,146**	6,034
Total Expenses	**167,881**	**181,704**	213,632
CHANGE IN NET POSITION	**15,274**	**14,919**	14,116
NET POSITION AT BEGINNING OF YEAR	**595,985**	**581,066**	566,950
NET POSITION AT END OF YEAR	**$ 611,259**	**$ 595,985**	$ 581,066

Interest on loans

The increase in *Interest on loans* of $9,434,000 (29.6%) from 2023 to 2024 was due to an increase in the volume of loans and an increase in the average mortgage loan rate.

The increase in *Interest on loans* of $2,937,000 (10.2%) from 2022 to 2023 was due to an increase in the volume of loans and an increase in the average mortgage loan rate.

Pass through grant revenue and Pass through grant expense

This line item represents federal funds received and disbursed to sub-recipients under Federal Programs.

The decrease of $30,285,000 (20.1%) from 2023 to 2024 was primarily due to a decrease of $40,355,000 in program disbursements for federal COVID relief rental assistance programs the Fund is administering on behalf of the State, a decrease of $374,000 in National Housing Trust Fund disbursements, an increase of $5,337,000 in HOME disbursements, an increase of $2,860,000 in Section 8 Housing Assistance Payments Program disbursements, an increase of $2,196,000 in Community Development Block Grants (CDBG) disbursements, and an increase of $51,000 in program disbursements for the federal COVID relief homeowner assistance program the Fund is administering on behalf of the State.

The decrease of $41,007,000 (21.4%) from 2022 to 2023 was primarily due to a decrease of $63,956,000 in program disbursements for federal COVID relief rental assistance programs the Fund is administering on behalf of the State, a decrease of $858,000 in HOME disbursements, an increase of $14,744,000 in program disbursements for the federal COVID relief homeowner assistance program the Fund is administering on behalf of the State, an increase of $6,036,000 in Community Development Block Grants (CDBG) disbursements, an increase of $2,591,000 in National Housing Trust Fund disbursements, and an increase of $436,000 in Section 8 Housing Assistance Payments Program disbursements.

Fee revenue

The increase of $1,135,000 (13.2%) in *Fee revenue* from 2023 to 2024 was primarily due to an increase of $907,000 in mortgage loan processing fees, an increase of $217,000 Section 8 fees, an increase of $77,000 in Low-Income Housing Tax credit fees, a decrease of $63,000 in Affordable Housing Fund fees, and a decrease of $3,000 in foreclosure fees.

The decrease of $38,000 (0.4%) in *Fee revenue* from 2022 to 2023 was primarily due to a decrease of $140,000 in mortgage loan processing fees, a decrease of $133,000 in Affordable Housing Fund fees, an increase of $119,000 Section 8 fees, an increase of $108,000 in Low-Income Housing Tax credit fees and an increase of $8,000 in foreclosure fees.

Net investment earnings

Net investment earnings increased $7,315,000 (268.6%) from 2022 to 2023 and increased $6,237,000 (135.8%) from 2023 to 2024 in the comparison of revenues and expenses above. However, *Net investment earnings* include unrealized gains and losses in the fair value of investments for each of the fiscal years presented as required by United States Generally Accepted Accounting Principles (US GAAP). As shown in the schedule below, investment earnings, adjusted for the unrealized gains or losses, increased 212.0% from 2022 to 2023 and increased 83.3% from 2023 to 2024.

(Dollars in thousands)		June 30,	
	2024	**2023**	2022
Net investment earnings per operating statement	**$ 10,829**	**$ 4,592**	$ (2,723)
Adjustments for unrealized loss on fair value of securities	**753**	**1,725**	4,748
Interest earned on investments	**$ 11,582**	**$ 6,317**	$ 2,025
% Increase (Decrease) from prior year	**83.3%**	**212.0%**	

Interest and debt expense

The $8,393,000 (84.6%) increase in *Interest and debt expense* from 2023 to 2024 was primarily due to debt issuances of $325,250,000 exceeding $22,009,000 in debt service and $9,525,000 in redemptions.

The $2,566,000 (34.9%) increase in *Interest and debt expense* from 2022 to 2023 was primarily due to debt issuances of $134,953,000 exceeding $19,000,000 in debt service and $12,370,000 in redemptions.

Loan fees expense

The $3,868,000 (74.6%) increase in *Loan fees expense* from 2023 to 2024 was primarily due to an increase in loan origination fees of $2,666,000, an increase in service release fees of $795,000, and an increase in service fees on loans of $407,000.

The $976,000 (23.2%) increase in *Loan fees expense* from 2022 to 2023 was primarily due to an increase in loan origination fees of $669,000, an increase in service fees on loans of $185,000, and an increase in service release fees of $122,000.

Program expenses, net

The $2,897,000 (50.3%) increase in *Program expenses, net* from 2023 to 2024 was primarily due to an increase of $1,523,000 in cost of issuance expenses, an increase of $1,447,000 in bad debt expense, an increase of $571,000 in losses on sale of foreclosed properties, an increase of $118,000 in Special Needs disbursements, an increase of $101,000 in general program disbursements, a decrease of $554,000 in Affordable Housing Fund disbursements, and a decrease of $309,000 in expenses related to repairs and holding costs for foreclosed properties.

The $1,425,000 (32.9%) increase in *Program expenses, net* from 2022 to 2023 was primarily due to an increase of $1,115,000 in cost of issuance expenses, an increase of $410,000 in Affordable Housing Fund disbursements, an increase of $158,000 in expenses related to repairs and holding costs for foreclosed properties, an increase of $24,000 in building expenses, a decrease of $174,000 in losses on sale of foreclosed properties, a decrease of $44,000 in general program disbursements, a decrease of $33,000 in bad debt expense, and a decrease of $28,000 in Special Needs disbursements.

Administrative expenses, net

The $1,304,000 (12.9%) increase in *Administrative expenses, net* from 2023 to 2024 was primarily due to an increase of $249,000 in professional services and temporary employees, an increase of $112,000 in salary and benefit expenses, an increase in computer related expenses of $90,000, a decrease in various administrative reimbursements of $1,118,000 related to the administration of COVID relief funds, a decrease in pension and OPEB related expenses of $204,000, a decrease of $46,000 in general expenses, and a decrease of $15,000 in travel expenses.

The $4,112,000 (68.1%) increase in *Administrative expenses, net* from 2022 to 2023 was primarily due to an increase in pension and OPEB related expenses of $1,447,000, an increase of $199,000 in professional services and temporary employees, an increase of $136,000 in general expenses, an increase of $78,000 in travel expenses, an increase of $23,000 in salary and benefit expenses, a decrease in various administrative reimbursements of $2,300,000 related to the administration of COVID relief funds, a decrease in computer related expenses of $52,000, and a decrease in compensated absences of $20,000.

OVERVIEW OF THE ENTERPRISE FUND FINANCIAL STATEMENTS

COVID Relief Programs

In response to the housing crisis related to a global outbreak of COVID-19, a respiratory disease declared to be a pandemic (the Pandemic) by the World Health Organization, Congress enacted the Consolidated Appropriations Act, 2021 in December 2020 creating the Emergency Rental Assistance (ERA1) program to provide funding to assist households that were unable to pay rent or utilities. The Fund received the State's allocation of $200 million under this Act to administer the rental assistance program on behalf of the State. As of June 30, 2024, $87,240,000 of these funds have been disbursed for rental and utility assistance. These funds are included in pass through grant revenue and pass through grant expense and in restricted cash and cash equivalents. As of August 26, 2022, the Fund ceased accepting applications for rental and utility assistance and all activity under ERA1 ceased pursuant to the U.S. Treasury guidelines as of September 30, 2022.

In addition, in March 2021 Congress enacted the American Rescue Plan Act of 2021, which allocated an additional $152,000,000 to the State for rental assistance for the Emergency Rental Assistance (ERA2) Program and $50,000,000 in homeowner assistance for the Homeowners Assistance Fund (HAF), both of which the Fund administers on behalf of the State. Collectively, ERA1 and ERA2 are locally known as the Mountaineer Rental Assistance Program (MRAP). As of June 30, 2024, $85,070,000 of the ERA2 funds has been disbursed for rental and utility assistance and $3,580,000 for the development of multifamily rental units. In addition, $36,389,000 of the HAF funds has been disbursed for mortgage and utility assistance. These funds are included in pass through grant revenue and pass through grant expense and in restricted cash and cash equivalents. As of May 8, 2024, the Housing Development Fund ceased accepting applications for assistance under the HAF Program.

Mortgage Lending

The Fund's Bond Programs are the core-housing programs and the primary source of income for the Fund. Various economic and regulatory factors such as prevailing economic conditions, mortgage interest rates, investment rates, the demand for housing, the cost of housing and of operating housing programs, the volume of mortgage lending activity in the State and other factors affecting the supply of housing in the State can create significant challenges for the Fund in both the Bond Programs and its overall operations.

The Fund's Movin' Up program is a long-term strategy intended to be a self-funding lending program as an alternative to dependency on the bond market and a method of assisting moderate income borrowers. The program is designed to attract a market to our single family loan program and provide a long-term increase in the Fund's mortgage loan balances. Unlike other single family bond programs the Fund offers, the Movin' Up Program does not have a first time homebuyer restriction and has significantly higher income limits than other single family programs offered. Its target market is moderate income buyers who may have outgrown their current homes and want to move up to a larger home and may provide the borrower with down payment and closing cost assistance.

In fiscal years 2020 and 2021, a decrease in interest rates contributed to an increase in the number of borrowers refinancing their mortgages. To a lesser extent, the decrease also reduced the Fund's competitive edge of mortgage rates and loan originations. The Fund's Bond Program mortgage loan balances decreased $22,494,000 (3.8%) in fiscal year 2021 compared to 2020 due to borrowers refinancing loans due to a drop in interest rates. In fiscal year 2022, mortgage rates increased, and the Fund regained its competitive edge of mortgage rates and loan originations increased. The Fund's Bond Program mortgage loan balances increased $13,505,000 (2.4%) in fiscal year 2022 as compared to fiscal year 2021 and increased $82,211,000 (14.1%) in fiscal year 2023 as compared to fiscal year 2022. The Fund's Bond Program mortgage loan balances increased an additional $225,373,000 (33.9%) in fiscal year 2024 as compared to fiscal year 2023. Mortgage loan balances and continued loan originations are key elements to future earnings potential.

The changes in Bond Programs mortgage loan balances from fiscal year 2022 through fiscal year 2024 are as follows:

(Dollars in thousands)		June 30,	
	2024	**2023**	2022
Beginning Balance	**$ 663,959**	**$ 581,748**	$ 568,243
Repayments/Prepayments	**(52,649)**	**(53,072)**	(82,523)
Foreclosures	**(4,353)**	**(2,898)**	(2,372)
Originations	**277,443**	**138,181**	111,400
Interfund transfer	**4,932**	**-**	(13,000)
Ending Balance	**$ 889,332**	**$ 663,959**	$ 581,748
% Increase from prior year	**33.9%**	**14.1%**	

The Fund continues to proactively monitor cash positions to ensure sufficient liquidity is maintained and to meet the increased demand for single family mortgage loan originations.

The Fund's single family Bond Program loans consist of 30-year fixed rate loans and no sub-prime loans. The median income of Fund single family borrowers is $65,000 as of June 30, 2024. This income level tends to be impacted quicker than an average borrower during economic declines.

The ability of the Fund to pay debt service on bonds outstanding is heavily dependent on the receipt of mortgage payments from borrowers. However, the Fund maintains a Capital Reserve Fund in an amount no less than the highest aggregate debt service of any year on all outstanding Mortgage Finance Bonds. In addition, the Fund maintains the Bond Insurance Account, as required by the Act, to provide for the payment of debt service on Mortgage Finance Bonds, if necessary.

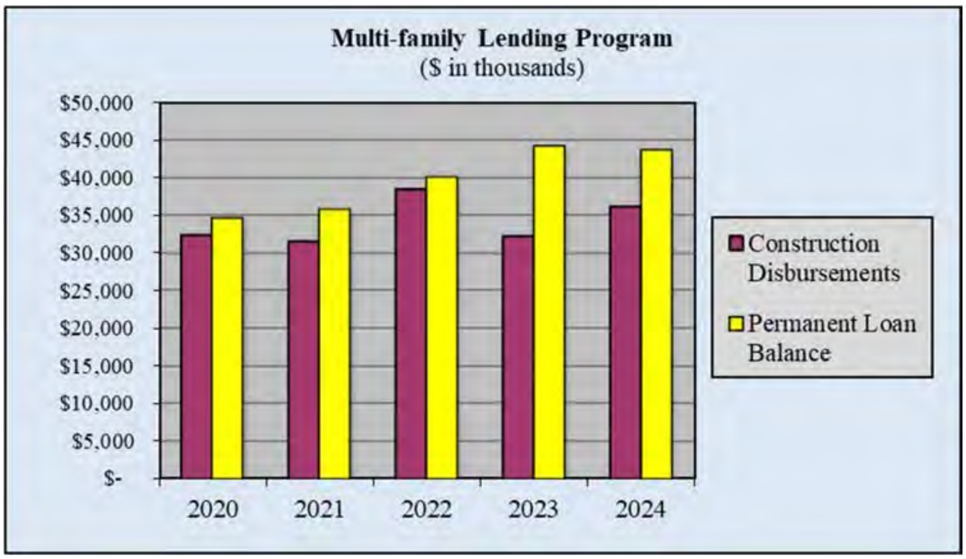
The Fund's Bond Program loan delinquency rates increased from 2022 to 2023 in the One-, Two- and Three-month categories and increased again from 2023 to 2024 as shown in the chart below. The Three + month category decreased in 2023 due to the expiration of the foreclosure moratorium and borrowers receiving assistance from the federal COVID relief HAF program. The Fund will continue to monitor delinquencies and increase communication with borrowers to control delinquencies where possible and/or modify loans as borrowers continue to deal with unemployment and other economic impacts.

Delinquency Rates

	WV Housing Development Fund Bond Programs As of June 30,			WV*	USA*
	2024	2023	2022	As of June 30, 2024	
Months Past Due					
One	4.82%	3.70%	3.39%	3.19%	2.28%
Two	1.61%	1.45%	1.17%	0.90%	0.70%
Three	0.79%	0.43%	0.41%	1.29%	1.00%
Three +	3.47%	2.64%	3.81%	1.72%	1.43%
In foreclosure	0.12%	0.18%	0.35%	0.43%	0.43%

*Most current data available.

In response to a continual increase in the demand for affordable rental housing, the Fund provides financing for both construction and permanent financing of multifamily rental housing. Resources for this initiative are provided from Other Loan Programs, HOME, the National Housing Trust Fund, the Low-Income Housing Tax Credit Program and ERA2. Permanent loans financed from Other Loan Programs often carry United States Department of Agriculture (USDA) 538 loan guarantees. The Fund expects to continue its focus on financing rental housing into fiscal 2025 and future years.



Interest rates on new single family bond loans originated in fiscal year 2024 have averaged approximately 5.59%. Interest rates on new multifamily permanent loans originated in fiscal year 2024 have averaged approximately 4.51%. The average loan interest rate listed below shows the Bond Programs average for fiscal years 2022 through 2024.

Average Loan Interest Rate	
June 30, 2022	4.12%
June 30, 2023	4.41%
June 30, 2024	4.81%

Investments

The Fund invests cash, as permitted by the Act, the bond resolution, and the Board approved Investment Policy. Funds related to the Bond Programs capital reserves and the Bond Insurance Account are primarily invested in long-term United States agency securities and FDIC insured money market accounts, which are expected to be held to maturity. Certain funds in the Bond Insurance Account and general operating funds are invested in mortgage loans held solely for investment. The interest earnings on these investment types are less affected by the fluctuation in short-term interest rates.

Loan proceeds and revenues of the Bond Programs, Other Loan Program, and operating funds are primarily on deposit with a bank, invested in FDIC insured money market accounts and short-term United States agency securities. All bank deposits are either FDIC insured or collateralized by permitted investments. The remaining funds are on deposit with the West Virginia Board of Treasury Investments (WVBOTI). Such funds are extremely sensitive to short-term interest rate fluctuations.

As shown in the following chart, the average investment rates for short-term investments and the WVBOTI have been consistent with the Federal Funds rate and have fluctuated accordingly.

Due to fluctuations in interest rates, investment earnings increased 83.3% from 2023 to 2024 and 212.0% from 2022 to 2023, net of unrealized gains or losses.

Below is a summary of the average investment rates from June 2015 to June 2024:

Debt Management (See *Note D* – *Bonds Payable*)

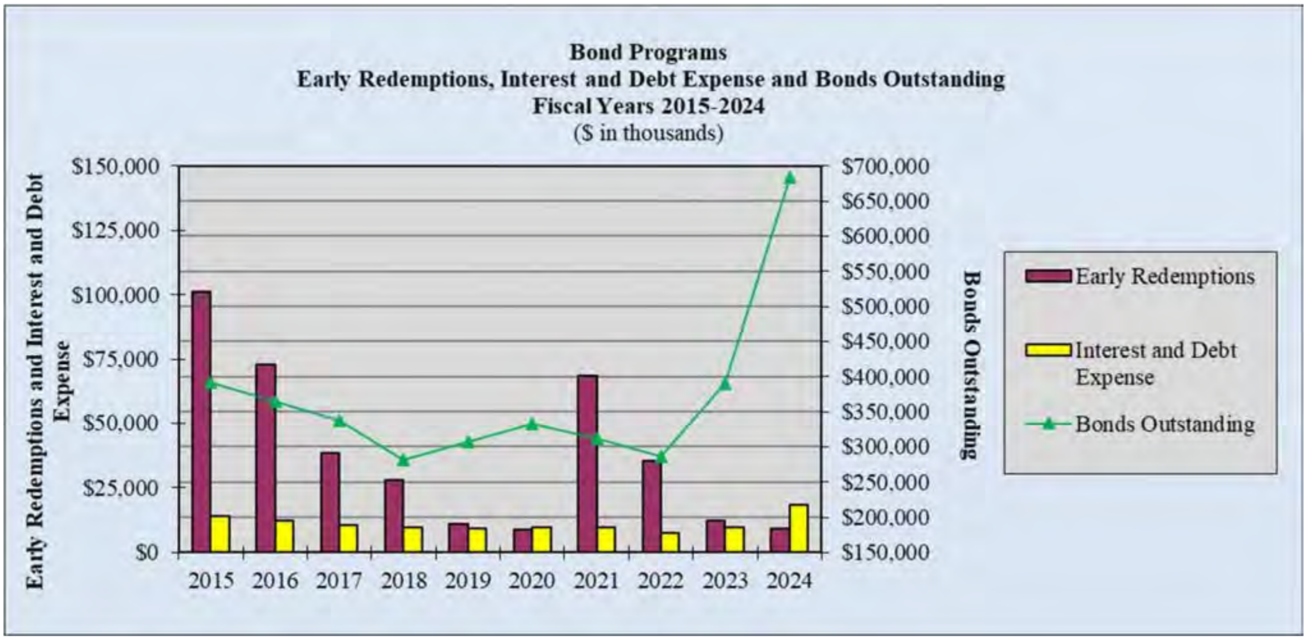
The Fund issues qualified mortgage revenue bonds to fund its single family Bond Programs. When bonds are issued, the initial proceeds are invested in short-term investments until the funds are used for the purchase of mortgage loans. Because short-term investment rates are typically lower than the long-term bond rates, this creates negative arbitrage. To reduce this negative arbitrage, the Fund delays the issuance of new bonds until absolutely necessary. The Fund sometimes uses general operating funds or other available funds as a warehouse line to purchase new loans in anticipation of bond sales.

When bonds are issued from the bond volume allocation, known as "new money" bonds, certain repayments and prepayments of mortgage loans made from these proceeds may be "recycled" into additional mortgage loans for ten years. The Fund uses recycling to supplement its bond issues by using prepayments for additional mortgage loans instead of issuing debt. If the market interest rates on mortgages are lower than the corresponding bond rates, the Fund may redeem bonds in lieu of recycling. However, if mortgage rates are higher than the corresponding bond rates the Fund may redirect prepayments into additional mortgage loans in lieu of redeeming bonds. Moving forward into fiscal year 2025 the Fund expects to continue to recycle mortgage loan repayments from its bond issues when it is economically prudent to do so.

During fiscal years 2022, 2023 and 2024, the Fund redeemed $35,530,000, $12,730,000 and $9,525,000 in bonds, respectively. By actively redeeming bonds, the Fund offsets the impact of reduced mortgage loan balances and rates.

Interest and debt expense was $7,357,000, $9,923,000 and $18,316,000 in fiscal years 2022, 2023 and 2024, respectively. Interest and debt expense increased in 2023 as compared to 2022 due to bond issuances of $134,953,000 exceeding debt service of $19,000,000 and $12,370,000 in redemptions. Interest and debt expense increased in 2024 as compared to 2023 due to bond issuances of $325,250,000 exceeding debt service of $22,009,000 and $9,525,000 in redemptions.

The following chart illustrates early bond redemptions, interest and debt expense and bonds outstanding in the Bond Programs.



Other

The Fund services all of its outstanding mortgage loans and services loans on behalf of Fannie Mae, the Federal Home Loan Bank of Pittsburgh and various non-profit organizations. The Fund is the largest loan servicer located in the State with serviced loans of $1.4 billion. Servicing fee income in the amount of $3,111,000 represents 4.96% of the Fund's total revenues, net of pass through grant revenue, for the fiscal year ended June 30, 2024.

OVERVIEW OF THE FIDUCIARY FUND FINANCIAL STATEMENTS

The Fund has one fiduciary fund, the Welfare Benefit Plan, which is an irrevocable trust for postemployment healthcare benefits for employees. These funds are not available to support the Fund's enterprise activities. The accounting used for fiduciary funds is much like that used for enterprise funds.

Net position restricted for other postemployment benefits improved by $343,000 (5.3%) from June 30, 2022 to June 30, 2023. From June 30, 2023 to June 30, 2024, *Net position restricted for other postemployment benefits* improved by $554,000 (8.2%) to $7,324,000 at June 30, 2024.

The fiduciary fund financial statements Plan is discussed in greater detail in *Note H* – *Other Postemployment Healthcare Benefits*.

CONTACTING THE FUND'S FINANCIAL MANAGEMENT

The above financial highlights are designed to provide a general overview of the Fund's operations and insight into the following financial statements. Additional information may be requested by contacting the Executive Director, West Virginia Housing Development Fund, at 5710 MacCorkle Ave. SE, Charleston, WV 25304, or may be found on our website at www.wvhdf.com.

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WEST VIRGINIA HOUSING DEVELOPMENT FUND
PROPRIETARY FUND TYPE - ENTERPRISE FUND
STATEMENTS OF NET POSITION
(Dollars in Thousands)

	June 30, 2024	June 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents-- *(Notes A and C)*	$ 19,141	$ 14,872
Accrued interest on loans	899	1,216
Accounts receivable and other assets, net of allowance for losses-- *(Note A)*	1,665	1,563
Mortgage loans held for sale-- *(Note A)*	-	218
Restricted cash and cash equivalents-- *(Notes A and C)*	164,280	146,455
Restricted accrued interest on loans	3,392	2,059
Restricted accrued interest on investments	834	320
Total current assets	190,211	166,703
Noncurrent assets:		
Mortgage loans, net of allowance for losses-- *(Note A)*	117,011	109,527
Capital assets, net of depreciation-- *(Note A)*	7,168	7,350
Restricted cash and cash equivalents-- *(Notes A and C)*	112,097	76,104
Restricted investments-- *(Notes A and C)*	60,664	63,345
Restricted mortgage loans, net of allowance for losses-- *(Note A)*	974,515	745,249
Restricted other assets, net of allowance for losses-- *(Notes A, F and H)*	1,895	2,855
Total noncurrent assets	1,273,350	1,004,430
Total assets	1,463,561	1,171,133
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pension and OPEB-- *(Notes A, F and H)*	2,131	3,267
LIABILITIES		
Current liabilities:		
Accounts payable and other liabilities-- *(Note A)*	23,783	19,015
Accrued interest payable	4,048	2,040
Bonds payable-- *(Note D)*	29,520	21,915
Total current liabilities	57,351	42,970
Noncurrent liabilities:		
Other liabilities-- *(Notes A, F and H)*	142,282	167,021
Bonds & notes payable-- *(Note D)*	654,168	368,057
Total noncurrent liabilities	796,450	535,078
Total liabilities	853,801	578,048
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pension and OPEB-- *(Notes A, F and H)*	632	367
NET POSITION		
Restricted for debt service	409,809	397,878
Restricted by state statute	66,336	72,906
Restricted for pension and OPEB	414	-
Net investment in capital assets	7,168	7,350
Unrestricted	127,532	117,851
Total net position	$ 611,259	$ 595,985

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

WEST VIRGINIA HOUSING DEVELOPMENT FUND
PROPRIETARY FUND TYPE - ENTERPRISE FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
(Dollars in Thousands)

	For the fiscal years ended June 30, 2024	2023
OPERATING REVENUES		
Interest on loans	$ 41,298	$ 31,864
Pass-through grant revenue-- *(Note A)*	120,408	150,693
Fee revenue-- *(Note A)*	9,734	8,599
Other-- *(Note A)*	886	875
	172,326	192,031
OPERATING EXPENSES		
Pass-through grant expense-- *(Note A)*	120,408	150,693
Loan fees expense-- *(Note A)*	9,053	5,185
Program expenses, net-- *(Note A)*	8,654	5,757
Administrative expenses, net-- *(Note A)*	11,450	10,146
	149,565	171,781
OPERATING INCOME	22,761	20,250
NON-OPERATING - FINANCING AND INVESTING (EXPENSES) REVENUES		
Investment earnings:		
Interest	11,582	6,317
Net decrease in the fair value of investments	(753)	(1,725)
Net investment earnings	10,829	4,592
Interest and debt expense	(18,316)	(9,923)
	(7,487)	(5,331)
CHANGE IN NET POSITION	15,274	14,919
NET POSITION AT BEGINNING OF YEAR	595,985	581,066
NET POSITION AT END OF YEAR	$ 611,259	$ 595,985

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

WEST VIRGINIA HOUSING DEVELOPMENT FUND
PROPRIETARY FUND TYPE - ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	For the fiscal years ended June 30, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from lending activities	$ 133,472	$ 119,655
Receipts from other operating activities	7,670	6,476
Receipts from escrows and advance activities [1]	40,717	43,337
Disbursements from escrows and advance activities [1]	(37,086)	(42,401)
Receipts for federal lending activities	10,764	8,570
Receipts for federal activities	78,076	120,025
Disbursements for federal activities	(99,489)	(135,631)
Purchase of mortgage loans	(334,945)	(182,782)
Purchase of mortgage loans held for sale	(7,102)	(2,808)
Sales of mortgage loans	7,320	2,828
Payments to employees for salaries and benefits	(8,759)	(8,104)
Payments to vendors	(22,947)	(29,940)
Net cash provided by (used in) operating activities	(232,309)	(100,775)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net proceeds from bonds and notes	343,250	134,953
Retirement of bonds and notes	(49,534)	(31,370)
Interest paid	(16,308)	(9,142)
Net cash provided by (used in) noncapital financing activities	277,408	94,441
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities of investments	58,395	37,313
Purchase of investments	(56,043)	(52,229)
Net investment earnings	10,636	5,682
Net cash provided by (used in) investing activities	12,988	(9,234)
Net increase (decrease) in cash and cash equivalents	58,087	(15,568)
Cash and cash equivalents at beginning of year	237,431	252,999
Cash and cash equivalents at end of year	$ 295,518	$ 237,431
Cash and cash equivalents consist of:		
Cash and cash equivalents	$ 19,141	$ 14,872
Restricted cash and cash equivalents - current	164,280	146,455
Restricted cash and cash equivalents - noncurrent	112,097	76,104
	$ 295,518	$ 237,431

[1] See Note A, *Restricted cash and cash equivalents*

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

WEST VIRGINIA HOUSING DEVELOPMENT FUND
PROPRIETARY FUND TYPE - ENTERPRISE FUND
STATEMENTS OF CASH FLOWS (CONTINUED)
(Dollars in Thousands)

	For the fiscal years ended June 30, 2024	2023
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	$ 22,761	$ 20,250
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Change in assets and liabilities:		
Accrued interest on loans	317	(484)
Mortgage loans held for sale	218	21
Other assets	288	1,189
Allowance for losses on other assets	4	(7)
Restricted accrued interest on loans	(1,333)	84
Restricted other assets	1,641	2,323
Allowance for (recovery of) losses on restricted other assets	(354)	176
Mortgage loans	(6,275)	(7,832)
Allowance for losses on mortgage loans	(1,210)	(1,092)
Restricted mortgage loans	(232,471)	(84,781)
Allowance for losses on restricted mortgage loans	3,205	3,901
Accounts payable	4,768	360
Other liabilities, federal programs	(23,488)	(30,897)
Deferred outflows of resources - pension and OPEB	1,136	528
Deferred inflows of resources - pension and OPEB	(265)	(4,916)
Other liabilities, pension and OPEB	(1,251)	402
Net cash provided by (used in) operating activities	$ (232,309)	$ (100,775)
Noncash investing and financing activities:		
Decrease in fair value of investments	$ (746)	$ (1,793)
Net amortization of (discounts) premiums on investments	416	(569)

WEST VIRGINIA HOUSING DEVELOPMENT FUND
FIDUCIARY FUND TYPE - WELFARE BENEFIT PLAN
STATEMENTS OF FIDUCIARY NET POSITION
(Dollars in Thousands)

	June 30, 2024	June 30, 2023
ASSETS		
Restricted cash and cash equivalents	$ 841	$ 904
Restricted accrued interest on investments	56	34
Restricted investments:		
U.S. Treasury securities	4,475	2,944
Federal agency securities	730	1,192
Certificates of deposit	1,240	1,699
Total restricted investments	6,445	5,835
Total restricted assets	7,342	6,773
LIABILITIES		
Current liabilities:		
Accounts payable and other liabilities	18	3
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	$ 7,324	$ 6,770

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

WEST VIRGINIA HOUSING DEVELOPMENT FUND
FIDUCIARY FUND TYPE - WELFARE BENEFIT PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
(Dollars in Thousands)

	For the fiscal years ended June 30, 2024	2023
ADDITIONS		
Contributions - employer	$ 401	$ 450
Investment income (loss):		
Interest	239	141
Net increase (decrease) in fair value of investments	110	(55)
Net investment income (loss)	349	86
Total additions	750	536
DEDUCTIONS		
Benefits	158	169
Administrative expenses	38	24
Total deductions	196	193
NET INCREASE IN FIDUCIARY NET POSITION	554	343
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS		
BEGINNING OF YEAR	6,770	6,427
END OF YEAR	$ 7,324	$ 6,770

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

NOTE A – AGENCY DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES

The West Virginia Housing Development Fund (the Fund) is a governmental instrumentality of the State of West Virginia (the State) and a public body corporate, created under the provisions of Article 18, Chapter 31 of the Code of West Virginia, 1931, as amended, and known as the West Virginia Housing Development Fund Act (the Act). Under the Act, the Fund's corporate purposes primarily relate to providing various housing programs. The Fund can also finance non-residential projects as defined in the Act.

The Fund is governed by a Board of Directors consisting of the Governor, Attorney General, Commissioner of Agriculture, and Treasurer of the State, all of whom serve ex-officio as public directors, and seven members, chosen by the Governor with the advice and consent of the State Senate, as private directors from the general public residing in the State. The Act designates the Governor or his or her designee as the Chair of the Board of Directors and provides that the Governor shall appoint the Executive Director, with the advice and consent of the State Senate, and that the Executive Director will serve at the Governor's will and pleasure.

The Fund receives no appropriations from the State; however, it is included as a discretely presented component unit of the primary government in the State's Annual Comprehensive Financial Report. The reporting entity for the Fund includes its Enterprise Fund and Welfare Benefit Plan. In defining the Fund for financial reporting purposes, management considered all potential component units. Based on the criteria of accounting principles generally accepted in the United States, the Fund has one component unit, the Welfare Benefit Plan, an irrevocable trust for postemployment healthcare insurance benefits provided to the Fund's employees. The Fund's financial statement presentation includes the Welfare Benefit Plan as a fiduciary fund.

The various programs of the Fund consist of the General Account, the Bond Programs, Other Loan Programs, Affordable Housing Fund, Land Development Program, Bond Insurance Account, and Federal Programs.

The General Account includes the results of the Fund's loan servicing operations, administrative expenses of the Fund's operations, operations of the Fund's building, fee income related to the administration of the Section 8 Housing Assistance Payments Programs (HAPs Program) and the Low-Income Housing Tax Credit Program, and Single Family mortgage loans remaining after the retirement of the corresponding bonds.

The Bond Programs include the activities of the single-family bond programs under the Housing Finance Bond Program resolution, the purpose of which is to provide affordable housing throughout the State. Assets and revenues of the Bond Programs are restricted, subject to the provisions of the bond resolution, and are available for other purposes only to the extent they are not required to meet specified reserve and funding provisions of the resolution.

Other Loan Programs include the Down Payment and Closing Cost Assistance Program, Secondary Market Program, Multifamily Lending Program, Low-Income Assisted Mortgage Program, On-Site Septic Systems Loan Program and the Special Assistance Lending Program, all of which have been financed from the general reserves of the Fund.

The Affordable Housing Fund was created by the State Legislature in 2018 through the transfer of operations of the West Virginia Affordable Housing Trust Fund to the Fund effective June 8, 2018. The Affordable Housing Fund's purpose is to provide funding for both technical assistance and housing assistance to 501(C)(3) non-profits, public housing authorities and government entities to encourage stronger partnerships, collaboration and greater involvement of local communities in meeting housing needs in the State. The Affordable Housing Fund receives a fee of twenty dollars on the transfer of real property and on the sale of factory-built homes by licensed dealers and is restricted by State statute. The transfer fees are required to be set aside in a special purpose account for the sole benefit of the Affordable Housing Fund.

The Land Development Program was established by the Act in 1973 with a $2,000,000 appropriation from the State Legislature from which the Fund can make below-market interest rate loans to developers to acquire and improve land for residential housing and non-residential construction. The Land Development Program includes the West Virginia Property Rescue Initiative Program and is restricted by State statute. The Land Development Program is included in the Fund's financial statements but is kept separate and apart from all other accounts of the Fund and the State.

The Bond Insurance Account was created by the Act as a special trust fund within the State Treasury designated as the "Mortgage Finance Bond Insurance Fund" and was established to provide for the payment of principal and interest in the event of default by the Fund on "Mortgage Finance Bonds," as defined in the Act. The Bond Insurance Account is restricted by State statute and is under the supervision of the West Virginia Municipal Bond Commission (the "Bond Commission"). The Bond Insurance Account is included in the Fund's financial statements but is kept separate and apart from all other accounts of the Fund, the Bond Commission, and the State. The only Mortgage Finance Bonds currently outstanding are in the Housing Finance Bond Program.

Federal Programs include the United States Department of Housing and Urban Development's (HUD) HOME Investment Program (HOME), National Housing Trust Fund (NHTF), HOME American Rescue Plan (ARP), Tax Credit Assistance Program (TCAP), HAPs Program and the U.S. Treasury's Tax Credit Exchange Program (TCEP) for which the Fund acts as program administrator. These programs are funded solely through federal monies and are restricted by Federal regulations.

Additionally, in response to the housing crisis related to the COVID-19 Pandemic, Congress enacted the Consolidated Appropriations Act, 2021 in December 2020 creating the Emergency Rental Assistance (ERA1) program to provide funding to assist households that are unable to pay rent or utilities. The Fund received the State's allocation of $200 million under this Act to administer the rental assistance program on behalf of the State. As of August 26, 2022, the Fund ceased accepting applications for rental and utility assistance and all activity under ERA1 ceased pursuant to the U.S. Treasury guidelines as of September 30, 2022. As of June 30, 2024, $87,240,000 of these funds had been disbursed for rental and utility assistance.

In addition, in March 2021 Congress enacted the American Rescue Plan Act of 2021, which allocated an additional $152,000,000 to the State for the Emergency Rental Assistance (ERA2) Program and $50,000,000 in homeowner's assistance for the Homeowners Assistance Fund (HAF), both of which the Fund administers on behalf of the State. Collectively, ERA1 and ERA2 are locally known as the Mountaineer Rental Assistance Program (MRAP). As of June 30, 2024, $85,070,000 of the ERA2 funds have been disbursed for rental and utility assistance and $3,580,000 has been disbursed for the production of multifamily rental units. In addition, $36,389,000 of the HAF funds has been disbursed for mortgage and utility assistance. As of May 8, 2024, the Housing Development Fund ceased accepting applications for assistance under the HAF Program.

Accounting methods: The accounting policies of the Fund conform to accounting principles generally accepted in the United States and to accounting principles for state housing finance agency enterprise funds. The various programs were established in accordance with the Act, the bond resolution, or at management's discretion. The financial statements of the enterprise fund and the fiduciary fund are prepared using the flow of economic resources measurement focus and the accrual basis of accounting, which requires recognition of revenue when earned and expenses when incurred.

Estimates: Certain estimates and assumptions are required by management in the preparation of the financial statements in accordance with accounting principles generally accepted in the United States (US GAAP). The significant estimates and assumptions are those required in the determination of the allowance for losses for the following items: accounts receivable and other assets, mortgage loans, restricted mortgage loans, and restricted other assets. Actual results in the near-term could differ significantly from those estimates.

Cash and cash equivalents: The Fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. This includes cash, certificates of deposit, short-term agency notes, and deposits with the West Virginia Board of Treasury Investments (WVBOTI).

Accounts receivable and other assets, net of allowance for losses include accounts receivables, land for housing purposes and foreclosed properties, net of an allowance for estimated probable declines in net realizable value.

(Dollars in thousands)	June 30, 2024			June 30, 2023		
	Balance	Allowance	Net	Balance	Allowance	Net
Accounts receivable and other Assets:						
Accounts receivable	$ 1,509	$ (5)	$ 1,504	$ 1,483	$ (1)	$ 1,482
Land	117	(58)	59	117	(58)	59
Foreclosed property	102	-	102	22	-	22
Total	$ 1,728	$ (63)	$ 1,665	$ 1,622	$ (59)	$ 1,563

Mortgage loans held for sale: In its Secondary Market Program, the Fund purchases and sells fixed-rate mortgage loans, primarily to Fannie Mae and Federal Home Loan Bank of Pittsburgh, on a servicing retained basis. The sale price is determined at the date of commitment and the commitment period generally ranges from 30 to 90 days. *Mortgage loans held for sale* are carried at the lower of aggregate cost or estimated fair value.

Enterprise fund *Restricted cash and cash equivalents* represents monies the Fund holds on behalf of others, restricted by the Act or by the bond resolution. Included in this line item are tax and insurance escrows held on behalf of the Fund's various mortgagors and payments collected on mortgages for which the Fund acts as servicer only. The Fund is obligated to expend these monies on escrowed items or remit them to the appropriate investors in the case of mortgage loans serviced for the benefit of others. Also included in *Restricted cash and cash equivalents* are federal and other housing program funds, including COVID relief funds, for which the Fund acts as grantee or agent. The total funds held on behalf of others were $92,112,000 at June 30, 2024 and $118,498,000 at June 30, 2023. *Restricted cash and cash equivalents* to be used for the acquisition of noncurrent assets, such as mortgage loans or investments, are classified as *Noncurrent assets*.

Fiduciary fund *Restricted cash and cash equivalents* represents monies held in an irrevocable trust for postemployment healthcare insurance benefits for Fund employees. These funds are not available to support the various programs of the enterprise fund.

Mortgage loans, net of allowances for losses: These loans consist primarily of unrestricted mortgage loans made under the General Account and Other Loan Programs. The Fund provides for possible losses on loans based on management's review of potential problem loans. The allowance for loan losses is shown below.

(Dollars in thousands)	June 30, 2024			June 30, 2023		
	Balance	Allowance	Net	Balance	Allowance	Net
Unrestricted Mortgage Loans:						
General Account	$ 8,796	$ (1,953)	$ 6,843	$ 10,020	$ (2,640)	$ 7,380
Other Loan Programs	119,311	(9,143)	110,168	111,812	(9,665)	102,147
Total	$ 128,107	$ (11,096)	$ 117,011	$ 121,832	$ (12,305)	$ 109,527

Capital assets, net of depreciation include land, buildings, equipment, furnishings and computer software that are stated at their original cost less accumulated depreciation. Capital asset expenditures of $20,000 or more with a useful life greater than 1 year are capitalized at cost and reported net of accumulated depreciation. Depreciation is computed using the straight-line method over the useful lives of the assets, which is 40 years for the building and from 3 to 10 years for furniture, equipment and software.

(Dollars in thousands)	June 30, 2023	Additions	Deletions	June 30, 2024
Capital assets, not being depreciated:				
Land	$ 1,810	$ -	$ -	$ 1,810
Total capital assets, not being depreciated	1,810	-	-	1,810
Capital assets, being depreciated:				
Buildings	7,810	-	(72)	7,738
Equipment and furnishings	1,513	53	-	1,566
Computer software	814	-	(814)	-
Total capital assets, being depreciated	10,137	53	(886)	9,304
Less accumulated depreciation for:				
Buildings	(2,349)	(175)	-	(2,524)
Equipment and furnishings	(1,441)	-	19	(1,422)
Computer software	(807)	-	807	-
Total accumulated depreciation	(4,597)	(175)	826	(3,946)
Total capital assets being depreciated, net	5,540	(122)	(60)	5,358
Total capital assets, net	$ 7,350	$ (122)	$ (60)	$ 7,168

(Dollars in thousands)	June 30, 2022	Additions	Deletions	June 30, 2023
Capital assets, not being depreciated:				
Land	$ 1,810	$ -	$ -	$ 1,810
Total capital assets, not being depreciated	1,810	-	-	1,810
Capital assets, being depreciated:				
Buildings	7,810	-	-	7,810
Equipment and furnishings	1,592	-	(79)	1,513
Computer software	814	-	-	814
Total capital assets, being depreciated	10,216	-	(79)	10,137
Less accumulated depreciation for:				
Buildings	(2,145)	(204)	-	(2,349)
Equipment and furnishings	(1,470)	(50)	79	(1,441)
Computer software	(792)	(15)	-	(807)
Total accumulated depreciation	(4,407)	(269)	79	(4,597)
Total capital assets being depreciated, net	5,809	(269)	-	5,540
Total capital assets, net	$ 7,619	$ (269)	$ -	$ 7,350

Restricted investments: The Fund established guidelines for the investment of its funds to meet the requirements of the bond resolution and the Act. Currently, investments consist primarily of United States government and agency obligations with maturities greater than 90 days.

Investment securities are recorded at fair value, or at amortized cost as permissible, and a portion of the unrealized gains or losses is reported in the Statements of Revenues, Expenses, and Changes in Fund Net Position as part of *Net investment earnings* as more fully explained in *Note C – Cash and Investments*.

Restricted mortgage loans, net of allowance for losses includes loans originated that are restricted by the bond resolution, the Act, State statute, federal programs or other restricted purposes.

The allowance for loan losses in these programs is shown below.

(Dollars in thousands)	June 30, 2024			June 30, 2023		
	Balance	Allowance	Net	Balance	Allowance	Net
Restricted Mortgage Loans:						
General Account	$ 250	$ (250)	$ -	$ 362	$ (362)	$ -
Other Loan Programs	453	(172)	281	452	(172)	280
Land Development	1,911	(360)	1,551	4,453	(1,727)	2,726
Affordable Housing Fund	3,334	(2,686)	648	3,460	(2,670)	790
Bond Insurance Account	12,079	(255)	11,824	13,564	(290)	13,274
Bond Programs	901,253	(11,921)	889,332	674,043	(10,084)	663,959
Federal Programs	170,820	(99,941)	70,879	161,295	(97,075)	64,220
Total	$ 1,090,100	$ (115,585)	$ 974,515	$ 857,629	$ (112,380)	$ 745,249

Federal Programs include HOME, NHTF, and HOME ARP, which are designed to assist very low-income borrowers and to provide capacity building funds for nonprofit housing organizations. The funds provided to the nonprofits are required to be repaid only if the nonprofit fails to provide the services required as a condition of receiving HOME and NHTF funds. Federal Programs also include TCAP and TCEP, which were designed to assist in the development of Low-Income Housing Tax Credit Program properties. These funds will only be repaid if the recipient fails to comply with certain covenants of their agreement. Therefore, HOME, NHTF, TCAP and TCEP projects are recorded as restricted mortgage loans and the TCAP, TCEP and nonprofit HOME and NHTF projects have a corresponding 100% loss allowance in the Statements of Net Position.

Most loans in the Bond Programs are protected against loss by various federal and private insurance programs. Repayment of certain multifamily rental project loans is dependent, in part, upon rental and interest subsidy programs of HUD and USDA.

Enterprise fund *Restricted other assets* include certain foreclosed properties, properties developed for flood activities, other land for restricted housing purposes, the Fund's net pension asset as explained in *Note F – Retirement Plan, Note H – Other Postemployment Healthcare Benefits,* and miscellaneous receivables, net of an allowance for estimated probable declines in the net realizable value. These assets are restricted subject to the provisions of the bond resolution, the Act, or federal regulations.

(Dollars in thousands)	June 30, 2024			June 30, 2023		
	Balance	Allowance	Net	Balance	Allowance	Net
Restricted other assets:						
Accounts receivable	$ 157	$ -	$ 157	$ 213	$ -	$ 213
Land	548	(548)	-	548	(548)	-
Foreclosed property	1,482	(158)	1,324	3,155	(513)	2,642
Net Pension asset	18	-	18	-	-	-
Net OPEB asset	396	-	396	-	-	-
Total	$ 2,601	$ (706)	$ 1,895	$ 3,916	$ (1,061)	$ 2,855

Deferred outflows of resources related to pension and OPEB represent a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until that time as explained in *Note F – Retirement Plan* and *Note H – Other Postemployment Healthcare Benefits*.

Accounts payable and other liabilities includes amounts held on behalf of others as explained in *Note A - Restricted cash and cash equivalents,* amounts due to vendors, and rebateable investment earnings.

Other liabilities include federal housing program funds for which the Fund acts as grantee or agent to originate mortgages under the HOME and NHTF programs and to disburse program funds under the ERA1, ERA2 and HAF programs, the Fund's net pension liability (asset) as explained in *Note F – Retirement Plan* and the Fund's net OPEB liability (asset) as explained in *Note H – Other Postemployment Healthcare Benefits.*

Deferred inflows of resources related to pension and OPEB represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time as explained in *Note F – Retirement Plan* and *Note H – Other Postemployment Healthcare Benefits.*

Enterprise fund *Restricted net position:* Net position of the Bond Programs is restricted to meet specified reserve and funding provisions in accordance with the bond resolution. Net positions of the Affordable Housing Fund, Land Development Program and Bond Insurance Account are restricted in accordance with the Act. Federal Programs are restricted due to requirements of HUD or other grantor agencies. Net position restricted for pension and OPEB is restricted for the payment of pension and OPEB benefits. When both restricted and unrestricted resources are available for use, it is generally the Fund's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fiduciary fund *Restricted net position:* Net position of the fiduciary fund is restricted to postemployment healthcare insurance benefits for the Fund's employees.

Operating revenues and expenses: The Fund classifies operating revenues and expenses in the enterprise fund based on the services provided by the Fund and its ongoing operations. This includes such activities as mortgage lending, administration of federal financial awards programs, property management and development, and other related program activities. *Net investment earnings* and interest on debt are reported as *non-operating revenues and expenses*.

Pass-through grant revenue and pass-through grant expense: The Fund receives grants and other financial assistance from HOME, NHTF, HOME ARP, CDBG-DR, ERA1, ERA2, HAF and the HAPs Programs to transfer or spend on behalf of various secondary recipients. These amounts are considered pass-through grants and are reported in the financial statements as revenue and expense when funds are disbursed to the secondary recipient.

Fee revenue consists primarily of loan servicing fees on mortgage loans serviced by the Fund, administration fees earned from the HAPs Program, financing fees, low-income housing tax credit fees, secondary market fees, Affordable Housing Fund transfer fees and deferred document penalty fees.

The Fund services all loans in its portfolio as well as loans on behalf of others totaling approximately $1,437,037,000 and $1,213,463,000 at June 30, 2024 and 2023, respectively. Of this total, the portfolio serviced by the Fund on behalf of others approximated $218,730,000 and $233,522,000 at June 30, 2024 and 2023, respectively.

Other revenues consist primarily of rental income, gains on sale of mortgages in the Secondary Market Program, gains on sales of foreclosed properties acquired through the Fund's mortgage lending activities, and other miscellaneous revenue items.

Loan fees expense includes fees paid to lenders and vendors related to the origination of mortgage loans. In addition, loan fees expense includes the cost of acquiring the servicing rights to mortgage loans owned by the Fund and loans owned by others, primarily Fannie Mae.

Program expenses primarily consist of disbursements made under the Fund's various programs, provisions for mortgage loan losses, losses on sales of foreclosed properties acquired through the Fund's mortgage lending activities, repair and maintenance costs for foreclosed properties and costs of bond issuance. *Program expenses* also include daily operating expenses of the office building owned by the Fund.

Administrative expenses, net include salary, benefits, and other operating expenses related to the daily operations of the Fund. When an expense is incurred, the expense is charged to the program or account for which it is directly applicable, whether restricted or unrestricted. Indirect expenses are allocated to programs and accounts based on a percentage of the program's or account's direct salary cost.

Contributions – Employer includes contributions from the enterprise fund to the fiduciary fund for healthcare insurance benefits for retired employees and their eligible dependents.

Net investment income represents interest earnings on postemployment healthcare cash and investments and the increase or decrease in the fair value of investments for the fiduciary fund.

Benefits include benefit payments from the fiduciary fund for postemployment healthcare costs for retired employees and their eligible dependents.

Administrative expenses in the fiduciary fund include trustee fees associated with investment management of the Welfare Benefit Plan and fees for actuarial valuations.

NOTE B – ASSETS FOR RESERVED AND OTHER PURPOSES

Assets and revenues of the Bond Programs are subject to the provisions of the bond resolution and are available for other purposes only to the extent they are not required to meet specified reserve and funding provisions of the resolution. The Fund, to the extent such monies become available under the terms of the resolution, has pledged to maintain the net position of its Bond Programs at a level to preserve the Fund's bond ratings. In the event that the Fund fails to comply with the terms of the bond resolution the holders of such obligations would have recourse to the unrestricted assets of the Fund. The Affordable Housing Fund, Land Development Program and the Bond Insurance Account are restricted by State statute.

Assets of the General Account and Other Loan Programs are principally unrestricted and may be transferred to other programs subject to the approval of the Board of Directors. As of June 30, 2024, the Fund has committed $24,299,000 from Other Loan Programs for various loans or projects. These amounts are included in *Unrestricted net position*. The Fund is actively accepting applications from prospective recipients to originate loans from amounts allocated by the Board of Directors from Other Loan Programs.

The Board of Directors has also allocated $1,000,000 of the *Unrestricted net position* for the "Directors' and Officers' Insurance Account" for the purpose of providing indemnification for the directors and officers of the Fund. The fiscal year 2025 administrative budget of $16,223,000 will be provided from the *Unrestricted net position* and from future revenues of the Fund.

NOTE C – CASH AND INVESTMENTS

The Fund's enterprise fund actively invests cash in conformity with the Act, the Bond Programs and the Board-approved Investment Policy. Permitted investments include a wide variety of securities and obligations such as certain corporate deposits, money market accounts, investment agreements or repurchase agreements with primary government dealers, direct obligations or obligations guaranteed by the State, United States government securities, or federal agency securities. Currently, the enterprise fund's investments consist primarily of United States government or agency securities, FDIC insured money markets and cash. The Investment Policy also permits the Fund to invest a maximum of $60,000,000, excluding funds held for others. The WVBOTI operates in accordance with applicable State laws and regulations.

The following is a detail of the Fund's enterprise fund investments, including cash equivalents, by type:

(Dollars in thousands)		June 30, 2024		June 30, 2023	
	Weighted Avg Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Reported at cost					
Demand Deposits, Money Market Funds	1 day	$ 140,865	$ 140,865	$ 94,721	$ 94,721
Mortgages held for investment purposes	20.3 years	12,692	12,692	14,275	14,275
WVBOTI deposits *(includes held for others)*	1 day	105,724	105,724	121,236	121,236
Total		259,281	259,281	230,232	230,232
Reported at estimated fair value					
Fannie Mae MBS pools	7.22 years	208	211	265	267
Federal agency securities	2.56 years	98,685	99,120	74,026	75,321
U.S. Treasury securities	14.64 years	10,360	10,262	9,442	9,231
Total		109,253	109,593	83,733	84,819
Total investments, including cash equivalents		$ 368,534	$ 368,874	$ 313,965	$ 315,051

The Fund's fiduciary fund actively invests cash in conformity with the Act and the Board-approved Investment Policy. Permitted investments include a variety of securities and obligations such as money market accounts, certificates of deposit, direct obligations or obligations guaranteed by the State, United States government securities, or federal agency securities. Currently, the fiduciary fund's investments consist primarily of United States government or agency securities, FDIC insured money markets and negotiable certificates of deposit.

The following is a detail of the Fund's fiduciary fund investments, including cash equivalents, by type:

(Dollars in thousands)		June 30, 2024		June 30, 2023	
	Weighted Avg Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Reported at cost					
Demand Deposits	1 day	$ 841	$ 841	$ 904	$ 904
Total		841	841	904	904
Reported at estimated fair value					
U.S. Treasury securities	0.91 years	4,490	4,475	2,990	2,944
Federal agency securities	0.6 years	750	730	1,250	1,192
Certificates of deposit	1.77 years	1,250	1,240	1,750	1,699
Total		6,490	6,445	5,990	5,835
Total investments, including cash equivalents		$ 7,331	$ 7,286	$ 6,894	$ 6,739

Interest Rate Risk - Enterprise fund. The Investment Policy limits the weighted average maturity of various fund types as shown in the following table. The Act does not provide for investment maturity limits. Reserve funds are the capital reserve investments required for the Bond Programs which are currently invested in long-term U.S. Government and government agency obligations. The Bond Insurance Account, which provides additional reserves for the payment of the Housing Finance Bonds is currently invested in U.S. Government and government agency obligations as well as mortgage loans for investment purposes. Other funds consist of bond revenues to be used for debt service on the outstanding bonds, bond proceeds for the purchase of mortgage revenue bond loans, Other Loan Program funds and general operating funds. Other funds are primarily invested short-term to meet program funding needs and to provide for daily operational costs of the Fund. Funds held for others consist of single family and multifamily escrow funds as well as amounts to be remitted to others. The Fund has both the intent and the ability to hold long-term securities until final maturity and is therefore limited in its exposure to interest rate risk on these long-term obligations.

	Permitted Maturity Limit	Average Maturity as of June 30, 2024
Reserve Funds	30 years	6 years
Bond Insurance Funds	15 years	7 years
Other Funds	4 years	1 month
Funds held for others*		1 day

*Funds held for others not applicable to limit calculations

Interest Rate Risk – Fiduciary fund. The Investment Policy limits the weighted average maturity of all funds as shown in the following table. The Act does not provide for investment maturity limits. Fiduciary fund investments are managed at an appropriate average duration based on current interest rate environments.

	Permitted Maturity Limit	Average Maturity as of June 30, 2024
Fiduciary Funds	4 years	1 year

Credit Risk – Enterprise fund. Although permitted by the Act, the Fund's Investment Policy prohibits investment in State and Local obligations other than West Virginia and prohibits investment in corporate debt instruments. The Fund's Investment Policy additionally requires repurchase agreements to be invested with banks or primary dealers which are rated or provide the necessary collateral to maintain the Fund's bond, note and issuer ratings. Furthermore, the Investment Policy limits collateral for repurchase agreements to direct federal and federally guaranteed obligations, and federal agency obligations.

As of June 30, 2024, the Fund's investments in the WVBOTI are rated AAAm. Federal agency securities consist of Fannie Mae, Federal Farm Credit Bank and Federal Home Loan Bank all of which are rated AAA. Fannie Mae MBS pools are also rated AAA. Insured Cash Sweep (ICS) Funds and the Demand Deposit Marketplace Funds are FDIC insured. Money Market Funds are invested in the Fidelity Investments Money Market Government Portfolio and are rated AAA. Mortgages held for investment purposes are not rated.

Credit Risk – Fiduciary fund. The fiduciary fund's Investment Policy limits investments to U.S. Treasury Securities that are backed by the full faith and credit of the United States, Federal agency securities, which are rated AAA and FDIC insured certificates of deposit.

Concentration of Credit Risk – Enterprise fund. The Investment Policy limits the percentage or amount of the investment portfolio that may be invested in various types of issuers as indicated in the table below. The Act does not limit the percentage of investments in any permitted investment type.

As of June 30, 2024 (Dollars in thousands)	**Maximum of Portfolio**	**Invested Funds**	**% of Total Investment**
Direct Federal Obligations	100%	$ 10,360	4%
Federal Agency Obligations	90%	98,893	36%
Federally Guaranteed Obligations	100%	-	0%
Demand Deposits	30%	18,872	7%
Collateralized CDs	$75,000	-	0%
CDARS FDIC Insured CDs	$65,000	-	0%
West Virginia Obligations	15%	-	0%
ICS FDIC Insured Demand Deposits	$75,000	-	0%
ICS FDIC Insured Savings Deposits	$100,000	90,783	33%
Mortgages Held for Investment Purposes	30%	12,692	4%
Money Market Funds	25%	15,387	5%
WVBOTI deposits	$60,000	29,435	11%
TOTAL		$ 276,422	100%
Funds Held for Others *	N/A	92,112	
TOTAL INVESTED FUNDS		$ 368,534	

* Funds held for others not applicable to limit calculations.

Concentration of Credit Risk – Fiduciary fund. The Investment Policy limits the percentage or amount of the investment portfolio that may be invested in various types of issuers as indicated in the table below. The Act does not limit the percentage of investments in any permitted investment type.

As of June 30, 2024 (Dollars in thousands)	**Maximum of Portfolio**	**Invested Funds**	**% of Total Investment**
Demand Deposits	30%	$ 841	12%
Direct Federal Obligations	90%	4,490	61%
Federal Agency Obligations	90%	750	10%
Federally Guaranteed Obligations	90%	-	0%
FDIC Insured CDs	50%	1,250	17%
TOTAL INVESTED FUNDS		$ 7,331	100%

Custodial Credit Risk – Deposits - The Act requires all deposits to be FDIC insured or fully collateralized by permitted investments for both enterprise funds and fiduciary funds. The enterprise fund Investment Policy further limits the securities permitted as collateral for amounts in excess of FDIC insurance to direct federal or federally guaranteed obligations, federal agency, or State of West Virginia obligations. The fiduciary fund Investment Policy further limits the securities permitted as collateral for amounts in excess of FDIC insurance to direct federal or federally guaranteed obligations or federal agency obligations.

The enterprise fund cash, including escrow funds, had a carrying value of $140,865,000 and $94,721,000 as of June 30, 2024 and 2023, respectively. Bank balances approximated $143,155,000 and $96,396,000 as of June 30, 2024 and 2023, respectively, of which approximately $112,755,000 and $79,740,000 was covered by federal depository insurance as of June 30, 2024 and 2023, respectively, and $15,012,000 and $13,450,000 was either collateralized with securities pledged to the Fund and held by the trust department of the pledging financial institution or held and pledged to the Fund by the pledging financial institution's agent as of June 30, 2024 and 2023, respectively. Also included in the bank balances above are trust account money market fund balances of $15,388,000 and $3,206,000 as of June 30, 2024 and 2023, respectively, which are not subject to custodial credit risk.

The fiduciary fund cash had a carrying value of $841,000 and $904,000 as of June 30, 2024 and 2023, respectively. Bank balances approximated $844,000 and $907,000 as of June 30, 2024 and 2023, respectively, which are trust account money market funds and not subject to custodial credit risk.

Custodial Credit Risk – Investments – Custodial Credit Risk – Investments – The Investment Policy requires purchased securities to be physically delivered to the Fund's custodian or trustee or, in the case of book-entry securities; registration books shall designate the custodian or trustee. The Investment Policy also requires collateral for repurchase agreements be delivered to a third-party custodian or in the case of book-entry securities, be registered to the Fund. All U.S. government and agency obligations owned by the Fund are registered in the Fund's name or the Fund's designated trustee. The Act does not address custodial credit risk for investments.

Fair value hierarchy: The fair value hierarchy established under GAAP categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to quoted prices in active markets inputs (Level 1) and the lowest priority to unobservable inputs (Level 3).

The levels of the hierarchy are identified as follows:

Level 1 – Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in an active market.

Level 2 – Valuation is based upon inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 – Valuation is based upon unobservable inputs for an asset or liability.

Enterprise fund investments measured at fair value using the fair value hierarchy categories are as follows:

(Dollars in thousands)	June 30, 2024	June 30, 2023
Level 1 inputs		
Federal agency securities	$ 99,120	$ 75,321
U.S. Treasury securities	10,262	9,231
Total	109,382	84,552
Level 2 inputs		
Fannie Mae MBS pools	211	267
Total	211	267
Total investments, reported at estimated fair value	$ 109,593	$ 84,819

Fiduciary fund investments measured at fair value using the fair value hierarchy categories are as follows:

(Dollars in thousands)	June 30, 2024	June 30, 2023
Level 1 inputs		
U.S. Treasury securities	$ 4,475	$ 2,944
Federal agency securities	730	1,192
Certificates of deposit	1,240	1,699
Total investments, reported at estimated fair value	$ 6,445	$ 5,835

Fair value measurements for investments classified as Level 2, Fannie Mae MBS pools, are valued using matrix pricing sources that provide a pricing indication from market transactions for similar or identical assets.

Mortgages held for investment are included in *Mortgage loans, net of allowances* and *Restricted mortgage loans, net of allowances* on the Statements of Net Position. Investments are included in the accompanying enterprise fund financial statements as follows:

(Dollars in thousands)	June 30, 2024	June 30, 2023
Cash and cash equivalents	$ 19,141	$ 14,872
Current restricted cash and cash equivalents	164,280	146,455
Noncurrent restricted cash and cash equivalents	112,097	76,104
Restricted investments	60,664	63,345
Plus mortgages held for investment purposes	12,692	14,275
Total Investments and cash equivalents	$ 368,874	$ 315,051
Less unrealized gains	340	1,086
Total Invested Funds	$ 368,534	$ 313,965

Investments are included in the accompanying fiduciary fund financial statements as follows:

(Dollars in thousands)	June 30, 2024	June 30, 2023
Restricted cash and cash equivalents	$ 841	$ 904
Restricted investments	6,445	5,835
Total Investments and cash equivalents	$ 7,286	$ 6,739
Plus unrealized loss	(45)	(155)
Total Invested Funds	$ 7,331	$ 6,894

The enterprise fund has an unrealized gain on investments of $340,000 and $1,086,000 as of June 30, 2024 and 2023, respectively. This represents a decrease in unrealized gain on investments of $746,000 and $1,793,000 as of June 30, 2024 and 2023, respectively. In connection with the unrealized gain, a liability for related investment earnings is recorded in the amount of $12,000 and $4,000 as of June 30, 2024 and June 30, 2023, respectively. This portion is recorded as a liability because, if this gain were realized, it would increase excess rebateable investment earnings pursuant to Section 103A of the Internal Revenue Code, as amended (the Code). To adjust the fair value of investments to reflect this unrealized gain at June 30, 2024 and 2023 and to properly reflect the rebate liability, a $753,000 and $1,725,000 decrease was recorded in *Net investment earnings* in the Statements of Revenues, Expenses, and Changes in Fund Net Position for the year ended June 30, 2024 and 2023, respectively.

The fiduciary fund has an unrealized loss on investments of $45,000 and $155,000 as of June 30, 2024 and June 30, 2023, respectively. This represents an increase in unrealized loss on investments of $110,000 and an increase of $55,000 from June 30, 2023 and 2022, respectively. To adjust the fair value of investments to reflect this unrealized loss at June 30, 2024 and 2023 a $165,000 increase and a $55,000 decrease was recorded in *Net investment income* in the Statements Changes in Fiduciary Net Position for the year ended June 30, 2024 and 2023, respectively.

NOTE D – BONDS PAYABLE

The Act authorizes the Fund to issue bonds and notes for its various programs in an aggregate principal amount not to exceed $1,250,000,000 outstanding at any one time, exclusive of refunded obligations. Bonds and notes issued by the Fund are considered obligations of the Fund and are not deemed to constitute a debt or liability of the State.

The proceeds from the Fund's Bond Programs are used to finance mortgage loans to eligible State borrowers and to establish certain reserves as required by the resolution. The mortgage loans are secured by deeds of trust and approximately 81.58% of all Bond Program loans are subject to coverage under federal or private mortgage insurance or guarantee programs. All bonds are secured by a pledge of all mortgage loan repayments, all proceeds of federal or private mortgage insurance, interest received on any monies or securities held pursuant to the resolution, and the rights and interest of the Fund in and to the mortgage loans. In the event that the Fund fails to comply with the terms of the bond resolution, the holders of such obligations would have recourse to the unrestricted assets of the Fund. Principal and interest paid on bonds and notes payable for the years ended June 30, 2024 and 2023 was $65,842,000 and $40,512,000, respectively. Total pledged revenues in 2024 and 2023 were $89,774,000 and $81,346,000 respectively.

The On-Site Systems Loan Program (the OSLP) was created in September 2007 in partnership with the West Virginia Department of Environmental Protection (the DEP). Under this program the Fund may borrow funds from the DEP Clean Water Revolving Loan Fund. These funds are then loaned to State residents to upgrade, replace or repair inadequate septic systems. Since the inception of the program, the Board has authorized the Fund to borrow $3,000,000 from DEP for this program. The Fund is obligated to repay the amount borrowed from the DEP only to the extent the Fund receives payments from loan recipients. An allowance for loan losses has been established based on management's review of potential problem loans. At June 30, 2024, *Bonds & notes payable - noncurrent* includes a $690,000 note payable, net of a $132,000 loss allowance, due to DEP related to this program under Other Loan Programs.

Most bonds issued by the Fund are subject to redemption at the option of the Fund prior to maturity at dates and premiums as set forth in the bond documents. To reduce its debt expense, the Fund redeems bonds prior to their stated maturity dates primarily due to excess program revenues, the prepayments of mortgage loans pledged for the repayment of the bonds, excess amounts in the capital reserve funds, and/or from proceeds of refunding bonds. During the fiscal years ended June 30, 2024 and 2023, the Fund redeemed or refunded $9,525,000 and $12,370,000 of bonds, respectively, at redemption prices that approximated their carrying value.

The following tables summarize bond and note activity from 2023 to 2024 and 2022 to 2023, respectively.

(Dollars in thousands)	**Bonds Payable Current**	**Bonds & Notes Payable Noncurrent**	**Bonds & Notes Payable Total**
Outstanding Balance, June 30, 2023	$ 21,915	$ 368,057	$ 389,972
Debt Issued (*including discount*)	-	325,250	325,250
Debt Paid	(21,915)	(94)	(22,009)
Early Redemptions	-	(9,525)	(9,525)
Note Payable allowance for losses	-	-	-
Reclassification from noncurrent to current	29,520	(29,520)	-
Outstanding Balance, June 30, 2024	$ 29,520	$ 654,168	$ 683,688

(Dollars in thousands)	**Bonds Payable Current**	**Bonds & Notes Payable Noncurrent**	**Bonds & Notes Payable Total**
Outstanding Balance, June 30, 2022	$ 18,885	$ 267,521	$ 286,406
Debt Issued (*including discount*)	-	134,953	134,953
Debt Paid	(18,885)	(115)	(19,000)
Early Redemptions	-	(12,370)	(12,370)
Note Payable allowance for losses	-	(17)	(17)
Reclassification from noncurrent to current	21,915	(21,915)	-
Outstanding Balance, June 30, 2023	$ 21,915	$ 368,057	$ 389,972

The following is a summary of the bonds outstanding in the Housing Finance Bond and notes outstanding in Other Loan Programs:

	Original Amount Authorized	Outstanding at June 30, 2024	2023
	(Dollars in thousands)		
HOUSING FINANCE BOND PROGRAM			
2013 Series A (3.20%) due 2025-2029	$ 21,000	$ 6,955	$ 8,365
2015 Series A,B (2.95% to 3.70%), due 2025-2032	50,660	14,005	16,470
2015 Series C,D (3.2% to 3.85%), due 2025-2033	70,060	24,980	29,145
2017 Series A,B (2.75% to 4.00%), due 2025-2034	39,505	15,925	18,925
2018 Series A (2.65% to 3.85%), due 2025-2040	25,000	13,415	14,710
2019 Series A (2.15% to 3.875%), due 2025-2044	35,000	23,080	24,865
2019 Series B (1.65% to 3.05%), due 2025-2044	30,000	20,595	23,190
2020 Series A (0.90% to 2.80%), due 2025-2048	30,000	23,440	25,595
2020 Series B,C (0.50% to 2.40%), due 2025-2042	44,960	31,425	35,630
2021 Series A (.45% to 2.50%), due 2025-2052	30,000	26,615	28,115
2022 Series A (2.5% to 4.15%), due 2025-2052	30,000	28,265	29,625
2022 Series B (2% to 4.25%), due 2025-2051	40,000	37,260	40,000
2022 Series C (2.8% to 4.85%), due 2025-2053	45,000	43,500	45,000
2023 Series A (3.00% to 4.85%), due 2025-2054	50,000	49,010	50,000
2023 Series B (3.20% to 4.70%), due 2025-2054	50,000	49,835	-
2023 Series C (3.45% to 5.00%), due 2025-2054	60,000	59,890	-
2023 Series D (3.4% to 4.9%), due 2025-2054	60,000	60,000	-
2024 Series A (3.10% to 4.65%), due 2025-2055	75,000	75,000	-
2024 Series B,C (3.45% to 6.12%), due 2025-2055	80,000	80,000	-
Total bonds payable, excluding unamortized discount		683,195	389,635
Unamortized bond discount, net		(65)	(66)
OTHER LOAN PROGRAMS			
Notes Payable (0.00%), net of allowance for losses (1)	3,000	558	403
Total bonds & notes payable		$ 683,688	$ 389,972

(1) Payments are due to the DEP as the Fund receives payments from OSLP loan recipients.

Total bonds payable does not include $32,200,000 in special obligation bonds issued by the Fund as a conduit issuer. These special obligation bonds are secured by loan payments and deeds of trust on three projects. None of the Fund's assets or revenues are pledged to the payment of these special obligations. Furthermore, these special obligations are not secured by the Fund's general obligation debt pledge or its moral obligation and are not included in the Fund's financial statements. The Housing Development Fund is authorized under the Act to issue bonds or notes up to a limit of $1,250,000 outstanding at any one time, exclusive of refunded obligations, for the purpose of carrying out its various programs. This amount is inclusive of bonds issued under the General Resolution and the special obligation bonds.

The following is a summary of scheduled annual principal and interest for bonds in the Bond Programs for the five years commencing July 1, 2024, and thereafter to maturity.

Bonds Maturing During Year Ending June 30:	Principal	Interest	Total
		(Dollars in thousands)	
2025	$ 29,520	$ 25,042	$ 54,562
2026	36,255	24,724	60,979
2027	38,810	23,668	62,478
2028	38,255	22,489	60,744
2029	34,565	21,314	55,879
2030-2034	157,510	89,703	247,213
2035-2039	116,725	64,624	181,349
2040-2044	96,370	42,735	139,105
2045-2049	76,944	23,652	100,596
2050-2054	56,706	7,036	63,742
2055	1,535	40	1,575
	$ 683,195	$ 345,027	$1,028,222

In accordance with Section 103A of the Code, the Fund has established allowances for excess rebateable investment earnings. The excess rebateable investment earnings arise due to actual investment yields earned by the Fund being greater than yields permitted to be retained by the Fund under the Code. The Code requires such excess investment earnings to be remitted to the Internal Revenue Service. The Housing Finance Bond Program established liabilities of $12,000 and $4,000 at June 30, 2024 and June 30, 2023, respectively, for the excess of the fair value of investments over amortized costs as explained in *Note C - Cash and Investments*. Future excess investment earnings may require the establishment of liabilities for these and other bond issues.

On January 30, 2020, the Fund entered into a revolving Commercial Loan Agreement (the "Line of Credit") with United Bank, in an amount not to exceed $20,000,000, payable monthly. On January 31, 2024, the Line of Credit was renewed with a maturity date of January 30, 2026, currently bearing an interest rate of 5.52% per annum. The purpose of the Line of Credit is to provide warehouse funding for loans under the Multifamily Loan Program. During fiscal year 2024, the Fund had drawn a total of $18,000,000, all of which was repaid during the fiscal year.

NOTE E – CONTINGENT LIABILITIES AND RISK MANAGEMENT

Under the terms of certain federal programs, periodic audits are required and certain costs and expenditures may be questioned under the terms of the program. Such audits could lead to reimbursements to the grantor agencies. Historically, questioned costs have been immaterial. Management of the Fund believes future disallowances relating to current federal program expenditures, if any, will continue to be immaterial.

The Fund is a defendant in various legal proceedings arising in the normal course of business. In the opinion of management, based upon the advice of legal counsel, the ultimate resolution of these proceedings will not have a material adverse effect on the Fund's financial position.

Through its business operations, the Fund is exposed to various risks of loss related to potential loan losses on program mortgages, fire, liability, and employee wrongdoing. To reduce the risk of loss on program mortgages, the Fund has various types of mortgage insurance. At June 30, 2024, 51.51% of the Fund's single family Bond Program loans were VA, USDA Rural Development, or FHA guaranteed. Another 30.07% of these loans carry private mortgage insurance. Substantially all permanent multifamily mortgages are federally insured or guaranteed and/or are subject to HUD Section 8 rental assistance subsidies.

The Fund is insured against fire for owned assets, liability, and employee negligence through private insurance. Furthermore, key staff members of the Fund are bonded against theft in the aggregate amount of $4,000,000. The Board of Directors has allocated $1,000,000 of the Fund's unrestricted net position to provide indemnification for the directors and officers of the Fund. Additionally, the Fund has general liability insurance with the State Board of Risk and Insurance Management in the amount of $1,000,000 per occurrence and excess liability coverage of $10,000,000 aggregate with General Star Insurance Company for officers' and directors' indemnity. The Fund pays an annual premium in exchange for such coverage. The Fund has $5,000,000 in cyber insurance through Houston Casualty Company. There have been no significant settlements in excess of insurance coverage during the past three calendar years.

NOTE F – RETIREMENT PLAN

Plan Description. All full-time Fund employees participate in the State's Public Employees' Retirement System (PERS), a multiple-employer defined benefit cost-sharing public employee retirement system administered by the West Virginia Consolidated Public Retirement Board (CPRB). Benefits under PERS include deferred retirement, early retirement, death, and disability benefits and have been established and may be amended by action of the State Legislature. The CPRB issues a publicly available financial report that includes financial statements for PERS that may be obtained at www.wvretirement.com.

Benefits Provided. Employees hired before July 1, 2015 are eligible for normal retirement at age 60 with five or more years of credited service, or at least age 55 with age and service equal to 80 or greater. Employees hired on or after July 1, 2015 may retire at age 62 with ten years of service. The straight-life annuity retirement benefit, established by State statute, is equivalent to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired on or after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired on or after July 1, 2015, this age increases to 64 with ten years of service.

Contributions. Contributions as a percentage of payroll for members are established by statutes, subject to legislative limitations and are not actuarially determined. Contributions as a percentage of payroll for employees are established by the CPRB. Current funding policy requires employer contributions of 9.0% for 2024 and 2023 and 10.0% for each of the years ended June 30, 2022 and 2021. As permitted by legislation, the Fund has elected to pay 100% of all costs relating to the Plan, including the employee's 4.5% contribution of annual earnings for employees hired on or before February 6, 2012. Beginning February 7, 2012, new hires are required to pay the employee's contribution of 4.5%. For all employees hired on or after July 1, 2015 the employee contribution is 6.0%. The Fund's contribution to the Plan, excluding the employee's contribution paid by the Fund, approximated $619,000, $640,000, and $721,000 for the fiscal years ended June 30, 2024, 2023, and 2022, respectively.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The Fund reported a liability (asset) of ($18,000) and $663,000 as of June 30, 2024 and June 30, 2023, respectively, for its proportionate share of the net pension liability (asset). The net pension liability (asset) reported at June 30, 2024 was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2022, rolled forward to the measurement date of June 30, 2023. The Fund's proportion of the net pension liability (asset) was based on the Fund's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2023. At June 30, 2023 and June 30, 2022, the Fund's proportionate share was .40% and .45%, respectively.

For the years ended June 30, 2024 and June 30, 2023, respectively, the Fund recognized pension expense of $663,000 and $352,000. At June 30, 2024 and June 30, 2023, the Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Dollars in thousands)	June 30, 2024	
	Deferred Outflows of Resouces	**Deferred Inflows of Resources**
Net difference between projected and actual earnings on pension plan investments	$ 110	$ -
Difference between expected and actual experience	153	-
Changes in assumptions	117	-
Changes in proportion and differences between Fund contributions and proportionate share of contributions	43	2
Fund contributions made subsequent to the measurement date	619	-
	$ 1,042	**$ 2**

(Dollars in thousands)	June 30, 2023	
	Deferred Outflows of Resouces	**Deferred Inflows of Resources**
Net difference between projected and actual earnings on pension plan investments	$ 400	$ -
Difference between expected and actual experience	254	-
Changes in assumptions	436	-
Changes in proportion and differences between Fund contributions and proportionate share of contributions	43	9
Fund contributions made subsequent to the measurement date	640	-
	$ 1,773	**$ 9**

Deferred outflows of resources related to pensions of $619,000 resulting from Fund contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (or increase in the net pension asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

(Dollars in thousands)

Year Ended June 30:	**Pension Expense**
2025	17
2026	(405)
2027	883
2028	(74)

Actuarial Assumptions and Methods. The following assumptions and methods were used in the actuarial valuation:

	2023	2022
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through Fiscal Year 2035	Through Fiscal Year 2035
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases:		
State	2.75% - 5.55%	2.75% - 5.55%
Non-state	3.60% - 6.75%	3.60% - 6.75%
Inflation rate	2.75%	2.75%
Discount rate	7.25%	7.25%
Mortality rates	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018
	Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018	Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018
	Retired healthy females - 122% of Pub-2010 General Retiree Female table, below median headcount weighted, projected generationally with scale MP-2018	Retired healthy females - 122% of Pub-2010 General Retiree Female table, below median headcount weighted, projected generationally with scale MP-2018
	Disabled males - 118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018	Disabled males - 118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018
	Disabled females - 117% of Pub-2010 General / Teachers Disabled Female table headcount weighted, projected generationally with scale MP-2018	Disabled females - 117% of Pub-2010 General / Teachers Disabled Female table headcount weighted, projected generationally with scale MP-2018
Withdrawal rates		
State	2.28% - 45.63%	2.28% - 45.63%
Non-state	2.50% - 35.88%	2.50% - 35.88%
Disability rates	0.005% - 0.540%	0.005% - 0.540%
Retirement rates	12% - 100%	12% - 100%
Date range in most recent experience study	2013-2018	2013-2018

The long-term rates of return on pension plan investments were determined using the building-block method in which estimates of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term geometric rates of return are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Average Expected Real Rate of Return
Domestic Equity	27.5%	6.5%	1.79%
International Equity	27.5%	9.1%	2.50%
Fixed Income	15.0%	4.3%	0.65%
Real estate	10.0%	5.8%	0.58%
Private equity	10.0%	9.2%	0.92%
Hedge funds	10.0%	4.6%	0.46%
Total	100%		6.90%
Inflation (CPI)			2.50%
			9.40%

Discount Rate. The discount rates used to measure the total pension liabilities were 7.25% for the 2023 and 2022 actuarial valuations. At June 30, 2023 and 2022, the projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current 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 the Fund's proportionate share of the net pension liability (asset) to changes in the discount rate. The following table presents the Fund's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25% and 7.25% for the years ended June 30, 2024 and June 30, 2023, respectively, as well as what the Fund's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

(Dollars in thousands)

Net Pension Liability (Asset) June 30,					
2024			2023		
1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
$ 3,739	$ (18)	$ (3,188)	$ 4,691	$ 663	$ (2,784)

NOTE G – COMPENSATED ABSENCES

Employees accumulate annual leave balances to a maximum of 210 hours. Most employees receive a 100% termination payment upon separation based upon their final rate of pay. The liability for annual leave is valued at 100% of the balance plus the Fund's share of Social Security and Medicare contributions. The Fund has recorded a liability for accrued leave for all employees in accordance with GAAP. The liability for annual leave is shown below. In lieu of cash payment at retirement, an employee who became a member of PERS before July 1, 2015 may elect to use accumulated annual leave toward additional service in the computation of retirement benefits or toward their postemployment health care insurance premium as further explained in *Note H – Other Postemployment Healthcare Benefits.* If an employee became a member on or after July 1, 2015, they may not use accumulated annual leave to acquire additional credited service but they may still elect to use accumulated annual leave toward their postemployment health care insurance premium explained in *Note H – Other Postemployment Healthcare Benefits*.

(Dollars in thousands)

	Accumulated Annual Leave		
	2024	**2023**	**2022**
Balance at beginning of fiscal year	$ 611	$ 631	$ 659
Annual leave earned	527	571	575
Annual leave (used)	(555)	(591)	(603)
Balance at end of fiscal year	$ 583	$ 611	$ 631
Estimated to be paid in one year	$ 583	$ 611	$ 631

NOTE H – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

Plan administration. The Welfare Benefit Plan (the Plan), an irrevocable trust, is a single-employer defined other postemployment benefit plan administered by the Fund and the Fund's Board of Directors that is used to provide postemployment benefits other than pensions (OPEB) for employees of the Fund. Substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the Fund. The assets of the Plan are deposited with an external trustee and are presented in the stand-alone fiduciary fund financial statements.

Benefits Provided

The Fund provides certain healthcare insurance benefits for retired employees and their eligible dependents. Benefits are fully self-insured by the Fund and are administered through a third-party administrator. The full cost of benefits is covered by the plan. Management of the Fund has the authority to establish and amend benefit provisions of the Plan. An employee may receive a cash payout for their annual leave but not for sick leave. In lieu of cash payment at retirement, an employee may elect to use accumulated annual and accumulated sick leave toward their postemployment health care insurance premium. A retiree may convert two unused leave days into one month's insurance premium for single coverage or three unused leave days into one month's premium for family coverage. The Fund will pay monthly health insurance premiums of these retirees based on unused sick leave and/or annual leave at the time of retirement until the unused leave is fully utilized or until the retiree reaches the eligible age for Medicare. Accordingly, the maximum period for which a retiree may be entitled to such benefits would be twelve years.

Employees covered by benefit terms. At June 30, 2024 and June 30, 2023, the following employees were covered by the benefit terms:

Covered Employees	June 30, 2024	2023
Inactive employees or beneficiaries currently receiving benefit payments	12	8
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active plan members	99	97
Total	111	105

Contributions

The contribution requirements of plan members and the Fund are established and may be amended by the Fund's management. Management establishes contribution rates based on an actuarially determined rate. Plan members are not required to contribute to the plan. The Fund's contribution to the Plan approximated $401,000, and $450,000 for the fiscal years ended June 30, 2024 and 2023, respectively.

Investments

Investment policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Fund's Board of Directors. Investments are to be diversified as to minimize the risk of large losses as follows:

Permitted Investments	Maximum % of Porfolio
Cash:	
Demand Deposits	30%
Fixed Income:	
Direct Federal Obligations	90%
Federal Agency Obligations	90%
Federally Guaranteed Obligations	90%
FDIC Insured CDs	50%

Rate of Return. For the years ended June 30, 2024 and June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 5.25% and 1.27%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability (Asset)

At June 30, 2024 and 2023, the components of the net OPEB (asset) liability of the Fund were as follows:

	June 30,	
(Dollars in thousands)	2024	2023
Total OPEB Liability	$ 7,052	$ 7,286
Plan Fiduciary Net Position	7,324	6,770
Net OPEB (Asset) Liability	$ (272)	$ 516
Plan Fiduciary Net Position as a percentage of the Total OPEB (Asset) Liability	103.90%	92.90%

Actuarial Assumptions and Methods

The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of January 2024 rolled forward to June 30, 2024. The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of January 2022 and rolled forward to June 30, 2023. The following actuarial assumptions and methods were used:

Valuation Date	1/1/2024 Rolled forward to 6/30/2024	1/1/2022 Rolled forward to 6/30/2023
Actuarial Method	Entry Age	Entry Age
Amortization Method	Level Percentage of Pay, Closed	Level Percentage of Pay, Closed
Remaining Amortization Period	13 years as of 1/1/2024	15 years as of 1/1/2022
Asset Valuation Method	Fair Value of Assets	Fair Value of Assets
Actuarial Assumptions:		
Investment Rate of Return	3.00%	3.00%
Salary Increases	3.00%	3.00%
Ultimate Rate of Medical Inflation	3.00%	2.72%
General Rate of Inflation	2.20%	2.00%

Mortality rates for the January 1,2024 valuation rolled forward to June 30, 2024 and January 1, 2022 valuation rolled forward to June 30, 2023 were based on Pub-2010 General Employees table, below-median, headcount-weighted, projected generationally with scale MP-2018.

An actuarial experience study was not completed. Actuarial assumptions for disability, termination, retirement, and dependent age were based on the PERS actuarial valuation as of July 1, 2020 for the January 2022 Plan valuation rolled forward to June 30, 2023. Actuarial assumptions for disability, termination, retirement, and dependent age were based on the PERS actuarial valuation as of July 1, 2022 for the January 2024 Plan valuation rolled forward to June 30, 2024.

The long-term expected rate of return on the 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 Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalents	10.0%	3.00%
U.S. Government Obligations	90.0%	3.50%
Total	100.0%	

Discount rate. The discount rate as of June 30, 2024 and June 30, 2023 is 3.00%, which is the assumed long-term expected rate of return on Plan investments. This is the same discount rate that was used in the January 1, 2024 liability calculations. Projections of the Plan's fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current plan members. As such, the single rate of return is equal to the long-term expected rate of return on the Plan assets, which is 3.00%.

Development of discount rate.

As of June 30, 2024, the Plan uses the Bond Buyer GO 20-Bond Municipal Bond Index. As this index is issued weekly, the value closest to but not after the reporting date is used in determining the appropriate rate. Based on this practice, the municipal bond rate at June 29, 2023 was 3.65% and the municipal bond rate at June 27, 2024 was 3.93%. However, the depletion test as of the most recent actuarial valuation as of January 1, 2024, reflecting known contributions after that date as well as the current funding policy, showed that the projected assets are expected to cover future benefit payments for current participants and as such the single rate used as the discount rate is the long-term expected rate of return, 3.00%. The actuarial liability, normal cost, and expected benefit payments were projected for the remaining lifetimes of the closed group population as of January 1, 2024, using the assumptions detailed in the 2024 actuarial valuation report. An Actuarially Determined Contribution (ADC) was calculated each year based on the current closed amortization period. The assets were then projected forward reflecting known contributions through June 30, 2024, and then assuming that the ADC is contributed in the future. Since the assets are projected to always be greater than the expected benefit payments in any year, the long-term expected rate of return of 3.00% is used to calculate the liabilities.

As of June 30, 2023, the Plan uses the Bond Buyer GO 20-Bond Municipal Bond Index. As this index is issued weekly, the value closest to but not after the reporting date is used in determining the appropriate rate. Based on this practice, the municipal bond rate at June 30, 2022 was 3.54% and the municipal bond rate at June 29, 2023 was 3.65%. However, the depletion test as of the most recent actuarial valuation as of January 1, 2022, reflecting known contributions after that date as well as the current funding policy, showed that the projected assets are expected to cover future benefit payments for current participants and as such the single rate used as the discount rate is the long-term expected rate of return, 3.00%. The actuarial liability, normal cost, and expected benefit payments were projected for the remaining lifetimes of the closed group population as of January 1, 2022, using the assumptions detailed in the 2022 actuarial valuation report. An Actuarially Determined Contribution (ADC) was calculated each year based on the current closed amortization period. The assets were then projected forward reflecting known contributions through June 30, 2023, and then assuming that the ADC is contributed in the future. Since the assets are projected to always be greater than the expected benefit payments in any year, the long-term expected rate of return of 3.00% is used to calculate the liabilities.

Changes in the Net OPEB Liability (Asset)

At June 30, 2024 and June 30, 2023, respectively, the Fund reported a Net OPEB (Asset) Liability of ($272,434) and $515,512. Total OPEB Liability (TOL) at the end of the measurement year, June 30, 2024, is measured as of a valuation date of January 1, 2024, and is projected to June 30, 2024, and June 30, 2023, is measured as of a valuation date of January 1, 2022 and is projected to June 30, 2023. Valuations will be completed every other year.

(Dollars in thousands)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at 6/30/2023	$ 7,286	$ 6,770	516
Changes for the year:			
Service cost	283	-	283
Interest	225	-	225
Changes of benefits	(311)	-	(311)
Differences between expected and actual experience	(477)	-	(477)
Changes of assumptions	204	-	204
Contributions - employer	-	402	(402)
Net investment income	-	348	(348)
Benefit payments	(158)	(158)	-
Administrative expense	-	(38)	38
Net changes	(234)	554	(788)
Balances at 6/30/2024	$ 7,052	$ 7,324	$ (272)

(Dollars in thousands)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at 6/30/2022	$ 7,276	$ 6,427	849
Changes for the year:			
Service cost	245	-	245
Interest	215	-	215
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	450	(450)
Net investment income	-	86	(86)
Benefit payments	(450)	(169)	(281)
Administrative expense	-	(24)	24
Net changes	10	343	(333)
Balances at 6/30/2023	$ 7,286	$ 6,770	$ 516

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the net OPEB liability (asset) of the Fund, as well as what the Fund's net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (2.0%) or one-percentage-point higher (4.0%) than the current discount rate:

(Dollars in thousands)	Net OPEB Liability (Asset) June 30, 2024			2023		
	1% Decrease 2.00%	Current Discount Rate 3.00%	1% Increase 4.00%	1% Decrease 2.00%	Current Discount Rate 3.00%	1% Increase 4.00%
Total OPEB Liability	$ 7,503	$ 7,052	$ 6,636	$ 7,785	$ 7,286	$ 6,835
Plan Fiduciary Net Position	7,324	7,324	7,324	6,770	6,770	6,770
Net OPEB Liability (Asset)	$ 179	$ (272)	$ (688)	$ 1,015	$ 516	$ 65
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	97.60%	103.90%	110.40%	87.00%	92.90%	99.10%

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rates. The following presents the net OPEB liability (asset) of the Fund, as well as what the Fund's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

(Dollars in thousands)	Net OPEB Liability (Asset) June 30, 2024			2023		
	Trend Minus 1%	Current Baseline Trends	Trend Plus 1%	Trend Minus 1%	Current Baseline Trends	Trend Plus 1%
Total OPEB Liability	$ 6,605	$ 7,052	$ 7,556	$ 6,674	$ 7,286	$ 7,982
Plan Fiduciary Net Position	7,324	7,324	7,324	6,770	6,770	6,770
Net OPEB Liability (Asset)	$ (719)	$ (272)	$ 232	$ (96)	$ 516	$ 1,212
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	110.90%	103.90%	96.90%	101.40%	92.90%	84.80%

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended June 30, 2024 and June 30, 2023, respectively, the Fund recognized OPEB expense of $335,188 and $570,549. At June 30, 2024 and June 30, 2023, the Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Dollars in thousands)	June 30, 2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 405	$ -	$ 82
Changes in assumptions	810	-	1,032	-
Net difference between projected and actual earnings on OPEB plan investments	-	82	95	-
Total	$ 810	$ 487	$ 1,127	$ 82

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

(Dollars in thousands)

Year Ended June 30:	OPEB Expense
2025	292
2026	192
2027	(133)
2028	(28)

NOTE I – SUBSEQUENT EVENTS

On July 5, 2024, the Fund received $8,000,000 from the State to administer the Veteran's Mortgage Program that was passed during the 2024 West Virginia Legislature session under Senate Bill 261.

NOTE J - NEW ACCOUNTING PRONOUNCEMENTS

The Fund implemented GASB Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*, which is effective for fiscal years beginning after June 15, 2023. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. Those changes include things like: certain changes in accounting principles, certain changes in estimates that result from a justified or preferable change in measurement or new methodology. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods; changes to or within the reporting entity be reported by adjusting beginning balances of the current period; and changes in accounting estimates be reported prospectively by recognizing the change in the current period. If the change in accounting principle is the result of a new pronouncement the requirements only apply absent specific transition guidance in the pronouncement. Under this standard it is also necessary to display the total adjustment to beginning net position, fund balance, or fund net position on the face of the financial statements, by reporting unit. This statement also specifies both qualitative and quantitative disclosure requirements. Lastly, this statement provides guidance for if and how these changes should be reflected in required supplementary information and supplementary information. The adoption of this Statement did not have a significant impact on the Fund's financial statements.

GASB has issued Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. This statement modifies the criteria requiring a liability for compensated absences to be recognized. Under this statement a liability must be recognized for leave that has not been used, or leave that has been used but not yet paid in cash or settled through noncash means. Furthermore, the liability for leave that has not been used is recognized if the leave is attributed to services already rendered, that accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. If the leave is considered more likely than not to be settled through conversion to a defined benefit post-employment benefit it should not be included in the liability for compensated absences. This statement also specifies certain types of benefits where the liability is not recognized until leave commences or where the liability is not recognized until the leave is used. The statement also provides guidance for measuring the liability and modifies the disclosure requirements allowing for disclosure of only the net change in the liability, and no longer requiring disclosure of which governmental funds have been used to liquidate the liabilities. The Fund has not yet determined the effect that the adoption of GASB Statement No. 101 may have on its financial statements.

GASB has also issued Statement No. 102, *Certain Risk Disclosures,* which is effective for fiscal years beginning after June 15, 2024. The objective of this statement is to provide financial statement users with information about risks due to concentrations or constraints common in a governmental environment. The standard requires an assessment of whether any concentrations or constraints increase the government's vulnerability to significant impacts, and whether events associated with concentrations and/or constraints have occurred or are more likely than not to occur within one year of issuance of the financial statements. Further, additional detailed disclosures may be required in certain situations. The Fund has not yet determined the effect that the adoption of GASB Statement No. 102 may have on its financial statements.

GASB has also issued Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. The focus of the improvements are to the presentation of (1) management's discussion and analysis, the statement clarifies that management's discussion and analysis should be limited to only topics in the existing sections and stresses that the detailed analyses section should provide clear explanation of why balances or results changed rather than simply presenting the amounts of the change. (2) unusual or infrequent items, the statement provides description of unusual or infrequent items and where on the statements they should be presented. (3) proprietary fund statement of revenues, expenses, and changes in net position, providing definitions for operating and nonoperating revenues and expenses, and the order in which they should be presented (4) major component unit information, adding a requirement that major component units should be presented separately in the statements unless it reduces readability, and (5) budgetary comparison information should be presented as RSI. The Fund has not yet determined the effect that the adoption of GASB Statement No. 103 may have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) PERS

(Dollars in thousands)	Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
The Fund's proportionate (percentage) of the net pension liability (asset)	0.402458%	0.445175%	0.403023%	0.370100%	0.385094%	0.386822%	0.381747%	0.383639%	0.413624%	0.413581%
The Fund's proportionate share of the net pension liability (asset)	$ (18)	$ 663	$ (3,538)	$ 1,957	$ 828	$ 999	$ 1,648	$ 3,526	$ 2,310	$ 1,526
The Fund's covered payroll	$ 7,211	$ 7,210	$ 6,420	$ 5,750	$ 5,650	$ 5,345	$ 5,183	$ 5,289	$ 5,607	$ 5,538
The Fund's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(0.25%)	9.20%	(55.11%)	34.03%	14.65%	18.70%	31.81%	66.70%	41.18%	27.56%
Plan fiduciary net position as a percentage of the total pension liability	100.05%	98.24%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%

Note: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date

SCHEDULES OF CONTRIBUTIONS TO THE PERS

(Dollars in thousands)	Years Ended, June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 619	$ 649	$ 721	$ 642	$ 575	$ 565	$ 588	$ 622	$ 714	$ 785
Contributions in relation to the statutorily required contribution	619	649	721	642	575	565	588	622	714	785
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fund's covered payroll	$ 6,878	$ 7,211	$ 7,210	$ 6,420	$ 5,750	$ 5,650	$ 5,345	$ 5,183	$ 5,289	$ 5,607
Contributions as a percentage of covered payroll	9.0%	9.0%	10.0%	10.0%	10.0%	10.0%	11.0%	12.0%	13.5%	14.0%

See Independent Auditor's Report and Notes to the Required Supplementary Information.

SCHEDULES OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS – WELFARE BENEFIT PLAN

(Dollars in thousands)	June 30, 2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	$ 283	$ 245	$ 223	$ 200	$ 172	$ 143	$ 147	$ 150
Interest (includes interest on service cost)	225	215	177	174	227	219	234	245
Changes in benefit terms	(311)	-	(186)	-	-	-	-	-
Differences between expected and actual experience	(477)	-	(58)	-	(142)	-	(200)	-
Changes of assumptions	204	-	1,409	-	560	-	(660)	-
Benefit payments	(158)	(168)	(216)	(92)	(95)	(311)	(228)	(218)
Net change in total OPEB liability	**$ (234)**	**$ 292**	**$ 1,349**	**$ 282**	**$ 722**	**$ 51**	**$ (707)**	**$ 177**
Total OPEB liability - beginning	**7,286**	**6,994**	**5,927**	**5,645**	**4,923**	**4,872**	**5,579**	**5,402**
Total OPEB liability - ending	**$ 7,052**	**$ 7,286**	**$ 7,276**	**$ 5,927**	**$ 5,645**	**$ 4,923**	**$ 4,872**	**$ 5,579**
Plan fiduciary net position								
Contributions - employer	$ 402	$ 450	$ 789	$ 321	$ 95	$ 311	$ 228	$ 405
Net investment income	348	367	(88)	21	180	172	46	22
Benefit payments, including refunds of member contributions	(158)	(168)	(216)	(92)	(95)	(311)	(228)	(218)
Administrative expense	(38)	(24)	(20)	(33)	(20)	(31)	(35)	(16)
Net change in plan fiduciary net position	**$ 554**	**$ 625**	**$ 465**	**$ 217**	**$ 160**	**$ 141**	**$ 11**	**$ 193**
Plan fiduciary net position - beginning	**6,770**	**6,145**	**5,962**	**5,745**	**5,585**	**5,444**	**5,433**	**5,240**
Plan fiduciary net position - ending	**$ 7,324**	**$ 6,770**	**$ 6,427**	**$ 5,962**	**$ 5,745**	**$ 5,585**	**$ 5,444**	**$ 5,433**
Net OPEB liability (asset) - ending	**$ (272)**	**$ 516**	**$ 849**	**$ (35)**	**$ (100)**	**$ (662)**	**$ (572)**	**$ 146**
Plan fiduciary net position as a percentage of the total OPEB liability	103.90%	92.90%	88.30%	100.60%	101.78%	113.46%	111.74%	97.40%

SCHEDULES OF CONTRIBUTIONS TO THE WELFARE BENEFIT PLAN

(Dollars in thousands)	June 30, 2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 347	$ 391	$ 412	$ 221	$ 189	$ 108	$ 101	$ 162
Contributions in relation to the actuarially determined contribution	401	450	789	321	95	311	228	405
Contribution (excess)	(54)	(59)	(377)	(100)	94	(203)	(127)	(243)
Covered employee payroll	$ 6,906	$ 6,317	$ 6,133	$ 5,946	$ 5,773	$ 5,582	$ 5,396	$ 5,268
Contributions as a percentage of covered employee payroll	5.81%	7.12%	12.88%	5.41%	1.65%	5.57%	4.23%	7.69%

SCHEDULES OF ANNUAL RATE OF RETURN ON INVESTMENTS – WELFARE BENEFIT PLAN

	June 30, 2024	2023	2022	2021	2020	2019	2018	2017
Money-weighted rate of return, net of investment expense	5.25%	1.27%	(1.42%)	0.17%	3.23%	3.37%	0.78%	0.66%

See Independent Auditor's Report and Notes to the Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE A – RETIREMENT PLAN TREND INFORMATION PRESENTED

The accompanying schedules of the Fund's proportionate share of the net pension liabilities (assets) and contributions to the PERS and the Welfare Benefit Plan and the schedules of annual rate of return on investments of the Welfare Benefit Plan are required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

NOTE B – RETIREMENT PLAN ACTUARIAL ASSUMPTIONS AND METHODS

The information presented in the Schedules of Contributions to PERS was based on the actuarial valuation as of July 1, 2020 using the actuarial assumptions and methods as follows:

	2022-2023	2021
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through Fiscal Year 2035	Through Fiscal Year 2035
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases:		
State	2.75% - 5.55%	2.75% - 5.55%
Non-state	3.60 - 6.75%	3.60 - 6.75%
Inflation rate	2.75%	2.75%
Discount rate	7.25%	7.25%
Mortality rates	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018
	Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018	Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018
	Retired healthy females - 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018	Retired healthy females - 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018
	Disabled males - 118% of Pub-2010 General/Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018	Disabled males - 118% of Pub-2010 General/Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018
	Disabled females - 117% of Pub-2010 General/Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018	Disabled females - 117% of Pub-2010 General/Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018
Withdrawal rates:		
State	2.28 - 45.63%	2.275 - 45.63%
Non-state	2.50 - 35.88%	2.50 - 35.88%
Disability rates	.005 - 0.540%	.005 - 0.540%
Retirement rates	12% - 100%	12% - 100%
Date range in most recent experience study	2013-2018	2013-2018

	2020	2019	2015-2018
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through Fiscal Year 2029	Through Fiscal Year 2035	Through Fiscal Year 2035
Actuarial assumptions:			
Investment rate of return	7.50%	7.50%	7.50%
Projected salary increases:			
State	3.1 - 5.3%	3.1 - 5.3%	3.0 - 4.6%
Non-state	3.35 - 6.5%	3.35 - 6.5%	3.35 - 6.0%
Inflation rate	3.00%	3.00%	3.0% (2015-1.90%)
Discount rate	7.50%	7.50%	7.50%
Mortality rates	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with with scale MP-2018	Active - 100% of RP-2000 Non-Annuitant, Scale AA fully generational
	Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018	Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018	Retired healthy males - 110% of RP-2000 Healthy Annuitant, Scale AA fully generational
	Retired healthy females - 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018	Retired healthy females - 122% of Pub-2010 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018	Retired healthy females - 101% of RP-2000 Healthy Annuitant, Scale AA fully generational
	Disabled males - 118% of Pub-2010 General/Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018	Disabled males - 118% of Pub-2010 General/Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018	Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA fully generational
	Disabled females - 117% of Pub-2010 General/Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018	Disabled females - 118% of Pub-2010 General/Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018	Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA fully generational
Withdrawal rates:			
State	2.275 - 45.63%	2.28 - 45.63%	1.75 - 35.10%
Non-state	2.50 - 35.88%	2.00 - 35.88%	2.00 - 35.88%
Disability rates	.005 - 0.540%	.005 - 0.540%	.007 - .675%
Retirement rates	12% - 100%	12% - 100%	12% - 100%
Date range in most recent experience study	2013-2018	2013-2018	2009-2014

The information presented in the Schedules of Contributions to the Welfare Benefit Plan was based on the actuarial assumptions and methods as follows:

Valuation date	1/1/2024 Rolled forward to 6/30/2024
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	13 years as of 1/1/2024
Actuarial Assumptions:	
Discount rate	3.00%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2024 grading down to 3% over 20 years
	Medicare: No Medicare coverage; PEIA penalty payments are not expected to increase
	Administrative expenses: 2.5% per year

Valuation date	1/1/2022 Rolled forward to 6/30/2023
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	15 years as of 1/1/2022
Actuarial Assumptions:	
Discount rate	3.00%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2022 grading down to 2.72% over 19 years
	Medicare: 5.0% in calendar 2022 and 2023 5.0% grading down to 2.72% over 18 years
	Administrative expenses: 2.72% per year

Valuation date	1/1/2022 Rolled forward to 6/30/2022
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	15 years as of 1/1/2022
Actuarial Assumptions:	
Discount rate	3.00%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2022 grading down to 2.72% over 19 years
	Medicare: 5.0% in calendar 2022 and 2023 5.0% grading down to 2.72% over 18 years
	Administrative expenses: 2.72% per year

Valuation date	1/1/2020 Rolled forward to 6/30/2021
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	17 years as of 1/1/2020
Actuarial Assumptions:	
Discount rate	3.00%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2020 grading down to 2.72% over 19 years
	Medicare: 0.0% in calendar 2020 and 2021 5.0% grading down to 2.72% over 18 years
	Administrative expenses: 2.72% per year

Valuation date	1/1/2020 Rolled forward to 6/30/2020
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay Closed
Remaining Amortization Period	17 years as of 1/1/2020
Actuarial Assumptions:	
Discount rate	3.00%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2020 grading down to 2.72% over 19 years
	Medicare: 0.0% in calendar 2020 and 2021 5.0% grading down to 2.72% over 18 years
	Administrative expenses: 2.72% per year

Valuation date	1/1/2018 Rolled forward to 6/30/2019
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay Closed
Remaining Amortization Period	19 years as of 1/1/2018
Actuarial Assumptions:	
Discount rate	4.50%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 8.40% in calendar 2018 grading down to 4.0% over 15 years
	Medicare: 0.0% in calendar 2018 and 2019 5.0% grading down to 4.0% over 13 years
	Administrative expenses: 4.0% per year

Valuation date	1/1/2016 Rolled forward to 6/30/2017
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay Closed
Remaining Amortization Period	21 years as of 1/1/2016
Actuarial Assumptions:	
Discount rate	4.50%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2016 grading down to 4.0% over 15 years
	Medicare: 6.0% in calendar 2016 grading down to 4.0% over 15 years
	Administrative expenses: 4.0% per year

NOTE C – PERS PLAN AMENDMENTS

The PERS was amended to make changes which apply to new employees hired on or after July 1, 2015 as follows:

- For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. A member may retire with the pension reduced actuarially if the member is at least 55 and has at least 10 years of contributory service, or at any age with 30 years of contributory service. For employees hired after July 1, 2015, qualification for normal retirement is 62 with 10 years of service. A member hired after July 1, 2015 may retire with the pension reduced actuarially if the member is between the ages of 60 and 62 with at least ten years of contributory service, between ages 57 and 62 with at least twenty years of contributory service or between the ages 55 and 62 with at least thirty years of contributory service.

- The straight life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired on or after July 1, 2015 average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings.

- For employees hired prior to July 1, 2015, terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired on or after July 1, 2015, this age increases to 64 with at least ten years of contributory service, or age 63 with at least twenty years of contributory service.

- For all employees hired prior to July 1, 2015, employees are required to contribute 4.5% of annual earnings. All employees hired on or after July 1, 2015, are required to contribute 6% of annual earnings.

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APPENDIX D

FORM OF APPROVING OPINION OF BOND COUNSEL

WEST VIRGINIA HOUSING DEVELOPMENT FUND
5710 MacCorkle Ave., SE
Charleston, West Virginia 25304

At your request, we have examined the constitution and laws of the State of West Virginia (the "State") and a record of proceedings related to the issuance of $56,000,000 aggregate principal amount of Housing Finance Bonds, 2024 Series D (the "2024 D Bonds") and $24,000,000 aggregate principal amount of Housing Finance Bonds, 2024 Series E (the "2024 E Bonds"; together with the 2024 D Bonds, the "2024 DE Bonds") of the West Virginia Housing Development Fund (the "Housing Development Fund"), a public body corporate of the State created by and pursuant to Article 18 of Chapter 31 of the Code of West Virginia, 1931, as amended (the "Act"), and organized and existing under the Act and the laws of the State.

The 2024 DE Bonds are authorized to be issued pursuant to the Act, the General Housing Finance Bond Resolution, dated April 29, 1976, as amended and supplemented (the "Resolution"), the Sixtieth Supplemental Housing Finance Bond Resolution, adopted on April 24, 2024 (the "Supplemental Resolution"; together with the Resolution, the "Resolutions"), and a Certificate of Determinations of the Housing Development Fund, dated as of September 25, 2024 (the "Certificate"). Housing Finance Bonds, including the 2024 DE Bonds, are authorized to be issued for the purpose of providing funds to carry out the Housing Finance Program as described in the Resolution.

The 2024 DE Bonds are dated the date of issuance and delivery, mature on the dates, in the respective principal amounts, bear interest at the rates and are subject to redemption and otherwise are as described and provided for in the Supplemental Resolution and the Certificate.

The Housing Development Fund is authorized to issue other Housing Finance Bonds in addition to the 2024 DE Bonds upon the terms and conditions set forth in the Resolution, and such Bonds, when issued, shall with the 2024 DE Bonds and with all other such Bonds theretofore and thereafter issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

Pursuant to the Act, a special trust fund has been established with the Municipal Bond Commission of the State and designated as the Mortgage Finance Bond Insurance Fund. Amounts in the Mortgage Finance Bond Insurance Fund are required by the Act to be applied to the payment of the principal of and interest on Mortgage Finance Bonds, as defined in the Act, when due, to the extent other moneys are not available therefor. The Act provides that in the event that the amount in the Mortgage Finance Bond Insurance Fund is less than its requirement, as established by the Act, the Governor of the State is authorized, but not required, to include the amount of any such deficiency in the budget of the State for the next fiscal year and that the

Legislature is authorized, but not required, to make an appropriation of the amount necessary to cure such deficiency.

We are of the opinion that:

1. Under the constitution and laws of the State, the Housing Development Fund has good, right and lawful authority, among other things, to carry out the Housing Finance Program (as defined in the Resolution), to provide sufficient funds therefor by the adoption of the Resolutions and the issuance and sale of the Housing Finance Bonds, including the 2024 DE Bonds, and to perform its obligations under the terms and conditions of the Resolutions, including financing the mortgage loans and collecting and enforcing the collection of Pledged Receipts and Recoveries of Principal as covenanted in the Resolution.

2. The Resolutions have been duly adopted by the Housing Development Fund, are in full force and effect, and are valid and binding upon the Housing Development Fund and enforceable in accordance with their terms.

3. The 2024 DE Bonds have been duly authorized, sold and issued by the Housing Development Fund in accordance with the Resolutions and the laws of the State, including the Act, and pursuant to the Act are issued by a public body corporate of the State for a public purpose.

4. Subject to agreements heretofore or hereafter made with the holders of any notes or other bonds of the Housing Development Fund pledging any particular revenues or assets not pledged under the Resolution and the exclusion by the Act of a pledge of funds in the Land Development, Operating Loan and Affordable Housing Funds, the 2024 DE Bonds are valid and legally binding general obligations of the Housing Development Fund payable from the revenues, funds or moneys pledged for the payment thereof pursuant to the Resolution, are enforceable in accordance with their terms and the terms of the Resolutions, and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

5. The Housing Finance Bonds, including the 2024 DE Bonds, are secured by a pledge in the manner and to the extent set forth in the Resolution. The Resolution creates the valid pledge of and lien on the Pledged Receipts and Recoveries of Principal, as defined in the Resolution, and all the Funds and Accounts established by the Resolution and moneys and securities therein, which the Resolution purports to create, subject only to the provisions of the Resolution permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

6. Pursuant to the Resolutions, the Housing Development Fund has validly covenanted in the manner and to the extent provided in the Resolution, among other things, to undertake the Housing Finance Program with the proceeds of the 2024 DE Bonds, including the financing of mortgage loans subject to the requirements of the Resolution with respect thereto, and to do all such acts and things necessary to receive and collect the Pledged Receipts and, when applicable, Recoveries of Principal.

7. The State is not liable on the 2024 DE Bonds and the 2024 DE Bonds are not a debt of the State. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of and interest on the 2024 DE Bonds.

8. The Housing Development Fund has validly pledged amounts in the Mortgage Finance Bond Insurance Fund to secure the payment of the 2024 DE Bonds and other Mortgage Finance Bonds and the interest thereon, and amounts to cure deficiencies in the Mortgage Finance Bond Insurance Fund for the payment of Mortgage Finance Bonds may be validly appropriated in accordance with law. The Housing Development Fund is authorized to pledge amounts in the Mortgage Finance Bond Insurance Fund to payment of other obligations issued by the Housing Development Fund upon the terms and conditions contained in the Act and the Resolution.

9. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the 2024 D Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the 2024 D Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; however, interest on the 2024 D Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Housing Development Fund and others in connection with the 2024 D Bonds, and we have assumed compliance by the Housing Development Fund with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2024 D Bonds from gross income under Section 103 of the Code.

10. Interest on the 2024 E Bonds is included in gross income for federal income tax purposes.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the 2024 DE Bonds, or the ownership or disposition thereof, except as stated in paragraphs 9 and 10 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the 2024 D Bonds. We undertake no responsibility for the accuracy, completeness, or fairness of any official statement or other offering materials relating to the 2024 DE Bonds and express herein no opinion relating thereto.

We have assumed, without undertaking to verify, the genuineness of all documents, certificates and opinions presented to us (whether as originals or as copies) and of the signatures thereon, the accuracy of the factual matters represented, warranted, or certified therein, and the due and legal execution thereof by, and the validity against, any parties other than the Housing Development Fund.

In rendering this opinion, we are advising you that the rights and obligations under the 2024 DE Bonds and the Resolutions and their enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance, or other laws affecting creditors' rights or remedies and are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), to the exercise of judicial discretion in appropriate cases, and to limitations on legal remedies. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, waiver, or severability provisions contained in the documents described herein.

We have examined specimens of the 2024 DE Bonds and in our opinion the forms thereof and their execution are regular and proper.

Very truly yours,

APPENDIX E

DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE GENERAL RESOLUTION

Definitions of Certain Terms

"Acquired Mortgage" means any Mortgage Loan financed by the Housing Development Fund under the Housing Finance Program or credited or to be credited to a Fund or Account pursuant to the General Resolution.

"Aggregate Debt Service" means, with respect to any particular Bond Year and as of any particular date of computation, the sum of the individual amounts of Debt Service (including Sinking Fund Payments) for such year with respect to all Series.

"Authorized Newspapers" means not less than two newspapers or financial journals, printed in the English language and customarily published (except in the case of legal holidays) at least once a day for at least five days in each calendar week, one of which is of general circulation in the City of Charleston, West Virginia, and the other of which is of general circulation in the Borough of Manhattan, City and State of New York. Notwithstanding the foregoing, any requirement under the General Resolution for publication of notice in Authorized Newspapers may be satisfied, at the election of the Housing Development Fund, by the posting of such notice with respect to the affected Bonds on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website or similar successor thereto.

"Bond Year" means a twelve-month period commencing on November 2 and ending on November 1.

"Capital Reserve Fund Requirement" means, as of any particular date of computation, the Aggregate Debt Service for the then current or any future Bond Year, whichever is greatest. If Bonds are issued bearing interest at a variable rate, the Housing Development Fund may, for purpose of determining the Capital Reserve Fund Requirement treat such Bonds as bearing interest at such rate as it determines in the Supplemental Resolution authorizing the issuance of such Bonds to be reasonable and proper under the circumstances.

"Debt Service" means, with respect to any particular Bond Year and any particular Series of Bonds, an amount equal to the sum of (i) all interest payable on such Bonds during such Bond Year, plus (ii) any Principal Installments of such Bonds during such Bond Year.

"Eligible Persons and Families" means (i) persons and families of low and moderate income, (ii) persons and families of higher income to the extent that the Housing Development Fund finds and determines that construction of new or rehabilitated housing for occupancy by them will cause to be vacated existing sanitary, decent and safe housing available at prices or rentals which persons and families of low and moderate income can afford, (iii) persons who because of age or physical disability are found and determined by the Housing Development Fund to require residential housing of a special location or design in order to provide them with sanitary, decent and safe residential housing or (iv) persons and families for whom, as found and determined by the Housing Development Fund, construction of new or rehabilitated residential housing in some designated area or areas of the State is necessary for the purpose of retaining in, or attracting to, such area or areas qualified manpower resources essential to modern mining, industrial and commercial operations and development in such area or areas.

"Investment Securities" means any of the following securities, if and to the extent the same are at the time legal investments by the Housing Development Fund of the funds to be invested therein:

(A) Direct obligations of or obligations guaranteed by the United States of America or for the payment of the principal and interest on which the full faith and credit of the United States of America is pledged;

(B) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Federal Home Loan Mortgage Corporation; Federal Farm Credit Bank; Export-Import Bank of the United States; Federal Land Banks; the Federal National Mortgage Association; the Government National Mortgage

Association; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;

(C) Public Housing Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract with the United States of America; temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(D) Certificates of deposit, time deposits, investment agreements, repurchase agreements, or similar banking arrangements with a member bank or banks of the federal reserve system or a bank the deposits of which are insured by the federal deposit insurance corporation, or its successor, or a savings and loan association or savings bank the deposits of which are insured by the federal savings and loan insurance corporation, or its successor, or government bond dealers reporting to, trading with and recognized as primary dealers by a federal reserve bank: Provided, That such investments shall only be made to the extent insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or to the extent that the principal amount thereof shall be fully collateralized by obligations described in clauses (A), (B) or (E) of this definition;

(E) Direct and general obligations of or obligations guaranteed by the State;

(F) Direct and general obligations of any state of the United States, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, but only if, at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by either Standard & Poor's or Moody's rating service or, upon the discontinuance of either or both of such services, such other nationally recognized rating service or services, as the case may be, as shall be determined in a Supplemental Resolution; and

(G) Certificates, shares or other interests in mutual funds, unit trusts or other entities registered under section eight of the United States Investment Company Act of 1940, but only to the extent that the terms on which the underlying investments are to be made prevent any more than a minor portion of the pool which is being invested in to consist of obligations other than obligations described in clauses (A), (B) or (E) of this definition.

Provided, that it is expressly understood that the definition of Investment Securities shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the General Resolution, thus permitting investments with different characteristics from those permitted which the Housing Development Fund deems from time to time to be in its interest to include as Investment Securities, as reflected in a Supplemental Resolution, if at the time of inclusion such inclusion will not, in and of itself, impair, or cause the Bonds to fail to retain, the then-existing rating assigned to them by each nationally-recognized rating service then providing a rating on the Bonds at the request of the Housing Development Fund.

"Mortgage" means a mortgage deed, deed of trust or other instrument securing a Mortgage Loan.

"Mortgage Loan" means an interest bearing loan for residential housing secured by a Mortgage or an instrument backed by a pool of such loans.

"Outstanding" when used with reference to Bonds means as of any date all Bonds which have been authenticated and delivered under the General Resolution except:

(A) Any Bonds cancelled by the Trustee at or prior to such date;

(B) Bonds (or portions of Bonds) for the payment or redemption of which moneys or Investment Securities, as described in clause (A) of the definition thereof or certificates of deposit secured by such obligations, the principal of and interest on which when due or payable will provide moneys which, together with the moneys, if any, deposited at the same time, will be sufficient to pay the principal or redemption price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust and set aside for such payment or redemption (whether at, prior to or after the maturity or redemption date) and, if such Bonds are to be redeemed, for which notice of such redemption shall have been given as provided in the General Resolution or provisions satisfactory to the Trustee shall have been made for the giving of such notices;

(C) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the General Resolution; and

(D) Bonds deemed to have been paid in accordance with the provisions relating to defeasance.

"Pledged Receipts" means scheduled payments of principal and interest called for by any Acquired Mortgage (monthly or otherwise) and paid to the Housing Development Fund from any source, including both timely and delinquent payments with late charges, fees and charges and other revenues and income paid to the Housing Development Fund on account of or in connection with any Acquired Mortgage on or subsequent to the date upon which such Acquired Mortgage was financed under the General Resolution and, upon receipt thereof by the Housing Development Fund, all interest earned or gain realized upon the investment or deposit of amounts in any Fund or Account and any amount deposited in the Revenue Fund representing an amount equal to the mortgage payment with respect to a project which the Housing Development Fund has taken possession of or acquired title to upon default, but does not include (i) Recoveries of Principal, (ii) any amount retained by the Servicer of any Acquired Mortgage as compensation for services rendered, (iii) escrow payments or (iv) interest earned or gain realized on investments to the extent required by the General Resolution to be retained in a particular Fund or Account.

"Recoveries of Principal" means all amounts received by the Housing Development Fund as a recovery of the principal amount of an Acquired Mortgage (i) as a result of the acceleration of the due date thereon through foreclosure or other proceedings taken in the event of default, including proceeds of insurance or condemnation, (ii) as a result of the prepayment thereof, including any penalty, fee, premium or additional charge, but not including the amount retained by the servicer as additional compensation as a result of such prepayment or (iii) on account of the sale, assignment, endorsement or other disposition thereof or from the sale of the whole or any part of the property of a project subsequent to the acquisition of such property by the Housing Development Fund as a result of default and amounts received as a reimbursement of accrued interest, with respect to which payments have been made as provided by, and subject to, the limitations contained in the General Resolution. The term does not include recoveries on account of any Acquired Mortgage financed with the Surplus Fund.

"Sinking Fund Payment" means the amount required by a Supplemental Resolution to be paid in any event by the Housing Development Fund on a single future date for the retirement of Bonds of any Series which mature after said future date, but does not include any amount payable by the Housing Development Fund by reason only of the maturity of a Bond.

Introduction

The General Resolution contains various covenants and security provisions certain of which are summarized below. Reference should be made to the General Resolution for a full and complete statement of its provisions.

Contract with Bondholders (Section 202)

The provisions of the General Resolution constitute a contract between the Housing Development Fund, the Trustee and the holders of the Bonds and the related coupons and the provisions thereof are for the equal benefit, protection and security of the holders of any and all of such Bonds and coupons.

Provisions for Issuance of Bonds (Sections 204, 206, and 711)

The General Resolution authorizes Bonds to be issued from time to time in accordance with its terms without limitation as to amount except as provided by law. The Bonds of a Series may be authenticated and delivered only upon receipt by the Trustee of, among other things:

(1) A counsel's opinion to the effect, among other things, that the Bonds of such Series have been duly and

validly authorized and issued in accordance with the constitution and statutes of the State, including the Act as amended to the date of such opinion, and in accordance with the General Resolution;

(2) The amount of the proceeds of such Series to be deposited in any Fund or Account held by the Trustee pursuant to the General Resolution;

(3) Except in the case of a refunding issue, a certificate of an authorized officer stating that the Housing Development Fund is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the General Resolution;

(4) A Statement of Projected Revenues, consisting of a certificate setting forth the Housing Development Fund's estimate of the Pledged Receipts to be received in each Bond Year on all Mortgage Loans financed or expected to be financed with the proceeds of outstanding Bonds (including the Series thereupon being issued), together with any other Pledged Receipts and any withdrawals from the Capital Reserve Fund or Recoveries of Principal for which, as set forth in a Supplemental Resolution, principal installments on Bonds have been scheduled and showing that such amounts will be sufficient to pay the aggregate debt service and the program expenses in each Bond Year.

The Housing Development Fund is not permitted to issue any obligations or create any indebtedness which will be secured by a superior or equal charge or lien on the revenues or assets pledged under the General Resolution, except that various Series of Bonds may be issued as provided in the General Resolution on a parity with the Bonds of all other Series, secured by an equal charge and lien on such revenues and assets and payable equally therefrom. No Series of Bonds may be issued unless the principal amount of all Bonds issued or to be issued will not exceed any limitation imposed by law and unless, upon the issuance of such Bonds, the amount credited to the Capital Reserve Fund will not be less than the Capital Reserve Fund Requirement. The Housing Development Fund has reserved the right to adopt one or more additional general bond resolutions and to issue other obligations.

Provisions for Refunding Issues (Section 207)

One or more Series of refunding Bonds may be issued to refund any Outstanding Bonds. Refunding Bonds may be authenticated and delivered only upon receipt by the Trustee of, among other things, irrevocable instructions to give notice of the redemption of all Bonds to be refunded and to give notice as required of the redemption of such Bonds and either (i) moneys sufficient to effect payment at the applicable redemption price of the Bonds to be refunded, together with interest accrued to the redemption date, or (ii) direct obligations of, or obligations insured or guaranteed by, the United States of America or certificates of deposit secured by such obligations, which by their terms will provide moneys sufficient to provide for the payment of such redemption price and accrued interest. Any such moneys, obligations or certificates are required to be held irrevocably in trust under the General Resolution.

Regulations with Respect to Exchanges and Transfers (Section 308)

For every exchange or transfer of Bonds pursuant to the General Resolution, the Housing Development Fund or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, and, except (i) with respect to the delivery of definitive Bonds in exchange for temporary Bonds, (ii) in the case of a Bond issued upon the first exchange or transfer of a Bond or Bonds hereunder or (iii) as otherwise provided in the General Resolution, may charge the person requesting such exchange or transfer a sum sufficient to pay the cost of preparing each new bond issued upon such exchange or transfer. Neither the Housing Development Fund nor the Trustee is obligated to make any such exchange or transfer of Bonds of any Series during the sixty days next preceding an interest payment date on the Bonds of such Series or, in the case of any proposed redemption of Bonds of such Series, next preceding the date of selection of Bonds for redemption or thereafter until the date of the first publication of notice of such redemption.

Application of Bond Proceeds and Recoveries of Principal (Sections 401 and 402)

Upon the delivery of each Series of Bonds, other than refunding Bonds, the amount necessary to cause the amount on deposit in the Capital Reserve Fund to equal the Capital Reserve Fund Requirement immediately after such delivery is required to be deposited in the Capital Reserve Fund. Proceeds of such Series of Bonds which are not to be deposited in the Capital Reserve Fund or in the Interest Account (as may be directed by a Supplemental Resolution) are to be deposited in the Mortgage Loan Account established for such Series or in the Insurance Fund.

Amounts in the respective Mortgage Loan Accounts, including proceeds of Bonds and Recoveries of Principal, may be applied to the financing of Mortgage Loans only if the mortgages securing such Mortgage Loans have been executed and recorded in accordance with existing laws and unless, among other things, for each such Mortgage Loan:

(1) such mortgage constitutes a first lien, subject to Permitted Encumbrances, on the real property or interest therein securing such Mortgage Loan, or is a participation therein;

(2) the mortgagor has entered into a binding agreement with or for the benefit of the Housing Development Fund that it will pay or escrow all taxes, assessments, water rates, sewer rents and municipal and other charges and fees and any prior liens levied against the premises or any part thereof, and in the case of default in the payment thereof the Housing Development Fund, without notice or demand to the mortgagor, may pay the same and add the amount thereof to the amount of the Mortgage Loan;

(3) the mortgagor must covenant that it will keep the buildings on the premises insured against loss by fire and other hazards as required by the Housing Development Fund and that it will maintain the premises in good repair and comply with all requirements of governmental authority relating thereto; and

(4) the mortgagor must obtain a mortgagee policy of title insurance insuring the Housing Development Fund that the mortgage is valid and enforceable in the full amount of the Mortgage Loan.

In addition, unless the Mortgage Loan has been insured by the Federal Housing Administration, Farmers Home Administration or the Veteran's Administration, or a successor federal agency, the Mortgage Loan must have a principal value not exceeding 90% or, in the case of a Mortgage Loan for residential housing consisting of not more than four dwelling units, 80% of the value of the property securing such Mortgage Loan as determined in an appraisal by or acceptable to the Housing Development Fund, or is insured to the extent of any excess over such percentages by a private mortgage insurance company. In the case of the making of any Mortgage Loan for residential housing consisting of more than four dwelling units, the Housing Development Fund is not permitted to make disbursements with respect thereto unless, among other things, the mortgagor (i) has provided for the payment of all costs of completion which exceed the maximum amount of the Mortgage Loan in a manner satisfactory to the Housing Development Fund, (ii) has obtained all material governmental approvals then required for the acquisition, construction and operation of the project and (iii) has obtained prior approval of the plans and specifications for the housing proposed to be constructed.

Establishment of Funds and Accounts (Section 502)

The General Resolution establishes the following Funds and Accounts which are to be held by the Trustee:

(1) Mortgage Loan Fund,

(a) Mortgage Loan Accounts (for each Series),

(b) Project Accounts (for each Project to be financed);

(2) Revenue Fund;

(3) Debt Service Fund,

(a) Interest Account,

(b) Principal Installment Account;

(4) Redemption Fund,

(a) General Redemption Account,

(b) Special Redemption Accounts (for each Series);

(5) Capital Reserve Fund; and

(6) Surplus Fund.

Mortgage Loan Fund (Section 503)

In addition to proceeds of a Series of Bonds, any Recoveries of Principal received with respect to Mortgage Loans financed by such Series of Bonds constitute part of the Mortgage Loan Account established for such Series and are to be deposited promptly with a Depositary and transmitted to the Trustee as soon as practicable. Except to the extent applied to the payment or redemption of Bonds, amounts in the Mortgage Loan Accounts may be expended only to pay the cost of financing Mortgage Loans (or to pay or provide for the payment of Notes issued for such purpose), to pay reasonable and necessary costs of issuance and make deposits in the Principal Account as provided in a Supplemental Resolution or to pay the principal or Redemption Price, if any, of and the interest on the Bonds when due. The Trustee is required to transfer amounts in the Mortgage Loan Account to the Principal Installment Account in amounts equal to the amounts of Recoveries of Principal for which principal installments on Bonds have been scheduled, as set forth in a Supplemental Resolution. At the direction of the Housing Development Fund, the Trustee may transfer amounts in any Mortgage Loan Account to the appropriate Account within the Redemption Fund or apply such amounts directly to the redemption, purchase or retirement of Bonds at any time that such Bonds shall be subject to redemption or payment from such amounts.

Revenue Fund (Section 504)

All Pledged Receipts are to be deposited promptly with a Depositary and transmitted to the Trustee regularly for deposit in the Revenue Fund. On the day preceding each interest payment date, the Trustee is required to make payments from the Revenue Fund as follows:

FIRST: Into the Interest Account, the amount necessary to increase the amount in such Account so that it equals unpaid interest on the Outstanding Bonds due on such interest payment date.

SECOND: Into the Principal Installment Account, to the full extent available in the Revenue Fund, the amount necessary to increase the amount in such Account so that it equals the amount of unpaid principal installments on the Outstanding Bonds due on or before the next November 1.

THIRD: Into the Capital Reserve Fund, the amount, if any, necessary to cause the amount in such Fund to equal the Capital Reserve Fund Requirement.

FOURTH: Into the Surplus Fund, the amount remaining.

Debt Service Fund (Section 505)

The Trustee is directed to pay to the Paying Agents from the Principal Installment Account and the Interest Account, on or before each Interest Payment Date, the amount required for the payment of the principal (including any Sinking Fund Payment) and interest due on the Outstanding Bonds on such date and is directed to pay from the Interest Account the amounts required for the payment of accrued interest on any Bonds purchased or redeemed. Prior to the forty-fifth day preceding the due date thereof, the amount accumulated in the Principal Installment Account for a Sinking Fund Payment may and, if directed by the Housing Development Fund, is required to be applied by the Trustee to the purchase or redemption of Bonds of the Series and maturity for which such Sinking Fund Payment was established at prices not exceeding the redemption price which would be payable for such Bonds upon redemption by application of such Sinking Fund Payments and upon any such purchase or redemption, an amount equal to the principal amount of such Bonds is to be credited toward such Sinking Fund Payment. The amount of any excess of the principal amounts so credited over the amount of such Sinking Fund Payment is to be credited against future Sinking Fund Payments for such Series in direct chronological order.

As soon as practicable after the forty-fifth day preceding the due date of any Sinking Fund Payment, the Trustee is to proceed to call for redemption on such due date, Bonds of the Series and maturity for which such Sinking Fund Payment was established in a principal amount equal to the amount of such Sinking Fund Payment reduced by crediting thereto, the principal amount of Bonds purchased or redeemed as described above. The Trustee is required to call such Bonds for redemption whether or not it then has moneys in the Principal Installment Account sufficient to pay the applicable Redemption Price on the Redemption Date.

Redemption Fund (Section 506)

There are to be deposited in the General Redemption Account and the Special Redemption Accounts any amounts required by the General Resolution or a Supplemental Resolution to be so deposited and any other amounts available therefore and determined by the Housing Development Fund to be deposited therein. Subject to the provisions of the General Resolution or of any Supplemental Resolution requiring the application thereof to the purchase or redemption of any particular Bonds, the Trustee is required to apply the amounts deposited in any Special Redemption Account to the purchase or redemption of any of the Bonds of the Series with respect to which such Account was created at the time and in the manner provided in the General Resolution and amounts in the General Redemption Account may be applied to the purchase or redemption of any Bonds at the election of the Housing Development Fund. Prior to the forty-fifth day upon which Bonds are to be redeemed from such amounts, the Trustee may apply amounts in any Account within the Redemption Fund to the purchase of any of such Bonds, except that the Housing Development Fund may require or prohibit such purchases. The purchase price paid may not exceed the principal amount of such Bonds unless such Bond may be redeemed within thirteen months after such purchase in which event such price shall not exceed the applicable redemption price. If the Housing Development Fund is able to purchase a principal amount of Bonds equal to the amounts deposited in such Account any balance of the moneys remaining in such Account is to be deposited in the Revenue Account.

Upon the purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Payments have been established from amounts in any Special Redemption Account, each future Sinking Fund Payment for such Bonds will be credited by an amount bearing the same ratio to such Sinking Fund Payment as the total principal amount of such Bonds so purchased or redeemed bears to the total amount of all such Sinking Fund Payments, unless otherwise directed by the Housing Development Fund.

On or before the redemption date, the Trustee is required to pay to the Paying Agents, from the applicable Account within the Redemption Fund, the amounts required for the payment of the Redemption Price on any Bonds to be redeemed. When none of the Bonds of the Series relating thereto remain outstanding, the Special Redemption Account will be closed and the amounts therein are to be withdrawn and deposited in the Revenue Fund. Except for amounts required to be retained therein for the redemption of Bonds for which notice of redemption has been given or for which the Trustee has received irrevocable instructions to give such notice on a future date, amounts in any Account in the Redemption Fund may be transferred to the Principal Account at the written request of an Authorized Officer of the Housing Development Fund.

Capital Reserve Fund (Section 507)

If the amounts on deposit in the Principal Installment Account or Redemption Fund and the Interest Account are less than the amount required for the payments due on the Bonds on any date, the Trustee is to apply amounts from the Capital Reserve Fund to the extent required to make good the deficiency. All income earned or gain realized as a result of investment of amounts on deposit in the Capital Reserve Fund are to be deposited therein. If, concurrently with the transfer of funds from the Revenue Fund, the amount on deposit in the Capital Reserve Fund is in excess of the Capital Reserve Fund Requirement, the Trustee, at the direction of an authorized officer of the Housing Development Fund, is to transfer the amount of such excess to the Revenue Fund. The Trustee is also required to apply amounts in the Capital Reserve Fund to the redemption of Bonds if and to the extent, as nearly as practicable, as the redemption of any Bonds from any other Fund or Account would cause the Capital Reserve Fund to exceed the Capital Reserve Fund Requirement. Bonds to be redeemed from amounts in the Capital Reserve Fund are to be selected in such manner as the Housing Development Fund specifies in written instructions or, failing such instructions as the Trustee, in its discretion, deems advisable.

Whenever the amount in the Capital Reserve Fund, together with the amount in the Debt Service Fund, is sufficient to pay the principal of and interest on all Outstanding Bonds (including the Sinking Fund Payments for the retirement thereof), all amounts on deposit in the Capital Reserve Fund are to be transferred to the appropriate Account in the Debt Service Fund.

Surplus Fund (Section 508)

Amounts in the Surplus Fund not needed to cover deficiencies in the Principal Installment Account, Interest Account or Capital Reserve Fund may be applied at any time to any lawful purpose of the Housing Development Fund.

Deposits and Investments (Sections 510, 511 and 512)

All amounts held by the Trustee, any Paying Agent or any Depository under the General Resolution may be placed on demand or time deposit and, in addition, any amounts held by the Trustee thereunder may be invested in Investment Securities. All amounts held under the General Resolution which are not held in trust for the payment of particular Bonds or which do not represent an investment of amounts held thereunder must be continuously and fully secured for the benefit of the Housing Development Fund and the holders of the Bonds by lodging Investment Securities with the Trustee, or in such other manner as may then be required by applicable federal or state laws regarding the deposit of trust funds. In computing the amount in any Fund or Account, obligations purchased as an investment of moneys therein shall be valued at par if purchased at par value or at amortized value if purchased at other than par value. Valuation shall be made on each May 1, and November 1, and on any particular date shall include the amount of interest then earned or accrued to such date on any such moneys or investment.

Payment of Bonds (Section 701)

The Housing Development Fund covenants that it will duly and punctually pay, or cause to be paid, the principal and redemption price, if any, of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds and in the coupons thereto appertaining, if any, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid all Sinking Fund Payments, if any, becoming payable with respect to any Series of Bonds.

Powers as to Bonds and Pledge (Section 704)

The Housing Development Fund covenants that it is duly authorized, pursuant to law, to authorize and issue the Bonds and to adopt the General Resolution and to pledge the assets and revenues purported to be pledged by the General Resolution in the manner and to the extent provided in the General Resolution.

Tax Covenants (Section 705)

The Housing Development Fund covenants that it will at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid on the Bonds shall, for the purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation, except in the event that such recipient is a “substantial user” or “related person” within the meaning of Section 103(c)(7) of the Internal Revenue Code of 1954, as amended, or the corresponding provisions of the Code. It is expressly provided in the General Resolution that the Housing Development Fund shall require that no person or “related person” shall purchase Bonds in an amount related to the Mortgage Loans to be acquired by the Housing Development Fund from such person or “related person”.

Accounts and Reports (Section 706)

The Housing Development Fund covenants that it will keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the Housing Finance

Program and all Funds and Accounts established by the General Resolution which shall at all reasonable times be subject to the inspection of the Trustee and the holders of an aggregate of not less than 5% in principal amount of Bonds then outstanding or their representatives duly authorized in writing.

On or before the twenty-fifth day of each month or as soon as practicable thereafter, the Housing Development Fund is required to submit to the Trustee a statement of account for the preceding month and setting forth the individual totals of the amounts received as Recoveries of Principal and Pledged Receipts during such month.

The Housing Development Fund must annually, on or before the first day of each Bond Year, deliver a Statement of Projected Revenues, as described under "Provisions for Issuance of Bonds", to the Trustee and, on or before 120 days after the close of each fiscal year, must file with the Trustee, and with such officials of the State, if any, as may be required by the Act, as amended (1) a copy of an annual report for such fiscal year, setting forth its operations and accomplishments during such fiscal year and (2) financial statements of the Housing Development Fund for such fiscal year setting forth in reasonable detail: (a) a statement of revenues and expenses in accordance with the categories or classifications established by the Housing Development Fund for its Housing Finance Program purposes, (b) a balance sheet for the Housing Finance Program showing its assets and liabilities at the end of such fiscal year, and (c) a statement of changes in financial position for the Housing Finance Program for such fiscal year. The financial statements for the Housing Finance Program may be combined with financial statements for other programs and purposes of the Housing Development Fund so long as the said financial statements for the Housing Finance Program are separately identified. The financial statements shall be accompanied by the report of an accountant to the effect that the financial statements examined present fairly the financial position of the Housing Development Fund at the end of the fiscal year, the results of its operations and the changes in financial position for the period examined, in conformity with generally accepted accounting principles. A copy of each such annual report and accountant's report shall be mailed promptly thereafter by the Housing Development Fund to each Bondholder who shall have filed his name and address with the Housing Development Fund for such purpose.

Budgets (Section 707)

The Housing Development Fund must prepare a preliminary budget covering its fiscal operations for the succeeding year at least sixty days prior to the first day of each fiscal year and a summary of such budget shall be mailed to Bondholders who have filed their names and addresses with the Housing Development Fund for such purpose. The Housing Development Fund shall hold a public hearing on the budget if requested by the holders of 10% or more of the Outstanding Bonds in the manner provided by the terms of the General Resolution.

The Housing Development Fund must adopt an annual budget covering its fiscal operations for the succeeding fiscal year not later than the first day of each such fiscal year, and file the same with the Trustee and with such officials of the State as may be required by the Act, as then amended. The annual budget shall at least set forth for such fiscal year the estimated Pledged Receipts, Recoveries of Principal, Principal Installments and interest due and payable or estimated to become due and payable during such fiscal year and estimated Program Expenses. The Housing Development Fund at any time may adopt and file with the Trustee an amended annual budget for the remainder of the then current fiscal year in the manner provided in the General Resolution for the adoption of the annual budget. Copies of the annual budget and any amended annual budget must be made available by the Trustee for inspection by any Bondholder.

Housing Finance Program (Section 708)

The Housing Development Fund covenants from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, with the provisions of the General Resolution and with sound banking practices and principles, to use and apply the proceeds of the Bonds (to the extent not reasonably or otherwise required for other purposes of the Housing Finance Program) to finance Mortgage Loans, to do all such acts and things necessary to receive and collect Pledged Receipts and, when applicable, Recoveries of Principal sufficient to pay Program Expenses and principal or redemption price, if any, of and interest on the Bonds and to diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Housing Development Fund to maintain any insurance on Mortgage Loans and to enforce all terms, covenants and conditions of the Mortgage Loans.

Whenever necessary in order to protect and enforce the interests and security of the holders of the Bonds, the Housing Development Fund covenants to commence foreclosure or pursue other appropriate remedies with respect to any Acquired Mortgage which is in default. In the event that the Housing Development Fund shall, in its discretion, determine such action to be in the best interests of the holders of the Bonds, the Housing Development Fund may bid for and purchase the development covered by any such Acquired Mortgage at any foreclosure sale thereof or may otherwise take possession of or acquire such development prior to the purchase or acquisition of any such development (an "Acquired Project"). The Housing Development Fund is required to file a Statement of Projected Revenues with the Trustee giving effect to the proposed purchase or acquisition of such development.

The Housing Development Fund may sell or assign an Acquired Mortgage or an Acquired Project:

(1) in order to realize the benefits of insurance with respect to such Acquired Mortgage or Acquired Project;

(2) in order to provide funds to finance another Mortgage Loan having substantially equivalent terms as the remainder of such Acquired Mortgage; or

(3) in order to provide funds to provide for the redemption or purchase of a principal amount of Bonds of the applicable Series and maturities corresponding to the unpaid principal amount of such Acquired Mortgage.

In the event of such a sale, a statement of Projected Revenues must be filed with the Trustee giving effect to the proposed sale thereof and application of the proceeds of such sale.

In addition, the Housing Development Fund may sell an Acquired Project if there is filed with the Trustee a Certificate of an Authorized Officer to the effect that, in the judgment of the Housing Development Fund, (i) the proposed sale and the terms thereof are in the best interests of the Bondholders and (ii) the loss of revenues available for the payment or retirement of Bonds as a result of such sale is less than that estimated to result if the Acquired Project were not sold or the risk of such a loss absent the sale is substantial.

Housing Development Fund to Maintain Existence (Section 716)

The Housing Development Fund has covenanted and agreed that, so long as Bonds remain Outstanding under the Resolution it will maintain its corporate existence and continue to be a governmental instrumentality of the State subject to suit in the courts of the State and that it will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another entity or permit another entity to consolidate with or merge into it.

Maintenance of Debt Ratios (Section 717)

The Housing Development Fund has covenanted to take reasonable steps to provide that, under normal circumstances, (i) the amount of annual principal payments on long term unsecured general obligation indebtedness will not exceed the excess of general fund revenues over general fund expenses, (ii) the amount of working capital available will not fall below 25% of budgeted annual operating expenses of the general fund, (iii) the ratio of total liabilities (including special obligations or subordinated debt) to fund balances will not exceed 20:1 and (iv) the consolidated tangible fund balances of all funds (including the Bond Insurance Fund) will not be less than 10% of the principal amount of the outstanding general obligation indebtedness having a maturity of greater than three years.

Powers of Amendment (Section 902)

Any modification or amendment of any provision of the General Resolution or of the rights and obligations of the Housing Development Fund and of the holders of the Bonds and coupons may be made by a Supplemental Resolution, with the written consent given as provided in the General Resolution (a) of the holders of at least two-thirds in principal amount of the Outstanding Bonds, (b) in case less than all of the several Series of Bonds would be affected by such modification or amendment, of the holders of at least two-thirds in principal amount of the Outstanding Bonds of each Series so affected, or (c) in case the modification or amendment changes the terms of any Sinking Fund

Payment, of the holders of at least two-thirds in principal amount of the Outstanding Bonds of the particular Series and maturity entitled to such Sinking Fund Payment, except that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain outstanding, the consent of the holders of such Bonds shall not be required. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal amount or the redemption price of any Bond or in the rate of interest thereon without the consent of the holder of such Bond or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment.

The Housing Development Fund may, without the consent of Bondholders, adopt Supplemental Resolutions (i) to provide for the issuance of Bonds, (ii) to add to the rights of the Bondholders or (iii) to cure any ambiguity, omission or defect.

Events of Default (Section 1002)

It is an "event of default" if: (a) the Housing Development Fund shall default in the payment of the principal or redemption price of any Bonds when and as the same shall become due, whether at maturity or upon call for redemption or otherwise; (b) payment of any installment of interest on any of the Bonds shall not be made within fifteen days after the same shall become due; (c) the Housing Development Fund shall fail or refuse to comply with its obligations under the General Resolution and the Act with respect to the Mortgage Finance Bond Insurance Fund; or (d) the Housing Development Fund fails or refuses to comply with the provisions of the General Resolution, or shall default in the performance or observance of any of the covenants, agreements or conditions contained therein, in any Supplemental Resolution, or in the Bonds, and such failure, refusal or default shall continue for a period of forty-five days after written notice thereof by the Trustee or the holders of not less than 5% in principal amount of the Outstanding Bonds.

Remedies (Section 1003)

Upon the happening and continuance of any event of default specified in clauses (a), (b) and (c) directly above, the Trustee shall proceed, or upon the happening and continuance of any event of default specified in clause (d) directly above, the Trustee may proceed, and upon the written request of the holders of not less than 25% in principal amount of the Outstanding Bonds shall proceed, in its own name, subject to the General Resolution, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights: (a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, including the right to require the Housing Development Fund to receive and collect revenues and assets, including Pledged Receipts and Recoveries of Principal, adequate to carry out the covenants and agreements as to, and pledge of, such revenues and assets, and to require the Housing Development Fund to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act; (b) by bringing suit upon the Bonds; (c) by action or suit in equity, to require the Housing Development Fund to account as if it were the trustee of an express trust for the holders of the Bonds; (d) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds; (e) by declaring all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the holders of not less than 25% in principal amount of the Outstanding Bonds, by annulling such declaration and its consequences; or (f) in the event that all Bonds are declared due and payable, by selling Acquired Mortgages.

In the event that during the continuance of an event of default, the funds held by the Trustee and Paying Agents are insufficient for the payment of principal or redemption price, if any, and interest then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds or coupons which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee acting pursuant to the Act and the General Resolution, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the holders of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under the General Resolution, are to be applied as follows:

(1) Unless the principal of all of the Bonds has become or been declared due and payable:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment then to the payment thereof ratably, according to the amounts due on such installment, to the person entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal or redemption price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or redemption if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

(2) If the principal of all of the Bonds has become or been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds and coupons.

Compensation of Trustee (Section 1105)

The Housing Development Fund is required to pay to the Trustee and to each Paying Agent from time to time reasonable compensation for all services rendered under the General Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the General Resolution, and the Trustee and each Paying Agent shall have a lien therefore on any and all funds at any time held by it under the General Resolution.

Defeasance (Section 1201)

If the Housing Development Fund shall pay or cause to be paid to the holders of the Bonds and coupons, the principal and interest and redemption price, if any, to become due thereon, at the times and in the manner stipulated therein and in the General Resolution, then the pledge of any revenues and assets thereby pledged and all other rights granted thereby shall be discharged and satisfied.

Bonds or coupons or interest installments for the payment or redemption of which moneys have been set aside and held in trust by Fiduciaries (through deposit by the Housing Development Fund of funds for such payment of redemption or otherwise) at the maturity or redemption date thereof will be deemed to have been paid within the meaning and with the effect expressed in the above paragraph. Any outstanding Bonds and all coupons appertaining to such Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect so expressed if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Housing Development Fund shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to publish, as provided in the General Resolution, notice of redemption on said date of such Bonds, (b) there shall have been deposited with the Trustee either moneys in an amount which is sufficient, or direct obligations of or obligations guaranteed by the United States of America or certificates of deposit secured by such obligations, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty days, the Housing Development Fund has given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in the Authorized Newspapers a notice to the holders of such Bonds and coupons that the deposit required by (b) above has been made with the Trustee and that said Bonds and coupons are deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds. Neither the obligations nor the moneys so deposited with the Trustee nor principal or interest payments on any such obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or redemption price, if applicable, and interest on said Bonds, but any cash received from such principal or interest payments on such obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in obligations maturing at times and in amounts sufficient to pay when due the principal or redemption price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Housing Development Fund, as received by the Trustee, free and clear of any trust, lien or pledge.

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APPENDIX F
SUMMARY OF DTC'S POLICIES AND PROCEDURES

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2024 DE Bonds (the "Bonds"). The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners of the Bonds will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices for the Bonds are to be sent to Cede & Co. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Housing Development Fund as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Housing Development Fund or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Housing Development Fund, subject to any statutory or regulatory requirements that may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Housing Development Fund or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The Housing Development Fund may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Information contained in the preceding paragraphs in this Appendix has been obtained from DTC. The Housing Development Fund makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No assurance can be given by the Housing Development Fund that DTC and the Direct or Indirect Participants will make prompt transfers of payments to Beneficial Owners. **The Housing Development Fund is not responsible or liable for payments by DTC or the Direct or Indirect Participants or for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or the Direct or Indirect Participants, or for any other action taken by DTC or the Direct or Indirect Participants, including the furnishing of notices to Beneficial Owners or the choice of Beneficial Owners to whom redemptions of Bonds will apply.**

In the event the Housing Development Fund determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates in physical form for any of the Bonds, the Housing Development Fund may notify DTC and the Trustee, whereupon DTC will notify the Direct or Indirect Participants of the availability through DTC of the Bond certificates. In such event, the Trustee shall issue, transfer and exchange Bond certificates as requested by DTC and any other Bond owners in appropriate amounts. In any event Bond certificates are issued, the provisions of the General Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal and interest on such Bond certificates.

Holders of the Bonds on the fifteenth day of April of each year shall be entitled to receive the principal, if any, and accrued interest due on such Bonds on the next following May 1 payment date, and holders of the Bonds on the fifteenth day of October of each year shall be entitled to receive the principal, if any, and accrued interest due on such Bonds on the next following November 1 payment date.

APPENDIX G

Form of Continuing Disclosure Agreement

This Continuing Disclosure Agreement (the "Agreement") dated as of October 10, 2024 by and between the West Virginia Housing Development Fund (the "Housing Development Fund") and United Bank, as trustee (the "Trustee"), pursuant to the General Housing Finance Bond Resolution, adopted by the Housing Development Fund on April 29, 1976, as amended and supplemented (the "Resolution"), is executed and delivered in connection with the issuance of the Housing Development Fund's $80,000,000 aggregate principal amount of Housing Finance Bonds, 2024 Series D and 2024 Series E (the "Bonds"). Capitalized terms used in this Agreement which are not otherwise defined in the Resolution shall have the respective meanings specified above or in Article IV hereof. The parties agree as follows:

ARTICLE I
The Undertaking

Section 1.1. Purpose. This Agreement shall constitute a written undertaking for the benefit of the holders of the Bonds.

Section 1.2. Annual Financial Information. (a) The Housing Development Fund shall provide Annual Financial Information with respect to each fiscal year of the Housing Development Fund, commencing with the fiscal year ending June 30, 2024, by no later than 180 days after the end of the respective fiscal year, to the MSRB.

(b) The Housing Development Fund shall provide, in a timely manner, notice of any failure of the Housing Development Fund to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Housing Development Fund shall provide Audited Financial Statements, when and if available, to the MSRB.

Section 1.4. Notice Events. (a) If a Notice Event occurs, the Housing Development Fund shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to the MSRB and the Trustee.

(b) Any such notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(c) The Trustee shall promptly advise the Housing Development Fund whenever, in the course of performing its duties as Trustee under the Resolution, the Trustee has actual notice of an occurrence which, if material, would require the Housing Development Fund to provide notice of a Notice Event hereunder; provided, however, that the failure of the Trustee so to advise the Housing Development Fund shall not constitute a breach by the Trustee of any of its duties and responsibilities under this Agreement or the Resolution.

Section 1.5. Additional Disclosure Obligations. The Housing Development Fund acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Housing Development Fund and that, under some circumstances, additional disclosures or other action in addition to those required by this Agreement may be required to enable the Housing Development Fund to fully discharge all of its duties and obligations under such laws.

Section 1.6. Additional Information. Nothing in this Agreement shall be deemed to prevent the Housing Development Fund from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of a Notice Event hereunder, in addition to that which is required by this Agreement. If the Housing Development Fund chooses to do so, the Housing Development Fund shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

ARTICLE II
Operating Rules

Section 2.1. Reference to Other Documents. It shall be sufficient for purposes of Section 1.2 hereof if the Housing Development Fund provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org) or (ii) filed with the SEC. The provisions of this Section shall not apply to notices of Notice Events pursuant to Section 1.4 hereof.

Section 2.2. Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

Section 2.3. Dissemination Agents. The Housing Development Fund may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Housing Development Fund under this Agreement, and revoke or modify any such designation.

Section 2.4. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5. Fiscal Year. (a) The Housing Development Fund's current fiscal year is the twelve-month period ending on June 30. The Housing Development Fund shall promptly notify the MSRB and the Trustee of each change in its fiscal year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

ARTICLE III
Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date; Termination. (a) This Agreement shall be effective upon the issuance of the Bonds.

(b) The Housing Development Fund's and the Trustee's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Agreement, or any provision hereof, shall be null and void in the event that the Housing Development Fund (1) delivers to the Trustee an opinion of Counsel, addressed to the Housing Development Fund and the Trustee, to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to such Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

Section 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Housing Development Fund or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Housing Development Fund shall have delivered to the Trustee an opinion of Counsel, addressed to the Housing Development Fund and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the Housing Development Fund shall have delivered to the Trustee an opinion of Counsel or a determination by a person, in each case unaffiliated with the Housing Development Fund (such as bond counsel or the Trustee) and acceptable to the Housing Development Fund, addressed to the Housing Development Fund and the Trustee, to the effect that the amendment does not materially impair the interests of the holders of the Bonds or (ii) the holders of the Bonds consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Resolution with consent of holders of Bonds pursuant to Section 803 of the Resolution as in effect at the time of the amendment, and (5) the Housing Development Fund shall have delivered copies of such opinion(s) and amendment to the MSRB.

(b) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the Housing Development Fund shall have delivered to the Trustee an opinion of Counsel, addressed to the Housing Development Fund and the Trustee, to the effect that performance by the Housing

Development Fund and Trustee under this Agreement as so amended will not result in a violation of the Rule and (3) the Housing Development Fund shall have delivered copies of such opinion and amendment to the MSRB.

(c) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) the Housing Development Fund shall have delivered to the Trustee an opinion of Counsel, addressed to the Housing Development Fund and the Trustee, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of Staff, of the SEC, and (2) the Trustee shall have delivered copies of such opinion and amendment to the MSRB.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the Housing Development Fund in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with, and inure solely to the benefit of, the holders from time to time of the Bonds, except that Beneficial Owners of Bonds shall be third-party beneficiaries of this Agreement and shall be deemed to be holders of Bonds for purposes of Section 3.3(b) hereof. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a).

(b) The obligations of the Housing Development Fund to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of Outstanding Bonds, or by the Trustee on behalf of the holders of Outstanding Bonds, or (ii) in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the holders of Outstanding Bonds; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. The holders' and Trustee's rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Housing Development Fund's obligations under this Agreement.

(c) Any failure by the Housing Development Fund or the Trustee to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV
Definitions

Section 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) "Annual Financial Information" means, collectively, (i) updated versions of the financial information and operating data with respect to the Housing Development Fund, for each fiscal year of the Housing Development Fund, of the types included in the Official Statement under the subcaptions "Summary of Revenues, Expenses and Changes in Fund Net Position-Bond Insurance Fund" and "Management Discussion and Analysis-Bond Insurance Fund" under the caption "Nature of Bonds and Sources of Payment"; the subcaptions "Summary of Revenues, Expenses and Changes in Fund Net Position-General Fund" and "Management Discussion and Analysis-General Fund" under the caption "The Housing Development Fund"; the caption "The Housing Finance Program"; the caption "Other Programs of the Housing Development Fund" and in Appendices A-1, A-2, and A-3 and (ii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(d) and (e) of this Agreement. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in clause (i) of the preceding paragraph of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) "Audited Financial Statements" means the annual financial statements, if any, of the Housing Development Fund, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Sections 3.2(a) and (e) hereof, the Housing Development Fund may from time to time, if required by federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific federal or State law or regulation describing such accounting principles, or other description thereof.

(3) "Counsel" means Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws.

(4) "GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(5) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(6) "Notice Event" means any of the following events with respect to the Bonds, whether relating to the Housing Development Fund or otherwise:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Bondholders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Housing Development Fund;

Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Housing Development Fund in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Housing Development Fund, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Housing Development Fund;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Housing Development Fund or the sale of all or substantially all of the assets of the Housing Development Fund, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a financial obligation of the Housing Development Fund, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Housing Development Fund, any of which affect Bondholders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Housing Development Fund, any of which reflect financial difficulties.

For the purposes of the events identified in clauses (xv) and (xvi) above, the term "financial obligation" means: (A) a debt obligation; (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(7) "Official Statement" means "final official statement", as defined in paragraph (f)(3) of the Rule, relating to the Bonds.

(8) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(9) "SEC" means the United States Securities and Exchange Commission.

(10) "State" means the State of West Virginia.

(11) "Unaudited Financial Statements" means the same as Audited Financial Statements, except that they shall not have been audited.

ARTICLE V
Miscellaneous

Section 5.1. Duties, Immunities and Liabilities of Trustee. The Trustee shall have only such duties under the Agreement as are specifically set forth in this Agreement, and the Housing Development Fund agrees to indemnify and save the Trustee, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's negligence or willful misconduct in the performance of its duties hereunder. Such indemnity shall be separate from and in addition to that provided to the Trustee under the Resolution. The obligations of the Housing Development Fund under this Section shall survive resignation or removal of the Trustee and payment of the Bonds.

Section 5.2. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

WEST VIRGINIA HOUSING DEVELOPMENT FUND

By: _________________________

UNITED BANK, as Trustee

By: _________________________

APPENDIX H

FORM OF SOCIAL BONDS ANNUAL REPORTING

2024 DE Bond Proceeds Summary		
Total Proceeds	Proceeds Spent as of __/__/__	Proceeds Remaining
$_______	$_______	$_______

Housing Finance Bonds 2024 DE Program Loans Originated By Borrower Income as a % of Area Median Income ("AMI")			
% of AMI:	**$ of Loans**	**# of Loans**	**Cumulative % of Proceeds**
< 50%			
50% - 59%			
60% - 69%			
70% - 79%			
80% - 89%			
90% - 100%			
> 100%			

Down Payment Assistance ("DPA") Provided in Conjunction with Housing Finance Bonds 2024 DE Program Loans	
	$ / # / %
Total DPA Provided ($)	
Total DPA Loans Provided (#)	
% of Borrowers Receiving DPA (%)	
Average DPA Provided per Borrower ($)	
Average DPA Amount (% of Purchase Price)	

<u>**NOTE**</u>: As described herein under the heading "DESIGNATION OF THE 2024 DE BONDS AS SOCIAL BONDS - General," once all of the 2024 DE Bond proceeds have been spent from the Mortgage Loan Fund, no further annual updates on this Form of Social Bonds Annual Reporting will be provided regarding the 2024 DE Bonds.

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WEST VIRGINIA HOUSING DEVELOPMENT FUND • HOUSING FINANCE BONDS, 2024 SERIES D (NON-AMT) (SOCIAL BONDS) AND 2024 SERIES E (FEDERALLY TAXABLE) (SOCIAL BONDS)

West Virginia Housing Development Fund

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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EXECUTIVE SUMMARY
CONSIDERATION OF THE 2025 AND 2026 ALLOCATION PLAN
FOR THE STATE'S LOW-INCOME HOUSING TAX CREDIT PROGRAM

SUBJECT: Proposed 2025 and 2026 Allocation Plan for the Low-Income Housing Tax Credit Program

DATE: December 18, 2024

The Housing Development Fund, as the allocating agency for the State of West Virginia (the "State"), is responsible for administering the Low-Income Housing Tax Credit Program (the "LIHTC Program") and for developing and adopting a qualified allocation plan for the State. A qualified allocation plan specifies how properties will be selected for allocations of Low-Income Housing Tax Credits ("Credits"). The Proposed 2025 and 2026 Allocation Plan (the "Plan") meets the requirements of Section 42 of the Internal Revenue Code and has been reviewed by counsel.

The State anticipates receiving approximately $5,300,000 in low-income housing tax credits for 2025.

Notable changes in the Plan from the 2023 and 2024 Allocation Plan summarized according to Plan section (redline version page references are included) are as follows:

PROGRAM PARTICIPANTS ELIGIBILITY REQUIREMENTS (pages 9 through 12)

Developer/General Partner Capacity (page 12)

This section was added to relay the Fund's intent to more thoroughly review developer/General Partner capacity. The review may include financial condition, staffing plans, and business succession plans. Capacity must be demonstrated in order to maintain the property's operations throughout the construction period and 15-year compliance period.

SELECTION AND PREFERENCE CRITERIA (pages 19 through 78)

Historic Nature of Property (pages 62 and 63)

The Fund eliminated the requirement under this scoring criterion that an applicant submit a syndicator's written offer/proposal to perform as the syndicator for the federal and state historic tax credit equity. The syndication requirement, including for historic tax credit equity, is already included in the Ability to Produce a Qualified Low-Income Residential Rental Property, Syndication of Investment Interests and Tax Credits scoring criterion. Therefore, the proposed change eliminates unnecessary duplication.

<u>Energy Efficiency and Quality of Housing (pages 68 through 78)</u>

<u>Thickness and Warranty of Siding and Trim (page 73)</u>

For Existing High-Rise Structures, instead of the siding required in this scoring criterion, the Fund will permit the installation of EIFS (Exterior Insulation and Finish System) which has at least a 20-year warranty.

* * * * * * * * *

Staff are requesting your approval of the Plan in substantially the form submitted. As required by Section 42 of the Internal Revenue Code, the Plan will then be subjected to public comment through the public hearing process and submitted to the Governor for his approval. If, due to the public hearing, substantive changes are made to the Plan, staff may bring such changes back to the Board of Directors for approval before the Plan is forwarded to the Governor for his approval.

Respectfully submitted:

Michelle L. Wilshere, CPA, MBA
Senior Division Manager – Multifamily

Nathan E. Testman
Deputy Director – Production

Erica L. Boggess, CPA
Executive Director

DEFINITIONS

For the purposes of the Plan, the Fund has defined the following capitalized terms:

- **Adjusted Basis** – the cost basis of a building adjusted for capital improvements minus depreciation allowable
- **Allocation Certification** – IRS Form 8609
- **Applicant** or **Ownership Entity** or **Owner** – the Credit applicant which will own the LIHTCP property (e.g. ABC Apartments Limited Partnership is the Ownership Entity of ABC Apartments)
- **ASHRAE 90.1** – standards as are contained in ANSI/ASHRAE/IES Standard 90.1-2013 – Energy Standards for Buildings Except Low-Rise Residential Buildings

Deleted: 2010

- **Certified BUILD WV District** – a geographic district designated as such by the State of West Virginia (https://westvirginia.gov/build-wv-act/)
- **Certified Historic Structure** – a structure which is individually listed on the National Register of Historic Places, or a structure that has been determined by the National Park Service to be a "certified historic structure" as evidenced by a fully completed Historic Preservation Certification Application Part 1 – Evaluation of Significance form (currently, U.S. Department of the Interior, National Park Service Form 10-168)
- **the Chief Executive Officer of the Local Jurisdiction** – normally the mayor if the property is located within the boundaries of a municipality or the President of the County Commission if it is not
- **the Code** – the Internal Revenue Code of 1986, as amended
- **Concerted Community Revitalization Plan** or **CRP** – a formal plan which
  - is geographically specific and provides a clear direction for implementation,
  - includes a strategy for obtaining commitments of public and private investment in non-housing infrastructure, amenities, or services beyond the proposed property,
  - demonstrates the need for revitalization,
  - includes planning document elements such as setting goals for outcomes, identifying barriers to implementation, establishing timelines and benchmarks, and identifying community partners, and
  - includes multiple aspects of revitalizing a community which may include, but are not limited to, the following: a description of the geographic scope of the community; existing and/or future land uses; neighborhoods; natural resources; vacant land; historic resources; population and households; housing; transportation; public facilities; infrastructure; economic development; an

assessment of the current condition of the community; a description of the plans for overcoming the community's problems; and a description of the resources that are being devoted to the revitalization effort

A document will not be considered a CRP (a) unless it was initially approved at least six months prior to the date of the submission of the property's Reservation Request or an approved CRP's development began at least six months prior to the date of the submission of the property's Reservation Request or (b) if the Fund determines, in its sole discretion, that the document is a "single property" narrowly focused document, or that the document was approved solely for the awarding of such points.

- **Compliance Period** (also referred to as the initial 15-year Compliance Period) – the period of 15 taxable years beginning with the 1st taxable year of the Credit Period
- **Credit Period** – the period of 10 taxable years beginning with (1) the taxable year in which a building is placed in service, or (2) at the election of the Owner, the succeeding taxable year
- **Credit(s)** – Low-Income Housing Tax Credit(s)
- **EIFS (Exterior Insulation and Finish System)** – a general class of non-load bearing building cladding systems that provides exterior walls with an insulated, water-resistant, finished surface in an integrated composite material system.
- **Eligible Basis** – a component of the Qualified Basis of an LIHTCP property. It is generally equal to Adjusted Basis of the building, excluding land but including amenities and common areas.
- **ESOP (employee stock ownership plan)** – a Code Subsection 401(a) qualified defined contribution plan that is a stock bonus plan or a stock bonus/money purchase plan. An ESOP must be designed to invest primarily in qualifying employer securities as defined by Code Subsection 4975(e)(8) and meet certain requirements of the Code and regulations.
- **Existing Housing** – a property which is comprised solely of currently inhabited residential rental units, whether low-income (tenants with annual incomes at or below 80 percent of the area median gross income) or market rate
- **Existing Low-Income Housing** – a property which is comprised of currently inhabited low-income (tenants with annual incomes at or below 80 percent of the area median gross income) residential rental units
- **Extended Use Period** – the period beginning on the first day of the Compliance Period and ending on the later of (1) the date set forth in the Regulatory and

Restrictive Covenants for Land Use Agreement related to the property, between the Owner and the Fund, and prepared in accordance with Section 42(h)(6)(B) of the Code (WVHDF LIHTCP-7 or LIHTCP-8), or (2) the date which is 15 years after the close of the Compliance Period

- **the Fund** – the West Virginia Housing Development Fund

- **General Partner** – general partner of a limited partnership Owner

  References to General Partner also refer to managing member and member owner(s) of a limited liability company Owner.

- **High-Rise Structure** – an existing structure of six stories or more above grade (the finished ground level adjoining a building at all exterior walls)

- **Historic-Eligible Structure** – a Certified Historic Structure or an architectural resource in a property whose State Historic Preservation Office Section 106 Response letter indicates one or more of the following:
  - the property is planning to utilize Historic Rehabilitation Tax Credits in the redevelopment of the architectural resource,
  - the architectural resource is eligible for the National Register of Historic Places,
  - the architectural resource is a contributing resource to an historic district,
  - the architectural resource is a potentially contributing resource to an historic district

- **HOME Program** – HOME Investment Partnerships Program

- **HTF Program** – National Housing Trust Fund Program

- **HUD** – U.S. Department of Housing and Urban Development

- **Interior Unit Square Footage** – the unit gross area including
  - the full thickness of exterior walls enclosing a unit;
  - the full thickness of walls between a unit and adjacent common areas; and
  - half the thickness of demising/party walls between a unit and adjacent units

- **IRS** – Internal Revenue Service

- **Landscaping** – consists of the installation of topsoil, soil treatments (fertilizer), seed, sod, straw (if seeding is used), shrubs, trees, mulch, and/or flower beds

- **LIHTCP** – Low-Income Housing Tax Credit Program

- **Long-Term Lease** – a land lease of no less than 30 years, in which (1) the lessor agrees to be a party to the Regulatory and Restrictive Covenants for Land Use Agreement (the "Restrictive Covenants"), (2) the lease terms provide that the

Deleted: <#>**Light Emitting Diode ("LED") Light Fixture** – a light fixture in which LED lamps or LED bulbs are installed¶

Restrictive Covenants survive termination of the lease, and (3) the lease terms contain any other provisions required by the Fund

- **the Manual** – the current Tax Credit Manual

- **Masonry Veneer** – brick, split-faced concrete masonry units with a minimum thickness of 3-5/8", stone, or another **Fund-approved** masonry building product, but does not include faux brick veneer. Stucco is not considered an acceptable masonry veneer.

- **New Supply** – a property which will directly result in a direct increase of the stock of low-income residential rental units

- **Non-Controlling Member/Partner** – any person who does not own controlling interest, as evidenced by organizational documents, in a for-profit entity

- **Non-Profit** – any nongovernmental agency or entity that currently has (1) an effective ruling letter from the IRS, granting tax exemption under Subsections 501(c), (d), or (e) of the Code, or (2) satisfactory evidence from the applicable state that the organization or entity is organized under its state of organization and qualified to do business in the applicable state as a non-profit organization

- **Ownership Entity** or **Owner** or **Applicant** – the Credit applicant which will own the LIHTCP property (e.g. ABC Apartments Limited Partnership is the Ownership Entity of ABC Apartments)

- **Partnership Agreement** – agreement of limited partnership of a limited partnership Owner

  References to Partnership Agreement also reference operating agreement of a limited liability company Owner.

- **the Plan** – the current Allocation Plan

- **Principal** – any person who owns a controlling interest, as evidenced by organizational documents, in a for-profit entity [a non-controlling member/partner does not qualify for points eligibility for scoring criteria such as Developer Experience, Timely Delivery of Units, etc.]; the directors, managing directors, and officers of an entity which is wholly ESOP-owned; the trustees of a Trust; and the Executive Director and Deputy Director, President and Vice-President, or Chair and Vice-Chair (or comparable officers) of a non-profit organization. The Fund does not define a Secretary or Treasurer or Board Member as a principal of a non-profit organization.

- **Program Calendar** – Exhibit A to the Manual which contains various deadlines related to the State's LIHTCP

- **Property Architect** – the architect of record whose seal is stamped on the property plans and specifications

- **Property Contractor** – the person who holds the contractor's license or the contractor's authorized representative who is (will be) listed as the contractor's representative in the executed construction contract and is (will be) responsible for oversight of the construction or rehabilitation of the property

- **Qualified Basis** – the base that is multiplied by the applicable percentage to determine the annual Credit. The Qualified Basis equals the applicable fraction times the Eligible Basis.

- **Reachable Green Space** – an area or areas of grass, Landscaping, or other vegetation which (post-construction) will be reasonably reachable by the tenants of the property (e.g., green space at the bottom of an unusable (slope of 20% or greater) hill, which cannot be accessed by any other reasonable route, will not count as green space). It does not include buildings, porches, sidewalks, curbs, or parking areas, etc. The Fund may consider playgrounds and other outdoor community/activity space amenities as green space. However, in order for such areas to be considered green space, such areas must be deemed by the Fund as acceptable green space. Slopes of greater than an 8% grade must provide either handrailing and/or stairs to access green space.

- **RAD** – Rental Assistance Demonstration Program administered by HUD

- **Reservation Request** – the initial complete application stage for any property applying for Credits, preceded only by pre-registration

- **RD** – United States Department of Agriculture Office of Rural Development

- **Scattered Site Property** – a property which includes non-contiguous parcels which (post-construction) will contain residential rental units (See the description of a permissible Scattered Site Property in the Allocation Policies, Definition of "Property" section of the Manual.)

- **Selection Decision Letter** – letter sent from the Fund notifying an Applicant (1) the property has been selected to receive Credits or (2) the property has not been selected to receive Credits, but the Applicant may choose to be wait-listed

- **Senior Property** – a property which (1) has or will have 80% of its units occupied by at least one occupant who is 55 years of age or older or (2) has or will have 100% of its units occupied by persons 62 years of age or older. The occupancy type provided in the market study will determine whether a property is considered a Senior Property.

- **State** – State of West Virginia

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- **SHPO** – State Historic Preservation Office

- **State Housing Credit Ceiling** – the aggregate housing credit dollar amount which the Fund may allocate in a given year

- **Tax-Exempt Bond Financed Property** – a property which does not require a Credit allocation from the State Housing Credit Ceiling due to meeting or exceeding the required percentage (currently 50 percent or more) of the property's aggregate basis and land being financed by tax-exempt bonds which are subject to the State's bond volume cap

- **Total Permanent Financing** – (This definition only as applies to the Type of Financing, RD or HUD or Other Government Financing or Guarantee/Insurance scoring criterion and the Type of Financing, Favorable Financing scoring criterion) the total of all sources of funds listed in the Sources of Funds – Permanent Financing section on page 8 of WVHDF Form 1040 with the exception of deferred developer fee, existing replacement reserves, federal historic tax credit equity, state historic tax credit equity, General Partner equity, and low-income housing tax credit equity

- **Trust** – an arrangement whereby a person (a trustee) holds property as its nominal owner for the good of one or more beneficiaries

INTRODUCTION

The LIHTCP is authorized by Section 42 of the Code. Under Subsection 42(m), each housing credit agency is required to develop and adopt a "qualified allocation plan" pursuant to which properties are selected for allocations of Credits. The Fund, as the housing credit agency for the State, is responsible for administering the LIHTCP and for developing and adopting the Plan for the State. The Governor must approve the Plan after the Plan has been subjected to public comment, including a public hearing. As permitted by Revenue Procedure 2022-20, such public hearing may be conducted telephonically.

Note: The word "property" is generally used in the Plan as "project" is used in the Code.

According to Subsection 42(m)(1)(A) of the Code, the housing credit dollar amount with respect to any building shall be zero unless:

- such amount was allocated pursuant to a qualified allocation plan of the housing credit agency (the Fund), which is approved by the governmental unit of which the housing credit agency is a part (the State),

- the housing credit agency notifies the Chief Executive Officer of the Local Jurisdiction within which the building is located and provides that individual a reasonable opportunity to comment on the property,

- a comprehensive market study of the housing needs of low-income individuals in the area to be served by the property is conducted before the Credit allocation is made and at the developer's expense by a disinterested party who is approved by the housing credit agency, and

- a written explanation is available to the general public for any allocation of a housing credit dollar amount that is not made in accordance with established priorities and selection criteria of the housing credit agency.

A "qualified allocation plan" is defined in Subsection 42(m)(1)(B) of the Code as a plan which includes the following:

1. sets forth selection criteria to be used to determine housing priorities of the housing credit agency which are appropriate to local conditions. Subsection 42(m)(1)(C) of the Code requires the following selection criteria to be included in the Plan:

    a. property location,

    b. housing needs characteristics,

    c. property characteristics, including whether the property includes the use of existing housing as part of a community revitalization plan,

    d. sponsor characteristics,

    e. tenant populations with special housing needs,

    f. public housing waiting lists,

    g. tenant populations of individuals with children,

    h. properties intended for eventual tenant ownership,

    i. energy efficiency of the property, and

    j. the historic nature of the property.

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2. also gives preference in allocating housing credit dollar amounts among selected properties to:

    a. properties serving the lowest income tenants,

    b. properties obligated to serve qualified tenants for the longest periods, and

    c. properties which are located in qualified census tracts (as defined in Subsection 42(d)(5)(B)(ii) of the Code) and the development of which contributes to a concerted community revitalization plan.

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3. provides a procedure that the housing credit agency (or an agent or other private contractor of such agency) will follow in monitoring for noncompliance with the provisions of Section 42 of the Code, in notifying the IRS of such noncompliance which the housing credit agency becomes aware of and in monitoring for noncompliance with habitability standards through regular site visits.

The provisions and requirements of the housing credit agency's qualified allocation plan must be satisfied by any property requesting any portion of the state's housing credit ceiling. Also, any Tax-Exempt Bond Financed Property must satisfy the provisions and requirements of the Plan, except where noted herein. Such exclusions may involve specific selection or preference criteria and other administrative criteria that are not mandated by Section 42 of the Code.

In addition, the Fund's Executive Director has discretion to waive or to seek the Fund's Board of Directors' approval to waive particular selection or preference criteria or other criteria contained in the Plan or the Manual that are not mandated by Section 42 of the Code for an individual property.

A written explanation will be available to the general public with respect to any waiver granted or any allocation of a Credit that is not made in accordance with the established priorities and selection criteria contained in the Plan.

The Fund reserves the right to reject any property solely on the basis of the Fund's goal to prudently allocate limited Credit resources. Credits are not guaranteed to any Applicant, regardless of the property ranking or points achieved through the property evaluation process.

The following is not an exhaustive list, but contains possible examples of reasons for property rejection:

- More than one proposed property is included in the same primary market area, and it is determined that the selection of more than one property in the same primary market area would be unsustainable for market purposes. Note: Such determination may not result in rejection, but may result in wording added to the Selection Decision Letter which clarifies that such property can only be selected from the waiting list if the following occurs:
  - a selected or wait-listed property in the same market area serving the same tenant population withdraws (for any reason) in the current year; and
  - the wait-listed property becomes the highest-ranking property on the waiting list and sufficient Credits become available in an amount equal to or greater than the amount the wait-listed property requested.

- The Fund deems that costs and/or fees in the application to be excessive or unreasonable based upon the specific development characteristics of the property.

- The Fund determines that a property applying to the Top Off Set-Aside Category does not warrant additional Credit. This determination is more likely to occur for properties that are requesting additional Credit in the year prior to the year the property is to be placed in service, especially if ground has not yet been broken.

- As a result of the Fund's third-party market study review.

- As a result of the Fund's designated construction professional's site suitability review.

- The Fund determines that a Principal of the General Partner or a Principal of the property developer does not fulfill all eligibility requirements as outlined in the Program Participants Eligibility Requirements section of the Plan below.

- The Fund determines that an Existing Low-Income Housing property is not suitable for rehabilitation.

PUBLIC HEARING AND GOVERNOR'S APPROVAL

In accordance with Subsection 42(m)(1)(A)(i) of the Code, the required public hearing was held on _______________, and the Plan was approved by the Governor of the State on _______________.

NOTIFICATION AND PERIOD OF COMMENT FOR LOCAL JURISDICTION

Prior to allocating any Credits and in accordance with Subsection 42(m)(1)(A)(ii) of the Code, the Fund will notify the Chief Executive Officer of the Local Jurisdiction within which the buildings in the property are or will be located and will provide the Chief Executive Officer of the Local Jurisdiction 60 calendar days, beginning on the day the notification is dated, to provide comments. The Fund welcomes all comments from the local jurisdiction. However, the Fund is an equal opportunity housing provider and, therefore, will not consider any comments that object to the property development in violation of the Fair Housing Act or any other applicable federal or state law.

PROGRAM PARTICIPANTS ELIGIBILITY REQUIREMENTS

Any material misrepresentations or failure to disclose with regard to any of the following eligibility requirements is grounds for rejection of an application and possible prohibition of future applications.

Program Participants Eligibility Requirements Certification and Exhibits

The Fund will not select or allocate Credits to any property whose developer and/or General Partner includes any Principal who:

- is a convicted felon;

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- appears on HUD's Excluded Parties List;
- has past due outstanding LIHTCP compliance monitoring fees owed to the Fund;
- [the following requirements are applicable to any individual who has not participated as a Principal of a General Partner or Principal of a developer of a property which has received final Allocation Certifications for any LIHTCP property located in the State]:
  - does not have at least three years of housing experience (as a developer of residential housing, or as an owner of residential rental housing, or any combination of both encompassing a 36-month period in the aggregate) – evidenced by a resume, in the form prescribed by the Fund (Exhibit 2 to WVHDF Form LIHTCP-G), of such experience, including beginning and ending dates;
  - has issues of non-compliance in any state that have been reported to the IRS as continuing to be unresolved after the end of the correction period, **and** continue to be unresolved as of the date a property's Reservation Request is submitted to the Fund and as of the date of issuance of such property's Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B) (or for a Tax-Exempt Bond Financed Property, as of the date of the Fund's issuance of the property's Subsection 42(m) letter.); or
- has issues of non-compliance in the State that have been reported to the IRS as continuing to be unresolved after the end of the correction period, **and** continue to be unresolved as of the date a property's Reservation Request is submitted to the Fund and as of the date of issuance of such property's Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B) (or for a Tax-Exempt Bond Financed Property, as of the date of the Fund's issuance of the property's Subsection 42(m) letter.)

The following individuals must complete, sign, and submit a Program Participants Eligibility Requirements Certification (WVHDF Form LIHTCP-G) verifying the eligibility items listed above:

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- Each Principal of the **property developer** (directly or through a sub-entity)**; and**
- Each Principal of the **General Partner of the Ownership Entity** (directly or through a sub-entity)**.**

The WVHDF Form LIHTCP-G must be dated **not more than 10 calendar days prior** to the submission of the property's Reservation Request.

In addition to the WVHDF Form LIHTCP-G, if the Principal owns any LIHTCP property outside of the State which is in the initial 15-year Compliance Period, **and** such individual has not participated as a Principal of a General Partner or Principal of a developer of a property which has received final Allocation Certifications for any LIHTCP property located in the State, an LIHTCP Compliance Certification (Exhibit 1 to WVHDF Form LIHTCP-G) for each applicable state must be signed by an authorized representative of the applicable housing credit agency and submitted to the Fund.

Exhibit 1 to WVHDF Form LIHTCP-G must be dated **not more than 30 calendar days prior** to the submission of the property's Reservation Request.

If the applicable housing credit agency refuses, in writing, to execute the required Exhibit 1 to WVHDF Form LIHTCP-G, the Fund may consider accepting alternate housing credit agency-generated compliance monitoring records. <u>In order for the Fund to consider such compliance monitoring records, the housing credit agency refusal letter and the alternate compliance monitoring records must be submitted with the application</u>.

In addition to the WVHDF Form LIHTCP-G and Exhibit 1 to WVHDF Form LIHTCP-G, if applicable, if the Principal has not received final Allocation Certifications for any LIHTCP property located in the State, a Resume of Housing Experience (Exhibit 2 to WVHDF Form LIHTCP-G) must be submitted to the Fund.

<u>Minimum Credit Score and Fiscal Soundness</u>

The Fund will not select or allocate Credits to any property whose for-profit General Partner (including for-profit sub-entities) includes any Principal who has a credit score (Experian) below 620. <u>Note</u>: A credit report will not be required for the Principals of non-profit organizations. In order for the Fund to request and obtain a copy of such person's credit report, each Principal of a **for-profit General Partner of the Ownership Entity** (directly or through a sub-entity) must complete, sign, and submit a Credit Check Authorization and Release Form (WVHDF Form LIHTCP-I). **In limited circumstances and only with written pre-approval by the Fund**, the Fund may permit, in lieu of a Credit Check Authorization and Release Form, the submission of an Experian Credit Report (Version FICO Score 8 or more recent) reflecting such Principal's FICO Score. Such report must reflect a FICO score of greater than 620 and must be dated within two weeks of the submission of the Reservation Request. Also, **in limited circumstances,** such as no credit score available, the Fund may require additional documentation (e.g. personal financial statements) be submitted to establish the fiscal soundness of a Principal.

The Fund will not select or allocate Credits to any property whose non-profit General Partner (including non-profit sub-entities) is unable to evidence fiscal soundness. In order for the Fund to determine fiscal soundness, the Applicant must submit the non-profit organization's three most recent years of audited financial statements. The Fund considers the "three most recent years" to mean for 2025 applications, the 2022, 2023, and 2024 audited financial statements, and for 2026 applications, the 2023, 2024, and

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2025 audited financial statements. If audited financial statements are unavailable for the most recent year, the Applicant must submit accountant reviewed, accountant compiled, or entity-prepared financial statements for that year. If audited financial statements are not available for any of the three most recent years, the Fund may consider accepting other financial statements on a case-by-case basis.

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Developer/General Partner Capacity

Upon a property's selection the Fund will perform a review of the developer/General Partner's capacity. The Fund will not approve equity closing for any selected property that cannot demonstrate evidence of the capacity to maintain the property's operations throughout the property's construction period and Compliance Period, which may include a review of the developer/General Partner's financial condition, staffing plan, and/or business succession plan describing how essential positions will be maintained and replaced as needed during the Compliance Period. Documentation may be required to be submitted to the Fund after the Carryover Allocation Request stage and before the Prior the Equity Closing stage.

Other Eligibility Requirements

The Fund reserves the right to reject an application if one or more additional factors contrary to the Fund's goal to prudently allocate limited Credit resources applies to the General Partner, property developer, consultant, construction contractor, syndicator and/or management company, or any Principal thereof. Such additional factors include, but are not limited to, the following:

- Delinquencies of 30 calendar days on two or more occasions during the previous 12 months, or delinquencies of 60 calendar days on one or more occasion(s) during the previous 12 months on any Fund loan;
- Uncured default on any Fund loan;
- Foreclosure within the past 10 years on any Fund loan;
- Unresolved material audit findings, particularly related to funds management or compliance with federal program requirements, during the most recent three-year period;
- Adverse public filings and/or criminal record;
- The submission of any false, misleading, or untrue statements, documents, or other information to the Fund in connection with any Fund program; or
- Failure to produce a property after receiving an award under any Fund program and/or a history of repeated compliance issues.

MINIMUM HOUSING STANDARDS AND SITE SUITABILITY RATINGS

Minimum Housing Standards

At a minimum, for a property to be eligible for Credits, the property must be constructed or rehabilitated, as applicable, in compliance with the following:

- the 2010 Standards of the Americans with Disabilities Act of 1990,
- Section 504 of the Rehabilitation Act of 1973,
- the Fair Housing Act of 1968,
- the Architectural Barriers Act of 1968, and the current:
- State Building Code, including the following, and any corresponding successor code:
  - the International Building Code,
  - the International Plumbing Code,
  - the International Mechanical Code,
  - the International Property Maintenance Code,
  - the International Energy Conservation Code,
  - ASHRAE 90.1,
  - the International Residential Code for One- and Two-Family Dwellings,
  - ANSI A117.1 (Accessible and Usable Buildings and Facilities),
  - the International Fuel Gas Code,
  - the International Existing Building Code, and
  - the National Electric Code (NFPA 70);
- Life Safety Code and the West Virginia State Fire Commission Standards;
- Local building code (if any exists for the jurisdiction within which the buildings in the property are or will be located);
- Local zoning and/or land use regulations or restrictions, if any;
- Local floodplain ordinance, if any; and
- EPA NPDES Permit and State DEP Water Quality Requirements.

Miscellaneous Design Requirements

- Applicable to all property types:
  - Either a new recirculating range hood (can be non-vented or duct free) or a recirculating over-the range microwave is required for each residential rental unit.
  - All Properties must be constructed and/or rehabilitated using radon resistant construction design measures and/or submit radon testing results showing radon levels below the EPA action level of 4pCi/L (picocuries per liter).
  - Senior Properties, which are two or more stories, must have an elevator.

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- Applicable to New Supply:
    - All three-bedroom units must have at a minimum, one full bathroom and a half bathroom.
    - All four-bedroom units must have two full bathrooms.

- Applicable to Properties which involve the rehabilitation of existing structures (inclusive of Adaptive Re-Use)
    - All existing interior finishes must be brought to a like new condition which, at a minimum, entails the following:
        - New kitchen cabinets
        - New counter tops
        - New paint
        - New flooring
        - New plumbing fixtures
        - New electric, if over 40 years old
        - New outlets and switches, if over 40 years old
        - New bathroom tubs and shower walls
        - New gutters, facia, and downspouts

      However, in limited circumstances, if the Fund's designated construction professional (in conjunction with a site visit and review of the Capital Needs Assessment) determines such replacement is not warranted in some or all residential rental units, such replacements will not be required.

<u>Property Architect Site Suitability Rating</u>

For a property applying to the Top Off Set-Aside Category, resubmission of the Fund form Property Architect Site Suitability Rating (described below) is not required.

The Property Architect must assess and assign a suitability rating (superior, good, average, fair, or poor) to the site for the property. The Fund's most-recent form entitled Property Architect Site Suitability Rating Form must be completed, signed, and dated by the Property Architect, and must be submitted with the property's Reservation Request. Items listed on the form which must be considered in making this assessment include the following:

- accessibility for transportation;
  <u>Note</u>: ingress and egress to and from the property site (post-construction) must be by way of a two-lane road, at a minimum;
- proximity/availability of utility services (Note: For New Supply properties, the site must currently have water and sewer capacity for the proposed property. To evidence capacity, will-serve letters or other documentation acceptable to the Fund from applicable utilities (water and sewer) must be attached to the Property Architect Site Suitability Rating.)
    - water – **will-serve letter or other acceptable documentation must be attached (see above)**,

- sewer – **will-serve letter or other acceptable documentation must be attached (see above)**,
- gas,
- electric,
- telephone,
- mobile phone cell service,
- cable/high-speed internet, and
- refuse disposal;

- proximity to fire hydrants;
- proximity to professional or volunteer fire departments;
- number of planned on-site parking spaces and adequacy of planned on-site parking;
- propriety of building set-back from access roads;
- undesirable location and/or undesirable views;
- proximity to/location within a certified historical district;
- existence of residential tenants living in any form of dwelling (permanent or temporary) or existence of commercial tenants (including storage) on site;
- geographic site features such as,
  - within the 100-year floodplain or other flood issues, (Note: Only in limited circumstances, will flood mitigation be permitted for new construction properties. For all properties which involve new construction which are located within the 100-year floodplain, all new improvements must be at a minimum of two feet above the 100-year floodplain. **Neither Fund resources nor equity generated from Credits may be utilized for site flood mitigation.**)
  - high tension wires,
  - within 300 feet of railroad tracks or other potential noise generators such as major highways or airports,
  - cuts and/or fills,
  - rock formations,
  - extensive grade,
  - subsurface rock,
  - drainage,
  - high water table, and
  - other naturally occurring or manmade hazards; and
- any other criteria cited by the Property Architect.

The Property Architect must also assess on the same Fund form any and all green and sustainable features to be incorporated into the new construction or rehabilitation of the buildings and site for the property. Items on the form which must be considered include, but are not limited to, the following:

- Urban infill in economic opportunity areas,
- Habitat protection,
- Wetlands protection,
- Photovoltaics (PV) – e.g. solar power,

- Insulation standards,
- Energy Star products,
- HVAC performance,
- Energy codes,
- Energy Star building certifications,
- Preservation of existing flora,
- Recycled content,
- Water conservation,
- Renewable/re-used materials,
- Construction waste management,
- Storm water management,
- Hazard proximity,
- Environmental assessment issues,
- Hazard abatement,
- Low/No-VOC (Volatile Organic Compounds) materials – e.g. carpet and paint,
- Bins for tenant disposal of recyclable materials – e.g. plastic, paper, and metals,
- Formaldehyde-Free flooring, and
- Formaldehyde-Free ventilation; and
- any other green and sustainable features cited by the Property Architect.

<u>The Fund's Site Suitability Rating</u>

For a property applying to the Top Off Set-Aside Category, the Fund will not re-visit the site for the purpose of assessing and assigning a suitability rating.

One of the Fund's designated construction professionals will visit the site and assess and assign a suitability rating (superior, good, average, fair, or poor) to the site for the property, utilizing the criteria outlined above. Such assessment and assignment of the suitability rating of the site for any property by the Fund's designated construction professional are solely for the Fund's use and shall not be construed to be a representation or warranty to any party of such site's suitability. The Fund does not make any representations or warranties as to the site suitability for any such property. The purposes of the Fund's designated construction professional's site suitability assessment are as follows:

- to visually assess and rate the site as it was on the day of the site visit;
- to identify any concerns or issues with regard to the site, including whether or not the property may be unable to fulfill quality of housing commitments; and
- for properties involving rehabilitation, to identify any issues in the capital needs assessment which should be but are not included in the planned scope of rehabilitation.

The Fund reserves the right to reject any property rated as "poor", solely on the basis of the Fund's designated construction professional's site suitability assessment for any such property. Issues that might cause a site to be rated as "poor" and possibly result in the rejection of such property include, but are not limited to, the following:

- site location with flood issues;
- site conditions which result in construction costs above what is deemed reasonable or a prudent use of the State's limited Credit resources;
- proximity to railroad tracks, highways, airports, etc., that prohibit the reduction of interior and/or exterior noise to an acceptable level; or
- any other naturally occurring or man-made hazards, posing health or safety risks to tenants.

The Fund's acceptance of a site is solely for the Fund's internal use. Applicants, lenders, syndicators, tenants, and any other parties involved in such property are not entitled to and should not rely upon or in any way utilize the Fund's acceptance of the site as a warranty for any purpose.

SUMMARY OF SELECTION AND PREFERENCE CRITERIA

To comply with Subsections 42(m)(1)(B) and (C) of the Code, the Fund has developed a point system to be used in making the property selections for allocations of Credits. Selection and Preference Criteria have been established to provide the framework for the point system. In some of the criteria, more specific characteristics have also been established. An assignment of the total points available for each selection or preference criterion and each specific characteristic is detailed in the Selection and Preference Criteria section of the Plan. A summary of the selection and preference criteria and the total points available is provided below:

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Category of Selection and Preference Criteria	Total Points Available – New Supply	Total Points Available – Existing Low-Income Housing
Property Characteristics (Including Existing Housing as Part of a Community Revitalization Plan)	120	235
Ability to Produce a Qualified Low-Income Residential Rental Property	180	180
Property Location and Housing Needs Characteristics	200	100
Sponsor Characteristics	10	10
Tenant Populations Targeted for Occupancy	20	20
Persons on a Public Housing Waiting List	25	25
Properties Committed to Eventual Tenant Ownership	5	5
Historic Nature of the Property	20	20
Preference for Properties Serving the Lowest Income Tenants	50	50
Preference for Properties Obligated to Serving Qualified Tenants for the Longest Periods of Time	150	150
Preference for Community Revitalization Properties Located in Qualified Census Tracts	35	35
Energy Efficiency and Quality of Housing	185	170
TOTAL POINTS AVAILABLE	1000	1000

Note: Due to the bifurcation of the scoring system as shown above, any property involving both Existing Low-Income Housing and New Supply will be scored on a weighted average based upon the number of units. **Due to the additional work required to score such property, a higher processing fee as outlined in the Manual must be submitted to the Fund**.

The Fund has set a minimum point threshold of 500 Selection and Preference Criteria points that must be met by a proposed property in order for such property to be considered any further for LIHTCP eligibility.

SELECTION AND PREFERENCE CRITERIA

Generally, unless otherwise stated, backup documentation which is older than six months from the date the application is submitted will be considered stale and will be unacceptable.

Generally, unless otherwise stated, backup documentation that does not consist of a complete document will not be acceptable. Anytime documents are to be included with an LIHTCP application, the entire document must be provided to the Fund. Partial documents and summaries of documents are not acceptable and will result in the loss of any points associated with the application criterion for which the partial document or summary was provided.

A Summary of Attachments (WVHDF Form LIHTCP-E) should be utilized by Applicants in connection with their preparation and submission of requests.

Property Characteristics (Including Existing Housing as Part of a Concerted Community Revitalization Plan) (Total Maximum Points Available: 120 for New Supply or 235 for Existing Low-Income Housing)

1. Set-Aside Categories
   (Maximum Points Available: 50 for New Supply or 30 for Existing Low-Income Housing)

   The Fund has determined that Set-Aside Categories should be established to direct the allocation of Credits to properties possessing certain features or characteristics.

   For a proposed property to be considered any further for LIHTCP selection and eligibility, the property must satisfy the property characteristics and features for one of the five Set-Aside Categories, as identified and described below.

   Each property may compete for Credits from only one set-aside category.

   The set-aside categories, a description of the features and characteristics for each category, the type and size of property, the number of points awarded, and the percentage of the State Housing Credit Ceiling that is set aside for each category is provided below:

Set-Aside Category and Description of the Features and Characteristics of the Category	Type and Size of Property	Points Awarded	Percentage of the State's Housing Credit Ceiling
a. **Qualified Non-Profit:** Category for the exclusive use of a Qualified Non-Profit Organization as defined in this section of the Plan. **The Applicant must submit documentation evidencing that it fulfills the definition.**	New & ≤ 50 New & > 50 Rehab & ≤ 50 Rehab & > 50 A&R & ≤ 50 A&R & > 50	50 40 30 20 10 0	10.0%
b. **Existing Low-Income Housing Preservation:** Category for the exclusive use for the preservation of Existing Low-Income Housing. The property will not result in a direct increase of the stock of low-income residential rental units. **The Applicant must submit documentation evidencing that it fulfills the definition.**	Rehab & ≤ 50 Rehab & > 50 A&R & ≤ 50 A&R & > 50	30 20 10 0	32.0%
c. **New Supply Non-Rural:** Category for the exclusive use of a newly constructed property, a substantial rehabilitation property, or an acquisition with substantial rehabilitation property, all of which must result in a direct increase of the stock of low-income residential rental units in a non-rural area of the State (*).	New & ≤ 50 New & > 50 Rehab & ≤ 50 Rehab & > 50 A&R & ≤ 50 A&R & > 50	50 40 30 20 10 0	26.5%
d. **New Supply Rural:** Category for the exclusive use of a newly constructed property, a substantial rehabilitation property, or an acquisition with substantial rehabilitation property, all of which must result in a direct increase of the stock of low-income residential rental units in a rural area of the State (*).	New & ≤ 50 New & > 50 Rehab & ≤ 50 Rehab & > 50 A&R & ≤ 50 A&R & > 50	50 40 30 20 10 0	26.5%
e. **Top Off:** Category for the exclusive use of a 2023 and/or 2024 (or 2024 and/or 2025) Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B) recipient for additional Credit. **To qualify for this set-aside category, the Applicant must submit documentation (to the Fund's satisfaction) evidencing the need for additional Credit.** Acceptance of any property in this set-aside category is in the Fund's sole discretion.	The same points (0-50) will be awarded as were awarded in the property's Reservation Request which resulted in such property receiving its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B).		5.0%

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For "Type and Size of Property" the following definitions apply:

New = Newly Constructed;
Rehab = Substantial Rehabilitation, inclusive of adaptive re-use;
A&R = Acquisition and Substantial Rehabilitation, inclusive of adaptive re-use;
≤ 50 = Less than or equal to 50 residential rental units; and

> 50 = More than 50 residential rental units.

* Non-Rural areas of the State are those which are not eligible for the Guaranteed Rural Rental Housing Program (RD Section 538) as of the date a property's Reservation Request is submitted to the Fund. Rural areas of the State are those which are eligible for the Guaranteed Rural Rental Housing Program as of the date a property's Reservation Request is submitted to the Fund. Eligible areas can be found at the following link:

https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=mfhc

Points will be awarded to properties based upon the information provided by the Applicant in the applicable section of page 15 of WVHDF Form 1040.

Deleted: If a property involves both new construction and substantial rehabilitation of existing units, the points above will be awarded on a weighted average basis.

To qualify for the **Qualified Non-Profit Set-Aside Category**, the Applicant must submit the following regarding the non-profit entity:

- evidence that the entity is either a 501(c)(3) or 501(c)(4) organization;
- evidence that the entity is exempt from taxes under Subsection 501(a) of the Code (a copy of the IRS determination letter declaring exempt status for the non-profit entity must accompany such non-profit entity's request);
- a certification from an authorized officer of the non-profit entity stating that such officer knows of nothing that would adversely affect such determination;
- evidence that the entity's exempt purposes include the fostering of low-income housing (a copy of the non-profit entity's Articles of Incorporation, Articles of Organization, or similar organizational documents must accompany such non-profit entity's request);
- a narrative which explains how the entity
  - will own an interest in the property (**directly or through a partnership** (as a General Partner; owning not less than 51% of the General Partner interest));
  - will materially participate (as defined in the passive loss rules, Code Subsection 469(h)) in the development and operation of the property throughout the Compliance Period on a regular, continuous and substantial basis; and
  - is not affiliated with or controlled by a for-profit organization; and
- evidence that the entity has been in existence for at least five years.

To qualify for the **Existing Low-Income Housing Preservation Set-Aside Category**, the Applicant must submit a current rent roll which includes, at a minimum, the following unit-level items:

- Number of bedrooms – list must include occupied and vacant units,
- Number in household,
- Household income,
- Tenant paid rent, and
- Utility allowance

Such rent roll must evidence that the property satisfies the features and characteristics of the Existing Low-Income Housing Preservation Set-Aside Category as detailed in the chart above.

To qualify for the **Top Off Set-Aside Category**, the Applicant must submit an explanation satisfactory to the Fund of the reasoning for the request for additional Credit.

2. **Scoring Applicable to Existing Low-Income Housing Properties Only**: Existing Housing in Most Need of and Most Suitable for Rehabilitation (Maximum Points Available: 0 for New Supply or 100 for Existing Low-Income Housing)

For a property applying to the Top Off Set-Aside Category, such property will receive the same points as it did for this scoring criterion in the year in which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B).

The Fund's designated construction professionals will visit all pre-registered Existing Low-Income Housing properties. Each property will be categorized using a tiered system to determine which properties are in most need of and most suitable for rehabilitation. The Fund may seek consultation with RD and HUD with regard to this scoring criterion.

Points will be awarded to properties based upon the Fund's categorization of the Existing Low-Income Housing properties in most need of and most suitable for rehabilitation as follows:

__100__ points will be awarded to each property which is rated as a Tier 1 property (in the most need of and most suitable for rehabilitation).

__75__ points will be awarded to each property which is rated as a Tier 2 property.

__50__ points will be awarded to each property which is rated as a Tier 3 property.

For this criterion, a Scattered Site Property will be scored on a weighted average based upon the number of units.

Instances when the Fund may consider a property not suitable for rehabilitation (which may result in property rejection) may include, but are not limited to, the following:

- When the rehabilitation costs to make the property into decent, safe, and sanitary housing exceed the cost of replacing it with a newly constructed building.
- When most of the structural components appear severely out of alignment, damaged, substandard, or missing.
- When the overall condition of the structure is unacceptable for purposes of habitation.
- When the current value of the structure, plus rehabilitation costs exceed a level considered economically feasible, given the property's potential for income after rehabilitation, the estimated operating expenses, and the cost of available mortgage financing.
- When it has been determined that based upon the Fund's site visit, the property does not warrant rehabilitation. Such properties are determined to be below a Tier 3 rating and will receive zero points. It is recommended that such properties not be submitted for consideration.

3. Type of Financing (Maximum Points Available: 45 for New Supply or 65 for Existing Low-Income Housing)

   a. RD or HUD or Other Government Financing or Guarantee/Insurance (Maximum Points Available: 20)

      _20__ points will be awarded to an Applicant that submits documentation evidencing that the property will

      - preserve existing RD or HUD or other government low-income residential rental units previously financed or guaranteed/insured through any RD or HUD or other government finance or guarantee/insurance program; or provide a new supply of RD or HUD or other government low-income residential rental units financed or guaranteed/insured through any RD or HUD or other government finance or guarantee/insurance program.

      AND

      - **the property evidences adequate cash flow, in the Fund's sole determination, to fully amortize 50% or more of each** such RD or HUD or other government financing, or

- **the property evidences adequate cash flow, in the Fund's sole determination, to fully amortize 75% or more, in the aggregate, of all new** such RD or HUD or other government financing.

OR

_10__ points will be awarded to an Applicant that submits documentation evidencing that the property will

- preserve existing RD or HUD or other government low-income residential rental units previously financed or guaranteed/insured through any RD or HUD or other government finance or guarantee/insurance program; or provide a new supply of RD or HUD or other government low-income residential rental units financed or guaranteed/insured through any RD or HUD or other government finance or guarantee/insurance program.

Eligible RD or HUD or other government finance or guarantee/insurance programs include, but are not limited to, the following:

- Guaranteed Rural Rental Housing Program (RD Section 538),
- Rural Rental Housing Program Financing (RD Section 515),
- HUD Mortgage Insurance,
- HOME Program,
- HTF Program, and
- ERA2 Housing Fund.

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Notes:

- It is anticipated that all Multifamily Loan Program permanent financing being requested of the Fund will require either an RD Section 538 Guarantee or HUD insurance, as applicable to the property location as determined by existing rules and regulations.

- The minimum loan amount that the Fund will complete the RD Section 538 or HUD insurance process for is $250,000.

- The Fund's HOME Program, HTF Program, and ERA2 Housing Fund financing are utilized to fill financing gaps on properties that, due to inadequate cash flow, have an inability to amortize all hard debt at standard mortgage interest rates required to fund property costs. Further, if there is the ability to amortize all or a portion of the HOME Program, HTF Program, or ERA2 Housing Fund financing, the interest rate is typically zero percent, but generally no higher than one percent. Therefore, if requesting amortizing HOME Program, HTF Program, or ERA2 Housing Fund financing as a source of funds for a property, the interest rate must be no higher than one percent. The interest rate on any deferred HOME Program, HTF Program, or ERA2 Housing Fund financing would be zero.

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Consequently, during initial property underwriting (completed prior to score finalization), the Fund reserves the right to modify (decrease) the HOME Program and/or HTF Program and/or ERA2 Housing Fund financing amounts requested on page 8 of WVHDF Form 1040, based upon property underwriting, if it is determined that the property can support (additional) hard debt at standard mortgage rates. If such modification causes the property's total RD or HUD or other government financing to fall below the required 50% level, **the points available will not be awarded to such property.**

- Additionally, the Fund requires that properties which are requesting HOME Program, HTF Program, or ERA2 Housing Fund financing from the Fund defer 20% of the Developer's Fee. [The required deferred Developer's Fee will be calculated in the same manner as provided in the Allocation Policies, State-Designated Basis Boost section of the Manual. Such calculation is included in the margin of page 8 of WVHDF Form 1040.] If the required deferred Developer's Fee is not included in the permanent financing on page 8 of WVHDF Form 1040, the deferred Developer's Fee will be increased to the required amount and the Fund HOME Program, HTF Program, or ERA2 Housing Fund financing request will be decreased by the same amount. If such adjustment causes the property's total RD or HUD or other government financing to fall below the required 50% level, **the points available will not be awarded to such property.**

To be awarded the points available,

- The Applicant must submit either a written conditional financing commitment or letter of intent for the financing with the same variables as are required under the Permanent Financing scoring criterion as listed in the Ability to Produce a Qualified Low-Income Housing Residential Rental Property subsection of the Plan documenting the use of an eligible RD or HUD or other government financing or guarantee/insurance program. However, backup documentation is not required for the following permanent financing being requested of the Fund: Multifamily with an RD 538 guarantee, Multifamily with HUD/FHA insurance, HOME Program, HTF Program, or ERA2 Housing Fund. For documentation required to be submitted for Fund-provided financing documentation required, see next paragraph.

  To request such Fund-provided financing, the Sources of Funds – Permanent Financing section of page 8 of WVHDF Form 1040 must be completed. Additionally, for such Fund-provided financing, a Fund Loan Terms Consultation Form must be submitted which may be requested by contacting the Fund.

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Additionally, to preserve limited soft sources of Fund financing (HOME Program, HTF Program, ERA2 Housing Fund, etc.) any property requesting deferred amounts of Fund financing must either (a) use favorable sources of Fund financing for the property's construction and permanent financing needs, or (b) use other favorable sources of financing for the property's construction and permanent financing needs at terms that meet or exceed the terms of Fund financing.

- Such financing or guaranteed/insured financing must equal or exceed 50% of the property's Total Permanent Financing. It is highly recommended that such financing or guaranteed/insured financing be structured at greater than 50% of the property's Total Permanent Financing so that an unexpected property cost increase would not cause such financing or guaranteed/insured financing to fall below the 50% level.

The only two exceptions to the 50% financing threshold are as follows:

- Properties which are awarded points under the scoring criterion Maturing Mortgage with Expiring Project-Based Rental Assistance will be awarded the points available regardless of the percentage of the Total Permanent Financing the RD or HUD or other government financing represents.
- If the percentage falls below 50% due to changes required by the Fund's post-selection property underwriting.

b. **Scoring Applicable to Existing Low-Income Housing Properties Only:** Maturing Mortgage with Expiring Project-Based Rental Assistance (Points Available: 0 for New Supply or 10 for Existing Low-Income Housing)

__10__ points will be awarded to an Applicant that submits documentation evidencing that the property has

- an RD mortgage which will mature in five years or less (measured from the property's Reservation Request due date) and which, if repaid, will result in the loss of RD Rental Assistance for the property, or

- a HUD mortgage (Section 236 or similar) which will mature in five years or less (measured from the property's Reservation Request due date) and which, if repaid, will result in the loss of HUD Project-Based Subsidy.

For each of the above, to be eligible for the points available the rental assistance must cover at least 25% of the property's total units.

For this criterion, a Scattered Site Property will be scored on a weighted average based upon the number of units.

c. **Scoring Applicable to Existing Low-Income Housing Properties Only:** Expiring LIHTCP Extended Use Period (Maximum Points Available: 0 for New Supply or 10 for Existing Low-Income Housing)

_10_ points will be awarded to a property that has an Extended Use Period which will expire in two years or less or has been expired three years or less (measured from the property's Reservation Request due date).

OR

_5_ points will be awarded to a property that has an Extended Use Period which will expire in five years or less (measured from the property's Reservation Request due date).

For this criterion, a Scattered Site Property will be scored on a weighted average based upon the number of units.

d. Favorable Financing (Points Available: 25)

_25_ points will be awarded to an Applicant that submits documentation evidencing that the property will be financed with **construction, pre-development, bridge,** and **permanent** financing as follows:

- The construction financing, pre-development financing, and bridge financing must have total financing origination fees **including costs for lender legal review and lender inspections** at a percentage or amount which is at or below 1% of the loan amount. In addition, for construction, pre-development, or bridge financing, any of which is provided by a related party, origination fees including costs for lender legal review and lender inspections must be based upon the actual amount of monies drawn on such loan. For this scoring criterion only, financing is considered to be provided by a related-party where there is one or more persons in common in the Principals of the borrower and the lender.
- The permanent financing must have:
  - ➢ a fixed interest rate which must be at or below the "maximum favorable financing rate" * for the loan term;
  - ➢ a loan term that meets or exceeds the Compliance Period; and
  - ➢ total financing origination fees **including costs for lender legal review** which is no higher than the greater of $5,000 or 1% of the permanent loan amount.
  - * The "maximum favorable financing rate" will be provided via notice to the mailing list and published on the Fund website no later than the day of the annual Application Workshop.

The Fund reserves the right to modify the terms above for 2026 based upon market conditions. Such modification would be provided via notice to the

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mailing list and provided on the Fund website no later than the day of the annual Application Workshop.

To be awarded the points available:

- Construction, Pre-Development, and Bridge Financing: The Applicant must submit either a written conditional financing commitment or letter of intent for the **construction, pre-development, and bridge** financing with the same or similar variables as are required under the Permanent Financing scoring criterion as listed in the Ability to Produce a Qualified Low-Income Housing Residential Rental Property subsection of the Plan (note: a loan term of less than 15 years is permitted). **Additionally**, the commitment or letter of intent **must** clearly and specifically provide a list of **all** financing fees (presented as a dollar amount or as a percentage of the financing, or for related-party financing as a percentage of the financing to be drawn), **including costs for lender legal review and lender inspections**. Such commitment or letter of intent must evidence favorable financing as defined above.

  Notes:
  - It is anticipated that Pre-Development and/or Bridge Financing documentation may not yet be available at the Reservation Request application stage. Therefore, a Favorable Financing Certification (WVHDF LIHTCP-R) and applicable backup documentation must be provided to the Fund no later than 30 calendar days prior to equity closing and must evidence fulfillment of the requirements under this scoring criterion.
  - A written conditional financing commitment or letter of intent is not required for construction, pre-development, or bridge financing being requested from the Fund. For documentation required to be submitted for Fund-provided construction financing, see next paragraph.

    To request Fund-provided construction financing, the Request for Fund-Provided Construction Financing section at the top of page 8 of WVHDF Form 1040 must be completed. Additionally, for such Fund-provided construction financing, a Fund Loan Terms Consultation Form must be submitted which may be requested by contacting the Fund.

- Permanent Financing:
  - The Applicant must submit either a written conditional financing commitment or letter of intent for the **permanent** financing with the same variables as are required under the Permanent Financing scoring criterion as listed in the Ability to Produce a Qualified Low-Income Housing Residential Rental Property subsection of the Plan.

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Additionally, the commitment or letter of intent **must** clearly and specifically provide a list of **all** financing fees (presented as a dollar amount or as a percentage of the permanent financing), **including costs for lender legal review**.

- Such commitment or letter of intent must evidence favorable permanent financing as defined above **AND** such favorable permanent financing must be equal to or exceed 50% of the property's Total Permanent Financing. It is highly recommended that such favorable financing be structured at greater than 50% of the property's Total Permanent Financing so that an unexpected property cost increase would not cause such favorable financing to fall below the 50% level.

Notes:

- RD Section 515 financing which has interest credit subsidy is considered favorable permanent financing.
- If the property has no Total Permanent Financing, the property fulfills the Permanent Financing portion of this scoring criterion.
- A written conditional financing commitment or letter of intent is not required for permanent financing being requested from the Fund (e.g. Multifamily with or without an RD 538 or HUD/FHA guarantee/insurance, HOME Program, HTF Program, ERA2 Housing Fund, etc.). For documentation required to be submitted for Fund-provided financing, see next paragraph.

To request such Fund-provided financing, the Sources of Funds – Permanent Financing section of page 8 of WVHDF Form 1040 must be completed. Additionally, for such Fund-provided financing, a Fund Loan Terms Consultation Form must be submitted which may be requested by contacting the Fund.

Additionally, to preserve limited soft sources of Fund financing (HOME Program, HTF Program, ERA2 Housing Fund, etc.) any property requesting deferred amounts of Fund financing must either (a) use favorable sources of Fund financing for the property's construction and permanent financing needs, or (b) use other favorable sources of financing for the property's construction and permanent financing needs at terms that meet or exceed the terms of Fund financing.

The only exception to the 50% financing threshold referenced above is if the percentage falls below 50% due to changes required by the Fund's post-selection property underwriting.

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4. **Scoring Applicable to Existing Low-Income Housing Properties Only**: Existing Housing as Part of a Concerted Community Revitalization Plan (Points Available: 0 for New Supply or 15 for Existing Low-Income Housing)

   For a property applying to the Top Off Set-Aside Category, such property will receive the points available if it received the points available in the year in which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B). Resubmission of backup documentation is not required.

   15 points will be awarded to an Applicant that submits documentation evidencing that the property includes the use of Existing Housing that is **clearly and specifically stated** as part of a CRP that has been **approved** by the **appropriate governing body of the local jurisdiction** within which such "community" is located. The following definitions apply to the following terms for this subsection of the Plan:

   - **Clearly and specifically stated** – the existing housing must be located in specified boundaries within the community as evidenced by a geographic scope description of the community and/or map included in the adopted plan or the existing housing must be specifically named in the CRP **AND** the rehabilitation of such housing **fulfills the specified goals** of the CRP (e.g., a goal to rehabilitate and improve existing housing).

   - **Fulfills the specific goals** – the rehabilitation of the property fulfills one or more goals listed for the specific area in which the property is located within the community. For example, if the property is located in Neighborhood A, but the goal that the rehabilitation of the property fulfills is a goal for Neighborhood B, the property does not fulfill the specified goals of the CRP.

   - **Approved** – the appropriate governing body of the local jurisdiction has taken an official action to adopt such CRP by ordinance or resolution.

   - **Appropriate governing body of the local jurisdiction** – either
     - the city council or comparable governing body of a municipality, or
     - the county commission or comparable governing body of a county, or
     - a community development authority established in accordance with State law (i.e. West Virginia Code Chapter 7, Article 12) whose jurisdiction includes the location involved, or
     - a regional planning and development council established in accordance with State law (i.e. West Virginia Code Chapter 8, Article 25) whose jurisdiction includes the location involved.

   To be eligible for the points available, the following must be submitted as backup documentation:

   - ordinance or resolution evidencing approval of the CRP by the appropriate

governing body of the local jurisdiction;
- if applicable, documentation (e.g. ordinance or resolution) evidencing when the process of adoption began for the specific CRP;
- the entire approved CRP (color version), including any and all referenced maps, exhibits, and attachments; and
- if the CRP appears to be out of date, confirmation from the governing body of the local jurisdiction that such CRP is still in full force and effect and has not been superseded by another document or plan.

For this criterion, a Scattered Site Property will be scored on a weighted average based upon the number of units.

Note: It is highly recommended that an Applicant request a review of the CRP during pre-application assistance. Items submitted during pre-application assistance review are not considered part of a property's Reservation Request and are not reviewed in conjunction with determining whether a property has met minimum requirements for a particular type of request or for determining whether a property is awarded points for selection and preference criteria. It is the Applicant's responsibility to ensure that all required documentation, whether acceptance or scoring related or any other documents, are uploaded to the property's Microsoft Team.

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5. Property-Based Rental Assistance (Maximum Points Available: 25)

For a property applying to the Top Off Set-Aside Category, such property will receive the same points as it did for property-based rental assistance in the year in which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B). Resubmission of backup documentation is not required.

15 points will be awarded to an Applicant that submits documentation evidencing that the property has property-based rental assistance (e.g. RD, HUD, or applicable public housing authority) for at least 25% but less than 50% of the residential rental units in the property.

OR

20 points will be awarded to an Applicant that submits documentation evidencing that the property has property-based rental assistance (e.g. RD, HUD, or applicable public housing authority) for at least 50% but less than 75% of the residential rental units in the property.

OR

25 points will be awarded to an Applicant that submits documentation evidencing that the property has property-based rental assistance (e.g. RD, HUD, or applicable

public housing authority) for at least 75% of the residential rental units in the property.

For this criterion, a Scattered Site Property will be scored on a weighted average based upon the number of units.

To be eligible for the points available for property-based rental assistance, evidence of the property-based rental assistance satisfactory to the Fund must be submitted, and such evidence **must include the number of units covered** by the assistance. The following documentation will generally be considered satisfactory to evidence fulfillment of this criterion:

- For existing property-based subsidy:
  - An unexpired commitment for property-based rental subsidy for the property, OR
  - A commitment for property-based rental subsidy for the property which has surpassed its term, AND evidence from the assistance provider that the commitment is still in full force and effect as of the date the Reservation Request is submitted to the Fund, OR
  - For a RAD conversion, a Commitment to Enter into a Housing Assistance Payments (CHAP) letter provided by HUD.

  The commitment and/or letter must be signed by an authorized representative of the assistance provider. If an expiration date is not included in the document, the Fund may verify with the rental subsidy provider to confirm that the rental subsidy is still in full force and effect.

  Backup documentation which is dated more than six months prior to the property's Reservation Request due date will not be considered stale if such subsidy is still in full force and effect.

- For new HUD property-based subsidy, one of the following:

  - A signed conditional commitment letter from the public housing authority committing to enter into an Agreement to Enter into Housing Assistance Payments Contract ("AHAP Contract"). Such letter must contain conditions such as (1) HUD subsidy layering review completion, and (2) environmental review approval (see 24 CFR § 983.153)

  OR

  - A fully executed AHAP Contract, including Part I, Part II, and all necessary and required exhibits AND evidence of HUD subsidy layering review completion AND evidence of environmental review approval.

  For new HUD property-based subsidy, rents should be set at 110% of

Deleted: Note: Public housing authorities committing new property-based subsidy through the HUD Request for Project-based voucher Proposals process should refer to CFR Title 24, Subtitle B, Chapter IX, Part 983 for proper procedures.¶

fair market rent or an amount acceptable to the Fund, in its sole discretion.

Ability to Produce a Qualified Low-Income Residential Rental Property
(Total Maximum Points Available: 180)

Points will be awarded to properties that have achieved certain milestones in the development process. The key components and milestones of development are described below.

1. Permanent Financing (Points Available: 25)

 25 points will be awarded to an Applicant that submits documentation evidencing that the Ownership Entity has received written conditional permanent financing commitments or letters of intent from **all** intended sources of permanent financing, including developer-provided financing (deferred Developer's Fee) for all amounts of such permanent financing, except for permanent financing being requested of the Fund (e.g. Multifamily with or without an RD 538 or HUD/FHA guarantee/ insurance, HOME Program, HTF Program, ERA2 Housing Fund, etc.). For documentation required to be submitted for Fund-provided financing, see next paragraph.

To request such Fund-provided financing, the Sources of Funds – Permanent Financing section of page 8 of WVHDF Form 1040 must be completed. Additionally, for such Fund-provided financing, a Fund Loan Terms Consultation Form must be submitted which may be requested by contacting the Fund.

Additionally, to preserve limited soft sources of Fund financing (HOME Program, HTF Program, ERA2 Housing Fund, etc.) any property requesting deferred amounts of Fund financing must either (a) use favorable sources of Fund financing for the property's construction and permanent financing needs, or (b) use other favorable sources of financing for the property's construction and permanent financing needs at terms that meet or exceed the terms of Fund financing.

- To be eligible for the points available, **a written conditional permanent financing commitment** must
  - be committed to the Ownership Entity or the General Partner on behalf of the Ownership Entity,
  - be signed by an authorized representative of the permanent financing source,
  - identify the property by name, description, or location,
  - include the estimated loan amount,
  - include the interest rate,

Deleted: However, to request financing from the Fund, the Fund must be consulted prior to submission of the Reservation Request regarding appropriate amounts, interest rates, amortization terms, replacement reserves, and loan terms to include on page 8 of WVHDF Form 1040.

- ➢ include the loan term (note: a loan term of less than 15 years is not permitted except for in the case of deferred Developer's Fee), and
- ➢ include the amortization term.

To be eligible for the points available, with regard to the deferred Developer's Fee, the Applicant must submit a fully completed and executed Fund form entitled Deferred Developer Fee Permanent Financing Commitment. It is anticipated that the Deferred Developer Fee will bear no interest.

For a property applying to the Top Off Set-Aside Category, in lieu of a written conditional permanent financing commitment, the Fund will accept a signed promissory note for financing sources which have already been closed.

- To be eligible for the points available **for a letter of intent**, such letter must
  - ➢ be addressed to the Ownership Entity or the General Partner on behalf of the Ownership Entity,
  - ➢ be signed by an authorized representative of the permanent financing source,
  - ➢ identify the property by name, description or location,
  - ➢ include the amount of permanent financing sought (this may be presented in a "not to exceed" amount),
  - ➢ include the anticipated interest rate (this may be a "not to exceed" rate),
  - ➢ include the loan term (note: a loan term of less than 15 years is not permitted except for in the case of deferred Developer's Fee),
  - ➢ include the amortization term, and
  - ➢ **<u>include the anticipated date of the permanent financing decision</u>**.

Additional requirements for written conditional permanent financing commitments or letters of intent:

- For non-traditional lenders including, but not limited to, Federal Home Loan Bank, public housing authorities, and non-profit entities, such written conditional permanent financing commitments or letters of intent must
  - ➢ name the source of such funds and,
  - ➢ if applicable, provide a copy of the underlying commitment of such funds **to** the non-traditional lender.

  <u>Note</u>: Be certain that the commitment or letter of intent is addressed to the Ownership Entity or the General Partner on behalf of the Ownership Entity. Example #1: The Federal Home Loan Bank ("FHLB") may make a commitment to a member bank, therefore, a commitment from the member bank to the Ownership Entity must also be submitted as part of the backup documentation provided for that source of funds. [A fully executed FHLB Direct Subsidy Agreement would evidence the member bank commitment to the property. However, since such agreement does not include the funding amount, additional separate documentation from the FHLB (e.g. an award letter) evidencing the funding amount would need to be submitted.] Example #2: A non-profit General

Partner may be awarded funds from an entity. A commitment from the non-profit General Partner to the Ownership Entity must also be submitted as part of the backup documentation. If the Applicant has questions regarding non-traditional sources of funds, it is highly recommended that the Applicant contact the Fund during pre-application assistance.

- If the permanent financing source is in the form of a grant (outright or ratably forgiven), the written conditional permanent financing commitment or letter of intent must expressly state this fact. This will eliminate the requirement to provide an interest rate and loan and amortization terms.

Requirements for RD mortgages or HUD/FHA-insured mortgages and requirements for RD or HUD subsequent rehabilitation loans:

For properties which are assuming an RD mortgage or HUD/FHA-insured mortgage, the Applicant must submit the following which will be considered sufficient for the awarding of points under this criterion with respect to that particular source of permanent financing:

- a letter from RD or HUD which acknowledges the intent of the Applicant to submit a transfer package for the transfer of the physical assets and mortgage loan assumption, **and**
- an RD-provided or HUD-provided summary of the estimated mortgage amount (e.g. for RD an M1XI screen print).

In addition, if part of such property's financing structure includes a new RD or HUD rehabilitation loan, the Applicant must submit an acknowledgement letter (specifying the estimated loan amount) from RD or HUD which states that the Applicant has submitted an application for such funds to the appropriate governmental agency (RD or HUD) for approval of such loan and that the applicable agency has those funds available. Such acknowledgement letter will be considered sufficient for the awarding of points under this criterion with respect to that particular source of permanent financing.

Regarding HOME Program, HTF Program, or ERA2 Housing Fund financing provided by the Fund, for properties that are unable to fully amortize such financing, the Fund will require each year during the loan term after the repayment of the Property's deferred developer's fee, payments to the Fund from the Property's cash flow (minimum of 50%). Such payment must be specifically stated in the cash flow distribution section of the Property's organizational documents and in a lien priority acceptable to the Fund.

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2. Syndication of Investment Interests and Tax Credits (Points Available: 25)

 25 points will be awarded to an Applicant that submits documentation evidencing that the Applicant has formally accepted in writing a syndicator's written

offer/proposal to perform as the syndicator for the property. Such written offer/proposal must include, at a minimum, the following:

- the annual Credit amount,
- the percentage of Credits syndicated,
- the total equity contribution in dollars, and
- the pay-in schedule.

For properties which are pursuing historic tax credits, to be eligible for the points available, the syndicator's written offer/proposal must include each of the above variables for the historic tax credit equity. Federal and state variables must be listed separately except for the pay-in schedule which may include total equity from all tax credit sources. The state historic tax credit document may be a document which reflects a direct purchase of the state historic tax credits, rather than a syndicator's written offer/proposal. Regardless, the document(s) provided must include all of the above-required variables.

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For a property applying to the Top Off Set-Aside Category, to be eligible for the points available:

- If a Partnership Agreement has been executed, the Applicant must submit such agreement. If the agreement does not include a section which details payment of equity for at least the additional Credit requested (can be in the form of "upward adjuster" language), a letter including each of the above variables for at least the additional Credit requested must be submitted.
- If an executed Partnership Agreement is not available, the syndicator's written offer/proposal must include each of the above variables for the original Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B) amount plus at least the additional Credit requested and must be submitted.

3. Developer Experience in the LIHTCP (Maximum Points Available: 25)

For a property applying to the Top Off Set-Aside Category, such property will receive the points available if it received the points available in the year in which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B) (based upon the number of properties for which an Allocation Certification was submitted). Resubmission of backup documentation is not required.

Points will be awarded to an Applicant that submits the following:

- a copy of **one** of the final (signed by an authorized representative of the appropriate housing credit agency) Allocation Certifications for each of at least two LIHTCP properties, **and**
- for a property located outside of the State, the executed Partnership Agreement, or other documentation acceptable to the Fund, defining the property developer for such property evidencing that the developer or co-developer meeting the requirement below (not on a combined basis) has

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participated in at least three LIHTCP properties, regardless of the state in which such properties are located, that have been placed in service and received the final Allocation Certifications for all of the buildings and credit types associated with each such property from the applicable housing credit agency.

In order for experience of a Principal(s) of the developer entity to be considered for the points available there must be continuity in the development entity. The Fund considers continuity in the development entity to have been disrupted if 50% or more of the Principals of the developer have changed to new Principals.

If 50% or more of the Principals of the developer have changed to new Principals, **in limited circumstances and only with written pre-approval by the Fund**, the Fund may consider exceptions where the new Principal is a long-tenured (more than 10 years) employee of the organization and can evidence a significant history of development experience for the organization that is comparable to (in terms of development duties performed) the remaining and/or existing Principals of the organization. For an exception to be considered, a narrative must be submitted that includes a summary of the new Principal's developer experience (tenure, number of properties completed during the employee's tenure at the organization, types of properties, and duties/role related to each property). A new Principal may only receive points for properties that the new Principal performed significant develop work on during their tenure at the organization.

If a property of the developer has placed in service, but the applicable state housing finance agency (inclusive of the Fund) has not issued the final Allocation Certifications for such property, the Fund will accept the following documentation **in lieu of the above-required final Allocation Certifications**:

- applicable placement in service documentation (e.g. Certificates of Occupancy issued in accordance with state or local law) for all buildings in the property, **and**
- a statement from an authorized representative of the applicable state housing finance agency that the placement in service documentation is acceptable and the state housing finance agency will issue the Allocation Certifications once the final placed-in-service application is received.

Points will be awarded on the following basis:

- 25 points will be awarded for participation in eight or more LIHTCP properties; or
- 20 points will be awarded for participation in six or more LIHTCP properties; or
- 15 points will be awarded for participation in four LIHTCP properties; or
- 10 points will be awarded for participation in two LIHTCP properties.

Requirement for receiving points for a co-developer's experience: To be awarded the points available for a co-developer's experience:

- The number of co-developers for the property must be limited to two;
- both co-developers must complete 50% of the work and receive 50% of the compensation, and
- the development agreement must clearly evidence the percentages of work and the percentages of compensation.

4. Developer's and General Partner's Post-2008 Timely Delivery of Units in West Virginia and Future Timely Equity Closing Commitment (Maximum Points Available: 35)

For a property applying to the Top Off Set-Aside Category, such property will receive the following:

- *for Timely Delivery, the points available for the same Timely Delivered properties as it received points for in the year in which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B), and*
- *for Future Timely Equity Closing, the points available if it received the points available in the year in which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B)* ***unless the closing deadline has passed and was not fulfilled****.*

Resubmission of backup documentation is not required.

A property will be awarded 2.5 or 1.25 points for each LIHTCP property where the Principals of the developer and/or the General Partner have placed **all** of the buildings in such property in service within 18 months of the end of the calendar year in which each such property received its Carryover Allocation Certificates, in the State. Properties which can be counted for timely-delivery exclude Tax-Exempt Bond Financed Properties and Tax Credit Exchange Program-only properties.

For a property to be considered timely delivered, such property must have received its initial Carryover Allocation Certificate **during 2009 or later**. Additionally, to be eligible for the points available, an Applicant must submit a Developer's and General Partner's Timely Delivery of Units Certification (WVHDF Form LIHTCP-K) which must be signed by the applicable developer(s), applicable General Partner(s), and an authorized representative of the Fund.

Due to the fact that the information does not change, a properly completed WVHDF Form LIHTCP-K which is dated more than six months prior to the property's Reservation Request due date will not be considered stale. However, it is important to remember that only post-2008 properties will be considered for points.

If each developer/co-developer and each General Partner/co-General Partner have timely delivered at least one property (as evidenced by properly completed WVHDF Forms LIHTCP-K), then **2.5 points** will be awarded for each timely-delivered property. Otherwise, **1.25 points** will be awarded for each timely-delivered property.

Note: New Principals are permitted to become part of the General Partner/co-General Partner entity and/or the developer/co-developer entity and points still be awarded. However, in order for timely delivery of an entity to be considered for the points available there must be continuity in entity Principals. The Fund considers continuity in the entity to have been disrupted if 50% or more of the Principals of the entity have changed to new Principals.

If 50% or more of the Principals of the developer have changed to new Principals, **in limited circumstances and only with written pre-approval by the Fund**, the Fund may consider exceptions where the new Principal is a long-tenured (more than 10 years) employee of the organization and can evidence a significant history of development experience for the organization that is comparable to (in terms of development duties performed) the remaining and/or existing Principals of the organization. For an exception to be considered, a narrative must be submitted that includes a summary of the new Principal's developer experience (tenure, number of properties completed during the employee's tenure at the organization, types of properties, and duties/role related to each property). A new Principal may only receive points for properties that the new Principal performed significant develop work on during their tenure at the organization.

Note: a maximum of 10 properties will be considered under this criterion.

ADDITIONALLY

10 points will be awarded to an Applicant that commits to close the property's equity no later than the following:

- for properties which require RD or HUD approval or for Tax-Exempt Bond-Financed Properties – no later than September 30 of the year following the year in which the property received (1) its initial Carryover Allocation Certificate (for Non-Tax-Exempt Bond Financed Properties) or (2) its initial Selection Decision Letter providing notification of selection (for Tax-Exempt Bond Financed Properties)

- for all other properties – no later than June 30 of the year following the year in which the property received its initial Carryover Allocation Certificate

Note: The Fund considers equity closing to include not only a signed Partnership Agreement, but receipt of financing commitments for all planned sources of permanent financing (including Deferred Developer Fee). If the commitment is not fulfilled, 20 points will be deducted from each of the next three properties for which the Principals of the

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Ownership Entity/developer request an allocation of Credits from the Fund.

5. General Partner Portfolio Occupancy Rate (Points Available: 25)

A property will be awarded _25_ points if an Applicant submits documentation [a properly completed and current General Partner Portfolio Occupancy Rate (WVHDF Form LIHTCP-J) and detailed rent rolls (a summary rent roll which only includes property-level information is not acceptable) for each property in the State as of the respective measurement date listed in the Program Calendar] evidencing that the portfolio of completed West Virginia LIHTCP properties (i.e., property has been placed in service for a year or more before the respective measurement date listed in the Program Calendar) of the General Partner(s) (and underlying Principals) collectively was 93% or more **occupied** as of the respective measurement dates listed in the Program Calendar.

For General Partners who do not yet have a West Virginia LIHTCP property which has been placed in service for a year or more before the respective measurement date (as outlined above), a property will be awarded the points available, if the Applicant submits documentation (as outlined above) evidencing that the portfolio of completed LIHTCP properties of the General Partner(s) collectively was 93% or more occupied as of the respective measurement dates listed in the Program Calendar.

Notes:

- For properties that contain both LIHTCP and market rate units, all units (LIHTCP and market rate) must be included in the computation of the overall occupancy rate.

- The portfolio must include all LIHTCP properties, **including those in the Extended Use Period beyond the initial 15-year Compliance Period**. The only exceptions are the following:
  - properties which have **not** been placed in service for a year before the respective measurement date listed in the Program Calendar;
  - properties which have been selected to receive a new allocation of Tax Credits and are currently preparing for or undergoing rehabilitation; and
  - units in a lease-purchase property which have been sold can be excluded from the total units for such property.

  The Applicant should submit property-specific backup documentation with the Reservation Request evidencing (1) for properties located outside the State, placement in service beyond the measurement date, (2) for properties located outside the State, the awarding of a new allocation of Tax Credits, or (3) that lease-purchase units have been sold, as applicable.

- If it is determined, based upon a review by the Fund, that properties were **inadvertently** left off or units do not appear to be reported correctly on the WVHDF Form LIHTCP-J, the Fund may request that a corrected form and, if applicable, the rent rolls associated with the missing properties, be submitted after the Reservation Request due date.

6. Attendance at a Fund LIHTCP Application Workshop Covering the Current Plan (Maximum Points Available: 25)

   A property will be awarded __12.5__ points if an Applicant submits documentation evidencing that **one** of the Principals of **<u>each</u> developer/co-developer** of such property attended **all** sessions of a Fund LIHTCP Application Workshop which covered the current Plan. Documentation must be in the form of a signed Certificate of Attendance for each such Principal.

   <u>IN ADDITION</u>

   A property will be awarded __12.5__ points for an **employee on the payroll of the developer [who is predominantly (more than 50% of the worktime) employed in development] or for an additional Principal** who attended **all** sessions of a Fund LIHTCP Application Workshop which covered the current Plan. The Applicant must submit documentation which must be in the form of a signed Certificate of Attendance for such employee or Principal. Additionally, for points to be awarded for employee attendance the appropriate section of WVHDF Form 1040 must be completed attesting that more than 50% of the named employee's work time is spent in development.

   The Application Workshop may be held virtually. If the Application Workshop is held virtually, the Fund reserves the right to withhold a Certificate of Attendance from any registrant who does not demonstrate participant attentiveness through the correct completion of poll questions during the sessions.

7. Pipeline Properties (Points Available: 20)

   __20__ points will be awarded to a property where the Owner of such property was most recently notified by the Fund as not having been selected to receive an allocation of Credits from the prior year's State Housing Credit Ceiling if the criteria below are met.

   To be eligible for the points available, no backup documentation is required but the following must be true:

   For Existing Housing only:
   - the property cannot have changed, and

- there must be continuity in the General Partner of the Ownership Entity. The Fund considers continuity in the General Partner to have been disrupted if 50% or more of the General Partner interest has changed to an unrelated entity or entities.

For Properties Other Than Existing Housing:

- the property site cannot have changed (additional land is acceptable, but the original parcel(s) must be included in its entirety);
- the unit size (Interior Unit Square Footage) cannot have decreased by more than 10% from the **original** Reservation Request (however, to receive points for Interior Unit Square Footage, the unit sizes must meet or exceed the stated minimums);
- the unit composition
  - cannot be increased, but can be changed by no more than a 10% reduction in the number of units from the **original** Reservation Request,
  - the number of units by bedroom size (i.e. one-bedroom, two-bedroom) can change; and
- there must be continuity in the General Partner of the Ownership Entity. The Fund considers continuity in the General Partner to have been disrupted if 50% or more of the General Partner interest has changed to an unrelated entity or entities.

Any property described below is not eligible to receive any of the points available for Pipeline Properties:

- Any property that withdrew from the competition **prior to** the date of the Selection Decision Letter;
- Any property that was selected but withdrew after the date of the Selection Decision Letter; or
- Any property that was rejected for any reason by the Fund.

<u>Property Location and Housing Needs Characteristics (Total Maximum Points Available: 200 for New Supply or 100 for Existing Low-Income Housing)</u>

Exhibit A to the Plan contains the Statewide and census tract statistics for each property location and housing needs characteristics criterion described in this section with the exception of the Un-Met Housing Need criteria, the School Performance – Grades Based Upon the West Virginia Schools Balanced Scorecard criterion, and the Proximity to Public Transportation criterion. The property location and housing needs characteristics and basis for awarding points utilizing such characteristics are provided below.

A Scattered Site Property involving sites located in differing census tracts, counties, or school districts will be scored on a weighted average based upon the number of units. It is the Applicant's responsibility to submit documentation providing information by site. For example, the WVHDF Form 1040 should list the census tract, elementary school, middle school, and high school for one of the sites, but additional documentation should be provided listing those items for the other site(s).

1. LIHTCP Unit Production as a Percentage of the Renter-Occupied Housing Units (Maximum Points Available: 30 for New Supply or 15 for Existing Low-Income Housing)

   Sources: LIHTCP Production Summary for 1987 through 2024, and

   2018-2022 American Community Survey 5-Year Estimates, File Number DP04: Selected Housing Characteristics, Renter-Occupied Housing Units for the State and Counties.

   Properties will be awarded points on the following basis:

Points Awarded for New Supply	Points Awarded for Existing Low-Income Housing	For a Property Located in a County Where that County's LIHTCP Unit Production as a Percentage of the Renter-Occupied Housing Units is Included in or Falls Between
3	1.5	19.13% and 21.26%
6	3	17.00% and 19.12%
9	4.5	14.88% and 16.99%
12	6	12.75% and 14.87%
15	7.5	10.63% and 12.74%
18	9	8.50% and 10.62%
21	10.5	6.37% and 8.49%
24	12	4.25% and 6.36%
27	13.5	2.12% and 4.24%
30	15	0.00% and 2.11%

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2. Median Household Income (Maximum Points Available: 20 for New Supply or 10 for Existing Low-Income Housing)

   Source: 2018-2022 American Community Survey 5-Year Estimates, File Number S1903: Median Income in the Past 12 Months (in 2022 Inflation-Adjusted Dollars), Median Household Income for the State and Counties.

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   Properties will be awarded points on the following basis:

Points Awarded for New Supply	Points Awarded for Existing Low-Income Housing	For a Property Located in a County Where that County's Median Household Income is Included in or Falls Between
2	1	$87,193 and $93,744
4	2	$80,642 and $87,192
6	3	$74,091 and $80,641
8	4	$67,540 and $74,090
10	5	$60,989 and $67,539
12	6	$54,438 and $60,988
14	7	$47,887 and $54,437
16	8	$41,336 and $47,886
18	9	$34,785 and $41,335
20	10	$28,235 and $34,784

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3. Percentage of Households whose Gross Rent as a Percentage of Household Income is 30% or Greater (Maximum Points Available: 20 for New Supply or 10 for Existing Low-Income Housing)

Sources: 2018-2022 American Community Survey 5-Year Estimates, File Number DP04: Selected Housing Characteristics, Percentage of Households whose Gross Rent as a Percentage of Household Income is 30.0 to 34.9 Percent for the State and Counties, and

2018-2022 American Community Survey 5-Year Estimates, File Number DP04: Selected Housing Characteristics, Percentage of Households whose Gross Rent as a Percentage of Household Income is 35.0 Percent or More for the State and Counties.

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Properties will be awarded points on the following basis:

Points Awarded for New Supply	Points Awarded for Existing Low-Income Housing	For a Property Located in a County Where that County's Percentage of Households whose Gross Rent as a Percentage of Household Income is 30% or Greater is Included in or Falls Between
2	1	20.1% and 24.7%
4	2	24.8% and 29.4%
6	3	29.5% and 34.0%
8	4	34.1% and 38.7%
10	5	38.8% and 43.4%
12	6	43.5% and 48.0%
14	7	48.1% and 52.7%
16	8	52.8% and 57.3%
18	9	57.4% and 62.0%
20	10	62.1% and 66.7%

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4. Rental Vacancy Rate (Maximum Points Available: 20 for New Supply or 10 for Existing Low-Income Housing)

Source: 2018-2022 American Community Survey 5-Year Estimates, File Number DP04: Selected Housing Characteristics, Rental Vacancy Rate for the State and Counties.

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Properties will be awarded points on the following basis:

Points Awarded for New Supply	Points Awarded for Existing Low-Income Housing	For a Property Located in a County Where that County's Rental Vacancy Rate is Included in or Falls Between
2	1	22.2% and 24.7%
4	2	19.7% and 22.1%
6	3	17.2% and 19.6%
8	4	14.8% and 17.1%
10	5	12.3% and 14.7%
12	6	9.8% and 12.2%
14	7	7.4% and 9.7%
16	8	4.9% and 7.3%
18	9	2.4% and 4.8%
20	10	0.0% and 2.3%

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5. Un-Met Housing Need

a. **For properties other than Senior Properties:** Family Potential Un-Met Housing Need Net of Non-Senior New Supply Production (2021-2024) (Maximum Points Available: 20 for New Supply or 10 for Existing Low-Income Housing)

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Sources: Housing Needs Assessment for the State of West Virginia (September 2019), Figure 6-24 – Units of Unmet Need for General Occupancy Renters, 2019, Units of Unmet Need – 0-60% AMI.

Housing Needs Assessment County Profiles for the State of West Virginia (September 2019), Figure 14 – Unmet Need and Units of Unmet Need by Type and Tenure, Unmet Need Percentage – 0-60% AMI – Renters General Occupancy.

Note: Data will be updated with a more recent State housing needs assessment if one is completed prior to the 2025 or 2026 application period.

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LIHTCP New Supply Production in the State – 2021 through 2024

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Properties will be awarded points on the following basis:

Points Awarded for New Supply	Points Awarded for Existing Low-Income Housing	For a Family-Targeted Property Located in a County Where that County's Rank of Family Potential Un-Met Housing Need is Included in or Falls Between
1	0.5	51 and 55
2	1	46 and 50
3	1.5	41 and 45
4	2	36 and 40
5	2.5	31 and 35
6	3	26 and 30
7	3.5	21 and 25
8	4	16 and 20
10	5	11 and 15
15	7.5	6 and 10
20	10	1 and 5

OR

b. **For Senior Properties:** Senior Potential Un-Met Housing Need Net of Senior New Supply Production (2021-2024) (Maximum Points Available: 20 for New Supply or 10 for Existing Low-Income Housing)

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Sources: Housing Need Assessment for the State of West Virginia (September 2019), Figure 6-25 – Units of Unmet Need for Elderly Renters, 2019, Units of Unmet Need – 0-60% AMI.

Housing Needs Assessment County Profiles for the State of West Virginia (September 2019), Figure 14 – Unmet Need and Units of Unmet Need by Type and Tenure, Unmet Need Percentage – 0-60% AMI – Renters Elderly.

Note: Data will be updated with a more recent State housing needs assessment if one is completed prior to the 2025 or 2026 application period.

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LIHTCP New Supply Production in the State – 2021 through 2024

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Properties will be awarded points on the following basis:

Points Awarded for New Supply	Points Awarded for Existing Low-Income Housing	For a Senior-Targeted Property Located in a County Where that County's Rank of Senior Potential Un-Met Housing Need is Included in or Falls Between
1	0.5	51 and 55
2	1	46 and 50
3	1.5	41 and 45
4	2	36 and 40
5	2.5	31 and 35
6	3	26 and 30
7	3.5	21 and 25
8	4	16 and 20
10	5	11 and 15
15	7.5	6 and 10
20	10	1 and 5

6. High-Opportunity Location (Maximum Points Available: 90 for New Supply or 45 for Existing Low-Income Housing)

   a. General Housing Stability – Owner-Occupied Units as a Percentage of Total Occupied Housing Units (Maximum Points Available: 10 for New Supply or 5 for Existing Low-Income Housing)

   Source: 2018-2022 American Community Survey 5-Year Estimates, File Number DP04: Selected Housing Characteristics, Owner-Occupied Housing Units as a Percentage of Total Occupied Housing Units for the State and Census Tracts.

   Properties will be awarded points on the following basis:

Points Awarded for New Supply	Points Awarded for Existing Low-Income Housing	For a Property Located in a Census Tract Where that Census Tract's Owner-Occupied Units as a Percentage of Total Occupied Housing Units is Included in or Falls Between
1	0.5	0.0% and 9.9%
2	1	10.0% and 19.8%
3	1.5	19.9% and 29.7%
4	2	29.8% and 39.7%
5	2.5	39.8% and 49.6%
6	3	49.7% and 59.5%
7	3.5	59.6% and 69.5%
8	4	69.6% and 79.4%
9	4.5	79.5% and 89.3%
10	5	89.4% and 99.3%

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b. General Housing Stability – Percentage of Households whose Occupants per Room are 1.01 or More (Maximum Points Available: 10 for New Supply or 5 for Existing Low-Income Housing)

Source: 2018-2022 American Community Survey 5-Year Estimates, File Number DP04: Selected Housing Characteristics, Percentage of Households whose Occupants per Room are 1.01 or More for the State and Census Tracts.

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Properties will be awarded points on the following basis:

Points Awarded for New Supply	Points Awarded for Existing Low-Income Housing	For a Property Located in a Census Tract Where that Census Tract's Percentage of Households whose Occupants per Room are 1.01 or More is Included in or Falls Between
1	0.5	14.8% and 16.5%
2	1	13.2% and 14.7%
3	1.5	11.5% and 13.1%
4	2	9.9% and 11.4%
5	2.5	8.2% and 9.8%
6	3	6.6% and 8.1%
7	3.5	4.9% and 6.5%
8	4	3.3% and 4.8%
9	4.5	1.6% and 3.2%
10	5	0.0% and 1.5%

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c. Poverty/Public Assistance – Population Below the Poverty Level as a Percentage of the Total Population (Maximum Points Available: 10 for New Supply or 5 for Existing Low-Income Housing)

Source: 2018-2022 American Community Survey 5-Year Estimates, File Number S1701: Poverty Status in the Past 12 Months, Population for Whom Poverty Status is Determined for the State and Census Tracts.

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Properties will be awarded points on the following basis:

Points Awarded for New Supply	Points Awarded for Existing Low-Income Housing	For a Property Located in a Census Tract Where that Census Tract's Population Below the Poverty Level as a Percentage of the Total Population is Included in or Falls Between
1	0.5	66.3% and 73.6%
2	1	59.1% and 66.2%
3	1.5	51.9% and 59.0%
4	2	44.7% and 51.8%
5	2.5	37.5% and 44.6%
6	3	30.2% and 37.4%
7	3.5	23.0% and 30.1%
8	4	15.8% and 22.9%
9	4.5	8.6% and 15.7%
10	5	1.4% and 8.5%

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d. Poverty/Public Assistance – Households Receiving Food Stamps/SNAP as a Percentage of Total Households (Maximum Points Available: 10 for New Supply or 5 for Existing Low-Income Housing)

Source: 2018-2022 American Community Survey 5-Year Estimates, File Number S2201: Food Stamps/Supplemental Nutrition Assistance Program (SNAP), Percent Households Receiving Food Stamps/SNAP for the State and Census Tracts.

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Properties will be awarded points on the following basis:

Points Awarded for New Supply	Points Awarded for Existing Low-Income Housing	For a Property Located in a Census Tract Where that Census Tract's Households Receiving Food Stamps/SNAP as a Percentage of Total Households is Included in or Falls Between
1	0.5	55.6% and 61.7%
2	1	49.5% and 55.5%
3	1.5	43.4% and 49.4%
4	2	37.3% and 43.3%
5	2.5	31.2% and 37.2%
6	3	25.1% and 31.1%
7	3.5	19.0% and 25.0%
8	4	12.9% and 18.9%
9	4.5	6.8% and 12.8%
10	5	0.8% and 6.7%

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e. Labor Market Engagement – Unemployment Rate of the Total Population 20 to 64 Years of Age (Maximum Points Available: 10 for New Supply or 5 for Existing Low-Income Housing)

Source: 2018-2022 American Community Survey 5-Year Estimates, File Number S2301: Employment Status, Unemployment Rate for the Population 20 to 64 Years of Age for the State and Census Tracts.

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Properties will be awarded points on the following basis:

Points Awarded for New Supply	Points Awarded for Existing Low-Income Housing	For a Property Located in a Census Tract Where that Census Tract's Unemployment Rate of the Total Population 20 to 64 Years of Age is Included in or Falls Between
1	0.5	34.6% and 38.5%
2	1	30.8% and 34.5%
3	1.5	26.9% and 30.7%
4	2	23.1% and 26.8%
5	2.5	19.2% and 23.0%
6	3	15.4% and 19.1%
7	3.5	11.5% and 15.3%
8	4	7.7% and 11.4%
9	4.5	3.8% and 7.6%
10	5	0.0% and 3.7%

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f. Labor Market Engagement – Population 25 Years of Age and Older with an Educational Attainment of a Bachelor's Degree or Higher as a Percentage of the Total Population 25 Years of Age and Older (Maximum Points Available: 10 for New Supply or 5 for Existing Low-Income Housing)

Source: 2018-2022 American Community Survey 5-Year Estimates, File Number S1501: Educational Attainment, Percent Bachelor's Degree or Higher for the Population 25 Years of Age and Older for the State and Census Tracts.

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Properties will be awarded points on the following basis:

Points Awarded for New Supply	Points Awarded for Existing Low-Income Housing	For a Property Located in a Census Tract Where that Census Tract's Population 25 Years of Age and Older with an Educational Attainment of a Bachelor's Degree or Higher as a Percentage of the Total Population 25 Years of Age and Older is Included in or Falls Between
1	0.5	0.0% and 7.7%
2	1	7.8% and 15.5%
3	1.5	15.6% and 23.2%
4	2	23.3% and 31.0%
5	2.5	31.1% and 38.7%
6	3	38.8% and 46.5%
7	3.5	46.6% and 54.2%
8	4	54.3% and 62.0%
9	4.5	62.1% and 69.7%
10	5	69.8% and 77.5%

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g. School Performance and Proximity to Senior Amenities (Maximum Points Available: 20 for New Supply or 10 for Existing Low-Income Housing)

1. **For properties other than Senior Properties:** School Performance – Grades Based Upon the 2024 West Virginia Schools Balanced Scorecard (Maximum Points Available: 20 for New Supply or 10 for Existing Low-Income Housing)

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The Fund has assigned letter grades to each school in the State based upon the West Virginia Schools Balanced Scorecard. Points will be awarded to properties based upon the letter grade of the schools (elementary, middle, and high school) in such property's public-school district. The property address must be serviced by the school bus route for the applicable school. If the property address is not serviced by the school bus route for the claimed school, even if the school is located in the property's public-school district, points will not be awarded for that school. If more than one school is located in the property's public-school district (e.g. two elementary schools), and the property address is serviced by both schools, the property will be awarded points for the highest graded school. Each property will receive one point-award from each points awarded column below.

Points will be awarded to properties on the following basis:

Grade	Points Awarded for New Supply		
	Elementary School	Middle School	High School
A	5	5	10
B	4	4	8
C	3	3	6
D	2	2	4
Grade	**Points Awarded for Existing Low-Income Housing**		
	Elementary School	Middle School	High School
A	2.5	2.5	5
B	2	2	4
C	1.5	1.5	3
D	1	1	2

OR

2. **For Senior Properties:** Proximity to Senior Amenities (Maximum Points Available: 20 for New Supply or 10 for Existing Low-Income Housing)

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__20__ points will be awarded to an Applicant which submits documentation [a properly completed and current Senior Amenities form (WVHDF Form LIHTCP-O)] evidencing that the property is located within 1/5th of a mile (walkable route, not as the crow flies) from two or more different amenities for the senior population.

OR

__10__ points will be awarded to an Applicant which submits documentation [a properly completed and current Senior Amenities form (WVHDF Form LIHTCP-O)] evidencing that the property is located within 5 miles (walkable or drivable route, not as the crow flies) from two or more different amenities for the senior population (e.g. two public libraries would not be considered two **different** amenities).

Acceptable amenities for the senior population:

- Grocery store (not a gas station/convenience store)
- Home health/medical equipment supply store
- Senior citizen activity center
- Public recreational facility with activities offered specifically to the senior population
- Public library
- Pharmacy
- Urgent Care/MedExpress facility
- Hospital

Other amenities may be considered, but only if pre-approved in writing by the Fund during pre-application assistance.

For Existing Low-Income Housing Properties Only: The points awarded to such property will be one-half of the amount listed above.

h. Proximity to Public Transportation (Points Available: 10 for New Supply or 5 for Existing Low-Income Housing)

For a property applying to the Top Off Set-Aside Category, such property will receive the same points as it did for this scoring criterion in the year in which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B). Resubmission of backup documentation is not required.

__10__ points will be awarded to an Applicant which submits documentation evidencing that the property is located within 1/3rd of a mile (walkable route, not

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as the crow flies) from a public transportation stop (e.g. bus stop, PRT station, bus route with "hail and ride" stops), or that a public transportation stop will be added within 1/3rd of a mile (walkable route, not as the crow flies) in conjunction with the establishment of the New Supply housing;

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OR

__10__ points will be awarded to an Applicant which submits documentation evidencing that the property will provide a form of transportation from and to the property that is comparable to or exceeding the service levels (e.g. accessibility, capacity, reliability, practicality, etc.) and scope of a typical fixed route public transportation system.

To be awarded the points available, the transportation service must be available to all residents of the property.

For Existing Low-Income Housing Properties Only: The points awarded to such property will be one-half of the amount listed above.

Sponsor Characteristics (Total Maximum Points Available: 10)

For a property applying to the Top Off Set-Aside Category, such property will receive the points available if it received the points available in the year in which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B). Resubmission of backup documentation is not required.

To be eligible for the points available under this subsection, for each scoring criterion an Applicant must submit a narrative which explains how the property will fulfill such scoring criterion.

1. Woman or Minority Participation in Property Development (Points Available: 3)

   __3__ points will be awarded to an Applicant that submits backup documentation evidencing that there is woman or minority participation in the development of the property.

2. Woman or Minority Participation in Property Management (Points Available: 4)

   __4__ points will be awarded to an Applicant that submits backup documentation evidencing that there will be woman or minority participation in the management of the property.

   For sections one and two above, a minority includes United States citizens who are:

   - American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification);

- Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands);
- Black (all persons having origins in any of the black African racial groups not of Hispanic origin); and
- Hispanic (all persons of Mexican, Puerto Rican, Cuban, or South American, or other Spanish culture or origin, regardless of race).

3. Support Services Provided and/or Coordinated by a Non-Profit or by a Public Housing Authority or by a Governmental or Quasi-Governmental Entity (Points Available: 3)

   _3_ points will be awarded to an Applicant that submits documentation [a properly completed and current Support Services form (WVHDF Form LIHTCP-P)] describing, **including frequency**, the appropriate support services (two or more) that **will be provided and/or coordinated** by a Non-Profit or by a Public Housing Authority or by a Governmental or Quasi-Governmental Entity for the residents of the property. If the support services are being provided and/or coordinated by a Non-Profit, the Applicant must submit such entity's IRS determination letter declaring exempt status for the non-profit entity.

   To be considered support services for the purposes of awarding the points available, such support services <u>may be available on a continual basis but must be available to tenants no less frequently than monthly</u> (with the exception of the USDA Food and Nutrition Services Summer Food Service Program which is available during the summer months when school is not in session).

   Examples of support services include, but are not limited to, the following:
   - Computer and software training classes,
   - Financial literacy classes,
   - Nutrition training,
   - Meals on wheels,
   - Substance abuse recovery services,
   - USDA Food and Nutrition Services Summer Food Service Program (<u>Note</u>: since this support service is only available for part of the year, it must be combined with other support services so that support services will be available throughout the year),
   - Health assessments, and
   - Medicare and insurance assistance.

   Examples of unacceptable "support services", due to the fact such examples are considered amenities and not support services, include, but are not limited to, the following:

- Community garden,
- Library and/or reading club,
- Coffee club,
- Computer room,
- Exercise room and/or aerobics class,
- Holiday parties, and
- Craft room and/or craft club.

Tenant Populations Targeted for Occupancy (Points Available: 20)

For a property applying to the Top Off Set-Aside Category, such property will receive the points available if it received the points available in the year in which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B).

Note: Targeting is performing outreach to attract occupancy by the Applicant-selected tenant populations. Setting aside units for the Applicant-selected tenant populations is not required. The tenant populations are separate and apart from any occupancy requirements under The Fair Housing Act (e.g. Housing for Older Persons).

Option 1: Tenant Populations with Special Housing Needs

20 points will be awarded to an Applicant that commits to target for occupancy one or a combination of more than one of the Applicant-selected tenant populations listed below for at least 25% of the residential rental units in the property. The units in the property should be designed and suitable for the targeted occupancy populations. Tenant populations with special housing needs are as follows:

- Homeless - A person, family, or household who lacks a fixed, regular and adequate nighttime residence and has a primary night time residence which is (i) a supervised shelter, designed to provide temporary living accommodations; or (ii) an institution that provides a temporary residence for persons intended to be institutionalized; or (iii) a place not designed for or ordinarily used as a regular sleeping accommodation for human beings.

- Displaced - A person, family, or household displaced by a governmental action, or whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized under federal disaster relief laws.

- Elderly - A person who is at least 62 years of age.

- Handicapped - A person having a physical or mental impairment which substantially limits one or more major life activities; a person having a record of such an impairment; or a person being regarded as having such an impairment.

- Disabled - A person under a disability, as defined in Section 223 of the Social Security Act, or in Section 102 of the Developmental Disabilities Services and Facilities Construction Amendments of 1970, or in 24 CFR Part 891.
- Veteran – A person who served in the military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable.

Note: A family whose head of household or the spouse of such individual is an elderly, disabled, or handicapped person would qualify under the Elderly, Handicapped, or Disabled sections above.

In electing to serve tenant populations with special housing needs, the Applicant is responsible for ensuring that the chosen tenant populations are compatible with each other and that elections do not violate the Fair Housing requirements or any other applicable law.

OR

Option 2: Tenant Populations of Individuals with Children

20 points will be awarded to an Applicant that commits to target for occupancy one or both of the Applicant-selected tenant populations listed below for at least 25% of the residential rental units in the property. The units in the property should be designed and suitable for the targeted occupancy populations. Tenant populations of individuals with children are as follows:

- Large Family - A family unit consisting of one or more adult members having legal custody of three or more dependent children, each of whom is age eighteen or younger or a full-time student.
- Single Parent Family - A family unit consisting of only one adult member having legal custody of one or more dependent children, each of whom is age eighteen or younger or a full-time student.

In electing to serve tenant populations of individuals with children, the Applicant is responsible for ensuring that the chosen tenant populations are compatible with each other and that selections do not violate the Fair Housing requirements for any other applicable law.

Persons on a Public Housing Waiting List (Points Available: 25)

For a property applying to the Top Off Set-Aside Category, a copy of the written agreement which was submitted in the year in which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B) will fulfill this requirement. However, a copy of the refusal letter which was submitted in the year in *which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B) will not fulfill this requirement.*

<u> 25 </u> points will be awarded to an Applicant that submits a fully executed and witnessed Commitment to Utilize the Applicable Public Housing Authority's Waiting List (WVHDF Form LIHTCP-6 or LIHTCP-6B) which is a written commitment with the appropriate public housing authority ("PHA") to utilize such PHA's waiting list and to target the persons appearing on that waiting list to occupy all vacant low-income units in the property on an on-going basis.

For this criterion, a Scattered Site Property will be scored on a weighted average based upon the number of units.

A fully executed written agreement will not be considered stale if it is dated within three years prior to the property's Reservation Request due date **and** the PHA representative who signed the written agreement is still an authorized representative of the PHA. <u>Note</u>: The three-year window does <u>not</u> apply to a refusal letter.

In the event the PHA **refuses, in writing, to enter into either form of written agreement** (WVHDF Form LIHTCP-6 or LIHTCP-6B) to evidence this commitment, the 25 points available will still be awarded if the Applicant submits such refusal letter.

However, the Fund will **not** award points for the following:

- the PHA's refusal is related to the PHA's late receipt of a request from the Applicant that inhibited the PHA's ability to respond affirmatively prior to the due date of the LIHTCP application, or
- the PHA's refusal is based upon the PHA's unwillingness to release its waiting list. (WVHDF Form LIHTCP-6B was formulated so that the PHA would not have to release its waiting list to the Owner, but the Owner would instead inform the PHA of any vacancies at the property.)

<u>Properties Committed to Eventual Tenant Ownership (Points Available: 5)</u>

For a property applying to the Top Off Set-Aside Category, such property will receive the points available if it received the points available in the year in which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B). Resubmission of backup documentation is not required.

Properties which commit to Preference for Properties Obligated to Serving Qualified Tenants for the Longest Periods of Time are not eligible for these points.

Properties which have established or will establish site control in the form of a Long-Term Lease, as opposed to a recorded deed, are not eligible for these points.

Due to federally regulated affordability period requirements, properties requesting the points under this scoring criterion cannot request HOME Program or HTF Program financing.

_5_ points will be awarded to an Applicant that (1) commits all residential rental units to eventual tenant ownership, beginning no later than four years after the end of the initial 15-year Compliance Period, and (2) submits documentation evidencing a business plan describing how the residential rental units will be converted to tenant ownership.

To be eligible for the points available, the property must be comprised of single-family homes, duplexes or townhouses (with proper legal separation of units).

Historic Nature of Property (Points Available: 20)

For a property applying to the Top Off Set-Aside Category, such property will receive the points available if it received the points available in the year in which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B). Resubmission of backup documentation is not required.

Note: Regardless of whether or not a property pursues the points available, if existing structures in a property are rehabilitated to historic standards, such property is required to pursue and obtain both federal and state historic tax credit equity.

_20_ points will be awarded to an Applicant that submits documentation evidencing the property will involve the rehabilitation of a Certified Historic Structure(s).

To be eligible for the points available, at least 50% of the residential rental units in the property must be contained in such Certified Historic Structure(s).

To evidence that the structure is a Certified Historic Structure, the Applicant must submit the following:

- Documentation evidencing that the structure is individually listed on the National Register of Historic Places.

OR

- A fully completed Historic Preservation Certification Application Part 1 – Evaluation of Significance form (currently, U.S. Department of the Interior, National Park Service Form 10-168) which evidences that the National Park Service has determined that the structure is a “certified historic structure”.

A Part 1 which is dated more than six months prior to the property’s Reservation Request due date will not be considered stale.

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Deleted: <#>A syndicator’s written offer/proposal to perform as the syndicator for the federal and state historic tax credit equity for the property. Such written offer/proposal must include, at a minimum, the following:¶
the annual historic credit amount (federal and state listed separately), ¶
the percentage of Credits syndicated (federal and state listed separately),¶
the total historic equity contribution (federal and state listed separately), ¶
and the pay-in schedule.¶
The federal historic tax credit documentation and state historic tax credit documentation may be separate documents, due to the fact that the state historic tax credit may be bifurcated from the federal historic tax credit. The state historic tax credit document may be a document which reflects a direct purchase of the state historic tax credits, rather than a syndicator’s written offer/proposal. Regardless, the document(s) provided must include all of the above-required variables.¶
AND¶

For this criterion, a Scattered Site Property will be scored on a weighted average based upon the number of units.

Preference for Properties Serving the Lowest Income Tenants
(Maximum Points Available: 50)

For a property applying to the Top Off Set-Aside Category, such property will receive the same points as it did in the year in which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B).

To be eligible for the points available for Option 1 or Option 2 below, the following must be true:

- The property's market study must acknowledge and incorporate the Applicant-selected lower income targeting commitment, and
- The property's cash flow must evidence that the property is feasible, in the Fund's sole discretion, given the Applicant-selected lower income targeting commitment.

Option 1: Tenants with Incomes at or below
40% of the Area Median Gross Income (Maximum Points Available: 50)

Points will be awarded to an Applicant that commits the property to using set percentages of the total residential rental units in the property to serve tenants with annual incomes at or below 40% of the area median gross income, based upon the following:

Points Awarded	The Applicant Has Committed the Property to Serving Tenants with Annual Incomes at or Below 40% of the Area Median Gross Income
10	for 5% of the total residential rental units in the property, or
20	for 10% of the total residential rental units in the property, or
30	for 15% of the total residential rental units in the property, or
40	for 20% of the total residential rental units in the property, or
50	for 25% of the total residential rental units in the property.

The commitment to serve tenants with annual incomes at or below 40% of the area median gross income requires that such units are also rent-restricted, using the 40% of the area median gross income limits.

Due to limited soft funding resources, **for Applicants who (1) request soft fund financing (HOME Program, HTF Program, ERA2 Housing Fund etc.) (whether fully amortizing or not) from the Fund for the property, <u>and</u> (2) commit the property to lower income targeting at 40% of the area median income**, the property must have project-based rental assistance committed (as outlined in the Project-Based Rental Assistance scoring criterion) to the property which covers at least the number of units committed to 40% of the area median income.

Example: A 48-unit property commits 25% of the units to serving tenants at or below 40% of the area median income. Such property must have a commitment for 12 units of project-based rental assistance.

If such property does not have project-based rental assistance as required above, the property's lower income targeting will be increased from 40% of the area median income to 50% of the area median income and will be awarded the applicable lower points. The resulting increase in rental income will lower the soft fund financing (HOME Program, HTF Program, ERA2 Housing Fund, etc.) from the Fund. Additionally, the Applicant will be required to provide an updated market study which incorporates the change in the rents. **Accordingly, a Market Study Resubmission Fee of $250 will be due and payable to the Fund.**

Note: This commitment to serve tenants with annual incomes at or below 40% of the area median gross income is in addition to the minimum set-aside requirement that must be elected by the Owner. The minimum set-aside requirement options that an Owner may choose from in making such election are as follows:

- 20% or more of the residential rental units in such property are both rent-restricted and occupied by individuals whose annual income is 50% or less of the area median gross income, or

- 40% or more of the residential rental units in such property are both rent-restricted and occupied by individuals whose annual income is 60% or less of the area median gross income.

OR

Option 2: Tenants with Incomes at or below
50% of the Area Median Gross Income (Maximum Points Available: 40)

Points will be awarded to properties that are committed to using set percentages of the total residential rental units in the property to serve tenants with annual incomes at or below 50% of the area median gross income, based upon the following:

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Points Awarded	The Applicant Has Committed the Property to Serving Tenants with Annual Incomes at or Below 50% of the Area Median Gross Income
8	for 5% of the total residential rental units in the property, or
16	for 10% of the total residential rental units in the property, or
24	for 15% of the total residential rental units in the property, or
32	for 20% of the total residential rental units in the property, or
40	for 25% of the total residential rental units in the property.

The commitment to serve tenants with annual incomes at or below 50% of the area median gross income requires that such units are also rent-restricted, using the 50% of the area median gross income limits.

Note: This commitment to serve tenants with annual incomes at or below 50% of the area median gross income may be in connection with or may be in addition to the minimum set-aside requirement (referred to in the previous section) that must be elected by the Owner.

Preference for Properties Obligated to Serving Qualified Tenants
for the Longest Periods of Time (Points Available: 150)

For a property applying to the Top Off Set-Aside Category, such property will receive the points available if it received the points available in the year in which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B).

Properties which commit to Properties Committed to Eventual Tenant Ownership are not eligible for these points.

150 points will be awarded to an Applicant that commits (in the applicable section of WVHDF Form 1040) the property to serving qualified low-income tenants, using the elected minimum set-aside requirement for the percentage (50% or 60%) of the area median gross income, and the applicable IRS rent restrictions for 15 years **beyond** the close of the initial 15-year Compliance Period.

Note: This preference criterion is an optional commitment made only at the election of the Owner. It is not necessary for an Owner to commit to this preference criterion to participate in the LIHTCP.

However, an Extended Low-Income Housing Commitment is required under Federal law and applies to any and all properties participating in the LIHTCP. Subsection 42(h)(6) of the Code provides that a building is eligible for Credit only if an Extended Low-Income Housing Commitment is in effect.

An Extended Low-Income Housing Commitment is an agreement between the Fund and the Ownership Entity that:

- requires that the applicable fraction for the building, for each taxable year in the Extended Use Period, not be less than the applicable fraction specified in the agreement, and prohibits the eviction or the termination of tenancy (other than for good cause) of an existing tenant of any low-income unit, or any increase in the gross rent with respect to any low-income unit not otherwise permitted under Section 42 of the Code,

- allows prospective, present or former tenants of the building, who meet the applicable income limitation, the right to enforce the requirements associated with the applicable fraction, or the prohibitions associated with the eviction or termination of tenancy and with increases in the gross rent, in any State court,

- prohibits the disposition to any person of any portion of the building to which such agreement applies, unless all of the building to which such agreement applies is disposed of to such person,

- prohibits the refusal to lease to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 ("Section 8") because of the status of the prospective tenant as such a holder,

- is binding on all successors of the Ownership Entity, and

- is recorded pursuant to State law as a restrictive covenant with respect to the property.

Additional information is contained in Subsections 42(h)(6)(A) through (K) of the Code.

In the event the property commits to this scoring criterion, the Qualified Contract provision is not available or applicable to the Owner, with respect to the termination of the Extended Low-Income Housing Commitment.

<u>Preference for Concerted Community Revitalization Properties Located in Qualified Census Tracts (includes Scoring Alternative) (Maximum Points Available: 35)</u>

For a property applying to the Top Off Set-Aside Category, such property will receive the points available if it received the points available in the year in which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B). Resubmission of backup documentation is not required.

_35_ points will be awarded to an Applicant that submits documentation evidencing that the property is located in a Qualified Census Tract and the development of such property is **clearly** and **specifically stated** as part of a CRP that has been approved by the appropriate governing body of the local jurisdiction within which such "community" is located.

Scoring Alternative Applicable to Other Properties:

__15__ points will be awarded to an Applicant that submits documentation evidencing that the property is located in a Qualified Census Tract.

OR

__15__ points will be awarded to an Applicant that submits documentation evidencing that the development of such property is **clearly** and **specifically stated** as part of a CRP that has been approved by the appropriate governing body of the local jurisdiction within which such "community" is located. *Properties which are eligible for and receive points for Existing Housing as Part of a Concerted Community Revitalization Plan are not eligible for these points.*

OR

__15__ points will be awarded to an Applicant that submits documentation evidencing that the property is located in a Certified BUILD WV District. The Fund considers Certified BUILD WV Districts as those designated at the time of the initial Reservation Request submission. (https://westvirginia.gov/build-wv-act/)

The following definitions apply to the following terms for this subsection of the Plan:

- **Clearly and specifically stated** – the property must be located in specified boundaries within the community as evidenced by a geographic scope description of the community and/or map included in the adopted plan or the property is specifically named in the CRP **AND** the development of such housing **fulfills the specified goals** of the CRP

- **Fulfills the specific goals** – the development or rehabilitation of the property fulfills one or more goals listed for the specific area in which the property is located within the community. For example, if the property is located in Neighborhood A, but the goal that the development or rehabilitation of the property fulfills is a goal for Neighborhood B, the property does not fulfill the specified goals of the CRP.

- **Approved** – the appropriate governing body of the local jurisdiction has taken an official action to adopt such CRP by ordinance or resolution.

- **Appropriate governing body of the local jurisdiction** – either
  - the city council or comparable governing body of a municipality, or
  - the county commission or comparable governing body of a county, or

- ➢ a community development authority established in accordance with State law (i.e. West Virginia Code Chapter 7, Article 12) whose jurisdiction includes the location involved. or
- ➢ a regional planning and development council established in accordance with State law (i.e. West Virginia Code Chapter 8, Article 25) whose jurisdiction includes the location involved.

To be eligible for the points available, the following must be submitted as backup documentation:

- ordinance or resolution evidencing approval of the CRP by the appropriate governing body of the local jurisdiction; and
- if applicable, documentation (e.g. ordinance or resolution) evidencing when the process of adoption began for the specific CRP;
- the entire approved CRP (color version), including any and all referenced maps, exhibits, and attachments; and
- if the CRP appears to be out of date, confirmation from the governing body of the local jurisdiction that such CRP is still in full force and effect and has not been superseded by another document or plan.

For this criterion, a Scattered Site Property will be scored on a weighted average based upon the number of units.

Note: It is highly recommended that the Applicant request a review of the CRP during pre-application assistance. Items submitted during pre-application assistance review are not considered part of a property's Reservation Request and are not reviewed in conjunction with determining whether a property has met minimum requirements for a particular type of request or for determining whether a property is awarded points for selection and preference criteria. It is the Applicant's responsibility to ensure that all required documentation, whether acceptance or scoring related or any other documents, are uploaded to the property's Microsoft Team.

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The Fund utilizes the Federal Financial Institutions Examination Council's Geocoding/ Mapping System and/or the United States Census Bureau's Census Tract Reference Maps in determining which census tract a property is located within. Current Internet addresses are as follows:

- https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx
- Index of /geo/maps/DC2020/PL20/st54_wv/censustract_maps

Energy Efficiency and Quality of Housing (Total Maximum Points Available: 185 for New Supply or 170 for Existing Low-Income Housing)

The number of points awarded for the energy efficiency and quality of housing characteristics below will be based upon the response to each characteristic listed below which is certified, in writing in the Energy Efficiency and Quality of Housing section of the current WVHDF Form 1040, by the Owner, the Property Architect, and the Property Contractor.

Based upon the Fund's review of the property (e.g. the Fund's site visit) and other backup documentation provided as part of the Reservation Request (e.g. the Capital Needs Assessment, construction estimate, etc.), if it appears that a certified characteristic cannot be fulfilled by the property, thus possibly resulting in a lower score, the Fund may request clarification of the property's ability to fulfill the characteristic. For example, if the certification evidences that an Existing Low-Income Housing Property's Interior Unit Square Footage will be above the minimums required for scoring, but the Fund's site suitability review evidences units measuring below the Interior Unit Square Footage minimums, the Fund would verify the calculation and/or that the unit's Interior Unit Square Footage will be increased as a part of the planned substantial rehabilitation of the property.

All Quality of Housing commitments, except for the Green Building Training for Residential Rental Housing commitment, must be included and incorporated into the plans, specifications, and construction contract schedule of values. Due to this fact, the Fund does not anticipate approving any change orders related to failure to include such commitments in the construction documents.

To satisfactorily fulfill the Energy Star-related scoring criteria below, the product installed must fulfill the Energy Star certification which is in effect as of the date the property's Reservation Request was submitted.

Note: For Scattered Site Properties, a separate Energy Efficiency and Quality of Housing section of the WVHDF Form 1040 must be completed and certified, as referred to above, for each non-contiguous parcel.

The energy efficiency and quality of housing characteristics are as follows:

1. Masonry Veneer Exterior Percentage (Points Available: 15)

   __15__ points will be awarded to properties where at least 60% of each building's exterior (excluding gabled ends, doors, and windows), post-construction, is properly anchored Masonry Veneer. For the purposes of this scoring criterion, a gabled end is defined as the triangular area from the eave to the ridge of the gable.

2. Energy Star Certified Whole-Unit HVAC (Points Available: 15)

   __15__ points will be awarded to properties where, in conjunction with the construction or rehabilitation, each residential rental unit will incorporate new Energy Star certified whole-unit heating, ventilation, and air conditioning ("HVAC"), utilizing a heat pump or a split gas heating and cooling system. If

Energy Star certified equipment is not available, the Fund will allow HVAC equipment that complies with the applicable climate zone qualification criteria as prescribed in the document Energy Star Program Requirements Product Specification for Central Air Conditioner and Heat Pump Equipment – Version 6.1 and document Energy Star Program Requirements Product Specification for Furnaces – Version 4.1.

3. Energy Star Certified Appliances (Points Available: 15)

 15 points will be awarded to properties that, in conjunction with the construction or rehabilitation, provide within each residential rental unit:

- a new Energy Star certified refrigerator,
- a new Energy Star certified under-the-counter dishwasher, and
- a new Energy Star certified water heater. In lieu of a new Energy Star certified water heater, the Fund will allow the following:
  - electric water heaters with a minimum energy factor of 0.95 (0.93 uniform energy factor) provided within each residential rental unit,
  - a central Energy Star certified water heating system, or a central water heating system that complies with the performance requirements noted in the 2015 International Energy Conservation Code or 2013 ASHRAE Standard 90.1.

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Note: If a property commits to provide new hybrid or heat pump style Energy Star certified water heaters, such water heaters must be installed in a space that provides the proper cubic feet of space for unrestricted air flow. If properly-sized space is not available, outlet duct kits that redirect inlet and outlet air to an alternate location must be installed.

It is highly recommended that prior to purchase, appropriate documentation be provided to the Fund to confirm the acceptability of the appliances to be ordered and installed at the property.

For Existing Housing Properties only: In conjunction with the above scoring criterion, the Fund may consider Energy Star certified appliances which have been newly installed in the previous 24 months and are still in like-new condition. If the property is selected, the following must be submitted no later than 30 **calendar** days prior to equity closing:

- dated invoices for each of the recently-replaced appliances, evidencing Energy Star certification, and
- a detailed list of the units in which each appliance is currently installed.

However, the Applicant must agree that such appliance will be replaced as prescribed above if the Fund's designated construction professional determines that such replacement is warranted.

4. Energy Star Certified Exterior Doors and Windows (Points Available: 15)

Properties which involve rehabilitation of an Historic-Eligible Structure, will only be awarded the points available if the Applicant submits one of the following:

- *documentation from SHPO which confirms that installation of new Energy Star Certified Exterior Doors and Windows as outlined in this scoring criterion **will not** result in an adverse effect to the Historic-Eligible Structure, or*
- *documentation from SHPO that the installation of new Energy Star Certified Exterior Doors and Windows as outlined in this scoring criterion **will** result in an adverse effect to the Historic-Eligible Structure, **but** SHPO has agreed to permit installation of such doors and windows as memorialized in a fully executed Memorandum of Agreement (must be included as backup).*

_15__ points will be awarded to properties where, in conjunction with the construction or rehabilitation, **all** exterior doors (including sliding doors, patio doors, etc.) and **all** exterior windows of each residential rental unit in the property will be new and will comply with the applicable climate zone qualification criteria as prescribed in the document Energy Star Program Requirements for Residential Windows, Doors and Skylights – Version 7.0. **The Fund expects that all exterior doors and windows will contain labels showing the fenestration rating of the product and/or the Energy Star label will be clearly displayed on each product, until verified by the Fund's Technical Services Inspector. If, at purchase, the fenestration rating and/or the Energy Star label is not attached to the product, it is highly recommended that the Fund be contacted prior to installation to ensure that the product is, in fact, Energy Star certified.**

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Note: The Fund does not consider individual residential rental unit doors which exit to temperature controlled common areas as "exterior doors" for scoring purposes.

Scoring Alternative Applicable to Properties which contain Certain Existing Structures:

_15_ points will be awarded to properties which contain a High-Rise Structure, where, in conjunction with the rehabilitation of such High-Rise Structure, **all** exterior doors (including sliding doors, patio doors, etc.) and **all** exterior windows of each residential rental unit in the building will be new and comply with the following:

- aluminum frame sliding doors – U-factor in compliance with or exceeding ASHRAE 90.1 standards; and
- aluminum frame windows – U-factor in compliance with or exceeding ASHRAE 90.1 standards.

If such property also includes or will include other structures which are not High-Rise Structures and contain or will contain residential rental units, to be awarded the points available, such non High-Rise Structure buildings must fulfill the requirements included above (Energy Star Program Requirements for Residential Windows, Doors and Skylights – Version 7.0).

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5. Roofing Materials (Points Available: 15)

<u>15</u> points will be awarded to properties where, in conjunction with the construction or rehabilitation, all building roofs in the property will be covered by new roofing materials which have a minimum remaining manufacturer warranted life of at least 30 years.

Note: For metal roofing, exposed fasteners are not acceptable and must be concealed to be eligible for the points available.

For existing structures, to be eligible for the points available, and in addition to the preceding paragraph, roofing materials (including felts and flashings) must be removed to the existing roof sheathing. The existing roof sheathing must be inspected and replaced if damaged. Further, if it is necessary for any existing roof sheathing to be replaced, roof framing and insulation must also be inspected and replaced if damaged.

For existing structures only: In conjunction with the above scoring criterion, the Fund may consider roofs which have been replaced recently and still have a remaining manufacturer warranted life of 25 years. If the property is selected, the following <u>must be submitted no later than 30 **calendar** days prior to equity closing</u>:

- dated invoices and warranties for the roofs that were replaced which must evidence that the remaining manufacturer warranted life of the roofs is at least 25 years,
- a detailed list of which building roofs were replaced, and
- documentation evidencing that the roof sheathing, roof framing, and insulation work required above for existing structures, was also completed in conjunction with the roof replacement.

However, the Applicant must agree that such roofs must be replaced as prescribed above if the Fund's designated construction professional determines that such replacement is warranted.

6. Energy Star Certified Light Emitting Diode ("LED") Light Fixtures, Ceiling Fans, and Bath Exhaust Fans (Points Available: 15)

<u>15</u> points will be awarded to properties where, in conjunction with the construction or rehabilitation, within each residential rental unit:

- Energy Star certified **ceiling light fixtures** will be installed within all habitable spaces and baths, walk-in closets, halls, utility rooms, and stairs,

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- An Energy Star certified ceiling fan will be installed in each bedroom and the living room, and
- An Energy Star certified exhaust fan will be installed in each full bathroom.

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The Energy Star certified ceiling fan (second bullet above) installed in each bedroom and the living room may incorporate an Energy Star certified light fixture. Such incorporated fixture will fulfill the requirement of installing Energy Star certified ceiling light fixtures (first bullet above) in those specific habitable spaces (each bedroom and the living room).

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7. Thickness and Warranty of Siding and Trim (Points Available: 15)

   15 points will be awarded to properties where, in conjunction with the construction or rehabilitation, all siding and trim on the exterior of all buildings in the property will have a thickness of 0.044" or greater and a lifetime non-prorated or prorated 50-year transferable limited warranty. Stucco is not considered an acceptable siding.

   For Existing High-Rise Structures only: Instead of the above-required siding, the Fund will permit the installation of EIFS with a lifetime non-prorated or prorated 20-year transferable limited warranty. Specifications evidencing the warranty for the EIFS to be installed on the structure are required to be submitted with a property's plans and specifications.

   For existing structures only: In conjunction with the above scoring criterion, the Fund may consider siding and trim which has been replaced recently and still has a remaining manufacturer warranted life of 45 years. If the property is selected, the following must be submitted no later than 30 **calendar** days prior to equity closing:
   - dated invoices and warranties for the siding and trim that was replaced which must evidence (1) a thickness of 0.044" or greater and (2) that the remaining manufacturer warranted life of the siding and trim is at least 45 years, and
   - a detailed list of what siding and trim was replaced on which buildings.

   However, the Applicant must agree that such siding and trim must be replaced as prescribed above if the Fund's designated construction professional determines that such replacement is warranted.

   For properties which do not involve new construction: If 100% of each existing structure's pre-construction exterior (excluding doors, and windows, but **including gabled ends**) is Masonry Veneer, such property will be eligible for the points available. For the purposes of this scoring criterion, a gabled end is defined as the triangular area from the eave to the ridge of the gable.

8. Green Building Training for Residential Housing (Points Available: 15)

For a property applying to the Top Off Set-Aside Category, such property will receive the same points as it did in the year in which the property received its initial Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B). Resubmission of backup documentation is not required.

15 points will be awarded to properties, provided that either the Property Contractor or a Principal of the developer/co-developer has attended (within three years prior to the property's Reservation Request due date) or commit to and complete [at least 30 calendar days **prior to the completion and submission to the Fund of the final plans and specifications** (which is a document due not later than 30 calendar days prior to equity closing)] green building training relating to residential housing. A certificate of attendance must be submitted which includes the date of the training and the name of the attendee. The certificate may be submitted with the Reservation Request but must be submitted no later than 30 calendar days prior to equity closing. Such training must be approved by the Fund.

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9. **Scoring Applicable to New Supply Properties Only**: Reachable Green Space Percentage (Points Available: 15 for New Supply or 0 for Existing Low-Income Housing)

   Existing Low-Income Housing Properties are not eligible for these points.

   15 points will be awarded to properties where at least 30% of the post-construction useable (reachable and slope of less than 20%) site will provide Reachable Green Space. If the property is selected, a post-construction certified survey including a calculation of the Reachable Green Space percentage which must evidence that the criterion was met or exceeded must be submitted with the property's Allocation Request. Following is how Reachable Green Space is to be calculated:

   a. Total Size of Site
   b. Less: post-construction site with non-green space (including buildings, porches, sidewalks, or parking areas, etc.)
   c. Less: post-construction site with a slope of more than 20%
   d. Less: post-construction site with green space which is not reasonably reachable by tenants
   e. Size of Reachable Green Space (a. minus b., c., and d.)
   f. Percentage of Reachable Green Space [e. divided by (a. minus c. and d.)]

   To be considered Green Space for this scoring criterion, such green space must be contiguous with the parcel upon which the residential rental units are (will be) located. The Fund considers parcels which are only separated by a one-lane alley to be contiguous.

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10. Laundry Closet with Washer and Dryer or Hookup Only (Maximum Points Available: 10)

 10 points will be awarded to properties that provide, in conjunction with the construction or rehabilitation, within each residential rental unit, a laundry closet containing a new washer and a new dryer, without any additional charge to the tenant.

OR

 7 points will be awarded to properties that provide, in conjunction with the construction or rehabilitation, within each residential rental unit, a laundry closet containing a washer and dryer hookup, without any additional charge to the tenant. To be eligible for the points available, the tenant must be allowed to install a washer and dryer in the unit.

Scoring Alternative Applicable to Existing Housing which does not currently have washers and dryers in the residential rental units:

 10 points will be awarded to properties that provide, in conjunction with the construction or rehabilitation, a laundry room with new washers and new dryers. Such washers and dryers may require user payment.

For Existing Housing Properties only: In conjunction with the above scoring criterion, the Fund may consider new washers and new dryers which have been newly installed in the previous 24 months and are still in like-new condition. If the property is selected, the following must be submitted no later than 30 **calendar** days prior to equity closing:

- dated invoices for each of the recently-replaced appliances, and
- a detailed list of the location of such appliances (units in which each appliance is currently installed or laundry room).

However, the Applicant must agree that such washers and dryers will be replaced as prescribed above if the Fund's designated construction professional determines that such replacement is warranted.

11. Interior Unit Square Footage (Points Available: 10)

Scoring and Requirements Applicable to Properties Other Than Existing Housing:

 10 points will be awarded to properties where the post-construction Interior Unit Square Footage of each residential rental unit in the property is equal to or greater than the amounts specified below:

Number of Bedrooms	Interior Unit Square Footage
Efficiency	550
1 Bedroom	650
2 Bedrooms	800
3 Bedrooms	1,000
4 Bedrooms	1,150

Maximum Interior Unit Square Footage: Newly constructed residential rental units cannot exceed 150 square feet above the Interior Unit Square Footage amounts listed above. Exception for newly constructed handicapped residential rental units – such units cannot exceed 200 square feet above the Interior Unit Square Footage amounts listed above. In calculating a unit's Interior Unit Square Footage **to determine if it is within the maximums permitted**, the square footage of interior stairs may be excluded. The maximum Interior Unit Square Footage does not apply to units in adaptive re-use buildings.

Scoring Applicable to Existing Housing Properties only:

10 points will be awarded to properties where the post-construction Interior Unit Square Footage of each residential rental unit in the property is equal to or greater than the amounts specified below:

Number of Bedrooms	Interior Unit Square Footage
Efficiency	500
1 Bedroom	600
2 Bedrooms	750
3 Bedrooms	950
4 Bedrooms	1,100

12. High-Speed Internet Access (Points Available: 10)

10 points will be awarded to properties that, post-construction, are hard wired for high-speed internet access or the property will provide security-enabled Wi-Fi internet access available to each residential rental unit and in common areas. If hard wired, the high-speed internet cable must be wired throughout each residential rental unit and jacks must be installed in one or more central locations and in each bedroom. High-speed internet service must be available to the tenants in order for the property to be eligible for the points available.

Note: Internet access is not considered a utility. Therefore, it is permissible for an LIHTCP property to require that tenants pay for **optional** internet service. However, if a tenant, as a requirement of tenancy, must pay a monthly fee for internet access, such fee must be included in the calculation of gross rent to determine if a unit is at or below the applicable IRS rent restriction.

13. Landscaping Cost Per Unit (Points Available: 10)

 10 points will be awarded to properties where, in conjunction with the construction or rehabilitation, the cost for Landscaping for New Supply is at least $500 per residential rental unit, or for Existing Low-Income Housing is at least $350 per residential rental unit. In order for the property to be eligible for the points available, the construction estimate submitted with the Reservation Request must include a Landscaping line item at an amount at or above the applicable minimum stated.

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14. Stove Top Fire Suppression or Prevention (Points Available: 10)

 10 points will be awarded to properties where, in conjunction with the construction or rehabilitation, all cooking surfaces will be equipped with fire suppression or prevention features (e.g. a Stovetop FireStop Rangehood product or similar fire suppression product, or Safe-T-element cooking system or a similar fire prevention device).

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The Fund reserves the right to be present at any construction inspections to the extent the Fund deems it appropriate. The Fund's construction inspection is solely for the Fund's use. Applicants, lenders, syndicators, tenants, and any other parties involved in any such property are not entitled to and should not rely upon or in any way utilize the Fund's construction inspection for any purpose.

Regardless of the Fund's presence or absence at a construction inspection, the Fund may request a copy of construction inspection reports during the construction period.

In addition, prior to issuing any Allocation Certifications to a property, one of the Fund's designated construction professionals will visit such property to verify that all energy efficiency and quality of housing commitments (with the exception of the Green Building Training for Residential Housing commitment) have been fulfilled. Failure to fulfill all commitments may result in the cancellation and complete return to the Fund of the Credits allocated to such property as well as prohibition from any future participation in the State's LIHTCP as determined by the Fund in its sole discretion. It is expected that manufacturer stickers and/or Energy Star labels will not be removed from windows, doors, appliances, etc. until the Fund has completed the final review. It is the responsibility of the Owner

to retain any and all invoices and evidence required to substantiate that every commitment has been fulfilled.

Related to the Fund's final review, Energy Star certification is determined based upon the date such product is purchased in conjunction with the new construction or substantial rehabilitation of the property. If, at purchase, an Energy Star label is not attached to the product, it is highly recommended that the Fund be contacted prior to installation to ensure that the product is, in fact, Energy Star certified.

BONUS POINTS FOR CERTAIN PROPERTIES APPLYING TO THE TOP OFF SET-ASIDE CATEGORY

The Fund will increase a property's total score by 10 points if such property is applying for Credits from the Top Off Set-Aside Category in the final year in which such property is permitted to request Credit. For example, a property which received its initial Carryover Allocation Certificate in 2023 and must be placed in service by the end of 2025 is not permitted to request Credits after 2025. If such property applies for Credits from the Top Off Set-Aside Category in 2025, the bonus points would be awarded to the property.

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NEGATIVE POINTS

The Fund will reduce a property's total score as follows for **each** Reservation Request Acceptance Checklist item which was not fulfilled prior to the Reservation Request due date and was permitted to be submitted during the Threshold Review and Correction Period:

- For the first and second item – two points per item
- For the third and fourth item – three points per item
- For the fifth and sixth item – four points per item
- For the seventh item and beyond – five points per item

Additionally, as noted in the Developer's and General Partner's Post-2008 Timely Delivery of Units and Future Timely Equity Closing Commitment subsection of the Plan, 20 points will be deducted for a commitment which was not fulfilled as outlined in the Note section of that scoring criterion.

PROPERTY SELECTION PROCESS

The Fund will accept Reservation Requests during the application period listed in the Program Calendar.

Each Applicant must submit documentation evidencing that the property satisfies all of the applicable requirements for a Reservation Request. **If a property does not meet or exceed all of the applicable requirements for a Reservation Request and is unable to meet or exceed them by the end of the respective Threshold Review and Correction Periods listed in the Program Calendar, the Fund will**

reject the request, and the Fund will notify the Applicant of the rejection and of the reason for the rejection. The requirements for Reservation, Carryover Allocation, and Allocation Requests are not a required element of a qualified allocation plan, and therefore are contained in the Requirements for Requests and Time-Sensitive Deadlines section of the Manual.

All properties, for which requests were received during the application period listed in the Program Calendar and deemed acceptable, will be:

- evaluated against the Selection and Preference Criteria,
- compared to the minimum threshold,
- ranked in the Applicant-selected set-aside category in order by the total points awarded (Tax-Exempt Bond Financed Properties will not be ranked within the Applicant-selected set-aside category, but by the total points awarded),
- reviewed for a preliminary determination of the housing credit dollar amount needed, and
- selected or wait-listed.

Each area of processing requests will be discussed in additional detail in the following sections of the Plan.

Property Evaluation Against the Selection and Preference Criteria

If a property satisfies the requirements for a Reservation Request, the application will continue for further evaluation against the Selection and Preference Criteria section of the Plan.

Comparison to the Minimum Threshold

Once all acceptable Reservation Requests have been evaluated against the Selection and Preference Criteria, the total points awarded for each property will be compared to the minimum threshold (500 points) necessary for any property to be considered further for LIHTCP eligibility. This comparison will **not** consider bonus or negative points.

If the property's total point award meets or exceeds the minimum threshold, the property's Reservation Request will continue for further processing. **If the property's total point award does not meet or exceed the minimum threshold, the Fund will reject the request, and will notify the Applicant of the rejection and of the reason for the rejection.**

Property Ranking

Each non Tax-Exempt Bond Financed property meeting or exceeding the minimum threshold will be placed in descending order, by the total points awarded, into the Applicant-selected set-aside category.

Each Tax-Exempt Bond Financed Property meeting or exceeding the minimum threshold will be placed in descending order, by the total points awarded, without regard to the Applicant-selected set-aside category.

Preliminary Review and Determination of the Housing Credit Dollar Amount Needed

In accordance with Subsections 42(m)(2)(A), (B), and (C)(i)(I) of the Code, the Fund will perform a preliminary review and determination of the housing credit dollar amount necessary for the financial feasibility of each ranked property and its viability as a qualified low-income housing property throughout the Credit Period.

In making its determination of the housing credit dollar amount necessary, the Fund is required to consider:

- the sources and uses of funds and the total financing planned for the property,
- any proceeds or receipts expected to be generated by reason of tax benefits,
- the percentage of the housing credit dollar amount used for property costs other than the cost of intermediaries, and
- the reasonableness of the developmental and operational costs of the property.

Consideration of the percentage of the housing credit dollar amount used for property costs (other than the cost of intermediaries) shall not be given so as to impede the development of properties in hard-to-develop areas. Subsection 42(m)(2)(B) of the Code also provides that "such a determination shall not be construed to be a representation or warranty as to the feasibility or viability of the project". The manner and methodology the Fund will utilize for making the required determination are not included in the Plan, but are included in the Allocation Policies, Fund Underwriting Analysis section of the Manual.

Generally, each selected property's Selection Decision Letter will reserve Credit in an amount equal to the amount which the Applicant requested. However, the amount ultimately allocated to a property in a Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B) may be less than the amount reserved in the Selection Decision Letter.

During the Fund's preliminary review and determination of the housing credit dollar amount needed, the Fund may determine that a property is requesting Credits in an amount which exceeds the amount considered reasonable for the financial feasibility of the property or the property's debt needs to be restructured. This determination may be based upon any or a combination of the following:

- The property can support additional debt and reduce the amount of Credits requested.
- The property has adequate cash flow to amortize what is proposed to be deferred payment debt.
- The property's equity to total property costs percentage is higher than reasonable.

- The property is eligible for fewer and/or needs fewer Credits than requested due to adjustments to Property Costs, Adjusted Basis, Eligible Basis, and Qualified Basis. Such adjustments may include, but are not limited to, excess property costs, excess builder's line items, and excess developer's fee.

Such determination may result in a reduction in the amount of Credits ultimately allocated to the property.

Property Selection

For Non-Tax-Exempt Bond Financed Properties

Properties will be selected within and to the extent that Credits are available in the appropriate specific set-aside category, based upon the highest ranking of Reservation Requests within each category, until sufficient Credits are no longer available in the applicable set-aside category to fund the next highest-ranking property.

If Credits remain in a set-aside category (other than the Non-Profit Set-Aside Category), such Credits will be moved to the pooled Set-Aside Category. All properties which were not initially selected from the Applicant-selected set-aside category will be ranked in order of point score in the pooled Set-Aside Category. Properties will be selected within and to the extent that Credits are available in the pooled Set-Aside Category, based upon point score.

Note: If there are insufficient Credits available within a particular set-aside category to fund the next highest ranking property, and if such property has a high enough score to be selected for the remaining Credits needed from the pooled Set-Aside Category, the Fund may choose to partially award Credits for such property from the appropriate specific set-aside category and award Credits for the remainder from the pooled Set-Aside Category.

If a property is not selected from the Applicant-selected set-aside category and/or the pooled Set-Aside Category, the Applicant will be notified and provided with an opportunity to have the Reservation Request wait-listed in the pooled Set-Aside Category.

Note: If two or more properties have the same score within a specific set-aside category or within the pooled Set-Aside Category, and there are not sufficient Credits available in such Set-Aside Category to select all of the tied properties, the lowest amount of Credits requested per total Interior Unit Square Footage will receive the award.

After initial selections are made, 10% of any Credit returned from a **prior year's** allocation will be allocated to the Non-Profit Set-Aside Category. The remaining 90% will be allocated to the pooled Set-Aside Category.

If a current year selected property chooses to withdraw, the Credit not allocated to such property will be returned to the Non-Profit Set-Aside Category if the selection was made from the Non-Profit Set-Aside Category, or will be allocated to the pooled Set-Aside Category if the selection was made from any other set-aside category.

The Fund reserves the right to enter into Binding Agreements (WVHDF LIHTCP-4) that commit the Fund to allocate up to $250,000 (in the aggregate) in Credits from the next calendar year's State Housing Credit Ceiling. Any Binding Agreement decision made by the Fund would be based upon:

- point score (except as is provided for in the first paragraph of the Waiting List section of the Plan), and
- the Fund's goal to allocate at least the required percentage (approximately 100%) of the current year's State Housing Credit Ceiling in order for the Fund to be considered a "qualified state" to receive Credits from the National Pool, as provided for in Subsection 42(h)(3)(D) of the Code (e.g. if the Fund has allocated sufficient Credits to be eligible for the National Pool, Binding Agreements will not be entered into for the next year's State Housing Credit Ceiling).

For Tax-Exempt Bond Financed Properties

Applicants should refer to the Fund's Debt Management Policy for a summary of approved bond structures, fees, and terms.

After analyzing available bond volume cap, properties will be selected within and to the extent that bond volume cap is available as outlined in the Fund's Debt Management Policy **with preference to Fund conduit issuances**, based upon the highest ranking of Reservation Requests, until sufficient bond volume cap is no longer available to finance the next highest-ranking property.

Note: Once a property is selected, bond volume cap will be set aside for that property. Once a Tax-Exempt Bond Financed Property receives a Selection Decision Letter which provides notification that the Property has been selected to receive Credits, the selection has been accepted in writing, **such property must close bonds and equity prior to December 15 of the following calendar year. There will be no extensions. Properties which have received a bond inducement resolution from the Fund's Board of Directors, and which fail to meet the above-referenced December 15 deadline will lose the bond volume cap which was set aside for the property and will be required to pay a penalty which is defined in the Processing Fee section of the Manual.** To proceed with the property, such property may resubmit an application in a future application round.

Deleted: failing

Waiting List

For Non-Tax-Exempt Bond Financed Properties

As stated in the previous section, Credits may become available due to a return of Credits from a **prior year's** allocation or the withdrawal of a selected current year property. At the time it is determined by the Fund that no additional Credits will become available before the end of the calendar year to fund wait-listed properties, wait-listed properties appearing on the pooled Set-Aside Category waiting list will be considered for selection in the manner and to the extent described in the Property Selection section of the Plan, and either selected or removed, as appropriate, from such waiting list in descending order of highest ranking. This process of selecting or removing wait-listed properties will continue until all such properties have been selected or removed from the waiting list.

This may result in a lower ranking property being selected due to the following:

- the amount of Credit requested compared to the amount of Credit available, and/or
- the requirement for the Fund to allocate 10% of the State Housing Credit Ceiling to Qualified Non-Profit entities (as defined by the Fund in the non-profit qualifications listed in the Property Characteristics, Set-Aside Categories subsection of the Plan). In this circumstance, the Fund will proceed down the pooled Set-Aside Category waiting list until a property is found which is eligible for the Qualified Non-Profit credit regardless of whether or not the property applied to the Qualified Non-Profit Set-Aside Category.

Such selection decisions made by the Fund would be based upon the Fund's goal to allocate at least the required percentage (approximately 100%) of the current year's State Housing Credit Ceiling in order for the Fund to be considered a "qualified state" to receive Credits from the National Pool, as provided for in Subsection 42(h)(3)(D) of the Code.

For Tax-Exempt Bond Financed Properties

At the time it is determined by the Fund that no additional bond volume cap will become available before the end of the calendar year to finance wait-listed properties, wait-listed properties will be considered for selection in the manner and to the extent described in the Property Selection, For Tax-Exempt Bond Financed Properties subsection of the Plan, and either selected or removed, as appropriate, from such waiting list in descending order of highest ranking. This process of selecting or removing wait-listed properties will continue until all such properties have been selected or removed from the waiting list.

COMPLIANCE MONITORING PROCEDURE

Authorized Delegate

As is permitted under 26 CFR 1.42-5, the Fund may retain an agent or other private contractor ("Authorized Delegate") to perform compliance monitoring functions except for the responsibility of notifying the IRS of compliance monitoring activities (via IRS Form 8610) and of issues of noncompliance (via IRS Form 8823).

References to the Fund in this Compliance Monitoring Procedure are *de facto* references to the Authorized Delegate with the exception of the Fund's responsibility of notifying the IRS and with the exception of any references to agreements entered into with RD or tax-exempt bond issuers as is permitted under the Exceptions from a Specific Portion of the Review Requirements portion of this Compliance Monitoring Procedure.

Effective Date and General Provisions

Subsection 42(m)(1)(B)(iii) of the Code defines a qualified allocation plan, in part, as a plan which provides a procedure ("Compliance Monitoring Procedure") that the housing credit agency (the Fund), or an agent or other private contractor of such agency, will follow in monitoring for noncompliance with the provisions of Section 42 of the Code, in notifying the IRS of such noncompliance to the extent that the housing credit agency becomes aware of such matters of noncompliance, and in monitoring for noncompliance with habitability standards through regular site visits.

This Compliance Monitoring Procedure is in accordance with Subsection 42(m)(1)(B)(iii) of the Code and 26 CFR 1.42-5. This Compliance Monitoring Procedure is applicable, unless otherwise stated, to all buildings placed in service for which the Credit is, or has been, allowable at any time, in accordance with Subsection 42(m)(1)(B)(iii) of the Code. Pursuant to 26 CFR 1.42-5(h), this Compliance Monitoring Procedure does not require monitoring for whether a building is in compliance with the requirements of Section 42 of the Code prior to January 1, 1992.

The Compliance Monitoring Procedure, as is required by Subsection 42(m)(1)(B)(iii) of the Code and 26 CFR 1.42-5 described above, includes:

1. recordkeeping and record retention provisions,

2. certification and review provisions,

3. inspection provisions, and

4. provisions for notifying Owners and the IRS of noncompliance or lack of certification.

All allocations of Credit (for allocations made both prior to and subsequent to January 1, 1992) are specifically conditioned upon the Owner complying with, and consenting and permitting the Fund to implement the provisions and requirements of this Compliance Monitoring Procedure (including the Recordkeeping and Record Retention Requirements, the Certification and Review Requirements, the Inspection Requirements, and the Notification of Noncompliance Requirements).

Compliance with the requirements of Section 42 of the Code and with habitability standards is the responsibility solely of the Owner of the building to which the Credit is allocated. The Fund's obligation to monitor for compliance in accordance with the requirements of Section 42 of the Code and in accordance with habitability standards does not make the Fund liable for an Owner's noncompliance or relieve the Owner of its responsibility for compliance.

Recordkeeping and Record Retention Requirements

Recordkeeping Requirements

The Owner of a low-income housing property is required to keep records for each building in the property for each year in the Compliance Period showing:

- the total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit),
- the percentage of residential rental units in the building that are low-income units,
- the rent charged on each residential rental unit in the building (including any utility allowance),
- the number of occupants in each low-income unit, but only if rent is determined by the number of occupants in each unit under Code Subsection 42(g)(2) (as in effect before the amendments made by the Omnibus Budget Reconciliation Act of 1989),
- the low-income unit vacancies in the building and information that shows when, and to whom, the next available units were rented,
- the annual income certification of each low-income tenant per unit,
- documentation to support each low-income tenant's income certification (for example, a copy of the tenant's federal income tax return, Forms W-2, or verifications of income from third parties such as employers or state agencies paying unemployment compensation). For an exception to this requirement, see Subsection 42(g)(8)(B) of the Code (which provides a special rule for a 100 percent low-income building). Tenant income is calculated in a manner consistent with the determination of annual income under Section 8, not in accordance with the determination of gross income for federal income tax liability. In the case of a tenant receiving housing assistance payments under Section 8, the requirement to obtain and retain documentation to support the annual income certification for each such low-income tenant is satisfied if the public housing authority provides a statement to the Owner, which the Owner

retains, declaring that such tenant's income does not exceed the applicable income limit under Subsection 42(g) of the Code,

- the Eligible Basis and Qualified Basis of the building at the end of the first year of the Credit Period, and
- the character and use of the nonresidential portion of the building included in the building's Eligible Basis under Subsection 42(d) of the Code (e.g. tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for use of the facilities, or facilities reasonably required by the property).

Record Retention Requirement

The Owner of a low-income housing property is required to keep and retain the records (described above) for the first year of the Credit Period for each building in the property for at least six years after the due date (with extensions) for filing the federal income tax return for the last year of the Compliance Period of the building. The Owner of a low-income housing property is required to keep and retain the records (described above) for each year of the second through the fifteenth year of the Compliance Period for at least six years after the due date (with extensions) for filing the federal tax return for each such year.

Inspection Record Retention Requirement

The Owner of a low-income housing property is required to keep and retain the original local health, safety, or building code violation reports or notices that were issued by the State or local government unit responsible for making local health, safety, or building code inspections for the Fund's inspection under the Inspection Requirements portion of this Compliance Monitoring Procedure. Retention of the original violation reports or notices is not required once the Fund reviews the violation reports or notices and completes its inspection, unless the violation remains uncorrected.

Certification and Review Requirements

Certification Requirements

The Owner of a low-income housing property is required to certify at least annually during each year of the Extended Use Period to the Fund, under penalty of perjury, on forms provided by the Fund that, for the preceding twelve-month period:

- The property met the requirements of the 20-50 test, or the 40-60 test under Subsection 42(g)(1)(A) or Subsection 42(g)(1)(B) of the Code, respectively, whichever minimum set-aside test was applicable to the property, and the 15-

40 test under Subsections 42(g)(4) and 142(d)(4)(B) of the Code for "deep rent skewed" properties, if applicable to the property.

- There was no change in the applicable fraction (as is defined in Subsection 42(c)(1)(B) of the Code) of any building in the property, or that there was a change and a description of the change.

- The Owner has received an annual income certification from each low-income tenant and documentation to support that certification; or, in the case of a tenant receiving housing assistance payments under Section 8, the Owner has received an annual income certification from each such low-income tenant, and a statement from the public housing authority that such tenant's income does not exceed the applicable income limit under Subsection 42(g) of the Code to support the annual low-income certification for each such low-income tenant.

- Each low-income unit in the property was rent-restricted under Subsection 42(g)(2) of the Code.

- All units in the property were for use by the general public (as defined in 26 CFR 1.42-9), including the requirement that no finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, occurred for the property. A finding of discrimination includes an adverse final decision by the Secretary of 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. If a finding of discrimination as defined above occurred for the property, the Owner must attach a copy of the finding of discrimination to the annual certification submitted to the Fund.

- The buildings and low-income units in the property were 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 local health, safety, or building code inspections did not issue a violation report for any building or low-income unit in the property. If a violation report or notice was issued by the governmental unit, the Owner must attach a statement summarizing the violation report or notice, or a copy of the violation report or notice to the annual certification submitted to the Fund. In addition, the Owner must state whether the violation has been corrected.

- There was no change in the Eligible Basis (as is defined in Subsection 42(d) of the Code) of any building in the property, or that there was a change and an explanation of the nature of the change.

- All tenant facilities (such as swimming pools, other recreational facilities and parking areas) included in the Eligible Basis (under Subsection 42(d) of the

Code) of any building in the property were provided on a comparable basis without charge to all tenants in the building.

- If a low-income unit in the property became 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 in the property were or will be rented to tenants not having a qualifying income.

- If the income of tenants of a low-income unit in the building increased above the limit allowed in Subsection 42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size in the building was or will be rented to tenants having a qualifying income.

- An extended low-income housing commitment (as is described in Subsection 42(h)(6) of the Code), Regulatory and Restrictive Covenants for Land Use Agreement (WVHDF LIHTCP-7 or LIHTCP-8), was in effect (for buildings subject to Subsection 7108(c)(1) of the Omnibus Budget Reconciliation Act of 1989, 103 Stat. 2106, 2308-2311), including the requirement under Subsection 42(h)(6)(B)(iv) of the Code that an Owner cannot refuse to lease a unit in the property to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8, 42 U.S.C. 1437f (for buildings subject to Subsection 13142(b)(4) of the Omnibus Budget Reconciliation Act of 1993, 107 Stat. 312, 438-439).

- All low-income units in the property were used on a non-transient basis (except for transitional housing for the homeless provided under Subsection 42(i)(3)(B)(iii) of the Code or single-room-occupancy units rented on a month-by-month basis under Subsection 42(i)(3)(B)(iv) of the Code).

<u>Review Requirements</u>

In connection with each Owner's submission of the Owner's Annual Certification ("Owner's Certification"), the Fund is required to review, on an annual basis during each year of the Compliance Period, each Owner's Certification for compliance with Section 42 of the Code.

In addition to obtaining and reviewing each Owner's Certification, the Fund is required to:

- For all buildings placed in service on or after January 1, 2001, conduct on-site inspections of all buildings in the property by the end of the second calendar year following the year the last building in the property is placed in service, and for at least 20% of the property's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units.

- At least once every three years, conduct on-site inspections of all buildings in the property, and for at least 20% of the property's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units.

The Fund is required to randomly select which low-income units and tenant records are to be inspected and reviewed. The review of tenant records may be undertaken wherever the Owner maintains or stores the records (either on-site or off-site). The units and tenant records to be inspected and reviewed will be chosen in a manner that will not give Owners of low-income housing properties advance notice that a unit and tenant records for a particular year will or will not be inspected and reviewed.

Generally, the Fund will provide an Owner with reasonable notice (14 calendar days) that an inspection of the building and low-income units or tenant record review will occur so that the Owner may notify tenants of the inspection or assemble tenant records for review.

Exceptions from a Specific Portion of the Review Requirements

The Fund is permitted, only under certain circumstances, to except, from only a specific portion of the above Review Requirements, certain buildings that are subject to monitoring programs other than that required under Subsection 42(m)(1)(B)(iii) of the Code. Buildings that may be excepted from that portion of the Review Requirements are buildings financed by RD under the Section 515 program and Tax-Exempt Bond Financed Properties.

In order for a building to be excepted, the Fund must have entered into an agreement with RD or the tax-exempt bond issuer. Under the agreement, RD or the tax-exempt bond issuer must agree to provide information concerning the income and rent of the tenants in the building to the Fund. The Fund, upon receipt and review of such income and rent information, may assume the accuracy of the information provided by RD or the tax-exempt bond issuer without verification. The Fund must review the income and rent information and determine that the income limitation and rent restriction of Subsections 42(g)(1) and (2) of the Code are met. **However, if the income or rent information provided by RD or the tax-exempt bond issuer is not sufficient for the Fund to make these determinations, the Fund is required to request the necessary additional income or rent information from the Owner of the buildings.** For example, since RD determines tenant eligibility based on its definition of "adjusted annual income" rather than "annual income" as is defined under Section 8 and as is required under Section 42 of the Code, the Fund may have to request a copy of the income certification that the tenant and Owner prepared to calculate the tenant's income in accordance with the Section 8 definition of "annual income" for Section 42 tenant income eligibility purposes.

In the event a properly excepted RD 515 property has been selected for review and inspection by the Fund, in any year of the property's Compliance Period, the Owner of an excepted building is not required to provide or otherwise make available for the Fund's review and inspection, and the Fund is not required to review and inspect, the tenant's annual income certification, the documentation the Owner has received to support that annual income certification, and the rent record for each low-income tenant in at least 20% of the low-income units in that property, all of which is otherwise required in the Review Requirements portion of this Compliance Monitoring Procedure.

In the event that an exception is granted for a building, the Owner of that building should understand that the Fund may cancel the exception where circumstances indicate that the monitoring is not meeting the needs of the LIHTCP.

Inspection Requirements

As a condition of the allocation of Credits, the Fund has the right to perform an on-site inspection of any low-income housing property at any time during the Extended Use Period of the buildings in the property.

The Inspection Requirement is a required part of this Compliance Monitoring Procedure and is a separate requirement from any tenant file review described in the Certification and Review Requirements portion of this Compliance Monitoring Procedure.

For the on-site inspections of buildings and low-income units described in the Certification and Review Requirements portion of this Compliance Monitoring Procedure, the Fund is required to review any local health, safety, or building code violations reports or notices retained by the Owner in accordance with the Inspection Record Retention Requirement portion of this Compliance Monitoring Procedure. In addition, the Fund is required to determine:

- Whether the buildings and the units are suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards);

OR

- Whether the buildings and units satisfy, as determined by the Fund, the uniform physical condition standards for public housing established by HUD (24 CFR 5.703). The HUD physical condition standards do not supersede or pre-empt local health, safety, and building codes. A low-income housing property under Section 42 of the Code must continue to satisfy these codes, and if the Fund becomes aware of any violation of these codes, the Fund is required to report the violation to the IRS. However, provided the Fund determines by inspection that the HUD standards are met, the Fund is not required to determine by inspection whether the property meets local health, safety, and building codes.

The Fund is not required to inspect a building if the building is financed by RD under the Section 515 program, provided that RD inspects the building (under 7 CFR, part 1930), and provided that RD and the Fund have entered into an agreement, under which RD agrees to notify the Fund of the inspection results.

Notification of Noncompliance Requirements

Owner

The Fund will promptly give the Owner of a low-income housing property written notice if the Fund does not receive the required Owner's Certification (described in the Certification and Review Requirements portion of this Compliance Monitoring Procedure), or if the Fund does not receive or is not permitted to inspect any low-income tenant's annual income certification, supporting documentation, and rent records (described in the Review Requirements portion of this Compliance Monitoring Procedure), or if the Fund discovers on inspection, review, or in some other manner (e.g. Department of Justice Consent Order), that the property is not in compliance with the provisions of Section 42 of the Code.

Correction Period

The Owner has an opportunity to supply missing certifications or to correct noncompliance with Section 42 of the Code within a 30-calendar day correction period, which begins on the date the Fund's written notice of noncompliance with Section 42 of the Code was mailed to the Owner (as described in the preceding paragraph). However, the Fund may grant, in writing, upon receipt and consideration of a written request from the Owner, an extension of up to six months, but only if the Fund determines, in its sole discretion, that there is good cause for granting the extension.

Internal Revenue Service

The Fund is required to notify the IRS of an Owner's noncompliance or failure to certify no earlier than the end of the correction period (described in the preceding paragraph) including any extensions, and no later than 45 calendar days after the end of the correction period (described in the preceding paragraph) including any extensions, whether or not the noncompliance or failure to certify is corrected. The Fund will notify the IRS by filing IRS Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance, with the IRS prior to the end of the 45-calendar day period. The Fund must explain on IRS Form 8823 the nature of the noncompliance or failure to certify and indicate whether the Owner has corrected the noncompliance or failure to certify.

If a building goes entirely out of compliance with Section 42 of the Code, so that no Credit is allowable for the building for the taxable year or in any future taxable year during the Compliance Period, the Fund need not file IRS Form 8823 in every subsequent year to report the noncompliance. Instead, the Fund may file a single IRS Form 8823 for the building when the Fund becomes aware that the building has gone entirely out of compliance, provided that the Fund reports on the form that the building is entirely out of compliance and will not be in compliance in the future. If the noncompliance or failure to certify is corrected within three years after the end of the correction period, the Fund is required to file IRS Form 8823 with the IRS reporting the correction of the noncompliance or failure to certify.

Fund Recordkeeping and Record Retention Requirements

The Fund is required to retain the Owner's Certification, the annual income certifications, the supporting documentation, rent records, and any other records described in the Certification and Review Requirements portion of this Compliance Monitoring Procedure for at least three years beyond the end of the calendar year in which the Fund receives such certifications and records. However, the Fund is required to retain any records related to noncompliance or failure to certify for at least six years beyond the Fund's filing of IRS Form 8823 with the IRS.

Fund Reports of Compliance Monitoring Activities

The Fund is required to report its compliance monitoring activities annually on IRS Form 8610, "Annual Low-Income Housing Credit Agencies Report".

Modification of the Compliance Monitoring Procedure

This Compliance Monitoring Procedure is based upon 26 CFR 1.42-5, "Monitoring Compliance with Low-Income Housing Credit Requirements" and the 2000 Memorandum of Understanding among the Department of the Treasury, HUD, and the Department of Justice.

This Compliance Monitoring Procedure is subject to modifications by the Fund, to comply with any future promulgations, issuances, or modifications of 26 CFR 1.42-5, Section 42 of the Code, and all regulations, rules, rulings, policies, procedures and any other official statements promulgated and issued by the IRS, or the Treasury Department (including currently existing and future promulgations and issuances). Further, this Compliance Monitoring Procedure is also subject to any other modification by the Fund that the Fund, in its sole discretion, considers is necessary.

From time to time the Fund may assign a property for inclusion in the HUD Physical Inspection Pilot Program and in doing so may elect to apply the provisions allowed under IRS regulations published in the Federal Register on February 25, 2016 and Revenue Procedure 2016-15 issued concurrently. In addition, the Fund reserves the right to utilize other provisions permitted under the revenue procedure as are deemed necessary and appropriate including, but not limited to, decoupling of units selected for physical inspection and low-income certification.

Compliance Monitoring Fees

The Ownership Entity of any property that is subject to this Compliance Monitoring Procedure will be charged an annual monitoring fee equal to $35 per year per residential rental unit in any such property, for fees collected in 2023 and 2024. The Compliance Monitoring Fee amount may change in subsequent years.

The Ownership Entity's failure to pay such fee will be treated as an instance of noncompliance.

Compliance Monitoring During the Extended Use
Period after the Close of the Initial 15-Year Compliance Period

The Fund will continue to monitor any low-income housing property, after the close of the initial 15-year Compliance Period and during the Extended Use Period. For details on the monitoring procedure followed after the close of the initial 15-year Compliance Period refer to the Fund's current Tax Credit Compliance Manual.

Compliance Manual

Additional compliance requirements which are not a required element of a qualified allocation plan can be found in the Fund's current Tax Credit Compliance Manual located at the following web address:

https://www.wvhdf.com/mulitfamily-compliance-documents/lihtcp-compliance-documents

Rent Increase Request Procedures

The Fund anticipates implementing formal procedures for rent increases as well as annual utility allowance approvals. Such procedures will be outlined in the above-referenced Tax Credit Compliance Manual.

OTHER MATTERS

The Fund makes no representation concerning any tax or other consequences resulting from participation in or information concerning the LIHTCP and accepts no responsibility for any adverse consequences to the Owner or property investors arising out of any participation in or other information concerning the LIHTCP. All Applicants to the LIHTCP agree that the Fund will not be held responsible or liable for any representations made or adverse tax or other consequences to the Applicant or property investors relating to the participation in or other information concerning the Fund's LIHTCP, and, therefore, the Applicant must assume the risk of all damages, losses, costs and expenses of any kind and nature that may be hereinafter suffered, incurred or paid arising out of the use of any information concerning the LIHTCP. Submission of an application (Reservation Request, Carryover Allocation Request, or Allocation Request) is conclusive evidence of an Applicant's agreement to abide by, be bound by, and act in accordance with the content and provisions of this paragraph and the content and provisions of the Plan, in its entirety. In addition, submission of an application (Reservation Request, Carryover Allocation Request, or Allocation Request) is evidence of an Applicant's certification of the items listed in the Owner Certification section of the WVHDF Form 1040 signed and attested to by an authorized representative of the Owner.

All interested parties should understand that full regulations for the LIHTCP have not been promulgated yet and that existing regulations may be changed or repealed, new regulations may be promulgated from time to time, and interpretations of existing laws and regulations may be issued. Therefore, the Fund reserves the right to change or modify the contents of the Plan, to comply with any future promulgations or interpretations, or to facilitate the allocation of Credits that could not otherwise be made, or to address any unforeseen circumstances that arise.

West Virginia Housing Development Fund

EXECUTIVE SUMMARY
CONSIDERATION OF THE 2025 AND 2026 TAX CREDIT MANUAL
FOR THE STATE'S LOW-INCOME HOUSING TAX CREDIT PROGRAM

SUBJECT: Proposed 2025 and 2026 Allocation Plan for the Low-Income Housing Tax Credit Program

DATE: December 18, 2024

The following information is provided to facilitate your review of the Proposed 2025 and 2026 Tax Credit Manual ("Manual") for the Low-Income Housing Tax Credit Program (the "LIHTC Program").

The Manual is the Fund's document which includes policies and procedures of the LIHTC Program which are outside of the statutorily mandated requirements of a Qualified Allocation Plan.

Notable changes in the Manual from the 2023 and 2024 Tax Credit Manual summarized according to Manual section (redline version page references are included) are as follows:

REQUIREMENTS FOR REQUESTS AND TIME-SENSITIVE DEADLINES (pages 5 through 35)

Reservation Requests (pages 7 through 16), Carryover Allocation Request (pages 17 through 20), and Prior to Equity Closing (pages 21 through 26)

Due to recent legislation, for properties receiving HOME Program or HTF Program funds, these sections now include requirements for construction estimates, construction contracts, and property plans and specifications to include costs and design elements as required by (1) the Build America Buy America Act and (2) the Adoption of Energy Efficiency Standards for New Construction of HUD- and USDA-Financed Housing which was published in the Federal Register in April, 2024.

Prior to Equity Closing (pages 21 through 26)

The Fund now requires for all new construction properties the submission of a Geotechnical Report performed by a professional and independent third party. Additionally, such properties' plans and specifications must incorporate the recommendations from the report.

ALLOCATION POLICIES (pages 38 through 58)

General Contractor Financial Disclosures (page 54)

This section was added to reserve the Fund's right to request financial statements from general contractors working in the LIHTC Program.

* * * * * * * * *

Staff are requesting your approval of the Manual in substantially the form submitted.

Respectfully submitted:

Michelle L. Wilshere, CPA, MBA
Senior Division Manager – Multifamily

Nathan E. Testman
Deputy Director – Production

Erica L. Boggess, CPA
Executive Director

DEFINITIONS

For the purposes of the Manual, the Fund has defined the following capitalized terms:

- **Adjusted Basis** – the cost basis of a building adjusted for capital improvements minus depreciation allowable
- **Allocation Certification** – IRS Form 8609
- **Applicant** or **Ownership Entity** or **Owner** – the Credit applicant which will own the LIHTCP property (e.g. ABC Apartments Limited Partnership is the Ownership Entity of ABC Apartments)
- **BABA** – the Build America Buy America Act
- **Business Day** – any day in which normal business operations are conducted. This is generally considered to be Monday through Friday and excludes weekends and public holidays observed by the Fund.
- **Certified Historic Structure** – a structure which is individually listed on the National Register of Historic Places, or a structure that has been determined by the National Park Service to be a "certified historic structure" as evidenced by a fully completed Historic Preservation Certification Application Part 1 – Evaluation of Significance form (currently, U.S. Department of the Interior, National Park Service Form 10-168)
- **the Chief Executive Officer of the Local Jurisdiction** – normally the mayor if the property is located within the boundaries of a municipality or the President of the County Commission if it is not
- **the Code** – the Internal Revenue Code of 1986, as amended
- **Compliance Period** (also referred to as the initial 15-year Compliance Period) – the period of 15 taxable years beginning with the 1st taxable year of the Credit Period
- **Credit Period** – the period of 10 taxable years beginning with (1) the taxable year in which a building is placed in service, or (2) at the election of the Owner, the succeeding taxable year
- **Credit(s)** – Low-Income Housing Tax Credit(s)
- **Eligible Basis** – a component of the Qualified Basis of an LIHTCP property. It is generally equal to Adjusted Basis of the building, excluding land but including amenities and common areas.

- **ESOP (employee stock ownership plan)** – a Code Subsection 401(a) qualified defined contribution plan that is a stock bonus plan or a stock bonus/money purchase plan. An ESOP must be designed to invest primarily in qualifying employer securities as defined by Code Subsection 4975(e)(8) and meet certain requirements of the Code and regulations

- **Existing Housing** – a property which is comprised solely of currently inhabited residential rental units, whether low-income (tenants with annual incomes at or below 80 percent of the area median gross income) or market rate

- **Existing Low-Income Housing** – a property which is comprised of currently inhabited low-income (tenants with annual incomes at or below 80 percent of the area median gross income or less) residential rental units

- **Extended Use Period** – the period beginning on the first day of the Compliance Period and ending on the later of (1) the date set forth in the Regulatory and Restrictive Covenants for Land Use Agreement related to the property, between the Owner and the Fund, and prepared in accordance with Section 42(h)(6)(B) of the Code (WVHDF LIHTCP-7 or LIHTCP-8), or (2) the date which is 15 years after the close of the Compliance Period

- **the Fund** – the West Virginia Housing Development Fund

- **General Partner** – general partner of a limited partnership Owner

  References to General Partner also refers to managing member and member owner(s) of a limited liability company Owner.

- **HOME Program** – HOME Investment Partnerships Program

- **HTF Program** – National Housing Trust Fund Program

- **HUD** – U.S. Department of Housing and Urban Development

- **Income Approach** – a valuation method used for real estate appraisals that is calculated by dividing the capitalization rate by the net operating income of the rental payments

- **IRS** – Internal Revenue Service

- **Long-Term Lease** – a land lease of no less than 30 years, in which (1) the lessor agrees to be a party to the Regulatory and Restrictive Covenants for Land Use Agreement (the "Restrictive Covenants"), (2) the lease terms provide that the Restrictive Covenants survive termination of the lease, and (3) the lease terms contain any other provisions required by the Fund

- **LIHTCP** – Low-Income Housing Tax Credit Program

- **the Manual** – the current Tax Credit Manual

- **New Supply** – a property which will directly result in a direct increase of the stock of low-income residential rental units

- **Ownership Entity** or **Owner** or **Applicant** – the Credit applicant which will own the LIHTCP property (e.g. ABC Apartments Limited Partnership is the Ownership Entity of ABC Apartments)

- **Non-Controlling Member/Partner** – any person who does not own controlling interest, as evidenced by organizational documents, in a for-profit entity

- **Partnership Agreement** – agreement of limited partnership of a limited partnership Owner

  References to Partnership Agreement also reference operating agreement of a limited liability company Owner.

- **the Plan** – the current Allocation Plan

- **Principal** – any person who owns a controlling interest, as evidenced by organizational documents, in a for-profit entity [a non-controlling member/partner does not qualify for points eligibility for scoring criteria such as Developer Experience, Timely Delivery of Units, etc.]; the directors, managing directors, and officers of an entity which is wholly ESOP-owned; the trustees of a Trust; and the Executive Director and Deputy Director, President and Vice-President, or Chair and Vice-Chair (or comparable officers) of a non-profit organization. The Fund does not define a Secretary or Treasurer or Board Member as a principal of a non-profit organization.

- **Program Calendar** – Exhibit A to the Manual which contains various deadlines related to the State's LIHTCP

- **Property Architect** – the architect of record whose seal is stamped on the property plans and specifications

- **Property Contractor** – the person who holds the contractor's license or the contractor's authorized representative who is (will be) listed as the contractor's representative in the executed construction contract and is (will be) responsible for oversight of the construction or rehabilitation of the property

- **Qualified Basis** – the base that is multiplied by the applicable percentage to determine the annual Credit. The Qualified Basis equals the applicable fraction times the Eligible Basis.

- **Reachable Green Space** – an area or areas of grass, Landscaping, or other vegetation which (post-construction) will be reasonably reachable by the tenants of the property (e.g., green space at the bottom of an unusable (slope of 20% or greater) hill, which cannot be accessed by any other reasonable route, will not count as green space). It does not include buildings, porches, sidewalks, curbs, or parking areas, etc. The Fund may consider playgrounds and other outdoor community/activity space amenities as green space. However, in order for such areas to be considered green space, such areas must be deemed by the Fund as acceptable green space. Slopes of greater than an 8% grade must provide either handrailing and/or stairs to access green space.

- **Reservation Request** – the initial complete application stage for any property applying for Credits, preceded only by pre-registration

- **RD** – United States Department of Agriculture Office of Rural Development

- **Sales Comparison Approach** – a valuation method used for real estate appraisals that is calculated based upon recent sales of comparable properties in the area

- **Scattered Site Property** – a property which includes non-contiguous parcels which (post-construction) will contain residential rental units. (See the description of a permissible Scattered Site Property in the Allocation Policies, Definition of "Property" section of the Manual.)

- **Selection Decision Letter** – letter sent from the Fund notifying an Applicant (1) the property has been selected to receive Credits or (2) the property has not been selected to receive Credits, but the Applicant may choose to be wait-listed

- **State** – State of West Virginia

- **SHPO** – State Historic Preservation Office

- **State Housing Credit Ceiling** – the aggregate housing credit dollar amount which the Fund may allocate in a given year

- **Tax-Exempt Bond Financed Property** – a property which does not require a Credit allocation from the State Housing Credit Ceiling due to meeting or exceeding the required percentage (currently 50 percent or more) of the property's aggregate basis and land being financed by tax-exempt bonds which are subject to the State's bond volume cap.

- **Trust** – an arrangement whereby a person (a trustee) holds property as its nominal owner for the good of one or more beneficiaries

GENERAL

The Manual provides guidance on the administrative process of obtaining Credits through the Fund and certain other guidance regarding the Fund's LIHTCP. Compliance with the Manual does not guarantee any investor in an LIHTCP property the ability to take Credits. Investors may be denied Credits, or the Credits may be recaptured by the IRS, despite approval of the Credits by the Fund, or the benefits of the Credits may be mitigated by special rules such as at-risk limitations, the alternative minimum tax, or recapture. Investors should consult with their tax advisors to ensure their ability to benefit from Credits prior to their investment.

STREAMLINED APPLICATION PROCESS FOR FUND FINANCING COMBINED WITH LOW-INCOME HOUSING TAX CREDITS

In an effort to streamline the application process for LIHTCP properties also requesting construction and/or permanent financing from the Fund (e.g. HOME Program, Multi-Family Loan Program with or without an RD 538 or HUD/FHA guarantee/insurance, HTF Program, ERA2 Housing Fund, etc.), the Fund has combined the application process for Fund financing with the Reservation Request. Note: The Plan and the Manual do not override or supersede the program-specific guidelines as administered by the applicable Fund program departments and/or the applicable program-specific federal regulations for the permanent financing sought.

CONSOLIDATED APPROPRIATIONS ACT OF 2018

Currently, the Fund is considering the "income-averaging" provision of the Consolidated Appropriations Act of 2018, but has not yet decided to implement the provision. If this determination changes, and the Fund decides to implement the "income-averaging" provision, prior to the start of the 2026 application period, the Fund will provide an update on the Fund website (www.wvhdf.com), will email information to the Fund LIHTCP mailing list, and provide updated application forms which will accommodate the new provision.

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ACCEPTABILITY OF DIGITAL/ELECTRONIC SIGNATURES

A graphic image of a signature placed on a document using secure software that verifies the identity of the signer (e.g. Adobe Acrobat, DocuSign) will be considered by the Fund to be an acceptable digital/electronic signature. A typewritten name, regardless of font, or a graphic image of a signature that has not been verified by secure software will not be considered acceptable by the Fund.

REQUIREMENTS FOR REQUESTS AND TIME-SENSITIVE DEADLINES

All of the provisions of the Requirements for Requests and Time-Sensitive Deadlines section apply to Tax-Exempt Bond Financed Properties, except for references to the Carryover Allocation provisions.

Generally, unless otherwise stated, backup documentation which is older than six months will be considered stale and will be unacceptable.

Generally, unless otherwise stated, backup documentation that does not consist of a complete document will not be acceptable. Anytime documents are to be included with an LIHTCP application, the entire document must be provided to the Fund. Partial documents and summaries of documents are not acceptable and will be rejected for acceptability purposes.

Each Applicant must submit documentation evidencing that the property satisfies all of the applicable requirements for a request (Reservation, Carryover Allocation, and Allocation). A summary of the requirements for each type of request is provided below. **A Summary of Attachments (WVHDF Form LIHTCP-E) should be utilized by Applicants in connection with their preparation and submission of requests.**

The Fund offers pre-application assistance as time allows prior to the Reservation Request due date. However, in conjunction with reviewing a property's Reservation Request, the Fund will only review and consider those items which are uploaded to the property's Microsoft Team. Items submitted during pre-application assistance review are not considered part of a property's Reservation Request and are not reviewed in conjunction with determining whether a property has met minimum requirements for a particular type of request or for determining whether a property is awarded points for selection and preference criteria. It is the Applicant's responsibility to ensure that all required documentation, whether acceptance or scoring related or any other documents, are uploaded to the property's Microsoft Team.

Note: Instructions for uploading documents to Microsoft Teams are provided on the Fund website (www.wvhdf.com).

Summary of Main Application and Processing Stages

- **Pre-Registration** – required notification to the Fund of an anticipated application for Credits
- **Reservation Request** – initial full application submission
- **Carryover Allocation Request** (not applicable to Tax-Exempt Bond Financed Properties) – second full application submission applicable to a selected property which results in issuance of such property's Carryover Allocation Certificate (WVHDF LIHTCP-3 or LIHTCP-3B)
- **Prior to Equity Closing** – partial updated application (related to cash flow) from which the Fund completes an additional underwriting directly preceding the property's equity closing

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- **Allocation Request** – final full application submission after the property is placed in service which results in the issuance of IRS Form(s) 8609 to the Ownership Entity

Pre-Registration

A Pre-Registration Form is a one-page or two-page document (two pages if the property involves Existing Low-Income Housing) that must be completed for each property for which an Applicant intends to apply for Credits, from within or outside of (Tax-Exempt Bond Financed Properties) the State Housing Credit Ceiling regardless of to which of the five set-aside categories the property is applying.

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Due to the additional time needed for the Fund to review and tier rate pre-registered Existing Low-Income Housing properties, Pre-Registration Forms for those properties are due earlier than New Supply property pre-registrations. All Applicants must complete the Pre-Registration Form and submit it to the Fund by email, mail, fax, or hand-delivery on or before the Pre-Registration due dates listed in the Program Calendar.

Once the Pre-Registration final due date has passed, the following items cannot change:

- property location (city and county);
- what the property will consist of (Existing Low-Income Housing, New Supply, or both);
- whether or not the property will be a Tax-Exempt Bond Financed Property, and
- the developer and General Partner cannot change by more than 50%.

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Reservation Requests

The Fund will accept and consider Reservation Requests during the application period listed in the Program Calendar. The Fund accepts Reservation Requests solely through Microsoft Teams. All Reservation Request documents must be uploaded to the Reservation Request subfolder in the property's Microsoft Team, except for the Initial Fee which must be submitted by check or wire transfer to the Fund by the end of the application period.

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The requirements for Reservation Requests are as follows:

- The Applicant must submit
  - a complete current WVHDF Form 1040 in Excel format,
  - a completed and certified Quality of Housing section of the current WVHDF Form 1040 for each non-contiguous parcel which (post-construction) will contain residential rental units, and
  - an executed WVHDF Form 1040 signature page.

- The Applicant must submit the Initial Fee in the form and amount specified in the Processing Fee section of the Manual.

- The Applicant must submit, as applicable, the required documents evidencing eligibility to participate in the LIHTCP:
  - Program Participants Eligibility Requirements Certification (WVHDF Form LIHTCP-G),
  - LIHTCP Compliance Certification (Exhibit 1 to LIHTCP-G), and/or
  - Resume of Housing Experience (Exhibit 2 to LIHTCP-G).

  See the Program Participants Eligibility Requirements, Program Participants Eligibility Requirements Certification and Exhibits subsection of the Plan for details on who must submit which documents.

- The Applicant must submit, as applicable, the documents required by the Program Participants Eligibility Requirements, Minimum Credit Score and Fiscal Soundness subsection of the Plan:
  - Credit Check Authorization and Release Forms (WVHDF Form LIHTCP-I) or alternate documentation pre-approved by the Fund **and**,
  - the non-profit organization's three most recent years of audited financial statements. See the above-referenced section of the Plan for a definition of what the Fund considers the "three most recent years".

- For a property applying to either the Qualified Non-Profit Set-Aside Category, the Existing Low-Income Housing Set-Aside Category, or the Top Off Set-Aside Category, the Applicant must submit documentation evidencing that the property satisfies the features and characteristics of the Applicant-selected set-aside category. See the Selection and Preference Criteria, Property Characteristics, Set-Aside Categories subsection of the Plan for details on what must be submitted.

- The Applicant must submit one of the following to evidence site control of the property: a recorded deed, an option, a purchase contract, an option to enter into a Long-Term Lease, or a Long-Term Lease **in the name of the Ownership Entity for the subject property**. If a property applies to the Top Off Set-Aside Category, and the site control is not yet established in a recorded deed or Long-Term Lease, the Applicant must also submit documentation evidencing that continual site control has been maintained from the site control submitted in the year the property received its initial Carryover Allocation Certificate, including copies of checks if required to extend site control.

- The Applicant must submit a Compliance Monitoring Training Certification (WVHDF Form LIHTCP-F).

- The Applicant must submit a Fair Housing and Americans with Disabilities Act Training Commitment Certification (WVHDF Form LIHTCP-Q).

- For any property that involves substantial rehabilitation (including gut rehabilitation and/or adaptive reuse), the Applicant must submit a **professionally-prepared** and **independent** capital needs assessment **addressed to and prepared for** the Fund, **including a costing of the capital needs identified**.

  If a property applies to the Top Off Set-Aside Category, a capital needs assessment does not need to be submitted.

  The capital needs assessment must include the following:

  - a site visit and physical inspection of the interior and exterior of units and structures, as well as an interview with available on-site property management and maintenance personnel to inquire about past repairs/improvements, pending repairs, and existing or chronic physical deficiencies.

  - an evaluation of the presence of environmental hazards, such as asbestos, lead paint, and mold, on the site.

  - an opinion as to the proposed budget for recommended improvements and identification of critical building systems or components that have reached or exceeded their expected useful lives.

  - a projection of recurring probable expenditures for significant systems and components impacting use and tenancy, which are not considered operation or maintenance expenses, to determine the appropriate replacement reserve deposits on a per unit per year basis.

  - an examination and evaluation of the following:
    - Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, and gas and electric utilities and lines;
    - Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system, and drainage;
    - Interiors, including unit and common area finishes (carpeting, tile, plaster walls, paint condition, etc.), unit kitchen finishes, cabinets and appliances, unit bathroom finishes and fixtures, and common area lobbies and corridors;
    - Mechanical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, and elevators;
    - Potential improvements to energy efficiency, including higher-rated HVAC equipment, specification of energy efficient windows and doors, minimum insulation standards, appliance upgrades, lighting improvements, and enhanced ventilation;

- Strategies for conservation of resources during rehabilitation, including use of durable and low-maintenance building materials, water-conserving plumbing fixtures and appliances, and drought-tolerant and low-maintenance landscaping; and
- Necessary improvements to physical accessibility for compliance with, as applicable, the Fair Housing Act, Section 504 of the Rehabilitation Act, and the Americans with Disabilities Act, etc.

It is highly recommended that the applicant utilize the Fund's form entitled Capital Needs Assessment Contract Rider when contracting with an assessment provider. The form, to be completed by the assessment provider, requires the provider to list which pages of the assessment address fulfillment of each of the above requirements. Such form should be submitted with or be included as part of the capital needs assessment.

- The Applicant must submit a written estimate of or proposal for the hard construction costs and builder's line items (Builder's General Requirements, Builder's General Overhead, and Builder's Profit – amount provided separately for each) prepared by the potential general contractor identifying such general contractor for the property and such general contractor's State license number.

  For properties with either HOME Program or HTF Program financing, the above-referenced written estimate or proposal must include applicable costs associated with the fulfillment of BABA requirements.

  For new construction properties with either HOME Program or HTF Program financing, the above-referenced written estimate or proposal must include applicable costs associated with the fulfillment of the applicable energy efficiency standards as outlined in the Final Determination: Adoption of Energy Efficiency Standards for New Construction of HUD- and USDA-Financed Housing, which was published in the Federal Register on April 26, 2024.

  Such estimate or proposal shall provide a line-item breakdown of construction costs utilizing, at a minimum, the 16-divisions as defined by the Construction Specifications Institute's MasterFormat and a line-item breakdown of Builder's costs for Builder's General Requirements, Builder's General Overhead, and Builder's Profit, each listed separately.

  For properties which involve both rehabilitation of existing structures and new construction, the above-required estimate or proposal must clearly delineate each line item for each type of work (rehabilitation and new construction) to be completed.

  If a property applies to the Top Off Set-Aside Category and such property has executed a construction contract, the Applicant must submit the following:

- ➢ the executed (by the Owner and the Property Contractor) construction contract which provides a line-item breakdown of construction costs utilizing the 16-divisions as defined by the Construction Specifications Institute's MasterFormat and a line-item breakdown of Builder's costs for Builder's General Requirements, Builder's General Overhead, and Builder's Profit, each listed separately;
- ➢ if available, the most recent draw documents (e.g. AIA G702 and G703 or similar documents); and
- ➢ if available, any AIA G701 Change Order forms executed by the Property Architect, Property Contractor, and Owner, which include the justification for such change order.

- The Applicant must have notified, in the form prescribed by the Fund, the Chief Executive Officer of the Local Jurisdiction within which the buildings in the property are or will be located. Following are the permissible methods by which such notification must be sent and what the Applicant must submit with the Reservation Request:
  - Certified mail or other verifiable commercial delivery service (e.g. FedEx, UPS, etc.) – the letter and a copy of the delivery receipt, evidencing the letter was received, or
  - Email – a copy of the email which was sent with any and all attachments and a return email from an authorized representative of the Chief Executive Officer acknowledging that the email was received. An email read receipt is not acceptable proof of acknowledgement of delivery.

  If a property applies to the Top Off Set-Aside Category, such written notification and delivery receipt does not need to be submitted.

  Note: In accordance with Subsection 42(m)(1)(A)(ii) of the Code, the Fund will notify the Chief Executive Officer of the Local Jurisdiction for **all** properties, including those applying to the Top Off Set-Aside Category.

- The Applicant must submit a Chain of Title Summary, in the form prescribed by the Fund, covering at least ten years from the date the site control was executed.

  If a property applies to the Top Off Set-Aside Category, a Chain of Title Summary does not need to be submitted.

- The Applicant must submit a Property Architect Site Suitability Rating Form, in the most-recent form prescribed by the Fund, which has been completed and signed by the Property Architect.

  If a property applies to the Top Off Set-Aside Category, a Property Site Suitability Rating Form does not need to be submitted.

- The Applicant must submit a **color** FEMA dynamic FIRMette flood map of the property site from the FEMA Flood Map Service Center website (https://msc.fema.gov/portal/).

  If a property applies to the Top Off Set-Aside Category, a color flood map does not need to be submitted.

- The Applicant must submit a response from the State Historic Preservation Office ("SHPO") in response to a request of a Section 106 of the National Historic Preservation Act Review.

  Important Notes:

  - Beginning September 16, 2024, SHPO now only accepts Section 106 Review and Compliance requests via SHPO's online portal GOapply. Contact SHPO for additional information.
  - To provide enough time for a response to be received from SHPO, it is recommended that the Applicant submit a request to SHPO no later than 45 calendar days prior to the Reservation Request due date. If a response has not been provided by SHPO by the Reservation Request due date, evidence that a full and complete Section 106 Review Request was received by SHPO at least 30 calendar days prior to the Reservation Request due date must be submitted.
  - The submission to SHPO must contain true and accurate information (matching the property Reservation Request) regarding the property including, but not limited to, the type of property (adaptive re-use, substantial rehabilitation and/or new construction) and whether or not historic tax credits are being pursued.

  If a SHPO response is not received by the Reservation Request due date and the request to SHPO was not submitted at least 30 calendar days prior to the Reservation Request due date, this acceptance issue is not correctable and will result in the rejection of the property.

  Note: Per SHPO: "The office has 30 days to review a project. Please ensure that all information is provided; missing information may delay the completion of review."

  If a property applies to the Top Off Set-Aside Category, a Section 106 response does not need to be submitted.

- For any **property which includes new construction**, the Applicant must submit a site plan which fulfills one of the following options:
  - a site plan showing building locations and including the following: any easements; property lines; setback requirements; existing and proposed grades; existing and proposed utility connections; all drainage, erosion, and

sediment control; proposed sidewalks and drives; and proposed landscaping; or

- a site plan (to scale) showing overall dimensions of the proposed buildings and major site elements (e.g. parking areas, sidewalks, playground, storm water drainage control elements, etc.). Contour lines and elevations are <u>not</u> required.

If a property applies to the Top Off Set-Aside Category, such site plan does not need to be submitted.

- The Applicant must submit a **professionally prepared** and **independent** comprehensive market study of the housing needs of low-income individuals in the area to be served by the property. The market study should quantify and conclude as to the sufficiency of the demand for the units in the proposed property based specifically upon the applicable LIHTCP income limits and rent restrictions.

  If a property applies to the Top Off Set-Aside Category, a market study does not need to be submitted.

  The market study should be specific and detailed with respect to each of the following:

  - property description, including, but not limited to

    - site location description;
    - proximity to neighborhood/community amenities;
    - property unit mix, square footage, and rent structure by number of bedrooms;
    - property facilities, equipment and amenities; and unit equipment and amenities, and
    - adequacy of planned on-site parking; and
    - photographs of the site;

  - definition of the market area for the property;

  - relevant demographic analyses of population and households for the defined market area;

  - an overview of local economic conditions, including employment by sector, list of major employers, and labor force employment and unemployment trends over the prior five years;

  - an analysis of the existing and proposed residential rental housing stock (both affordable and market rate) in the defined market area, which includes (to the extent reasonably possible or readily available), but is not limited to, property name and location, age and condition of the property (exterior photograph required for each existing property), property unit mix by number of bedrooms, affordable or market rate, current rent structure by number of bedrooms, occupancy level by number of bedrooms, waiting list by number of bedrooms, and type, amount, extent and duration of any rent concessions offered **(the market analyst <u>must</u> include and consider all proposed residential housing stock, including, but not limited to, LIHTCP properties which are currently under construction/rehabilitation in the primary market area)**;

- an analysis in the form prescribed by the Fund (Residential Rental Housing Stock Occupancy Summary) of the occupancy and vacancy rates for the existing residential rental housing stock (surveyed above) overall; and stratified by subsidized and non-subsidized, by type of occupancy (family/elderly), and by number of bedrooms in the unit – any occupancy of less than 90% or vacancy of more than 10% identified overall or within any of the above stratifications must be addressed with respect to the underlying causes;

- an evaluation and conclusion of the impact, if any, the property would have on the occupancy of the existing and proposed residential rental housing stock (both affordable and market rate) in the defined market area **(the market analyst <u>must</u> include and consider all proposed residential housing stock, including, but not limited to, LIHTCP properties which are currently under construction/rehabilitation in the primary market area)**;

- a comparison of the monthly housing cost of the units in the property to the monthly housing cost of available comparable alternative housing resources in the defined market area;

- a calculation of the demand by unit size (number of bedrooms) for the defined market area in total and specifically for LIHTCP income-eligible households for which the proposed rent structure would be considered affordable at **<u>30%</u>** of the household's income, including the assumptions made, and an explanation and justification for the use of such assumptions for the purposes of such calculations **[be certain to consider the appropriate household sizes (in the proper income range) for the units in the property in the calculation of demand (e.g. it is not appropriate to include four person households for one bedroom units, even if they fall within the appropriate income range)]**;

- the monthly absorption rate for the initial occupancy of the units in the property;

- for properties with proposed commercial space, the market study must include a calculation and determination of the demand for such commercial space;
- for Existing Housing, the market study must include an analysis of the scope of the renovations and what impact such scope would have on the marketability of the property;
- for Existing Housing (including occupied housing which will be demolished and replaced with new construction), the market study must include information as to whether the tenants will be relocated (off-site) during the rehabilitation, the duration of such relocation, and the impact on the occupancy of the property post-rehab;
- a determination and conclusion with respect to the reasonableness of the proposed rent structure for the property;
- a final and overall determination (numerically quantitative) of and an affirmative conclusion (narratively expressed) on the market for the property to which such market study relates;
- a certification that a physical inspection of the defined market area was performed, that the information used and provided is true and accurate at the time the market study was prepared, and identity of interest disclosure of the market study preparer, evidencing such market study preparer is a disinterested party; and
- the experience and professional qualifications of the market study preparer and of assigned personnel.

It is highly recommended that the applicant utilize the Fund's form entitled Market Study Contract Rider when contracting with a study provider. The form, to be completed by the study provider, requires the provider to list which pages of the study address fulfillment of each of the above requirements. Such form should be submitted with or be included as part of the market study.

Note: For properties proposed to be located in counties with no LIHTCP production (currently Clay and Doddridge), it is highly recommended such properties be sized conservatively (small number of units) given the fact that these counties are rural, and the market is small.

The Fund and/or the Fund's agent will review and evaluate each market study specifically as it relates to the study's satisfaction of the above-stated requirements for an acceptable market study and to the study's primary purpose of determining the sufficiency of the market for the property as proposed. The Fund reserves the right to reject any Reservation Request solely on the basis of the market for any such property. However, the Fund's or its agent's review, evaluation, and acceptance of a market study are solely for the Fund's use. Applicants, lenders, syndicators, and any other parties involved in any such property are not entitled to and should not rely upon or in any way utilize the Fund's or its agent's review, evaluation, and acceptance with respect to the market study for any purpose.

For residential rental units which (1) target households at or below 60% of the area median gross income and (2) do not have property based subsidy attached to such units, the Fund expects that the gross tenant paid rent will be set generally no lower than 85% and generally no higher than 90% of the applicable IRS Rent Restriction, to provide a reasonable "band of affordability." The Fund may question gross tenant paid rents for such units which are set lower than 85% of the applicable IRS Rent Restriction. Subsection 42(m)(2) of the Code requires that the housing credit dollar amount allocated to a property not exceed the amount that the allocating agency determines is necessary for the financial feasibility of the property and its viability as a qualified low-income housing property throughout the Credit Period. If gross tenant paid rents are set at an unreasonably low amount, this results in lower property income, which results in the inability to carry an amount of permanent debt which may otherwise be carried. This ultimately results in a Credit request which is above what a property needs to be financially feasible. The market study should include gross tenant rents set at the highest amount which are attainable given the market and comparable properties.

<u>Threshold Review and Correction Period</u>

A Threshold Review is a review of a property's Reservation Request to determine if such request includes the necessary documentation to fulfill the above-listed Requirements for Reservation Requests. The Fund will complete the Threshold Reviews of Reservation Requests received and offer the Applicants a reasonable period of time to correct any minor acceptance deficiencies. If an Applicant is unable to address and resolve such minor acceptance deficiencies prior to the end of the Correction Period, the Fund will reject the property's Reservation Request and will notify the Applicant of the rejection and of the reason for the rejection. The dates of the Threshold Review and Correction Periods are listed in the Program Calendar.

With regard to the Threshold Review and Correction Period it is important to note the following:

- **The Fund's expectation is that all Applicants will make their best effort to complete the application and to provide all applicable attachments to fulfill all Reservation Request requirements. If it becomes apparent, in the Fund's sole discretion, that an Applicant took liberal advantage of the Threshold Review and Correction Period, the provisions of this subsection may not apply to such property. Examples of an Applicant**

taking liberal advantage of the Threshold Review and Correction Period are, but are not limited to, submitting a market study or Capital Needs Assessment after the deadline date and time, or failure to fulfill multiple requirements.

- **During the Threshold Review the Fund <u>will not</u> review the applications for items relating to selection and preference scoring. Scoring criteria are separate from acceptance requirements. The Fund will not accept any additional documentation except for the specific acceptance-related documentation which is requested to be submitted during the Correction Period.**

<u>Carryover Allocation Requests</u>

The Fund will accept Carryover Allocation Requests for selected properties on or before September 30. The Fund will continue to accept Carryover Allocation Requests for selected properties after the stated deadline of September 30 through December 10, to the extent reasonably possible. The Fund will not accept Carryover Allocation Requests after December 10 except in extenuating circumstances, which shall be determined in the Fund's sole discretion. A Late Submission Fee will be due in connection with any Carryover Allocation Request submitted on or after October 1. **For Carryover Allocation Requests submitted on or after October 1, the Fund offers <u>no</u> assurance to the Applicants that the Fund will have sufficient time to process any such Carryover Allocation Request, and, accordingly, the Fund offers <u>no</u> assurance to the Applicants that the Fund will have sufficient time to issue the requested Carryover Allocation Certificate.**

The Fund accepts Carryover Allocation Requests solely through <u>Microsoft Teams</u>. All Carryover Allocation Request documents must be uploaded to the Carryover Allocation Request subfolder in the property's <u>Microsoft Team</u>, with the exception of any applicable Late Submission Fees which must be submitted by check or wire transfer.

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In the event an Applicant fails to submit all the necessary supporting documentation to verify the property's satisfaction of the requirements listed below, including any applicable Late Submission Fee, the Fund will notify the Applicant of the acceptance deficiencies. <u>If applicable, the Late Submission Fee accrues at the applicable daily rate until all acceptance deficiencies are addressed and resolved</u>. The Late Submission Fee Schedule is included in the Processing Fee, Late Submission Fee section of the Manual.

The requirements for Carryover Allocation Requests are as follows:

- The Applicant must submit
  - a complete updated current WVHDF Form 1040 in Excel format,

- only if the Property Contractor and/or Property Architect have changed from the property's Reservation Request, a completed and certified Quality of Housing section of the current WVHDF Form 1040 for each non-contiguous parcel which (post-construction) will contain residential rental units,
- an executed WVHDF Form 1040 signature page, and
- a current Schedule B – Standard accompanied by an independent CPA Cost Certification or a current Schedule B – Owner's Self-Certification. The Schedule B submission requirements are as follows:
  - a current Schedule B – Standard must be accompanied by an independent CPA Cost Certification as to the Owner's basis in the property as of the date the Schedule B was prepared (Column A of Schedule B) as a percentage of the Owner's reasonably expected basis in the property as of the close of the second calendar year following the calendar year in which the allocation is made (Column C of Schedule B).
  - a current Schedule B – Owner's Self-Certification, which is a written certification from the Owner, signed under penalty of perjury, of the percentage of the reasonably expected basis in the property that the Owner has incurred by the close of the current calendar year. The Schedule B must be accompanied by supporting source documentation verifying the costs included in Column A, including, but not limited to invoices.

  If a property applies to the Top Off Set-Aside Category, a Schedule B does not need to be submitted.

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- The Applicant must submit a property development timeline which evidences that the anticipated placed in service dates for the buildings in the property are no later than December 31 of the second calendar year following the calendar year in which the initial Carryover Allocation is (was) made. The timetable included in WVHDF Form 1040 will be an acceptable property development timeline to fulfill this requirement.

- The Applicant must submit an updated and accepted (by the Ownership Entity) written response from the syndicator providing an estimate of the percentage of tax credit dollars that will be available to fund property costs. Such written response **must be dated within 60 calendar days prior to the Carryover Allocation Request submission**. For a property applying to the Top Off Set-Aside Category, if available, a fully executed Partnership Agreement may be deemed acceptable.

- **Regardless of whether or not there is a change from the written estimate or proposal which was submitted with the property's Reservation Request**, the Applicant must submit a written estimate of or proposal for the hard construction costs and builder's line items (Builder's General Requirements, Builder's General Overhead, and Builder's Profit – amount provided separately for each) prepared by the potential general contractor identifying such general contractor for the property and such general contractor's State license number.

For properties with either HOME Program or HTF Program financing, the above-referenced written estimate or proposal must include applicable costs associated with the fulfillment of BABA requirements.

For new construction properties with either HOME Program or HTF Program financing, the above-referenced written estimate or proposal must include applicable costs associated with the fulfillment of the applicable energy efficiency standards as outlined in the Final Determination: Adoption of Energy Efficiency Standards for New Construction of HUD- and USDA-Financed Housing, which was published in the Federal Register on April 26, 2024.

Such estimate or proposal shall provide a line-item breakdown of construction costs utilizing, at a minimum, the 16-divisions as defined by the Construction Specifications Institute's MasterFormat and a line-item breakdown of Builder's costs for Builder's General Requirements, Builder's General Overhead, and Builder's Profit, each listed separately.

For properties which involve both rehabilitation of existing structures and new construction, the above-required estimate or proposal must clearly delineate each line item for each type of work (rehabilitation and new construction) to be completed.

If a property applies to the Top Off Set-Aside Category and such property has executed a construction contract the Applicant must submit the following:

- the executed (by the Owner and the Property Contractor) construction contract which provides a line-item breakdown of construction costs utilizing the 16-divisions as defined by the Construction Specifications Institute's MasterFormat and a line-item breakdown of Builder's costs for Builder's General Requirements, Builder's General Overhead, and Builder's Profit, each listed separately;
- if available, the most recent draw documents (e.g. AIA G702 and G703 or similar documents); and
- if available, any AIA G701 Change Order forms executed by the Property Architect, Property Contractor, and Owner, which include the justification for such change order.

- The Applicant must submit a Secretary of State-issued Certificate of Existence or Authorization, as applicable, evidencing that it is properly in existence or qualified and registered to do business in the State.

- The Applicant must submit, if applicable, a Late Submission Fee in the form and amount specified in the Processing Fee section of the Manual.

The property must receive a Carryover Allocation Certificate from the Fund no later than December 31.

Phase I Environmental Site Assessment

If a property is selected to receive an allocation of Credits, the Fund must receive **by no later than the applicable deadline listed below,** a professionally prepared and independent Phase I Environmental Site Assessment ("Phase I") for the property, **addressed to and prepared for the Fund**. The Phase I must be prepared in accordance with the American Society for Testing and Materials (ASTM) E1527-13 Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process, or its successor standard.

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In addition to the ASTM standards, the following considerations must be addressed in the Phase I:

- asbestos-containing building materials, radon, lead-based paint, regulatory health and safety compliance;
- continuing obligations or ongoing responsibilities, state and local compliance responsibilities related to toxic or hazardous substances, or corrective action relating to past noncompliance on the property;
- indoor air quality;
- lead in drinking water;
- mold; and
- potential for residual contamination from agricultural activities, such as the use of arsenical pesticides, even where such substances were used in accordance with the label.

It is highly recommended that the applicant utilize the Fund's form entitled Phase I Environmental Site Assessment Contract Rider when contracting with an assessment provider. The form, to be completed by the assessment provider, requires the provider to list which pages of the assessment address fulfillment of each of the above requirements. Such form should be submitted with or be included as part of the Phase I.

The Phase I submission deadlines are as follows:

- for properties which require RD or HUD approval or for Tax-Exempt Bond-Financed Properties – no later than March 1 of the year following the year in which the property received (1) its initial Carryover Allocation Certificate (for Non-Tax-Exempt Bond Financed Properties) or (2) its initial Selection Decision

Letter providing notification of selection (for Tax-Exempt Bond Financed Properties).

- for all other properties – no later than January 1 of the year following the year in which the property received its initial Carryover Allocation Certificate.

Such Phase I will be reviewed by the Fund's designated construction professional for the purposes of the LIHTCP. For properties which are requesting HOME Program or HTF Program funds from the Fund, such Phase I will also be reviewed for purposes of the HOME Program and/or HTF Program, as applicable, in accordance with the applicable regulations. Issues identified that cannot be remediated or that are cost prohibitive may result in such property's selection decision being rescinded. The Fund's review of the Phase I is solely for the Fund's use. Applicants, lenders, syndicators, tenants, and any other parties involved in any such property are not entitled to and should not rely upon or in any way utilize the Fund's review of the Phase I for any purpose.

All environmental issues associated with a property must be remediated to a standard acceptable to the Fund. The Applicant is responsible for all legal costs and fees, if any, incurred by the Fund in reviewing and accepting the remediation plans submitted by the Applicant.

If a property applies to the Top Off Set-Aside Category, a Phase I Environmental Site Assessment does not need to be submitted.

Prior to Equity Closing

The provisions of the Prior to Equity Closing subsection do not apply to properties applying to the Top Off Set-Aside Category.

Prior to equity closing, the Fund will re-underwrite the property utilizing the updated information. Such underwriting may indicate that a reduction of Credits is necessary or may, in some cases, indicate that a property may need to apply for additional Credits at the next scheduled application cycle.

Note: Once a property places in service, such property is not permitted to request additional Credits in a subsequent calendar year.

If the underwriting indicates that a reduction of Credits is necessary, the Fund may require such Ownership Entity to sign a Mutual Consent Agreement to a Return of Credit (WVHDF LIHTCP-9) so that such Credits can be re-allocated in the current or following year.

All required pre-equity closing documents must be uploaded to the Prior to Equity Closing subfolder in the property's Microsoft Team, including the complete and final

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construction plans and specifications. The Fund does not want printed full-size plans submitted during the Prior to Equity Closing stage.

If the property is requesting Fund-provided construction and/or permanent financing which requires approval by the Fund's Board of Directors, see the Special Note at the bottom of this section of the Manual.

The requirements for Prior to Equity Closing are as follows:

- No later than 30 **calendar** days prior to equity closing, the Applicant must submit the following:
  - a Notification of Equity Closing Date (WVHDF Form LIHTCP-L),
  - an ownership chart of the Ownership Entity (down to the individual level) including percentages owned,
  - evidence documenting that the Property Architect and Property Contractor have completed Fair Housing Act and Americans with Disabilities Act training acceptable to the Fund (1) no earlier than three years prior to the property's Reservation Request due date and (2) no later than 30 calendar days prior to the completion and submission to the Fund of the final plans and specifications,
  - if committed to in the property Reservation Request, evidence documenting that the Property Contractor or a Principal of the developer/co-developer has attended Green Building Training for Residential Housing acceptable to the Fund (1) no earlier than three years prior to the property's Reservation Request due date and (2) no later than 30 calendar days prior to the completion and submission to the Fund of the final plans and specifications,
  - complete and final construction plans,
  - complete and final construction specifications,
  - for properties which involve new construction, a Geotechnical Report performed by a professional and independent third party,
  - if the Favorable Financing scoring criterion was committed to in the property's Reservation Request, a Favorable Financing Certification (WVHDF LIHTCP-R) and applicable Pre-Development and Bridge Financing documentation evidencing fulfillment of the requirements as outlined in the Favorable Financing scoring criterion subsection of the Plan, or evidence that the property does not require Pre-Development and Bridge Financing,
  - an updated construction cost estimate and/or construction contract based upon the complete and final plans and specifications. The final construction cost estimate or construction contract shall identify the actual general contractor for the property and such general contractor's State license number and provide a line item breakdown of construction costs utilizing, at a minimum, the 16-divisions as defined by the Construction Specifications Institute's MasterFormat and a line item breakdown of Builder's costs for Builder's General Requirements, Builder's General Overhead, and Builder's Profit, each listed separately,

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<#>evidence documenting that the Property Architect and Property Contractor have completed Fair Housing Act and Americans with Disabilities Act training as outlined in the Requirements for Requests and Time-Sensitive Deadlines, Reservation Requests subsection of the Manual.¶
<#>if committed to in the property's Reservation Request, evidence documenting that the Property Contractor or a Principal of the developer/co-developer has attended Green Building Training as outlined in the Green Building Training for Residential Housing subsection of the Plan.¶

- **for properties which involve rehabilitation of Existing Housing**, a complete and final scope of work by unit based upon the updated construction cost estimate, and
- **for Existing Housing properties which are claiming recently-replaced appliances, recently-replaced roofs, or recently-replaced siding and trim**, the documentation as required in the Energy Efficiency and Quality of Housing section of the Plan.

Important Notes:

- The above-referenced construction plans must evidence fulfillment of the Applicant's Quality of Housing commitments (e.g. include door, window, HVAC, and appliance schedules), except for the Green Building Training for Residential Rental Housing commitment.
- For properties which include new construction, the above-referenced construction plans must incorporate the recommendations from the property's Geotechnical Report. Additionally, the construction estimate must include applicable costs associated with fulfilment of the Quality of Housing commitments and Geotechnical Report recommendations.
- For properties with either HOME Program or HTF Program financing, the above-referenced construction plans and specifications must include the required BABA certification statement to inform all parties of the BABA requirements. Additionally, the construction estimate must include applicable costs associated with the fulfillment of BABA requirements.
- For new construction properties with either HOME Program or HTF Program financing, the above-referenced construction plans and specifications must incorporate the applicable energy efficiency standards as outlined in the Final Determination: Adoption of Energy Efficiency Standards for New Construction of HUD- and USDA-Financed Housing, which was published in the Federal Register on April 26, 2024. Additionally, the construction estimate must include applicable costs associated with the fulfillment of the applicable energy efficiency standards.
- Responses to the Fund's plan and specifications review must be signed by the Owner, the Property Architect, and the Property Contractor.

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- No later than 15 **Business** Days prior to equity closing, the equity syndicator must provide, and the Applicant must submit the following:
  - a Prior to Equity Closing Summary of Equity Syndicator-Required Reserves (LIHTCP-M) which summarizes information regarding **each of the reserves required by the Partnership Agreement**; and
  - a Prior to Equity Closing Summary of Equity Syndicator-Required Fees (LIHTCP-N) which summarizes information regarding **each of the fees required by the Partnership Agreement. The Fund reserves the right to review and approve the reasonableness, as determined in**

the Fund's sole discretion, of the credit delivery schedule, which is a required element of the LIHTCP-N.

Important Note: Any capitalized or expensed reserve account included in the property's application must be defined in the Partnership Agreement. Any funds remaining in such reserve account at the end of the Compliance Period or sale of the property, whichever is earlier, must be used to either reduce any outstanding debt on the development, or must remain with the property to fund capital improvements, maintenance and repairs, or operating shortfalls of the property. Additionally, any reserve that is temporary or is structured to be disbursed as part of a cash flow waterfall or that has contradictory language to the aforementioned Fund-required language will not be recognized as an allowable property cost for the purpose of calculating Credit need.

- No later than 15 **Business** Days prior to equity closing, the Applicant must submit the following:
  - a WVHDF Form 1040 with updated pages 2 through 14a,
  - only if the Property Contractor and/or Property Architect have changed from the property's Reservation Request or the property's Carryover Allocation Request, a completed and certified Quality of Housing section of the current WVHDF Form 1040 for each non-contiguous parcel which (post-construction) will contain residential rental units,
  - the draft Partnership Agreement including any and all exhibits,
  - for properties which involve an RD 515 mortgage, at a minimum, an RD-provided draft RD Preliminary Assessment Tool ("PAT") for the property,
  - a dated property and liability insurance estimate or invoice for the property dated no earlier than 60 calendar days prior to submission to the Fund, and
  - any documents which have been updated from the document submitted with the Carryover Allocation Request which would impact pages 2 through 14a of WVHDF Form 1040 (e.g. an updated financing commitment).

- If required by the Fund (for a property whose General Partner has an identity of interest with the land seller), no later than 30 **calendar** days prior to equity closing, the Applicant must submit a professionally-prepared and independent appraisal report **addressed to and prepared for the Fund**. Such appraisal must be prepared by a licensed/certified appraiser and will be used to determine the acceptability of the purchase price of the land.

  If the property involves construction and/or permanent Fund-provided financing, the Fund will engage the appraiser. The Applicant will be responsible for the cost of the appraisal.

- If required by the Fund (for a property which involves substantial rehabilitation), no later than 30 **calendar** days prior to equity closing, the Applicant must submit a professionally-prepared and independent appraisal

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report **addressed to and prepared for the Fund**. Such appraisal must be prepared by a licensed/certified appraiser and will be used to determine the acceptability of (1) the property's purchase price (land and buildings) and (2) the property's rehabilitation costs.

If the property involves Fund-provided construction and/or permanent financing, the Fund will engage the appraiser. The Applicant will be responsible for the cost of the appraisal.

If the property involves acquisition of land and buildings, the appraisal must at a minimum include the following values:

- As-Is land value
  - For new construction properties, the land valuation should be As If Vacant
  - For rehabilitation properties, the land valuation must consider the fact that buildings are located on the land (therefore land cannot be valued As If Vacant)
- As-Is building value (not including land)
  - **Market**: as if market rents are in place. The appraiser will not consider the unique aspects of below-market financing, federal subsidies and/or Credits in this value estimate.
  - **Restricted**: based on current restricted rents (not inflated). The appraiser will consider the unique aspects of below-market financing, federal subsidies and/or Credits in this value estimate.
- Prospective value upon completion of rehabilitation (not including land)
  - **Market**: as if market rents will be in place. The appraiser will not consider below-market financing, federal subsidies and/or Credits in this value estimate.
  - **Restricted**: based on estimated future restricted rents. The appraiser will consider below-market financing, federal subsidies and/or Credits in this value estimate.

At a minimum, the appraiser must utilize the Income Approach and either the Sales Comparison Approach or Cost Approach. The acceptability of the property's purchase price (land and buildings) will be determined based upon the Income Approach. If the purchase price is greater than the appraised value, the Owner must submit an explanation for the excess. Any excess purchase price which cannot be justified (in the Fund's sole discretion) will be disallowed. Generally, the prospective value of the property (plus the appraised value of the land), must support the total Adjusted Basis of the acquisition and substantial rehabilitation of the buildings in the property (exclusive of the developer's fee and other intermediary costs) and the total cost attributed to the land.

In addition to the appraisal report, the appraiser must complete the Fund's form entitled Appraisal Valuations Summary Sheet. Such summary sheet must be submitted with or included as part of the

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appraisal.

Special Note: The above deadlines pertain solely to LIHTCP requirements. **If the property is requesting Fund-provided construction and/or permanent financing which requires approval by the Fund's Board of Directors, additional lead time may be necessary for the Fund to prepare the Board packet.**

Documents Due One Year from the Date of the Carryover Allocation Certificate

The provisions of the Documents Due One Year from the Date of the Carryover Allocation Certificate subsection do not apply to properties applying to the Top Off Set-Aside Category.

Additionally, the provisions of this subsection do not apply to Tax-Exempt Bond Financed Properties. See instead the section entitled Bond Closing Deadline and Post-Bond Closing Submissions for Tax-Exempt Bond Financed Properties.

The Fund has implemented the provision of the Housing and Economic Recovery Act of 2008 relating to the extension of time to meet the 10% Carryover Allocation Test to one year from (carryover) allocation. Accordingly, as required by Subsection 42(h)(1)(E)(ii) of the Code, an Owner of a building that receives a Credit allocation (Carryover Allocation Certificate) under the State Housing Credit Ceiling must have basis in the property as of the date which is one year from the date of the Carryover Allocation Certificate of more than 10% of the Owner's reasonably expected basis in the property as of the close of the second calendar year following the calendar year in which the allocation is made.

For the purposes of the 10% Carryover Allocation Test, basis means Adjusted Basis of land and depreciable real property, whether or not such amounts are includable in Eligible Basis (as defined in Subsection 42(d) of the Code). An Owner has basis in land and other acquired real property when the benefits and burdens of ownership have been transferred to the Owner. Whether an Owner has basis in construction costs depends upon the method of accounting used by the Owner (i.e., accrual or cash). The accounting method of any flow-through entity shall be applied to determine the Owner's basis for the Carryover Allocation Test.

The Fund has determined that certain other requirements must be fulfilled during this one-year period for a property to evidence progression towards placing in service within the two-year timeframe prescribed by Subsection 42(h)(1)(E)(i) and as described in the first paragraph of the Requirements for Requests, Allocation Requests section of the Manual. If each applicable requirement listed below is not fulfilled by the prescribed timeframe, the property's Credit allocation will be cancelled and returned to the Fund.

Given the importance of these requirements, the Fund strongly encourages the Applicant to achieve the 10% Carryover Allocation Test and to submit all documents necessary to fulfill the requirements listed below within three to six months into the above-referenced one-year period. Delaying the achievement of any of the requirements listed below reduces the time remaining for the property to place in service and may jeopardize the Credit allocated to the property. As required by Subsection 42(h)(1)(E)(i) of the Code, a building that receives a Credit allocation (Carryover Allocation Certificate) under the State Housing Credit Ceiling must place in service no later than December 31 of the second calendar year following the calendar year in which the allocation was made. Neither the Plan nor the Manual contemplates or permits an automatic re-allocation of returned Credits if the placed-in-service deadline is not fulfilled. It is the joint responsibility of the General Partner and the property developer to ensure that adequate time is allotted to place all buildings in service prior to the above-referenced placed-in-service deadline. <u>If a building is not placed in service within the specified timeframe, the allocation will be cancelled and returned to the Fund</u>.

<u>No later than one year from the date of the Carryover Allocation Certificate</u>, the Applicant must submit the following:

- a Schedule B – One-Year accompanied by an independent CPA Cost Certification evidencing that the Owner's basis in the property as of the date the Schedule B was prepared is more than 10% of the Owner's reasonably expected basis in the property, as of the close of the second calendar year following the calendar year in which the allocation is made; or if the property places in service within the one-year period, the Owner may instead submit, by no later than one year from the date of the Carryover Allocation Certificate, a Schedule D to WVHDF Form 1040 (Final Cost Certification) accompanied by an Independent CPA Cost Certification and Examination report;
  <u>Note</u>: The current model formats for the Carryover Allocation Test Letter and Independent CPA Cost Certification are attached as Exhibit B to the Manual. The Fund will accept modifications to the model formats if necessary, to conform to policy changes by the American Institute of Certified Public Accountants.

- a WVHDF Form 1040 with updated pages 2 through 14a.

- documentation evidencing that the Owner has maintained continuous site control (from the date of the initial site control submitted with the property's Reservation Request) in the name of the Ownership Entity and has established site control in the name of the Ownership Entity in the form of a recorded deed or Long-Term Lease.

- documentation evidencing that the Owner has received a written permanent financing commitment for all sources and amounts of permanent financing (including any developer financing – the Applicant must submit a fully completed and executed Fund form entitled Deferred Developer Fee Permanent Financing Commitment. It is anticipated that the Deferred Developer Fee will bear no interest).

- the final fully executed Partnership Agreement with the equity provider.

- documentation evidencing that all necessary/required local zoning, local planning, and building permit approvals have been received. If a property is in a jurisdiction which does not require one or more of these approvals, the Applicant must submit documentation evidencing that fact. Local zoning approval is not required for Existing Housing.

- if applicable, documentation evidencing that all necessary/required HUD approvals have been received. HUD approvals include, as applicable to the property, the following:
  - Evidence of transfer of property-based rental assistance to the Ownership Entity;
  - HUD's "Authority to Use Grant Funds";
  - Satisfactory evidence of HUD/FHA loan note insurance;
  - ➢ Fully executed Agreement to Enter into Housing Assistance Payments Contract, including Part I, Part II, and all necessary and required exhibits AND evidence of HUD subsidy layering review completion AND evidence of environmental review approval; and/or
  - "Environmental Statutory Checklist" (if environmental publication is not required).

- if applicable, documentation evidencing that all necessary/required RD approvals have been received. RD approvals include, as applicable to the property, the following:
  - Mortgage Loan Assumption Agreement;
  - Interest Credit Agreement;
  - Rental Assistance Agreement; and/or
  - Evidence of an RD loan note guarantee in the form of a conditional commitment.

- the following management documents:
  - an Affirmative Fair Housing Marketing Plan on Form HUD-935.2A (12/2011 or most recent version) for the property, and all required attachments. [If the Owner submits a plan which has been approved by HUD or RD, and such approval is currently in force, the Fund may accept that approved plan to satisfy this requirement.],
  - property management plan,
  - property management agreement,
  - property tenant selection plan,
  - form of property lease agreement, and

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- all lease addendums.

Note: Minor deficiencies identified as a result of the Fund's review of the Affirmative Fair Housing Marketing Plan may be resolved by virtue of an updated plan that addresses any such minor deficiencies.

Bond Closing Deadline and Post-Bond Closing Submissions for Tax-Exempt Bond Financed Properties

The provisions of this subsection apply only to Tax-Exempt Bond Financed Properties.

Once a Tax-Exempt Bond Financed Property receives a Selection Decision Letter which provides notification that the Property has been selected to receive Credits, such property must close on the bonds and the equity prior to December 15 of the **following** calendar year.

For Tax-Exempt Bond Financed Properties, no later than 90 **calendar** days after the bond closing for such property, the Applicant must submit the following:

- documentation evidencing that the Owner has maintained continuous site control (from the date of the initial site control submitted with the property's Reservation Request) in the name of the Ownership Entity and has established site control in the name of the Ownership Entity in the form of a recorded deed or a Long-Term Lease.

- documentation evidencing that the Owner has received a written permanent financing commitment for all sources and amounts of permanent financing (including any developer financing – the Applicant must submit a fully completed and executed Fund form entitled Deferred Developer Fee Permanent Financing Commitment. It is anticipated that the Deferred Developer Fee will bear no interest).

- the final fully executed Partnership Agreement with the equity provider.

- documentation evidencing that all necessary/required local zoning, local planning, and building permit approvals have been received. If a property is in a jurisdiction which does not require one or more of these approvals, the Applicant must submit documentation evidencing that fact. Local zoning approval is not required for Existing Housing.

- documentation evidencing that all necessary/required HUD approvals have been received. HUD approvals include, as applicable to the property, the following:
  - Evidence of transfer of property-based rental assistance to the Ownership Entity;
  - HUD's "Authority to Use Grant Funds;"
  - Satisfactory evidence of HUD/FHA loan note insurance;

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- Fully executed Agreement to Enter into Housing Assistance Payments Contract, including Part I, Part II, and all necessary and required exhibits AND evidence of HUD subsidy layering review completion AND evidence of environmental review approval; and/or
- "Environmental Statutory Checklist" (if environmental publication is not required).

- documentation evidencing that all necessary/required RD approvals have been received. RD approvals include, as applicable to the property, the following:
  - Mortgage Loan Assumption Agreement;
  - Interest Credit Agreement;
  - Rental Assistance Agreement; and/or
  - Evidence of an RD loan note guarantee in the form of a conditional commitment.

- the following management documents:
  - an Affirmative Fair Housing Marketing Plan on Form HUD-935.2A (12/2011 or most recent version) for the property, and all required attachments. [If the Owner submits a plan which has been approved by HUD or RD, and such approval is currently in force, the Fund may accept that approved plan to satisfy this requirement],
  - property management plan,
  - property management agreement,
  - property tenant selection plan,
  - form of property lease agreement, and
  - all lease addendums.

  <u>Note</u>: Minor deficiencies identified as a result of the Fund's review of the Affirmative Fair Housing Marketing Plan may be resolved by virtue of an updated plan that addresses any such minor deficiencies.

<u>Special Note</u>: The above deadlines pertain solely to LIHTCP requirements. **Generally, the above-referenced documents would be required by the lenders, syndicators, and other parties, <u>prior to</u> bond closing.**

<u>Lease-Up Stage and Rent Increases Post-Prior to Equity Closing Underwriting</u>

During the lease-up stage, it is anticipated that units will be rented at the net tenant rents included in the Prior to Equity Closing WVHDF Form 1040. To rent units at a rent which is higher than those rents reflected at the Prior to Equity Closing stage, the Fund's written consent must be requested and obtained. In addition, the Fund anticipates implementing formal procedures for rent increases as well as annual utility allowance approvals. Such procedures will be outlined in the Tax Credit Compliance Manual.

Allocation Requests

As required by Subsection 42(h)(1)(E)(i) of the Code, a building that receives a Credit allocation (Carryover Allocation Certificate) under the State Housing Credit Ceiling must place in service no later than December 31 of the second calendar year following the calendar year in which the allocation was made. <u>If a building is not placed in service within the specified timeframe, the allocation will be cancelled and returned to the Fund</u>.

For a building to receive a Credit allocation under the State Housing Credit Ceiling, it must receive Allocation Certifications, constituting a final Credit allocation. Such Allocation Certifications are issued by the Fund in conjunction with the Fund's processing of a property's Allocation Request. An Applicant may submit a property's Allocation Request provided that:

- all buildings in the property are placed in service (for new construction properties, such properties must fulfill the Substantial Completion requirements as contained in the Allocation Policies, Substantial Completion Requirements for Newly Constructed Building section of the Manual),
- all permanent loans for the property are closed, and
- all construction loans have been repaid.

In the event the above-stated requirements are fulfilled in the last quarter of the calendar year, at the Applicant's request and with the Fund's approval, the Allocation Request may be submitted in the next calendar year in order for the Applicant to avoid submission of a Late Submission Fee. The Fund will process the Allocation Request as time permits, but processing will be completed no later than December 31 of the calendar year the Allocation Request was submitted.

If an Applicant has placed buildings in service but does not fulfill the permanent financing and/or construction financing requirements listed above, but such Applicant is eligible to and desires to claim Credits in the placed-in-service year, the Fund will execute the Regulatory and Restrictive Covenants for Land Use Agreement prior to the end of the calendar year. Generally, the amount of Credits referenced in the Regulatory and Restrictive Covenants for Land Use Agreement will be the amount allocated in the property's Carryover Allocation Certificate. The Fund will not issue the Allocation Certifications for the property until it has received and reviewed the Allocation Request. Documentation evidencing placement in service must be submitted in order for this provision to be applicable.

<u>Special Note</u>: Consistent with 26 CFR 1.42-14(d)(2)(ii), an allocation of Credits may not be returned, in whole or in part, any later than 180 calendar days following the close of the first taxable year of the Credit Period for the building that received the allocation. After that date, Credits that might otherwise be returned expire, and cannot be returned to or reallocated by the Fund. Therefore, to enable the Fund to re-allocate Credits which may be returned by a property placing in service, generally

the Fund requires that Allocation Requests be submitted no later than April 30 of the year following the first tax year of such property's Credit Period. **Consequently, it is important to take this into consideration when structuring construction loan repayment (or conversion to permanent status) or when structuring permanent loan closing.**

The Fund will accept Allocation Requests for selected properties on or before September 30. The Fund will continue to accept Allocation Requests for selected properties through December 10, to the extent reasonably possible, and will not accept Allocation Requests after December 10, except in extenuating circumstances, which shall be determined in the Fund's sole discretion. A Late Submission Fee, in an amount set forth in the Processing Fee section of the Manual, will be due in connection with any Allocation Request submitted on or after October 1. **The Fund offers no assurance to the Applicants that the Fund will have sufficient time to process any Allocation Request received on or after October 1**.

The Fund accepts Allocation Requests solely through Microsoft Teams. All Allocation Request documents must be uploaded to the Allocation Request subfolder in the property's Microsoft Team, with the exception of the Final Fee and any applicable Late Submission Fee which must be submitted by check or wire transfer.

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In the event an Applicant fails to submit all the necessary supporting documentation to verify the property's satisfaction of the requirements listed below, the Fund will notify the Applicant of the acceptance deficiencies. If applicable, the Late Submission Fee accrues at the applicable daily rate until all acceptance deficiencies are addressed and resolved. The Late Submission Fee Schedule is included in the Processing Fee, Late Submission Fee section of the Manual.

The requirements for Allocation Requests are as follows:

- The Applicant must submit
  - a complete updated WVHDF Form 1040 in Excel format,
  - an executed WVHDF Form 1040 signature page,
  - a Schedule A to WVHDF Form 1040 for each building in the property (not required for single-building properties), and
  - a Schedule D to WVHDF Form 1040.

  The Schedule D must be accompanied by an Independent CPA Cost Certification and Examination report, the required elements of which are described in the Allocation Policies, Cost Certification Requirements, Independent CPA Cost Certification and Examination section and Exhibit C to the Manual.

Deleted: <#>a completed and certified Quality of Housing section of WVHDF Form 1040 for each non-contiguous parcel which (post-construction) will contain residential rental units [if the Quality of Housing responses, the Property Architect, and the Property Contractor have **not** changed, submit the pages which were submitted with the Reservation Request], ¶

- The Applicant must submit documentation evidencing that all buildings in the property (according to Credit type – new construction, acquisition, or rehabilitation) have been placed in service during the same calendar year. In limited circumstances, the Fund, on a case-by-case basis and upon written request from the Owner, may allow a property to place buildings in service in different calendar years.

- The Applicant must submit the Final Fee in the form and amount specified in the Processing Fee section of the Manual.

- The Applicant must submit a copy of the promissory note for and must have closed on all sources of permanent financing (including any developer financing), for all amounts of such financing. In lieu of a promissory note for the deferred Developer's Fee, the Fund will accept the Development Services Agreement or comparable agreement, if such document includes the terms, timeframe, and obligation to pay such deferred Developer's Fee.

- The Applicant must submit documentation evidencing that all construction financing has been repaid.

- The Applicant must submit an executed (by the Owner and the Property Contractor) construction contract specifying the contract amount and builder's line items (Builder's General Requirements, Builder's General Overhead, and Builder's Profit – amount provided separately for each) identifying the actual general contractor for the construction of the property and such general contractor's State license number. The final draw documents (e.g. AIA G702 and G703 or similar documents) must also be submitted. The final construction contract shall provide a line-item breakdown of construction costs utilizing the 16-divisions as defined by the Construction Specifications Institute's MasterFormat and a line-item breakdown of Builder's costs for Builder's General Requirements, Builder's General Overhead, and Builder's Profit, each listed separately.

- For multiple-building properties, the Applicant must submit an as-built site plan which identifies each building by building number and includes the unit numbers and number of units in each building.

- For any property which committed to the Reachable Green Space Percentage scoring criterion, the Applicant must submit a post-construction certified survey including a calculation of the Reachable Green Space percentage which must evidence that the criterion was met or exceeded.

- For any property that involves new construction, the Applicant must submit a Substantial Completion Certification (WVHDF Form LIHTCP-H) signed by the Owner, Property Architect, and Property Contractor that the property fulfills the definition of substantial completion as is described in the Allocation Policies, Substantial Completion Requirements for Newly Constructed Buildings section of the Manual.

- The Applicant must submit a Management Company Contact Form (WVHDF LIHTCP-T).

- The Applicant must submit a Unit Report (WVHDF LIHTCP-U).

- The Applicant must submit written confirmation from the equity provider confirming (1) all equity installments made to date, (2) any remaining equity installments to be paid, and (2) that the remaining amounts will be paid and will not be reduced.

- The Applicant must submit a current rent roll which includes, at a minimum, the following unit level items:
  - Number of bedrooms – list must include occupied and vacant units,
  - Number in household,
  - Household income,
  - Tenant paid rent, and
  - Utility allowance.

- For any property which involves new HUD property-based subsidy, the Applicant must submit a fully executed Housing Assistance Payments Contract including all necessary and required attachments.

- For properties which involve the rehabilitation of Certified Historic Structures, the Applicant must submit an attestation or report provided by an Independent CPA listing the qualified restoration expenditures (QRE) of the property.

- For Tax-Exempt Bond Financed Properties, the Applicant must submit an attestation or report provided by an Independent CPA listing the percentage of each building and the land on which such building is located which was financed by tax-exempt obligations. The percentage for each building and the land on which such building is located must be 50% or greater to be allocated Credit outside of the State Housing Credit Ceiling.

- The Applicant must submit, if applicable, a Late Submission Fee in the form and amount specified in the Processing Fee section of the Manual.

Each building in a property must receive an Allocation Certification from the Fund no later than December 31 of the year such property fulfills the bulleted requirements as listed in the second paragraph of this section of the Manual, or no later than December 31 of the following year as described in the third paragraph of this section of the Manual. A building that is eligible to receive two types of Credit (acquisition and rehabilitation) will be issued a separate Allocation Certification for each type of Credit.

Prior to the issuance of the final Credit Allocation Certifications for any building in a property, the Owner must execute, deliver, and cause the recording of, in the office of the Clerk of the County Commission of the county where each building in the property is located, a properly completed Regulatory and Restrictive Covenants for Land Use Agreement (WVHDF

LIHTCP-7 or LIHTCP-8), which is the Fund's agreement for the "Extended Low-Income Housing Commitment" under Subsection 42(h)(6) of the Code. Evidence showing the date, deed book and page numbers of record, must be provided to and deemed acceptable by the Fund prior to the issuance of the final Credit Allocation Certifications. The Extended Low-Income Housing Commitment is described in the Plan under the section Selection and Preference Criteria, Preference for Properties Obligated to Serving Qualified Tenants for the Longest Periods of Time.

Additionally, the Fund will not issue the final Credit Allocation Certifications for a property until one of the Fund's designated construction professionals has visited the site and verified that all energy efficiency and quality of housing commitments have been fulfilled. Also, prior to issuance of the final Credit Allocation Certifications, all fees owed by the General Partner to the Fund must be current.

Submission to the Fund of IRS Forms 8609 with Part II Completed

The Fund requests that the IRS Forms 8609 with Part II Completed by an authorized representative of the Ownership Entity be submitted to the Fund as soon as completed, but generally no later than 90 days after the IRS Forms 8609 are released by the Fund to the Ownership Entity.

PROCESSING FEE

All of the provisions of the Processing Fee section also apply to Tax-Exempt Bond Financed Properties, except for references to the Carryover Allocation provisions.

The Fund has established a Processing Fee structure for Applicants under the Plan:

Initial Fee The greater of $1,750 or 5.0% of the housing credit dollar amount **requested**, due with the Reservation Request. For Tax-Exempt Bond Financed Properties, if the amount in the Code Subsection 42(m) letter is higher than the requested amount in the property's Reservation Request, an additional initial fee will be due at time of bond closing. The additional initial fee will be equal to the additional housing credit dollar amount times 5.0%.

Final Fee The greater of $1,750 or 5.0% of the housing credit dollar amount **allocated** (at Carryover for non-Tax-Exempt Bond Financed properties) or for Tax-Exempt Bond Financed Properties, the greater of $1,750 or 5.0% of the housing credit dollar amount included in the Code Subsection 42(m) letter, due with the Allocation Request.

Note: If a property requested Credit from more than one year, the total Credits from each Carryover Allocation Certificate will be added together to calculate the Final Fee.

For a property which involves both Existing Low-Income Housing and New Supply, the following fees apply:

Initial Fee The greater of $2,000 or 7.5% of the housing credit dollar amount **requested**, due with the Reservation Request.

Final Fee The greater of $2,000 or 7.5% of the housing credit dollar amount **allocated** (at Carryover for non-Tax-Exempt Bond Financed properties) or for Tax-Exempt Bond Financed Properties, the greater of $2,000 or 7.5% of the housing credit dollar amount included in the Code Subsection 42(m) letter, due with the Allocation Request.

Note: If a property requested Credit from more than one year, the total Credits from each Carryover Allocation Certificate will be added together to calculate the Final Fee.

The Initial Fee and the Final Fee will not be applicable to any property located in a county that does not have any LIHTCP units. This currently includes two such counties: Clay and Doddridge. As noted in the Requirements for Requests, Reservation Requests section of the Manual, it is highly recommended that properties proposed in these counties be sized conservatively (small number of units) given the fact that these counties are rural, and the market is small.

The Initial Fee and the Final Fee will be one-half of the amount otherwise required for a property that has a qualified non-profit (see definition provided under the Selection and Preference Criteria, Property Characteristics, Set-Aside Categories subsection of the Plan) owning 100% of the General Partner interest for their first LIHTCP property.

The Processing Fee must be submitted in the form of a check or wire transfer. If the Processing Fee is submitted in the form of a wire transfer, the Applicant must submit a Wire Transfer Notification Form at least 48 hours prior to submitting the wire transfer. The Applicant must allow enough time to ensure that the wire transfer is received into the Fund's account prior to the stated deadline in the Program Calendar.

Retention of the Initial Fee

The Initial Fee will be retained by the Fund in accordance with the guidelines outlined below.

- The Fund will retain the greater of $1,750 or 3.5% (capped at a maximum of $3,000) of the housing credit dollar amount requested for a property once its Reservation Request has been reviewed by the Fund for meeting or exceeding the applicable requirements as described in the Requirements for Requests, Reservation Requests section of the Manual, regardless of whether such property was accepted or rejected.

- The Fund will retain the greater of $3,500 or 4.5% (capped at a maximum of $6,000) of the housing credit dollar amount requested for a property if such property is not selected once its Reservation Request has been evaluated against the Selection and Preference Criteria. The Fund will retain this same amount on properties which do not meet or exceed the minimum score threshold.
- The Fund will retain the entire Initial Fee for a property if such property is selected and the Applicant has accepted such property's selection status in writing.

Retention of the Final Fee

The Fund will retain the entire Final Fee for a property once such property receives its final Allocation Certifications for each building in such property.

Late Submission Fee

In the event an Applicant submits a Carryover Allocation Request or an Allocation Request on or after October 1, the Applicant must post a Late Submission Fee in addition to the Processing Fee described above. The Late Submission Fee Schedule is as follows:

{Remainder of page left intentionally blank.}

Date Submitted	Late Submission Fee	Date Submitted	Late Submission Fee	Date Submitted	Late Submission Fee
10/1	$600	11/1	$3,800	12/1	$9,900
10/2	$700	11/2	$4,000	12/2	$10,200
10/3	$800	11/3	$4,200	12/3	$10,500
10/4	$900	11/4	$4,400	12/4	$10,800
10/5	$1,000	11/5	$4,600	12/5	$11,100
10/6	$1,100	11/6	$4,800	12/6	$11,400
10/7	$1,200	11/7	$5,000	12/7	$11,700
10/8	$1,300	11/8	$5,200	12/8	$12,000
10/9	$1,400	11/9	$5,400	12/9	$12,300
10/10	$1,500	11/10	$5,600	12/10*	$12,600
10/11	$1,600	11/11	$5,800	12/11	$12,900
10/12	$1,700	11/12	$6,000	12/12	$13,200
10/13	$1,800	11/13	$6,200	12/13	$13,500
10/14	$1,900	11/14	$6,400	12/14	$13,800
10/15	$2,000	11/15	$6,600	12/15	$14,100
10/16	$2,100	11/16	$6,800	12/16	$14,400
10/17	$2,200	11/17	$7,000	12/17	$14,700
10/18	$2,300	11/18	$7,200	12/18	$15,000
10/19	$2,400	11/19	$7,400	12/19	$15,300
10/20	$2,500	11/20	$7,600	12/20	$15,600
10/21	$2,600	11/21	$7,800	12/21	$15,900
10/22	$2,700	11/22	$8,000	12/22	$16,200
10/23	$2,800	11/23	$8,200	12/23	$16,500
10/24	$2,900	11/24	$8,400	12/24	$16,800
10/25	$3,000	11/25	$8,600	12/25	$17,100
10/26	$3,100	11/26	$8,800	12/26	$17,400
10/27	$3,200	11/27	$9,000	12/27	$17,700
10/28	$3,300	11/28	$9,200	12/28	$18,000
10/29	$3,400	11/29	$9,400	12/29	$18,300
10/30	$3,500	11/30	$9,600	12/30	$18,600
10/31	$3,600			12/31	$18,900

* The Fund will not accept Carryover Allocation Requests or Allocation Requests after December 10, except in extenuating circumstances, which shall be determined in the Fund's sole discretion.

The Late Submission Fee must be submitted at the time the Applicant submits the property's Carryover Allocation Request or Allocation Request, in the form of a check or wire transfer.

The Late Submission Fee, if applicable, for properties selected from either a specific or the pooled Set-Aside Category waiting list will be waived if the Carryover Allocation Request for such property is submitted within three **Business** Days of the date of the selection letter. Otherwise, the Late Submission Fee charged will be one-half of the amount shown in the table above.

Market Study Resubmission Fee

The Fund will charge a $250 fee if a market study submitted with a property's Reservation Request must be resubmitted to the Fund during the Threshold Review and Correction Period due to incorrect income bands being used in the calculation of demand in the originally submitted market study. Such fee must be submitted prior to the end of the Threshold Review and Correction Period. If the fee is not submitted in the time prescribed, the Fund will reject the property's Reservation Request.

Additionally, the Fund will charge a $250 fee if the property's lower income targeting is required to be increased due to provisions included in the Selection and Preference Criteria, Preference for Properties Serving the Lowest Income Tenants, Option 1: Tenants with Incomes at or below 40% of the Area Median Gross Income subsection of the Plan.

Credit Check Re-Run Fee

If the Fund must re-run a credit check on a Principal due to an error on the Credit Check Authorization and Release Form or when the Fund has been informed that credit has been unfrozen, but remains frozen, the Fund will charge a $50 fee for each additional instance that the Fund must re-run the credit check.

Administrative Waiver Fee

The Fund will charge a $1,000 fee for each administrative waiver granted with respect to a property. An administrative waiver will not take effect until the Fund has received the fee. No fee will be charged to any property in the event an administrative waiver applies to all properties.

The Fund will not grant an administrative waiver to any property whose developer and/or General Partner has either

- outstanding issues of non-compliance for any property in the State that have been reported to the IRS as continuing to be unresolved after the end of the correction period, or

- past due outstanding LIHTCP compliance monitoring fees owed to the Fund.

Penalty for Failure to Meet the Bond Closing Deadline

The provisions of this subsection apply only to Tax-Exempt Bond Financed Properties.

Once a Tax-Exempt Bond Financed Property receives a Selection Decision Letter which provides notification that the property has been selected to receive Credits, the selection has been accepted in writing, such property must close on the bonds and the equity prior to December 15 of the **following** calendar year. There will be no extensions. Properties which have received a bond inducement resolution from the Fund's Board of Directors, and which fail to meet the above-referenced December 15 deadline, will be required to pay a penalty which is defined in the Fund's Debt Management Policy.

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Ineligibility for Inclusion in Basis

Based upon guidance provided by the IRS, the Processing Fee (including any Late Submission Fee, Market Study Resubmission Fee, and any Administrative Waiver Fee) may be included as a Property Cost, but is not eligible for inclusion in Adjusted Basis, Eligible Basis, and Qualified Basis.

ALLOCATION POLICIES

Timing of Allocations

This subsection of the Manual does not apply to Tax-Exempt Bond Financed Properties.

The Fund's policy is to allocate (either as carryover allocations or as placed in service allocations) the current year State Housing Credit Ceiling to all selected and qualified properties on or before December 31 of the current year. Accordingly, all properties that are selected to receive any portion of the State Housing Credit Ceiling must become eligible and qualified to receive Carryover Allocation Certificates for the property or Allocation Certifications for each building in the property on or before December 31 of the current year.

Any selected property that is not eligible and qualified to receive Carryover Allocation Certificates for the property or Allocation Certifications for each building in the property on or before December 31 of the current year will not be carried over into the next year. The Credits reserved in the selection notification letter and Binding Agreements (and Elections for Applicable Percentages) (WVHDF LIHTCP-4) entered into for the buildings in any such property will be automatically canceled and the application for the property will be automatically rejected.

If the Fund executes Binding Agreements in a previous year to allocate a portion of a future year's State Housing Credit Ceiling, such Credit will reduce the amount available in the applicable set-aside category. Such reduction will be reflected in the State Housing Credit Ceiling – Set-Aside Categories and Amounts for the corresponding calendar year. Such Binding Agreements will not be honored after

December 31 of the following year unless the property has been issued a Carryover Allocation Certificate or each building in the property has been issued Allocation Certifications on or before December 31 of the following year.

Except as is referred to in the Property Selection Process, Property Selection section of the Plan, the Fund will not enter into Binding Agreements (WVHDF LIHTCP-4) that commit the Fund to allocate any housing credit dollar amounts from any future year's State Housing Credit Ceiling.

<u>Issuance of Subsection 42(m) Letter</u>

The provisions of this subsection apply only to Tax-Exempt Bond Financed Properties.

Subsection 42(m)(1)(D) of the Code provides that in order for a Tax-Exempt Bond Financed Property to receive an allocation of Credits outside of the State Housing Credit Ceiling, such property must satisfy the requirements for an allocation of Credits under the qualified allocation plan applicable to the area in which the property is located. Additionally, Subsection 42(m)(2)(D) of the Code provides that the governmental unit which will issue the bonds (or on behalf of which the bonds are to be issued) must make a determination that the Credits to be allocated to the property do not exceed the amount necessary for the financial feasibility of the property and its viability as a qualified low-income housing property throughout the credit period.

The Fund will issue the Subsection 42(m) letter after completion of its prior to equity closing underwriting. In addition to references to the property's fulfillment of Subsections 42(m)(1)(D) and 42(m)(2)(D) of the Code, the letter will contain the amount of Credits currently anticipated to be allocated to the property. However, the amount of Credit could decrease or increase based upon Allocation Request application stage underwriting.

<u>Substantial Completion Requirements for Newly Constructed Buildings</u>

This subsection of the Manual applies to all properties <u>including</u> Tax-Exempt Bond Financed Properties.

With respect to when the newly constructed buildings in a property are considered substantially complete <u>to be eligible to submit an Allocation Request</u>, and not to establish any building's placed in service date, the Fund implements a more conservative approach than the provisions of IRS Notice 88-116 (which govern the establishment of a building's placed in service date).

A newly constructed building will be considered to be substantially complete on the date that:

- the building is 95% or more complete;

- all common areas and facilities and all residential rental units in the buildings are permanently connected to all utility services, including
  - electric/gas,
  - water,
  - sewer,
  - telephone,
  - cable; and
- there is no accessibility impediment to ingress or egress to or from
  - the property,
  - its buildings,
  - units, and
  - common areas and facilities.

<u>Definition of "Property"</u>

This subsection of the Manual <u>does not</u> apply to Tax-Exempt Bond Financed Properties.

A "property" is defined as consisting of either a single stand-alone building that is not part of a group of multiple buildings (as described next) or a group of multiple buildings having similarly constructed housing units, located on the same tract of land, owned by the same entity for federal income tax purposes and financed pursuant to a common plan of finance.

The Fund permits only certain types of Scattered Site Properties. Permissible Scattered Site Properties are ones where
- all parcels are located within the same municipality (city or town), or
- all parcels are not located within any municipality, but all are located in the same county.

Impermissible Scattered Site Properties are ones where parcels in such property are located
- in different municipalities within the same county, or
- in a mixture of municipalities and unincorporated areas of the same county, or
- in different counties.

Any attempts to circumvent this policy will result in the rejection of each and all of the involved applications received by the Fund for each and all of the properties involved.

<u>Limitations on Amount of Property Allocation</u>

This subsection of the Manual <u>does not</u> apply to Tax-Exempt Bond Financed Properties.

The Fund's policies prohibit any reservation or allocation to any one property that exceeds the Credit limit per low-income residential rental unit shown in the table below:

Bedroom Size	Per Low-Income Unit Credit Limits for Existing Housing Properties	Per Low-Income Unit Credit Limits for All Other Properties
Efficiency	$11,700	$17,300
1 Bedroom	$13,300	$20,000
2 Bedrooms	$16,300	$24,400
3 Bedrooms	$21,000	$31,400
4 Bedrooms	$23,100	$34,400

In addition, the Fund's policies prohibit any reservation or allocation to any one property that exceeds 15% of the per capita portion of the current year State Housing Credit Ceiling.

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As soon as it is available, the "15% amount" will be provided on the Fund website (www.wvhdf.com) and emailed to the Fund LIHTCP mailing list.

An Applicant can apply for additional Credits in one of the subsequent two calendar years, but no later than the placed-in-service calendar year, and only to the extent that the above stated limit for any such calendar year would not be exceeded in the aggregate.

Limitations on Number of Applications Submitted

This subsection of the Manual applies to all properties including Tax-Exempt Bond Financed Properties.

The Fund's policies limit the number of Pre-Registration forms and Reservation Requests per regular (non-Tax-Exempt Bond Financed) property application periods and per Tax-Exempt Bond Financed Property application period, as follows:

Description	Pre-Registration Forms	Reservation Requests
"First-time" Property Developer or General Partner	Two	One
Others	Six	Three

Pre-Registration Forms or Reservation Requests applying for an allocation of Credits from the Top Off Set-Aside Category of the current year State Housing Credit Ceiling will not count toward the above-referenced limits. A "first-time" property developer or General Partner includes any person or entity that has not placed in service an LIHTCP property located in the State and received the final Allocation Certifications for the buildings in the property.

Additionally, for a first-time property developer or General Partner, who has not placed in service an LIHTCP property located in any state and has not received the final Allocation Certifications for the buildings in the property, if selected, such developer or General Partner is not permitted to submit a Pre-Registration Form or Reservation Request in subsequent application periods until final Allocation Certifications are issued on the selected property.

Further, the Fund prohibits the submission of a Reservation Request for a Tax-Exempt Bond Financed Property by a first-time property developer or General Partner, who has not placed in service a Tax-Exempt Bond Financed Property located in any state and has not received the final Allocation Certifications for the buildings in the property.

The Fund has determined that any consultant or consulting entity which will receive 25% or more of the total Developer's Fee is considered by the Fund to be a co-developer and is therefore subject to the above limitation. Such consultant must be listed in the WVHDF Form 1040 as a co-developer.

Any attempts to circumvent this policy will result in the rejection of each and all of the involved applications received by the Fund for each and all of the properties involved.

Market Saturation and Geographical Dispersion of Credits

This subsection of the Manual applies to all properties including Tax-Exempt Bond Financed Properties.

The Fund evaluates the need for new production in counties and in cities in the State. New production includes new construction or rehabilitation (with or without acquisition) involving conversion to affordable rental housing. The goals of this evaluation are to ensure the following:

- that the rental housing market for areas with new production properties recently completed or still under construction (not yet rented up) are not impaired due to the approval of additional new production properties in such areas;
- that rental housing markets are not saturated with LIHTCP units; and

- that the proportion of LIHTCP units in a county are not inappropriate as compared to the Statewide percentage.

Consequently, the Fund reserves the right to exclude areas for new production as deemed appropriate to fulfill the above-stated goals. Such excluded areas, if any are identified, would be provided via notice to the mailing list and provided on the Fund website no later than the day of the annual Application Workshop.

Additionally, as stated in the Plan, a property may be rejected if more than one property is included in the same primary market area, and it is determined that the selection of more than one property in the same primary market area would be unsustainable for market purposes.

Further, the Fund, in its sole discretion, may determine not to select multiple properties in one market area serving the same tenant population even if demand is substantiated by a market study. In this determination, the Fund's goal would be to geographically disperse Credits in the State.

Per Unit Minimum Rehabilitation

This subsection of the Manual applies to all properties including Tax-Exempt Bond Financed Properties.

The Fund requires that any property involving rehabilitation incur, in the aggregate, "hard cost" rehabilitation residential rental Adjusted Basis (listed as "Rehabilitation of Existing Structures" in the property costs listed in WVHDF Form 1040) that is greater than $25,000 per residential rental unit in any such property.

Adjusted Property Cost Limits

This subsection of the Manual applies to all properties including Tax-Exempt Bond Financed Properties.

Adjusted property costs are defined as the Total Property Costs (WVHDF Form 1040, Page 3, Part VII, Line 32, Column 1) net of historic tax credits (if any), one-half of the purchase price of land if the Reachable Green Space Criterion is met (New Supply only), commercial rental costs (if any), permanent loan fees, tax credit processing fee, developer's fee, operating reserve, construction loan interest (after the placed-in-service date), rent-up costs, organizational costs, rent-up reserves, consultant's fee, and asset management fee reserve (if any). To determine the reasonableness of adjusted property costs, the Fund has analyzed the adjusted property costs of recently cost-certified LIHTCP properties in the State. Based upon this analysis the Fund will be utilizing the following adjusted property costs limits:

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Bedroom Size	Adjusted Property Cost Limits for Existing Housing Properties	Adjusted Property Cost Limits for All Other Properties
Efficiency	$122,635	$183,055
1 Bedroom	$141,031	$210,514
2 Bedrooms	$172,058	$256,827
3 Bedrooms	$221,955	$331,307
4 Bedrooms	$244,150	$364,437

Adjusted property costs will be compared to the aggregation (based upon the property's unit composition by the number of bedrooms) of the corresponding cost limits based upon the type of property. In the event a property is in excess of the applicable adjusted property cost limit, the Applicant must submit the following:

- for the excess related to construction costs, a detailed line item cost overage explanation including dollar amounts prepared by the general contractor, and/or
- for the excess related to intermediary costs, a detailed line item cost overage explanation including dollar amounts prepared by the Applicant.

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Note: Such explanation should detail why the property is **different** than other LIHTCP properties and therefore costlier to construct or rehabilitate. Explanations which include items which are part of a standard LIHTCP property will not be considered as justification for the excess. For example, the requirement to pay Davis-Bacon wage rates is not so unique as to constitute a justification. It is the responsibility of the Applicant to submit a detailed and thorough excess cost explanation to justify the excess adjusted property costs associated with the property.

Adjusted property costs in excess of the aggregation of the corresponding cost limits which cannot be justified (in the Fund's sole discretion) given the specific development characteristics of the property (e.g. location in a difficult development area, site conditions, prevailing wage requirements, rehabilitation to historical standards, etc.) will result in the Fund decreasing Property Costs, and therefore Adjusted Basis, Eligible Basis, Qualified Basis, and the Eligible Housing Credit Dollar Amount from those contained in the property's application, and the Housing Credit Dollar Amount Needed for the property or for each building in the property.

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A designated construction professional of the Fund will perform a construction costing of all properties that are selected to receive Credits to verify the reasonableness of the property costs. The Fund's construction costing is solely for the Fund's use. Applicants, lenders, syndicators, tenants, and any other parties involved in any such property are not entitled to and should not rely upon or in any way utilize the Fund's construction costing for any purpose.

Developer's Fee

This section of the Manual applies to all properties <u>including</u> Tax-Exempt Bond Financed Properties.

A Developer's Fee represents compensation that is actually paid from the Ownership Entity, often over a period of time, to the individual, entity, or both, who is responsible for the development of the property including fees paid to consultants. "Development" includes the work, costs and risks associated with the development of a property.

In specifying the maximum amount of Developer's Fee that may be included in the Property Costs, Adjusted Basis, Eligible Basis, and Qualified Basis for each property or for each building in a property, the following differentiations are taken into account:

- properties that (1) have been occupied as residential rental housing at any time during the year preceding the date of the site control document for the subject property, which is furnished with the initial Reservation Request, and those properties that (2) have not been occupied; and

- properties where (1) an identity of interest does not exist between the Principals of the property developer and the Principals of the general contractor and those properties where (2) an identity of interest does exist.

An identity of interest between the Principals of the property developer and the Principals of the general contractor is construed to exist if any of the following conditions exist:

- When there is any financial interest of a Principal of the property developer in the general contractor.

- When a Principal of the property developer is also an officer, director, owner, partner or stockholder of the general contractor.

- When a Principal of the general contractor or the general contractor advances any funds to a Principal of the property developer or the property developer.

- When a Principal of the general contractor takes any interest in the property developer as part of the consideration to be paid to the general contractor.

- When any relationship exists, which would give a Principal of the property developer or a Principal of the general contractor control or undue influence over the price of the contract, or the price paid to the subcontractor, material supplier or lessor of equipment.

- When there exists or comes into being any side deals, agreements, contracts or undertakings entered into or being contemplated between a Principal of the property developer and a Principal of the general contractor.

WVHDF Form 1040 requires the Applicant to disclose any identity of interest between any of the development team members, including the Principals of the property developer, general contractor, and General Partner.

The matrix below contains the equations to be used to determine the maximum amount of Developer's Fee that may be included in the Property Costs, Adjusted Basis, Eligible Basis, and Qualified Basis for the property or for each building in the property.

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DEVELOPER'S FEES FOR PROPERTIES THAT HAVE NOT BEEN OCCUPIED AS RESIDENTIAL RENTAL HOUSING AT ANY TIME DURING THE YEAR PRECEDING THE DATE OF THE SITE CONTROL DOCUMENT FOR THE SUBJECT PROPERTY, WHICH IS FURNISHED WITH THE INITIAL RESERVATION REQUEST

Identity of Interest Does Not Exist	**Identity of Interest Does Exist**
The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to: 18% of Adjusted Basis*	*The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to the lesser of:* 18% of Adjusted Basis*; and (22% of Adjusted Basis*) minus Builder's Profit

DEVELOPER'S FEES FOR PROPERTIES THAT HAVE BEEN OCCUPIED AS RESIDENTIAL RENTAL HOUSING AT ANY TIME DURING THE YEAR PRECEDING THE DATE OF THE SITE CONTROL DOCUMENT FOR THE SUBJECT PROPERTY, WHICH IS FURNISHED WITH THE INITIAL RESERVATION REQUEST

Identity of Interest Does Not Exist	**Identity of Interest Does Exist**
Acquisition	**Acquisition**
The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to: 10% of Acquisition Adjusted Basis*	*The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to:* 10% of Acquisition Adjusted Basis* Note: Acquisition Developer's Fee is only includable in property costs and adjusted basis if Acquisition credit is being requested for the Property.
Substantial Rehabilitation	**Substantial Rehabilitation**
The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to: 15% of Substantial Rehabilitation Adjusted Basis*	*The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to the lesser of:* 15% of Substantial Rehabilitation Adjusted Basis*; and (18% of Substantial Rehabilitation Adjusted Basis*) minus Builder's Profit)

* Adjusted Basis, which by definition excludes land and any other costs which are not capitalized and depreciated, and which, for the purposes of the Developer's Fee formulas provided above also excludes property costs in excess of the Fund property cost limits, and the Developer's Fee itself.

The maximum Developer's Fee is further limited to the amount of Developer's Fee that is actually paid, or otherwise earned or recognized as income, from one unrelated individual, entity, or both to another individual, entity, or both as compensation for the work, costs and risks associated with the development of a property.

The equations used to determine the maximum amount of Developer's Fee apply to the total of the amounts listed in the application for Developer's Fee, and to any separately-listed Consultant's Fees or other costs relating to the development work and costs associated with the development of a property.

In the event the total of the amounts listed in the WVHDF Form 1040 (for the property) and Schedule A to WVHDF Form 1040 (for each building in the property) for Developer's Fee and for any separately-listed Consultant's Fees or other costs related to the development work and costs associated with the development of a property exceed the applicable limit, the Fund will make a corresponding reduction in each such property's or building's allowed Property Costs, Adjusted Basis, Eligible Basis, Qualified Basis, and, therefore, Eligible Housing Credit Dollar Amount and the Housing Credit Dollar Amount Needed. In the event the Partnership Agreement and/or construction documents contemplate a construction management fee or similar fee which is paid to the property developer for unused construction contingency, such fee will be taken into account when determining if the Developer's Fee exceeds the applicable limit.

In order for the Developer's Fee to be eligible for inclusion in Property Costs, Adjusted Basis, Eligible Basis, and Qualified Basis, the payment, recognition, and taxation of the Developer's Fee must comply with IRS requirements.

<u>Additional restrictions on Developer's Fee and restrictions on deferred Developer's Fee</u>:

- The Fund will **not** approve an increase in the Developer's Fee above the amount included in the WVHDF Form 1040 submitted and approved during the Carryover Allocation Request application stage <u>for Non-Tax-Exempt Bond Financed Properties or the amount included in the WVHDF Form 1040 submitted and approved during the Prior to Equity Closing stage for Tax-Exempt Bond Financed Properties</u>, regardless of changes to property costs.

  <u>Note</u>: The Developer's Fee may be decreased at the Allocation Request application stage. This could be due to, among other causes, (1) actual CPA cost-certified Property Costs and Adjusted Basis being less than the anticipated Property Costs and Adjusted Basis included in the WVHDF Form 1040 submitted during the Carryover Allocation Request application stage, or (2) property costs exceeding Fund Property Cost Limits above what was anticipated at the Carryover Allocation Request application stage. If a decrease in Developer's Fee is warranted based upon a property's final Property Costs and Adjusted Basis, the Developer's Fee amount must be reduced and the lower amount reflected in an updated CPA Cost Certification.

- The Fund may determine during underwriting that based upon the financial characteristics of a property, it cannot sustain the full amount of Developer's Fee requested, even though the amount requested is within the limits contained in the Manual. Prior to making any adjustments to the Developer's Fee, the Fund would discuss the reduction with the Applicant.

- If a state-designated basis boost is being requested for a property, a minimum deferred Developer's Fee will be required as set forth in the Allocation Policies, State Designated Basis Boost subsection of the Manual.

- If HOME or HTF or ERA2 Housing Fund financing or any other Fund-provided soft source (whether fully amortizing or not) is being requested by a property, a minimum deferred Developer's Fee will be required in the same manner as set forth in the Allocation Policies, State Designated Basis Boost subsection of the Manual.

- Up to 50% of the Developer's Fee can be deferred if the property's cash flow evidences that the deferred Developer's Fee can be paid within 15 years of placement in service, with acceptable residual cash flow in the Fund's sole determination. The Fund may permit a deferred Developer's Fee above the 50% limit, but only in limited circumstances and only if the property's cash flow evidences the above-referenced 15-year repayment requirement.

- Regardless of the percentage of Developer's Fee deferred, the Fund will ensure a property's cash flow projections (using standard underwriting assumptions) support the reasonable expectation that the deferred Developer's Fee can be paid within 15 years of placement in service. If the property's cash flow does not evidence the ability to pay the planned deferred Developer's Fee within the 15 years, the Developer's Fee will be reduced (lower use of funds) accordingly, and as a result, the deferred Developer's Fee will be reduced (lower source of funds) to an acceptable amount. A deferred Developer Fee cannot be classified as a General Partner capital contribution to circumvent this policy.

Contingencies and Construction Change Orders

This section of the Manual applies to all properties including Tax-Exempt Bond Financed Properties.

The Fund does not permit a contingency to be included **within** a property's construction estimate or construction contract, unless such contingency is required in writing by HUD, another governmental agency, or an independent third party. However, a construction contingency may be included in the estimated property costs listed in WVHDF Form 1040, as follows:

- For new construction properties – no higher than 5% of hard costs (excludes off-site improvements)

Deleted: or rehabilitation

- For rehabilitation and adaptive re-use properties – no higher than 10% of hard costs (excludes off-site improvements)

The Fund will permit a 5% contingency on soft costs. However, such soft cost contingency may be disallowed where there is minimal or no deferred Developer's Fee.

When a modification to the construction contract is requested **OR** if any budgeted contingency (if required in writing by HUD, another governmental agency, or an independent third party) within the construction contract is utilized, regardless of the funding source for the related construction draw, the Fund must receive an AIA G701 Change Order form executed by the Property Architect, Property Contractor, and Owner, which includes the justification for such change order. Each change order, including zero-dollar change orders, should be submitted within 45 calendar days after the occurrence of the event giving rise to such change order and must be reviewed and approved by the Fund.

All requests for a change order to be reviewed and approved by the Fund, must be submitted via an email to changeorders@wvhdf.com. The email should include the following:
- The AIA G701 Change Order form executed by the Property Architect, Property Contractor, and Owner.
- A clear explanation for what necessitated the change order and why the work was not contemplated in the original contract.
- A detailed explanation of how the change order amount was calculated including a detailed break-down of costs.
- All backup documentation (invoices, timesheets, etc.).

Note: If a property's change orders include an addition of builder's line items to positive change orders, negative change orders must similarly include a reduction of builder's line items.

Regarding rain/weather delays, the Fund will only permit zero dollar change orders for time extensions.

Failure to submit change orders within the 45 calendar days will not automatically negate the Carryover Allocation Certificate, but may result in the Fund disallowing such additional costs which would result in the Fund decreasing Property Costs, and therefore Adjusted Basis, Eligible Basis, Qualified Basis, and the Eligible Housing Credit Dollar Amount from those contained in the property's application, and the Housing Credit Dollar Amount Needed for the property or for each building in the property.

Builder's Line Items

This section of the Manual applies to all properties <u>including</u> Tax-Exempt Bond Financed Properties.

The table below will be used to determine the maximum amount of builder's line items that may be included in the Property Costs, Adjusted Basis, Eligible Basis, and Qualified Basis for the property or for each building in the property. These percentages are to be applied to the Adjusted Basis of the hard construction costs (plus demolition, if applicable). Hard construction costs generally include demolition, on-site land improvements, off-site land improvements, and new structures construction costs or rehabilitation of existing structures construction costs, but only to the extent that such costs are part of the construction contract. Regardless of whether or not a contingency is included within the construction estimate or construction contract, the Fund does not allow Builder's Line Items to be calculated on a construction contingency.

Builder's Line Item Description	Percentage of the Adjusted Basis of the Hard Construction Costs
Builder's General Requirements	6%
Builder's General Overhead	2%
Builder's Profit	6%
Total Builder's Operating Cost and Profit	14%

Builder's General Requirements consist of items and resources needed for completion of the property that will not be part of the finished product that is turned over to the Owner. Builder's General Requirements will vary due to property type, location, and site conditions. This category generally includes but is not limited to supervision, job site engineering, job office expenses including clerical wages, whether on-site or offsite, if for the property, temporary buildings, tool sheds, shops and toilets, temporary heat, water, light and power for construction, temporary walkways, fences, roads, siding and docking facilities, sidewalk and street rental, construction equipment rental not in individual trade item costs, clean-up and disposal of construction debris, medical and first aid supplies and temporary facilities, watchman's wages, security cost and theft and vandalism insurance signage or other barriers. Pre-construction costs such as bidding are part of Builder's General Requirements and must be included within that amount and cannot exceed the percentage above.

Builder's Overhead consists of a general contractor's costs associated with a new construction or rehabilitation project that does not include the direct cost of wages or materials.

Builder's Profit means the return anticipated for providing building construction services under competitive conditions taking into consideration on-site construction time, work performed by the builder, number of subcontractors and extent of subcontract work and risk and responsibility.

Builder's Line Items are not permitted on "below the line items" including, but not limited to, building permit fees, bond premiums, and insurance.

Applicants must provide in the WVHDF Form 1040 (for the property) and Schedule A to WVHDF Form 1040 (for each building in the property) the amounts for Builder's General Requirements, Builder's General Overhead, and Builder's Profit.

In the event any of the amounts listed in the WVHDF Form 1040 (for the property) and Schedule A to WVHDF Form 1040 (for each building in the property) for Builder's Requirements, Builder's General Overhead, and Builder's Profit exceed the applicable limit, the Fund will make a corresponding reduction in each such property's or building's allowed Property Costs, Adjusted Basis, Eligible Basis, Qualified Basis, and, therefore, Eligible Housing Credit Dollar Amount and the Housing Credit Dollar Amount Needed.

General Contractor Financial Disclosures

Any general contractor for any LIHTCP property must, upon request by the Fund, provide acceptable financial statements, as determined in the Fund's sole discretion. Any contractor not willing to provide such financial statements is not permitted to work as a general contractor in the LIHTCP.

Cost Certification Requirements

This subsection of the Manual applies to all properties including Tax-Exempt Bond Financed Properties.

The Fund recognizes two types of Cost Certifications, one prepared and certified by the Owner, or an authorized representative thereof ("Owner's Cost Certification"), and one examined and certified by an independent Certified Public Accountant ("Independent CPA Cost Certification and Examination").

Owner's Cost Certification

WVHDF Form 1040 (on a property basis) and Schedule A to WVHDF Form 1040 (on a building-by-building basis) constitute an Owner's Cost Certification. The WVHDF Form 1040 and each Schedule A to WVHDF Form 1040 are to be prepared based on the method of accounting used by the Owner for federal income tax purposes. The WVHDF Form 1040 and Schedule A to WVHDF Form 1040 must detail the property's total costs as well as those costs that qualify for inclusion in Eligible Basis under Subsection 42(d) of the Code. WVHDF Form 1040 is a required document for any application for Credits and Schedule A to WVHDF Form 1040 for each building in the property is a required document for an Allocation Request. There are three stages of application through which a property is processed – Reservation Request, Carryover Allocation Request, and Allocation Request.

At the Reservation Request and Carryover Allocation Request application stages, the amounts listed and certified to by the Owner as the Property Costs and Residential Rental Adjusted Basis are the Owner's **best estimate**, at the time such Request is prepared, of what the actual final Property Costs and Residential Rental Adjusted Basis will be for the property. At the Allocation Request application stage, the amounts listed and certified by the Owner as the Property Costs and Residential Rental Adjusted Basis are the **actual final** Property Costs and Residential Rental Adjusted Basis incurred by the Owner for each building in the property.

The Fund will verify the mathematical and logical accuracy of the Owner's Cost Certification of Property Costs and Residential Rental Adjusted Basis (contained in WVHDF Form 1040 (for the property) and Schedule A to WVHDF Form 1040 (for each building in the property), at each applicable application stage. The Fund’s review of the WVHDF Form 1040 and Schedule A to WVHDF Form 1040 is solely for the Fund’s use. Applicants, lenders, syndicators, tenants, and any other parties involved in any such property are not entitled to and should not rely upon or in any way utilize the Fund’s review of the WVHDF Form 1040 and Schedule A to WVHDF Form 1040 for any purpose.

The Fund will also reconcile the Residential Rental Adjusted Basis contained in the WVHDF Form 1040 (for the property) and Schedule A to WVHDF Form 1040 (for each building in the property) to the corresponding Residential Rental Property Costs contained in the WVHDF Form 1040 (for the property) and Schedule A to WVHDF Form 1040 (for each building in the property) at each applicable application stage.

<u>Independent CPA Cost Certification and Examination</u>

In connection with an Owner’s submission and the Fund’s evaluation and processing of an Allocation Request for any property, the Owner must obtain and submit an originally signed Independent CPA Cost Certification and Examination report at the time the Allocation Request is submitted to the Fund. The Independent CPA Cost Certification and Examination report must include all final property costs and be in the format prescribed by the Fund, which is attached as Exhibit C to the Manual. The Fund has also prescribed the format in which the property’s final sources and uses of funds must be presented. The prescribed format is Schedule D to WVHDF Form 1040. The Schedule D must be accompanied by the Independent CPA Cost Certification and Examination report referred to above.

The Independent CPA Cost Certification and Examination must be prepared in conformity with the accounting practices prescribed by the IRS, under the method of accounting used by the Owner for federal income tax purposes, and in conformity with the prescribed format (Schedule D) set by the Fund. The auditor's report must be unqualified and must address all items required in the regulations. The Fund will review the Independent CPA Cost Certification and Examination report to determine that these requirements are met.

To reflect all final costs, any construction financing must be repaid so that Construction Loan Interest can be properly included. Any temporary reserves, such as a "90/90 Reserve" which is refunded after 90 calendar days of 90% occupancy is not considered a property cost and therefore, should not be reflected as a use of funds in the Independent CPA Cost Certification and Examination.

In the event an interested party imposes any requirement for an audit, examination, and/or cost certification of development costs, including but not limited to a federal audit, examination, and/or cost certification, a copy of any such audit, examination, and/or cost certification must be submitted to the Fund in connection with the submission of any such property's Allocation Request.

The Fund reserves the right to require additional cost certification due diligence for developments with related parties at the developer, general contractor, or subcontractor level, or for any other developments that the Fund judges to be high risk. This additional due diligence may include audits of general contractors and/or sampling of subcontractor invoices to verify consistency with the developer cost certification.

<u>Syndication Costs, Net Syndication Proceeds, and Fund Syndication-Related Requirements</u>

This subsection of the Manual applies to all properties <u>including</u> Tax-Exempt Bond Financed Properties.

Syndication costs represent those costs incurred by the syndicator in connection with obtaining investors for a property. Syndication costs are normally items incurred for the packaging of an investment unit and the promotion of the investment unit, including any marketing of the actual units, the production of any offering memoranda or promotion materials, the mobilization of any brokers/dealers who sell the investment units, and actual sales commissions paid to the sellers of such investment units. Accordingly, syndication costs are not considered to be Property Costs and, therefore, are not eligible for inclusion in the Property Costs, Adjusted Basis, Eligible Basis, or Qualified Basis for LIHTCP purposes.

Syndication costs are paid for out of the gross syndication proceeds raised from the investors. Accordingly, there is a direct and inverse relationship between the syndication costs and the net syndication proceeds available to fund Property Costs.

The Fund wants each of its LIHTCP properties to maximize the net syndication proceeds available to fund Property Costs. As a result, the Fund is interested in the amount of syndication costs incurred.

Syndication costs for a **private placement** should not exceed 15% of the gross syndication proceeds generated by virtue of such investment in the property. Syndication costs for a **public offering** should not exceed 25% of the gross syndication proceeds generated by virtue of such investment in the property.

The Fund recognizes that it does not have the ability to participate in the negotiation of the syndication arrangement between the developer and the syndicator for a property. Accordingly, in the event the syndication costs for a property are in excess of the amount determined based upon the applicable percentage stated above, the Fund will increase the net syndication proceeds available to fund property costs in an amount equal to the amount by which the syndication costs exceed the amount determined based upon the applicable percentage stated above, for the purposes of the LIHTCP housing credit need evaluation.

Once the Reservation Requests for the current year have been submitted, the Fund will review the entire universe of syndication proposals and determine the range of prices provided. In general, the Fund will use the syndication price indicated in the syndication proposal submitted with a property's Reservation, Carryover Allocation, or Allocation Request for the purpose of the Fund's housing credit need evaluation, unless such price is deemed to be substantially lower than the range of prices provided.

Additionally, the Fund will review the proposals to determine whether the Asset Management Fees charged are reasonable, as determined in the Fund's sole discretion, and within a relative reasonable range of all proposals. **The Fund requires an upfront capitalization of the Asset Management Fee for any property with an RD Section 515 Mortgage as RD does not permit Asset Management Fees to be included as an operating expense nor does RD permit the Asset Management Fees to be paid from Return to Owner.**

As referenced in the Prior to Equity Closing section of the Manual, as soon as it is available (preferably prior to issuance of a property's Carryover Allocation Certificate), but no later than 15 Business Days prior to equity closing, the equity syndicator must provide, and the Applicant must submit

- a Prior to Equity Closing Summary of Equity Syndicator-Required Reserves (LIHTCP-M) which summarizes information regarding **each of the reserves required by the Partnership Agreement**, and
- a Prior to Equity Closing Summary of Equity Syndicator Required-Fees which summarizes information regarding **each of the fees required by the Partnership Agreement**.

Important Note: Any capitalized or expensed reserve account included in the property's application must be defined in the Partnership Agreement. Any funds remaining in such reserve account at the end of the Compliance Period or sale of the property, whichever is earlier, must be used to either reduce any outstanding debt on the development, or must remain with the property to fund capital improvements, maintenance and repairs, or operating shortfalls of the property. Additionally, any reserve that is temporary or is structured to be disbursed as part of a cash flow waterfall or that has contradictory language to the aforementioned Fund-required language will not be recognized as an allowable property cost for the purpose of calculating Credit need.

Important Note: The Fund will not release a property's Allocation Certifications until all final costs are determined including construction loan interest. The equity pay-in schedule should take this requirement into consideration. As an example, a scheduled pay-in needed to pay off the construction loan should not be contingent upon the property's receipt of Allocation Certifications from the Fund.

Organizational Costs

This subsection of the Manual applies to all properties including Tax-Exempt Bond Financed Properties.

Organizational costs are costs that include the legal and accounting costs necessary to organize the Ownership Entity and the costs necessary to facilitate the filings of the necessary legal documents and other regulatory documentation required by federal and state law. These costs are separate from syndication costs, are includable in Property Costs, but are not eligible for inclusion in Adjusted Basis, Eligible Basis, or Qualified Basis for LIHTCP purposes.

Falsification of Documents

This subsection of the Manual applies to all properties including Tax-Exempt Bond Financed Properties.

Evidence of falsification of any documents submitted for any Fund program is grounds for rejection of an application and possible prohibition of future applications.

Major Changes to a Selected Property

This subsection of the Manual applies to all properties including Tax-Exempt Bond Financed Properties.

The Fund must be notified of any and all major changes to any selected property. Such major changes require approval by the Fund and will be reviewed by the Fund for such approval on a case-by-case basis in the Fund's sole discretion. If the Fund is not notified of such changes, the Fund reserves the right to reduce or revoke such application's allocation of Credits.

Examples of major changes include, but are not limited to, a change in the number of units, a change in the number of buildings, adding historic tax credit equity to the property, a change in the Ownership Entity structure (including, but not limited to, changes to the General Partner or ownership/control of the General Partner), a change in the character (low-income, market rate, commercial) of one or more units, or a substantial change (in excess of 10%) in the construction costs or total property costs. If an Applicant is unsure if the Fund would consider a specific change to be major, the Fund highly recommends erring on the side of caution and informing the Fund.

The Fund will not permit a change to the number of units in a property from the amount included in a property's initial Reservation Request.

Maintenance of Continuous Site Control

This subsection of the Manual applies to all properties including Tax-Exempt Bond Financed Properties.

Once the Reservation Request has been submitted to the Fund, the Ownership Entity must have and continuously maintain control of the site and existing buildings, if any, for the subject property in the form of a deed, option or purchase contract, an option to enter into a Long-Term Lease, or a Long-Term Lease in the name of the Ownership Entity. Note: For properties that are not initially selected to receive Credits during an application period, but choose to be wait-listed, the site control must be maintained until such property has been removed from the waiting list.

In the event the Ownership Entity loses site control of all or part of the site after the Reservation Request has been submitted to the Fund, the application for the property, regardless of stage of processing, will be automatically rejected and any documents entered into for such property or for the buildings in any such property will be automatically canceled.

In limited circumstances, the Fund may permit, on a case-by-case basis, additional parcel(s) of land to be added to a property. The Applicant must notify the Fund in writing and receive Fund approval prior to additional parcels being acquired.

The Fund believes that the location of the site is so integral to the acceptance and scoring of a property that the Fund will not consider a site change once a property's Reservation Request has been submitted, unless it is directly responsive to provide replacement housing only in the event of a federally declared disaster.

State-Designated Basis Boost

This subsection of the Manual does not apply to Tax-Exempt Bond Financed Properties since such properties are not eligible to receive a state-designated basis boost.

Subsection 42(d)(5)(B)(v) of the Code authorizes the Fund to award up to a 30% basis boost to any building that the Fund determines needs such basis boost to be financially feasible as part of a qualified low-income housing property. Unless the Fund declares otherwise in a separate notice, the state-designated basis boost is available in any county in the State pursuant to Subsection 42(d)(5)(B)(v) (as referenced in the following section), which is not otherwise eligible for a basis boost as permitted under Subsection 42(d)(5)(B)(ii) and (iii).

Guiding principle for awarding the state-designated basis boost: The basis boost must be considered necessary for the financial feasibility of the property.

The following items need to be considered reasonable for a property to be considered for the state-designated basis boost as permitted under Subsection 42(d)(5)(B)(v) of the Code:

- Per Credit equity price
- Total property costs
- Band of affordability for 60% units
- Vacancy percentage (from 5% to 7%)
- Other income
- Operating expenses per unit per annum
- Replacement reserve
- Repayment terms and interest rate on permanent financing
- Cash flow
- Debt Service Coverage Ratio (normally 1.25 to 1.30 or slightly lower for properties which have 50% or greater project-based rental subsidy)
- Deferred Developer's Fee. Generally, to be considered for a boost in basis, the required deferred Developer's Fee is 20% of the total allowed Developer's Fee. Only in the event the property's operating pro-forma does not show the ability to repay the required deferred Developer's Fee out of available cash flow will the Fund consider a deferred Developer's Fee of less than the required amount. The purpose of the boost in basis is not to ensure 100% of the Developer's Fee at the end of construction or shortly thereafter. If the developer is requesting less than 100% of the allowed Developer's Fee for the property (see the Allocation Policies, Developer's Fee section of the Manual), such reduction will be considered a portion of the required deferral.

Following are three examples demonstrating the calculation of the required Developer's Fee deferral.

Example	Item A Allowed Total Developer's Fee*	Item B Property's Actual Total Developer's Fee	Item C Difference of Item A and Item B	Required Deferred Developer's Fee**
A	$100,000	$100,000	$0	$20,000
B	$100,000	$90,000	$10,000	$8,000
C	$100,000	$80,000	$20,000	$0

* Per the Developer's Fee matrix included in the Allocation Policies, Developer's Fee section of the Manual.

** Calculation: The greater of [(Item B times 20%) less Item C] or zero.

Fund Underwriting Analysis

This subsection of the Manual applies to all properties *including* *Tax-Exempt Bond Financed Properties, except for references to the Carryover Allocation provisions.*

Subsection 42(m)(2)(A) of the Code requires that the housing credit dollar amount allocated to a property not exceed the amount that the allocating agency determines is necessary for the financial feasibility of the property and its viability as a qualified low-income housing property throughout the Credit Period. In making this determination of the housing credit dollar amount necessary, the allocating agency is required to consider the following in accordance with Subsection 42(m)(2)(B):

- the sources and uses of funds and the total financing planned for the property,
- any proceeds or receipts expected to be generated by reason of tax benefits,
- the percentage of the housing credit dollar amount used for property costs other than the cost of intermediaries, and
- the reasonableness of the developmental and operational costs of the property.

Consideration of the percentage of the housing credit dollar amount used for property costs (other than the cost of intermediaries) shall not be given so as to impede the development of properties in hard-to-develop areas. Subsection 42(m)(2)(B) of the Code also provides that "such a determination shall not be construed to be a representation or warranty as to the feasibility or viability of the project".

Subsection 42(m)(2)(C) of the Code also requires that the Fund analyze the property and make a determination of the amount of housing credit dollar amount necessary as of each of the following times:

- The application for the housing credit dollar amount (Reservation Request).
- The allocation of the housing credit dollar amount (Carryover Allocation Request).
- The date the building is placed in service (Allocation Request).

The basic underwriting spreadsheets that the Fund utilizes to complete the required analysis (underwriting) at each of the above-referenced application stages are attached as Exhibit D to the Manual, copies of which may be found on the Fund website (www.wvhdf.com) or by contacting the Fund at 1-800-933-9843.

QUALIFIED CONTRACT REQUEST PROCEDURE

All of the provisions of the Qualified Contract Request Procedure section apply to all properties including Tax-Exempt Bond Financed Properties.

A qualified contract is a bona fide contract to acquire (within a reasonable period after the contract is entered into) the non-low-income portion of the building for fair market value and the low-income portion of the building for an amount not less than the applicable fraction (specified in the Regulatory and Restrictive Covenants for Land Use Agreement) of the sum of (i) the outstanding indebtedness secured by the building, (ii) the adjusted investor equity in the building, and (iii) other capital contributions, reduced by cash distributions from or available for distribution from the property. A request for a qualified contract allows eligible Owners of properties receiving Credits to exit the LIHTCP after the end of the initial 15-year Compliance Period. The following procedure sets forth the terms and conditions Owners must follow to allow the Fund to administer qualified contract requests ("Requests"). A qualified contract is not available, and this procedure is not applicable, to an Owner that waived its right to request a qualified contract in the Regulatory and Restrictive Covenants and Land Use Agreement between the Owner and the Fund.

Time of Request

An eligible Owner of a property utilizing Credits may request a qualified contract pursuant to Subsection 42(h)(6)(E) of the Code for the acquisition of the low-income portion of the property any time after the last day of the fourteenth (14th) year of the Compliance Period. Generally, the Fund has one year from the date it notifies the Owner that it has all of the required information it needs to process the request. This one year time period may be extended as set forth below.

Qualified Contract Notification Letter

To begin the Request process, an Owner must submit a Qualified Contract Notification Letter (the "Notification Letter") to the Fund. The form of the Notification Letter may be obtained by contacting the Fund at 1-800-933-9843. This notice will not bind the Owner to submit a Request and does not start the one-year period for response from the Fund. The Notification Letter must address the following minimum criteria for eligibility to request a qualified contract.

- That the Owner did not waive its right to request a qualified contract in the Regulatory and Restrictive Covenants for Land Use Agreement.
- That the property has completed the fourteenth (14^{th}) year of its Compliance Period.
- That the property is in compliance with all of the requirements of Section 42 of the Code.
- That the Owner has secured complete, unconditional waivers of all purchase options, including any rights of first refusal relating to the property.
- That the Owner has not requested a qualified contract on the property in the past. The Owner may only request one (1) qualified contract per property.

In addition to the minimum eligibility requirements set forth above, the Notification Letter must include the following commitments and certifications from the Owner:

- That the Owner has not been notified of any audit or investigation or disallowance pertaining to Section 42 of the Code by the IRS, OR the Owner must provide any copies of IRS audit findings or disallowances which it has received during the Compliance Period.
- That all information submitted with the Notification Letter is accurate and complete.
- That the Owner is and will be solely responsible for all documents and information provided to the Fund and to prospective purchasers in connection with the Request.
- That the Owner agrees to cooperate with the Fund and its agents to present a qualified contract for purchase of the property. This may include providing copies of additional rent rolls, property tax returns, income certifications, repair and maintenance records, operating expenses and debt service information, and other due diligence documents. The Fund may, in its sole discretion, suspend the one-year time frame for presenting a qualified contract while waiting on such items.
- That the Owner agrees to provide access to the property for inspection by the Fund, its agents, and prospective purchasers.
- That the Owner agrees to indemnify, defend, and hold the Fund harmless with respect to the use of any information submitted.

Upon review of the Notification Letter, the Fund will notify the Owner in writing of its eligibility to submit a Request. The Fund will include instructions for submitting the request and will provide the Owner with a form reimbursement agreement.

Qualified Contract Request

If the Owner is notified that it is eligible to request a qualified contract, it must submit its Request by providing the following documentation to the Fund. The one-year period does not start until the Owner submits all required documents to the satisfaction of the Fund.

- A cover letter indicating the intentions of the Owner along with a fully completed "Calculation of Qualified Contract Price," ("QCP") including Worksheets A-E. These worksheets may be obtained by contacting the Fund at 1-800-933-9843. These forms must be accompanied by a signed letter from a Certified Public Accountant stating the name of the property and that he or she is an independent third-party Certified Public Accountant who is not an employee, officer, partner, member or shareholder of the Owner. The letter must further state that the calculation of the QCP has been completed, or reviewed and approved in accordance with 26 CFR Part 1, Section 1.42-18, published May 3, 2012 (77 Fed. Reg. 26175), or its appropriate successor. The letter must also state the determined QCP.
- All fees referenced below in the Fee section.
- All IRS Forms 8609 related to the property, showing part II completed.
- Annual audited financial statements for the three most recent years of property operation.
- Annual partnership or Ownership Entity tax returns for the most recent five years of the property's operations.
- Loan documents for all secured debt during the Compliance Period (and evidence that the Owner is in good standing, is not in default; and is not aware of any event, which but for the passage of time, would constitute default under the outstanding loan agreement and/or deed of trust encumbering the real property).
- Partnership Agreement, with all amendments.
- Evidence of consent of all partners or members and lenders to seek a qualified contract (or evidence that consent is not necessary).
- Any third party bona fide offers to purchase the property received within one year prior to the date of the Request.

- Title search showing all outstanding liens and encumbrances on the property.

- An executed Reimbursement Agreement.

Qualified Contract Request Fees

The Fund will assess the Owner a $3,500 non-refundable administration fee for processing a Request. The non-refundable fee may be adjusted for properties of five units or less. In addition to the administration fee, the Owner must execute an agreement to reimburse the Fund for all costs and must also deposit with the Fund $1,000 per unit up to a maximum of $30,000 to cover anticipated third party costs. This deposit may be used by the Fund to pay for such third party costs as:

- A physical needs assessment of the property;
- An appraisal of the property;
- A market study of the property;
- A Phase I environmental study and, if necessary, a Phase II environmental study;
- An accountant to confirm the QCP; and
- Legal fees.

These fees must be paid to the Fund at the time of the submission of the Request. If third party costs exceed the original deposit from the Owner, the Fund shall make a request for additional deposits. The processing of the Request will be suspended during any time an additional deposit has been requested from the Owner until such funds have been received by the Fund. If requested funds are not received within 15 calendar days of notice to the Owner, the processing of the Request will be terminated. Suspension in accordance with this paragraph or any requirement set forth herein shall also suspend the one-year time period for the Fund to present a qualified contract. Any amount of the deposit remaining upon sale of the property will be returned (without interest) to the Owner.

Notwithstanding the foregoing, the Fund is not obligated to obtain any of the third party reports described above, and the Fund will make no representations or warranties to any prospective purchaser of the property.

Presentation of a Qualified Contract

The Owner and the proposed buyer are free to negotiate different transaction terms prior to closing.

Under Subsection 42(h)(6)(E)(i)(II) of the Code, the Fund's only obligation is to "present" to the Owner a bona fide contract signed by a prospective buyer to acquire the Owner's property for the QCP ("the Contract"). The Contract will include basic real estate transaction terms and will be as close to a contingency free contract as possible. When the Fund presents the Contract to the Owner, regardless of whether the Owner rejects or fails to act upon the Contract, any possibility of the Extended Use Period being terminated prior to its scheduled termination date as provided in the Regulatory and Restrictive Covenants for Land Use Agreement is forever nullified, and the property remains subject to the existing commitments of and provisions in the Regulatory and Restrictive Covenants for Land Use Agreement. Whether or not the Owner actually executes the Contract and closes the transaction is a separate, legally unrelated question.

By submitting a Request, the Owner grants the Fund the authority to market the property and to provide applicable information to interested parties. Any and all information, including property financial and operating data, and partnership financial statements and tax returns, may be provided to third parties or otherwise used by the Fund as it deems appropriate in its discretion. The Fund must have continuous cooperation from the Owner throughout the marketing and sale period. Lack of cooperation will cause the processing of the Request to be terminated.

In the event processing of a Request is suspended or terminated for any reason, the property must continue to be maintained and operated under the Regulatory and Restrictive Covenants for Land Use Agreement.

Three-Year Period

If the Fund fails to present a qualified contract before the expiration of the one-year period (or such longer period as occurs in accordance with the Qualified Contract Request Procedure described herein or as the Owner may agree to in writing), the Extended Use Period for the property will terminate. However, the property will remain subject to the requirements set forth in Subsection 42(h)(6)(E)(ii) of the Code, which provides that for a three-year period commencing on the termination of the Compliance Period, the Owner may not (i) evict or terminate a tenancy (other than for good cause) of an existing tenant of any low-income unit; or (ii) increase the gross rent with respect to any low-income unit except as permitted under Section 42 of the Code.

OTHER MATTERS

All of the provisions of the Other Matters section apply to all properties including Tax-Exempt Bond Financed Properties.

The Fund reserves the right to change or modify the Manual from time to time, possibly without notice. The Fund will notify the Fund LIHTCP mailing list and post such changes or modifications to the Fund website (www.wvhdf.com).

EXECUTIVE SUMMARY
AFFORDABLE HOUSING FUND PROGRAM (AHF)

Project Name:	Elm Street (Payne Building Restoration)
Location:	410 Elm Street, Charleston, Kanawha County
Borrower/Owner:	Religious Coalition for Community Renewal, Inc. (RCCR)
Prepared by:	Darlene King

Project Description: The Religious Coalition for Community Renewal, Inc. (RCCR) is requesting a $95,000 loan request through the Affordable Housing Fund ("AHF") Program to fund its Elm Street project ("The Project"), which involves the rehabilitation of five units located at 410 Elm Street in Charleston, formerly known as the Payne Building. The Project will enable RCCR to offer safe and affordable housing for up to five (5) justice-impacted (previously incarcerated) men transitioning back into the community. Two partners are assisting RCCR with this project. REACH (Restore Empower & Attain Connections with Hope) will address reentry barriers and coordinate related services. Charleston Restoration Ministries, dba Way Makers, Inc., will provide social assistance, shelter referrals, food, clothing, and interview practices.

Collateral Description: The loan will be secured by a first lien deed of trust on the subject property (410 Elm Street). The building, which was donated to RCCR in 2023, has been abandoned for five years. The building was originally constructed in 1930 and contains five residential units, three floors, and a total of 3,232 square feet. Each unit is approximately 450 square feet. The remaining square footage are hallways and laundry area. The units will have their own bathroom and efficiency-style kitchen with living space. There will be two units on the first and second floors and one unit on the third floor. The building is located within one block of transportation options and shopping.

Interior demolition work has already been completed, including the removal of all flooring and wallboards. Plans for the rehabilitation include new roofing, flooring, windows, and drywall and upgrades to the building's insulation, electric and plumbing. The total cost of the rehabilitation is $207,250. Hard costs are $180,750 and soft costs $26,500 for a total of $207,250.

Project Costs:	**$207,250**
Funding Sources:	
Charleston Property Restoration	$ 47,250
Kanawha Valley Council on Philanthropy	$ 10,000
Kanawha Valley Collective Continuum of Care Home4Good	$ 33,906
AHF Development Loan Amount Requested:	$ 95,000
Total Sources:	**$186,156**
Current Funding Gap:	**$ 21,094**

Payment Terms, Rate, Maturity, and Repayment: The proposed AHF loan of up to $95,000 will contain a 0% rate during the 24-month construction phase. After construction, the loan will be repaid over 30 years at a rate of 1%. Prior to closing the proposed loan will require verification of all funding sources prior to closing, including the current funding gap of $21,094.

Owner's Qualifications: RCCR is a 501 (c)(3) not-for-profit organization in Charleston, WV formed in 1987. RCCR's mission includes developing projects and programs which help renew its community by identifying, addressing, and overcoming obstacles which keep people from decent, affordable housing. In 2023, RCCR accomplished the following: 336 families served through housing counseling, 57 served through reentry housing, 25 served through recovery housing, and over 2000 individuals and families served. RCCR builds and renovates homes sold to first-time homebuyers with 80% or lower AMI. RCCR has a successful track record of collaborating with various organizations, including the Charleston Mayor's Office of Economic and Community Development (MOECD), the Fund, Empire Development Corporation, Charleston Property Restoration, and Git R Done, LLC. These collaborations have been instrumental in the successful construction of over 50 affordable single-family homes in Kanawha and Putnam Counties.

Current Loans: RCCR currently has two outstanding loans with the Fund. Both loans have been compliant with their terms since inception. Both facilities are forgivable at maturity if the Borrower meets all compliance parameters. No payments are required. Loan details are as follows:

Loans	Loan #	Current Amount	Original Date	Maturity Date	Property Address
HOME CHDO	911172	$417,000	8/27/2012	7/1/2027	Plantation Village, Frazier's Bottom
AHFP Predevelopment	7444053	$20,000	7/28/2021	8/1/2024	Various

Lending Limit Verification: RCCR's aggregate risk exposure of $532,000, including the proposed loan request for $95,000, is below the Fund's current uninsured/unguaranteed lending limit of $29,462,750.

Debt Service and Cash Flow: The project's projected debt service coverage ratio (DSC) is 1.28. Rents will be $400 monthly plus $325 for utilities and supportive services. Rental rates were determined using the Kanawha County HUD Fair Market Rents (FMR) for efficiency apartments and comparable RCCR property portfolio rental rates. Prospective residents are now paying $750 to $900 for efficiency units without utilities included. Rental Income for the five units is $725 per unit for a total monthly income of $3,625 and an annual income of $43,500. Expenses were projected using information from RCCR's existing rental housing portfolio. The Project Cash Flow chart below supports this loan request with a DSC of 1.28. Excess cash flow allows some buffer for unexpected expenses or revenue shortfalls.

Projected Cash Flow	
Revenue:	
Gross Rents	$43,500
(Vacancy)	$(4,350)
Effective Gross Income	$39,150
Expenses:	
Management Expenses	$8,000
Operating and Maintenance	$9,204
Utilities	$12,000
Taxes and Insurance	$3,500
Replacement Reserves	$1,750
Total Expenses	$34,454
Net Operating Income	$4,696

Debt Service:	
WVHDF Permanent	$3,667
Total	$3,667
DSC	1.28

Contractor: RCCR has retained Charleston Property Restoration LLC to assist in its design and renovation. Charleston Property Restoration has been a WV-licensed contractor (Contractor License #WV060560) for 35 years and is an approved WV Homeowner's Rescue Program contractor. It has 4.9/5 stars in online reviews.

Inspection: Fund Technical Services performed an initial inspection of the property. Much of the labor associated with the renovation will be donated to the Borrower. The Borrower is confident that a $207,000 construction budget is sufficient to bring the project into operation for its purpose. The project includes donated work for rehabilitation that will reduce the average market construction costs. During rehabilitation progress, the Fund will require updates on work completed, and when deemed necessary, the Fund will perform progress inspections.

Recommendation: The Project meets all requirements of the AHF Program and aligns with AHF Program goals. Due to the experience of the Borrower and the proposed cash flow of the Project, Staff recommends approval of an Affordable Housing Fund Loan of up to $95,000 as outlined above. Closing will be subject to the Borrower providing adequate documentation that all funding sources have been committed.

Approvals:

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Scott Smith
Senior Manager - Multifamily Lending

Michelle Wilshere, CPA, MBA
Senior Division Manager - Multifamily

Nathan E. Testman
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Erica L. Boggess, CPA
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