SUPPLEMENT DATED NOVEMBER 22, 2017, TO
PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 20, 2017

relating to

$51,930,000*
RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
Multi-Family Development Bonds
$17,585,000* 2017 Series 4-A (Non-AMT)
$34,345,000* 2017 Series 4-B (Non-AMT)

The Preliminary Official Statement dated November 20, 2017 (the "Preliminary Official Statement") relating to the above-captioned bonds (the "2017 Series 4 Bonds") is hereby supplemented as set forth in this Supplement dated November 22, 2017 (this "Supplement"). Capitalized terms used herein and not otherwise defined have the means assigned in the Preliminary Official Statement.

The Preliminary Official Statement is hereby supplemented with the addition of the following paragraph, added as the fourth paragraph on page 1:

> Rhode Island Housing is considering financing additional rental housing developments under the General Resolution by issuing additional Series of Bonds under the General Resolution prior to December 31, 2017. Such issuance of Bonds may be issued with a variable or fixed rate of interest, and may be sold via public offering or a direct purchase private placement. The aggregate principal amount of any additional Series of Bonds issued is not expected to exceed $100 million.

Except as expressly supplemented hereby, the disclosure relating to the 2017 Series 4 Bonds as set forth in the Preliminary Official Statement remains in full force and effect. This Supplement does not purport to update any other statements made and information contained in the Preliminary Official Statement.

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* Preliminary; subject to change.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 20, 2017

NEW ISSUE **BOOK-ENTRY ONLY**

*In the opinion of Bond Counsel to Rhode Island Housing, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2017 Series 4-A Bonds (the "2017 Series 4-A Bonds") and the 2017 Series 4-B Bonds (the "2017 Series 4-B Bonds" and, together with the 2017 Series 4-A Bonds, the "2017 Series 4 Bonds" or the "Series 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"), except that no opinion is expressed as to such exclusion of interest on any 2017 Series 4-A Bond or 2017 Series 4-B Bond for any period during which such 2017 Series 4-A Bond or 2017 Series 4-B Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of facilities financed with the proceeds of the 2017 Series 4-A Bonds or the 2017 Series 4-B Bonds, respectively, or a "related person" and (ii) interest on the 2017 Series 4 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. In addition, in the opinion of Bond Counsel to Rhode Island Housing, pursuant to the provisions of the Rhode Island Housing and Mortgage Finance Corporation Act, income on the 2017 Series 4 Bonds (including any profit on the sale thereof), is free from Rhode Island personal income taxes. (See "**TAX MATTERS**" herein.)*

$51,930,000*
RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
Multi-Family Development Bonds
$17,585,000* 2017 Series 4-A (Non-AMT)
$34,345,000* 2017 Series 4-B (Non-AMT)

Dated: Date of Delivery **Due**: As shown on the inside cover

The Series Bonds are being issued as fixed rate bonds and will bear interest from their date of delivery, payable semi-annually on each April 1 and October 1, commencing April 1, 2018, at the rates set forth in the inside cover.

The Series Bonds will be issued in denominations of $5,000 principal amount or any integral multiple thereof (the "Authorized Denominations"). The Series Bonds will mature on the dates and in the principal amounts shown on the inside cover hereof and the Series Bonds will be subject to redemption as described herein.

The 2017 Series 4-A Bonds are subject to mandatory tender as described herein under the caption "**DESCRIPTION OF THE SERIES BONDS—*Mandatory Tender of 2017 Series 4-A Bonds***."

The Series Bonds are issuable only as fully registered bonds, without coupons, and when issued, are expected to be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York. Individual purchases will be made in book-entry only form, in Authorized Denominations. Investors will not receive certificates representing their interest in the Series Bonds purchased. See "**DESCRIPTION OF THE SERIES BONDS—Book-Entry Only System**" herein. Interest on the Series Bonds is payable by check mailed to the registered owner. The Bank of New York Mellon Trust Company, N.A., Providence, Rhode Island acts as Trustee for the Series Bonds. The principal of and redemption premium, if any, on the Series Bonds are payable at the corporate trust office of the Trustee in its capacity of Paying Agent at its corporate trust office in Dallas, Texas. So long as Cede & Co. or another nominee of DTC is the registered owner of the Series Bonds, payments of the principal of, premium, if any, and interest on the Obligations will be made directly to DTC. Disbursement of such payments to Direct Participants (as herein defined) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners (as herein defined) is the responsibility of Direct Participants and Indirect Participants (as herein defined).

The Series Bonds, together with any additional Bonds hereafter issued, will not constitute general obligations of Rhode Island Housing, but will constitute special revenue obligations of Rhode Island Housing and will be secured by and payable solely from a pledge of the Mortgage Loans and certain Revenues and Accounts established under the Resolution, all as more fully set forth herein. Rhode Island Housing has no taxing power. The Series Bonds are not a debt or liability or obligation of the State of Rhode Island or of any political subdivision thereof.

The Series Bonds are offered when, as and if issued and received by the Underwriters, and subject to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to Rhode Island Housing. Certain legal matters will be passed upon for the Underwriters by Kutak Rock LLP, Atlanta, Georgia and for Rhode Island Housing by its General Counsel, Nixon Peabody LLP, Providence, Rhode Island. It is expected that the Series Bonds in definitive form will be available for delivery in New York, New York on or about December 21, 2017.*

J.P. Morgan **Morgan Stanley** **RBC Capital Markets**

BofA Merrill Lynch **Fidelity Capital Markets** **HilltopSecurities**

Jefferies **Ramirez & Co., Inc.** **Raymond James**

Roosevelt & Cross, Inc.

Dated: _______________, 2017

* Preliminary; subject to change.

MATURITY SCHEDULE*

2017 Series 4-A (Non-AMT)

$11,790,000 ___% 2017 Series 4-A Term Bonds due April 1, 2056† CUSIP††:
$5,795,000 ___% 2017 Series 4-A Term Bonds due October 1, 2056† CUSIP††:

2017 Series 4-B (Non-AMT)

2017 Series 4-B Serial Bonds

Maturity	Amount	Interest Rate	CUSIP††	Maturity	Amount	Interest Rate	CUSIP††
October 1, 2020	$160,000	%		April 1, 2025	$165,000	%	
April 1, 2021	130,000			October 1, 2025	165,000		
October 1, 2021	135,000			April 1, 2026	170,000		
April 1, 2022	135,000			October 1, 2026	175,000		
October 1, 2022	145,000			April 1, 2027	180,000		
April 1, 2023	145,000			October 1, 2027	180,000		
October 1, 2023	145,000			April 1, 2028	190,000		
April 1, 2024	155,000			October 1, 2028	195,000		
October 1, 2024	155,000						

$1,750,000 ___% 2017 Series 4-B Term Bonds due October 1, 2032 CUSIP††:
$29,870,000 ___% 2017 Series 4-B Term Bonds due October 1, 2037 CUSIP††:

Price of all Series Bonds: ___ %

* Preliminary; subject to change.

† Subject to mandatory tender as described herein under the caption "**DESCRIPTION OF THE SERIES BONDS—*Mandatory Tender of 2017 Series 4-A Bonds***."

†† CUSIP numbers have been assigned by an organization not affiliated with Rhode Island Housing and are included for the convenience of the owners of the Series Bonds. Rhode Island Housing is not responsible for the selection of uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series Bonds or as indicated above. A CUSIP number for a specific maturity may be changed after the issuance date. CUSIP® is a registered trademark of the American Bankers Associations.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Series Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by Rhode Island Housing. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy, nor shall there be any sale of the Series Bonds, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been furnished by Rhode Island Housing and obtained from other sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Rhode Island Housing since the date hereof.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "intend," "expect," and similar expressions are intended to identify forward-looking statements. A number of important factors affecting Rhode Island Housing, its Program and the Series Bonds could cause actual results to differ materially from those contemplated in the forward-looking statements.

The Series Bonds may be offered and sold by the Underwriters 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 Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE SERIES BONDS, THE UNDERWRITERS MAY OVER-ALLOT AND EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SERIES BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF RHODE ISLAND HOUSING AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

$51,930,000*
RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
Multi-Family Development Bonds
2017 Series 4-A (Non-AMT)
2017 Series 4-B (Non-AMT)

This Official Statement sets forth certain information concerning the Rhode Island Housing and Mortgage Finance Corporation ("Rhode Island Housing") in connection with the issuance of its $17,585,000* Multi-Family Development Bonds, 2017 Series 4-A (Non-AMT) (the "2017 Series 4-A Bonds") and its $34,345,000* Multi-Family Development Bonds, 2017 Series 4-B (Non-AMT) (the "2017 Series 4-B Bonds" and, together with the 2017 Series 4-A Bonds, the "2017 Series 4 Bonds" or the "Series Bonds"). Rhode Island Housing is a public corporation and an instrumentality and agency of the State of Rhode Island and Providence Plantations (the "State"), created by the Rhode Island Housing and Mortgage Finance Corporation Act, constituting Chapter 55 of Title 42 of the General Laws of Rhode Island, 1956 (2006 Reenactment), as amended and supplemented (the "Act"). The Series Bonds are being issued pursuant to the Act, the General Multi-Family Development Program Resolution, adopted on November 19, 2009 (the "General Resolution"), and two Multi-Family Development Program Supplemental Resolutions, adopted on January 21, 2016 and October 26, 2017, respectively, as supplemented by a Certificate of Determination delivered pursuant thereto (as so supplemented, the "Supplemental Resolutions"). The General Resolution and the Supplemental Resolutions are collectively referred to herein as the "Resolution." Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed thereto in the Resolution. See "**APPENDIX D—CERTAIN DEFINITIONS**."

The General Resolution authorizes Rhode Island Housing to issue and secure Bonds for the purposes of financing its operations relating to housing pursuant to the Act. The Series Bonds, the presently Outstanding (as of September 30, 2017) Multi-Family Development Bonds in an aggregate principal amount of $234,231,680 previously issued under the General Resolution and any Multi-Family Development Bonds hereafter issued (collectively, the "Bonds") are equally and ratably secured by a pledge of the Mortgage Loans, the Revenues derived from the Mortgage Loans financed by the Bonds and other moneys or property pledged therefor under the General Resolution.

Rhode Island Housing has financed 74 rental housing developments under the General Resolution, as of September 30, 2017, all but ten of which continue to be financed under the General Resolution (the "Prior Developments"), and is continually reviewing additional rental housing developments for future financing under the General Resolution. For a description of the Prior Developments, see "**APPENDIX A—DESCRIPTION OF THE DEVELOPMENTS**."

The proceeds of the 2017 Series 4 Bonds are expected to be used to fund the financing of qualified mortgage loans for the acquisition and rehabilitation or development of three* rental housing developments for low and moderate income persons and families (the "2017 Series 4 Developments" or the "Developments") to three* for-profit developers (the "Series Developers"). The proceeds of the 2017 Series 4-A Bonds will be used to fund construction loans relating to two‡‡ of the 2017 Series 4 Developments and the proceeds of the 2017 Series 4-B Bonds will be used to provide a construction loan to one* of the 2017 Series 4 Developments and long-term financing to two* of the 2017 Series 4 Developments. The Mortgage Loans financed with the proceeds of the 2017 Series 4-A Bonds are referred to herein as the "2017 Series 4-A Mortgage Loans" and the Mortgage Loans financed with the proceeds of the 2017 Series 4-B Bonds are referred to herein as the "2017 Series 4-B Mortgage Loans"

* Preliminary; subject to change.

and together with the 2017 Series 4-A Mortgage Loans, the "Series Mortgage Loans." For a description of the 2017 Series 4 Developments, see "**PLAN OF FINANCING**" and "**APPENDIX A—DESCRIPTION OF THE DEVELOPMENTS**."

All of the 2017 Series 4 Developments are expected to receive rental assistance payments under the federal Section 8 program. Under the Section 8 program, the United States Department of Housing and Urban Development ("HUD") provides housing assistance payments to or for the account of the owners of developments assisted under such program (collectively, the "Section 8 Developments"). The housing assistance payments represent the difference between the total contract rents for such units and the eligible tenants' rental payments, which are 30% of each such tenant's income. The contract rents, as adjusted from time to time by HUD to reflect changing economic conditions (including increases in operating and maintenance costs) but subject to the limitations of the Section 8 program, together with the tenant's rental payments, are used to pay debt service on the related Mortgage Loan and operating costs for the related Section 8 Development. Section 8 subsidy payments, which are paid directly to Rhode Island Housing and are pledged as security for Bonds, are subject to suspension under certain circumstances including vacancy of a subsidized unit. Such reduction or suspension is dependent upon the length of time of the vacancy. See "**APPENDIX E—FEDERAL AND STATE HOUSING ASSISTANCE PROGRAMS**."

The Section 8 subsidy payments are funded by HUD pursuant to Section 8 of the United States Housing Act of 1937, as amended (the "Housing Act"), through its obligations under certain Annual Contributions Contracts (the "ACCs") with Rhode Island Housing and certain Housing Assistance Payments Contracts and, in the case of Charlesgate North (as hereinafter defined), a Project Based Rental Assistance Contract (collectively, the "HAP Contracts") between Rhode Island Housing and the owner of the Section 8 Development. The maximum terms of the HAP Contracts relating to Section 8 Developments other than Charlesgate North, including the initial terms and all permitted renewals, are 25 or 26 years, as applicable, with renewals in terms of five years; the maximum term of the HAP Contract relating to Charlesgate North is twenty years, with renewals in terms of five years. See "**APPENDIX A—DESCRIPTION OF THE DEVELOPMENTS**." The Bonds are not to be construed as a debt or indebtedness of HUD or the United States and payment of the Series Bonds is not guaranteed by the United States.

All of the first Mortgage Loans relating to the 2017 Series 4 Developments are or will be insured by the Federal Housing Administration ("FHA") under its risk sharing program ("FHA Risk Share"). See "**APPENDIX A — DESCRIPTION OF THE DEVELOPMENTS**." The risk sharing program, established under Section 542(c) of the Housing and Community Development Act of 1992, as amended (the "Risk Sharing Act"), allows state and local housing finance agencies that have entered into risk sharing agreements with HUD to carry out certain HUD functions in connection with the origination of FHA-insured mortgage loans, including, without limitation, assumption of loan underwriting, loan management and property disposition. Under the risk sharing agreement, the state or local housing finance agency must agree to reimburse HUD for a portion of the losses from any defaults that occur while the contract of mortgage insurance is in effect. See "**APPENDIX E—FEDERAL AND STATE HOUSING ASSISTANCE PROGRAMS**."

Under various construction and regulatory agreements, Rhode Island Housing will oversee, or has overseen, the construction, rehabilitation and management of the 2017 Series 4 Developments. See "**THE PROGRAM**." In accordance with the Internal Revenue Code of 1986, as amended (the "Code"), certain low and moderate income rental requirements will be imposed on the 2017 Series 4 Developments which must be met in order for interest on the 2017 Series 4 Bonds to be excluded from gross income for federal income tax purposes. See "**TAX MATTERS**." Failure to meet such requirements could result in all interest accruing on the 2017 Series 4 Bonds since their date of issue becoming subject to federal income tax.

THE BONDS ARE SPECIAL REVENUE OBLIGATIONS OF RHODE ISLAND HOUSING, PAYABLE SOLELY FROM THE MORTGAGE LOANS, THE REVENUES, MONEYS, FUNDS OR PROPERTY OF RHODE ISLAND HOUSING PLEDGED THEREFOR UNDER THE RESOLUTION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, OR THE INTEREST ON, THE BONDS. THE STATE IS NOT LIABLE FOR THE BONDS, AND THE BONDS ARE NOT A DEBT OF THE STATE. RHODE ISLAND HOUSING HAS NO TAXING POWER.

Following is a brief description of Rhode Island Housing and the financing provided by the Series Bonds, together with summaries of the terms of the Series Bonds, the Resolution and certain provisions of the Act. Such summaries do not purport to be comprehensive, and all such summaries and references to the Act and the Resolution are qualified in their entirety by reference to each such document, copies of which are available from Rhode Island Housing.

RHODE ISLAND HOUSING

General

Rhode Island Housing was created in 1973 as a public corporation and instrumentality and agency of the State, but does not constitute a department of State government. Under the Act, the purpose of Rhode Island Housing is to encourage the investment of private capital and stimulate the construction and rehabilitation of housing for persons and families of low and moderate income, to provide construction and mortgage loans, and to make provision for the purchase of mortgage loans and otherwise as is necessary to accomplish its purposes.

Rhode Island Housing has the authority to create subsidiaries and currently has several such subsidiaries (collectively, the "Subsidiaries"). Generally, the Subsidiaries were formed to invest in or hold title to various residential real estate developments, currently or previously financed by Rhode Island Housing.

The address and telephone number of Rhode Island Housing are, respectively, 44 Washington Street, Providence, RI 02903–1721 and (401) 457-1234.

Other Programs of Rhode Island Housing

The following information with respect to other programs of Rhode Island Housing authorized by the Act is supplied for background information purposes, and obligations issued with respect thereto are not secured by the Resolution, nor are they payable from the assets or revenue sources pledged to the payment of the Bonds.

Rhode Island Housing has issued bonds under two single family programs to finance the purchase of single family mortgage loans or securities comprised of pools of such single family mortgage loans. As of September 30, 2017, Rhode Island Housing had approximately $684,580,000 of such single family housing bonds outstanding.

In addition to the Resolution, Rhode Island Housing has four additional programs to assist in making multifamily housing available for occupancy by persons and families of low and moderate income. As September 30, 2017, Rhode Island Housing had approximately $238,055,714 of such additional multifamily housing bonds outstanding.

Rhode Island Housing has funded all or a portion of the State's obligations under a state rental assistance program (the "Assistance Program") which provided Rental Subsidy Payments to certain entities which acquire, construct or substantially rehabilitate housing developments in the State of Rhode

Island affordable by individuals or families of low or moderate income for most years since fiscal 1990. The State's obligation to make Rental Subsidy Payments under the Assistance Program was subject to annual appropriation by the Rhode Island General Assembly. From fiscal 1994 through fiscal 2017, Rhode Island Housing has made the annual payment on behalf of the State in amounts ranging from approximately $4.2 million (in fiscal 2003) to $0.38 million (in fiscal 2017). Such Rental Subsidy Payments were determined pursuant to contracts, the last of which expired in 2012. While for policy purposes Rhode Island Housing continues to make Rental Subsidy Payments on behalf of tenants residing in a certain diminishing number of rental units at this time, Rhode Island Housing has implemented a variety of plans to reduce its annual funding under the Assistance Program, with the goal of reducing, upon tenant turnover, the number of rental units subsidized under the Assistance Program to zero. Accordingly, Rhode Island Housing expects that any future payments it makes in connection with the Assistance Program will diminish each fiscal year, and there can be no assurance that Rhode Island Housing will continue to make any payments related to the Assistance Program in the future, on behalf of the State or otherwise.

In 1998, the State passed legislation that created a Housing Resources Commission (the "Commission") to provide policy direction and funding for housing–related programs and initiatives. Rhode Island Housing provides administrative support with regards to certain Commission activities.

Assistance to the State

The State, from time to time, has sought financial assistance from Rhode Island Housing to finance State housing programs and for the State's general use. For instance, Rhode Island Housing has provided funds to the State to fund the Rhode Island Rental Assistance Program each year since the inception of such Program in 1989. See "—**Other Programs of Rhode Island Housing**" above. Further, in fiscal year 1996 Rhode Island Housing transferred $1,500,000 to the State, without consideration, for the State's general use. In fiscal year 2008, Rhode Island Housing was required by the State's budget bill to transfer $26 million to the State for the State's general use. The amounts transferred were from Rhode Island Housing's operating fund. Since fiscal year 2012, pursuant to the State's budget bills, Rhode Island Housing provided $2,700,000 in support of the Neighborhood Opportunities Program, which had previously been funded by the State. For fiscal year 2017, Rhode Island Housing expects to provide $800,000 in support of this program. For fiscal year 2018, Rhode Island Housing has been requested to transfer $1,000,000 to the State, without consideration, for the State's general use.

Commissioners of Rhode Island Housing

The powers of Rhode Island Housing are vested in seven commissioners, consisting of the Director of the Department of Administration, the General Treasurer, the Director of Business Regulation, or the designees thereof, and four members appointed by the Governor with the advice and consent of the State Senate, who among them are to be experienced in all aspects of housing design, development, finance, management and state and municipal finance. The appointed commissioners serve for terms of four years and until they are reappointed or their respective successors are appointed and qualified. The Chairman is designated by the Governor; the Vice Chairman and Treasurer are elected by the members from among their number. The commissioners do not receive compensation. Meetings are held at the call of the Chairman or whenever two commissioners so request. Four commissioners constitute a quorum, and any action taken by Rhode Island Housing may be authorized by a resolution approved by a majority but not less than three of the commissioners. The Act provides that if any commissioner of Rhode Island Housing is a director, officer or employee of, or has an ownership interest in any entity interested directly or indirectly in a contract with Rhode Island Housing, such commissioner must disclose such interest to Rhode Island Housing and shall not participate in the authorization of any such contract.

The present commissioners of Rhode Island Housing are:

Nicolas P. Retsinas, Chairman. Mr. Retsinas was appointed as Chairman of the Board of Commissioners on June 30, 2015. Mr. Retsinas was a Senior Lecturer in Real Estate at the Harvard Business School where he taught courses in housing finance and real estate in frontier markets. Mr. Retsinas is Director Emeritus of Harvard University's Joint Center for Housing Studies, a collaborative venture of the Graduate School of Design and the Harvard Kennedy School, and a Lecturer in Housing Studies at the Graduate School of Design.

Prior to his Harvard appointment, Mr. Retsinas served as Assistant Secretary for Housing-Federal Housing Commissioner at the United States Department of Housing and Urban Development and as Director of the Office of Thrift Supervision. Mr. Retsinas also served on the Board of the Federal Deposit Insurance Corporation, the Federal Housing Finance Board and the Neighborhood Reinvestment Corporation. Mr. Retsinas served as Executive Director of Rhode Island Housing from 1987 to 1993. He received his master's degree in city planning from Harvard University and his AB in economics from New York University. His term expires on July 1, 2019.

Maria Barry. Ms. Barry was appointed to the Board of Commissioners by Governor Gina Raimondo on March 8, 2016. She is the Community Development Banking National Executive of Bank of America Merrill Lynch (BAML)[†]. Ms. Barry began her career at Ernst & Young and joined BAML in 1987 in the Commercial Credit department. She went on to hold several risk management roles related to training, technology, and asset quality reporting for the Board of Directors. She was promoted to Director of Community Reinvestment Act in 1999, also serving as chair to the Fair Lending Policy Committee. In 2003, she joined BAML's commercial Real Estate Team as Director of Regional Relationship Management where she was responsible for launching a new business to meet the needs of small-to-mid-sized developers. She became the Community Development Banking Market Executive for the Northeast in 2004 and National Executive in February, 2009. Ms. Barry majored in accounting and has a Bachelor of Science degree from the University of Connecticut. Her term expires on July 1, 2020.

Michael DiBiase. Mr. DiBiase was appointed by Governor Gina Raimondo on January 11, 2015 to serve as the Director of the Department of Administration. Before joining the Administration, Mr. DiBiase was a 14-year veteran of Fidelity Investments, serving in various senior government relations and public affairs roles. In his last position with Fidelity, Mr. DiBiase served as Senior Vice President for State Government Relations and Public Affairs, overseeing state and local government relations for the financial services company. Prior to joining Fidelity, he served for six years as a senior aide to Governor Lincoln Almond, holding positions of Chief of Staff and Director of Policy and Legislative Affairs. Mr. DiBiase is a graduate of Boston College and University of Pennsylvania Law School.

Elizabeth M. Tanner, Esq. Ms. Tanner was appointed by Governor Gina Raimondo on October 27, 2017, to serve as the Director of the Department of Business Regulations. As Director of the Department of Business Regulation, Ms. Tanner will directly oversee the implementation of state laws mandating the regulation and licensing of designated businesses, professions and occupations, among other activities. Previously, Ms. Tanner was the Executive Vice President of Client Services at the Rhode Island Commerce Corporation and oversaw the Business Navigation Center and the Statewide Action Team (STAT) as well as all interactions between the agency and the public. Ms. Tanner also worked on special projects with an aim to have the agency be the pre-eminent source in Rhode Island for all business needs. Her early career focused in the areas of title insurance and real estate law as well as corporate transactional work, focusing on small businesses. While at the Rhode Island Commerce Corporation, Ms. Tanner oversaw business retention for all in-state businesses and led an effort to streamline and simplify businesses' interactions with government. Ms. Tanner is a graduate of the University of Rhode Island

[†] Bank of America Merrill Lynch is acting as one of the 2017 Series 4 Underwriters (see "**UNDERWRITING**" herein).

with a B.A. in Political Science, and received her Juris Doctor from Western New England University. A native of Pennsylvania, she lives in Bristol with her family.

Seth Magaziner. Mr. Magaziner joined the Board on January 6, 2015, upon being sworn in as General Treasurer of the State of Rhode Island. Prior to his election, Mr. Magaziner served as Vice President of Trillium Asset Management, a socially responsible investment firm, where he oversaw the firm's investment strategy for the energy, banking and diversified financials industries. Previously, he worked as a school teacher in rural Louisiana during the aftermath of Hurricane Katrina. He currently serves on the board of Crossroads Rhode Island and has previously served on the boards of Common Cause of Rhode Island, Serve Rhode Island, Marriage Equality Rhode Island and the Bristol 4th of July Committee. Mr. Magaziner is also one of three state treasurers to serve on the executive board of the State Debt Management Network. He is a graduate of Brown University and the Yale School of Management.

Stephen P. McAllister. Mr. McAllister was appointed to the Board of Commissioners on April 3, 2014. Mr. McAllister is Senior Manager of the Eastern Region for the US Chamber of Commerce. The eastern region covers the six New England states, New York, New Jersey, Delaware, West Virginia and Maryland. Mr. McAllister works with chambers of commerce, members of Congress in each state, their staffs, trade associations and the media across the region to support the US Chamber's agenda. The US Chamber's goal is "to generate stronger, more robust economic growth, create jobs, and expand opportunity for all Americans." Mr. McAllister has experience working in both federal and state government. Mr. McAllister was Director of Advance for Rhode Island Governor Lincoln D. Chafee (D-RI), and also a Constituent and Community Liaison for United States Senator John E. Sununu (R-NH). Mr. McAllister was elected to the Warwick City Council in November, 2006. His term expired on July 1, 2017. Under the Act, he continues to serve until a successor is appointed and qualified.

Kevin D. Orth. Mr. Orth was appointed to the Board of Commissioners on June 30, 2015. Mr. Orth is co-Founder and Managing Member of Atlantic American Partners, LLC, a for-profit affordable housing development company based in Providence, RI. Prior to forming Atlantic American in 2001, Mr. Orth was Vice President in charge of acquisitions for Pacific American Properties, Inc. of Sausalito, California and prior to that position was an acquisitions associate at Leggat McCall Properties in Boston. Mr. Orth received a Master of City Planning degree from the University of California, Berkeley and a Bachelor of Arts degree from the University of Maryland. Mr. Orth has been reappointed to the Board of Commissioners with a term expiring July 1, 2021.

Staff

The corporate staff, under the direction of the Executive Director, includes professionals and staff members working in Rhode Island Housing's six divisions: executive, finance, homeownership and customer service, development, loan servicing and resident services. Senior professional staff members of Rhode Island Housing include the following:

Barbara G. Fields – Executive Director. Ms. Fields was named Executive Director of Rhode Island Housing in January, 2015. Ms. Fields has 30 years of experience in expanding access to housing, building livable communities and leading economic development efforts. Previously, Ms. Fields served as a Presidential appointee in the Obama administration working as United States Department of Housing and Urban Development's New England Regional Administrator. Prior to HUD, Ms. Fields worked for 20 years as the founding Executive Director of the Rhode Island office of the Local Initiatives Support Corporation (LISC), a national community development financial intermediary; there, she managed $300 million in real estate and community investments.

Carol A. Ventura – Deputy Director. Ms. Ventura was appointed Director of Development in May, 2005 and appointed Deputy Director on June 23, 2014. She joined Rhode Island Housing in August of 2001 as the Policy Programs Manager and was appointed Assistant Director of the Policy Division in

2002. Prior to joining Rhode Island Housing, Ms. Ventura worked as the Executive Director of a Community Development organization in northern Rhode Island. Ms. Ventura received a Master of Business Administration from Bryant University and a Bachelor of Science degree from Bryant College.

Kara L. Lachapelle – Chief Financial Officer. Ms. Lachapelle joined Rhode Island Housing in October, 2001 and served as Assistant Controller from 2001 to 2007. She was appointed Controller in January, 2007, appointed Director of Finance in September, 2010 and appointed Chief Financial Officer in December, 2013. From 1997 to 2001, Ms. Lachapelle held various positions in public accounting at Rooney, Plotkin & Willey, specializing in governmental and non-profit audit clients. Ms. Lachapelle also worked in the Trust Department at Durfee Attleboro Bank. She is a member of the American Institute of Certified Public Accountants and received a Bachelor of Science degree from Bryant College.

Nicole R. Clement – General Counsel. Ms. Clement joined Rhode Island Housing as General Counsel on March 1, 2016. Prior to joining Rhode Island Housing, Ms. Clement was Senior Counsel at Klein Hornig LLP, an affordable housing and community development law firm in Boston, Massachusetts. From 2003 to 2011, Ms. Clement was Senior Counsel in the tax credit syndication group at Holland and Knight LLP. In 2000, Ms. Clement served as law clerk to the Honorable Joseph F. Rodgers, Jr., Chief Judge of the Rhode Island Superior Court. Ms. Clement received a Bachelor of Arts degree in Organizational Behavior and Management from Brown University and a Juris Doctor from the Duke University School of Law.

Christine Hunsinger – Assistant Deputy Director of Policy and Research. Ms. Hunsinger joined Rhode Island Housing in October, 2017, as Assistant Deputy Director of Policy and Research, responsible for providing strategic guidance and leadership to the Agency in the development of its goals and initiatives. Prior to joining Rhode Island Housing, Ms. Hunsinger was CEO of the strategic communications/public affairs firm BGP Strategies. She has served in several academic and public positions within the State of Rhode Island, including faculty roles at Rhode Island College and Brown, and Director of Legislative Affairs in the Lincoln Chaffee administration. Ms. Hunsinger holds a Bachelor’s degree from St. Anselm, and a Master’s degree of Public Affairs from Brown University.

Lisa Primiano – Chief Operating Officer. Ms. Primiano joined Rhode Island Housing as Chief Operating Officer in October 2017, assuming responsibility for the day-to-day operations within the agency and overseeing the Information Technology, Human Resources, Communications, Marketing, Government Relations and Facilities departments. Prior to joining Rhode Island Housing, Ms. Primiano served in various capacities for the Rhode Island Department of Environmental Management, most recently as the Chief of the Division of Planning and Development. She has served as Town Planner for the town of Jamestown. Ms. Primiano holds a Bachelor of Arts degree from the University of Rhode Island and a Master of Urban Planning degree from Hunter College.

Sarah Sanders – Director of Finance. Ms. Sanders joined Rhode Island Housing in September, 2017, Director of Finance. Prior to joining Rhode Island Housing, Ms. Sanders had a 20 year career managing state bonding programs for the State of Connecticut, Office of the Treasurer, and served as Assistant Treasurer for Debt Management for the last ten years. Prior to that, Ms. Sanders served as the Treasurer of Yankee Energy System, Inc., Connecticut’s largest natural gas utility at that time, and previously worked in various other finance and planning positions in the utility industry. Ms. Sanders received a Bachelor of Science degree in Resource Economics from the University of New Hampshire and a Master of Science Degree in Resource Economics from the University of Connecticut.

Dora Garcia – Controller. Ms. Garcia joined Rhode Island Housing as Controller in April, 2014. From 2006 to 2014, Ms. Garcia held various positions at Atrion Networking Corporation, most recently as Director of Finance from 2010 to 2014. Prior to Atrion Networking Corporation, Ms. Garcia worked as an Accounting Manager in the manufacturing industry and as an Associate with an accounting firm. Ms. Garcia received a Master of Business Administration degree and a Bachelor of Science degree in Accounting from Johnson & Wales University and is an Affiliate Member of the American Institute of Certified Public Accountants.

Thomas McNulty – Manager of Treasury and Capital Planning. Mr. McNulty joined Rhode Island Housing as Manager of Treasury and Capital Planning in April of 2017. Prior to joining Rhode Island Housing, Mr. McNulty worked for Bank of America, N.A., and its predecessor Fleet Boston Financial, in the Treasury group, where he was responsible for the management of the fixed income portfolio with an emphasis in mortgage backed securities (MBS). Mr. McNulty received a Bachelor of Arts in Economics from University of Massachusetts at Amherst.

Leslie McKnight – Assistant Deputy Director of Loan Servicing. Ms. McKnight was appointed Director of Loan Servicing in September, 2003 and was appointed Assistant Deputy Director of Loan Servicing in January, 2017. She joined Rhode Island Housing in June, 1995 as the Default Manager. She was appointed Assistant Director of Loan Servicing in July, 2000. Prior to her employment at Rhode Island Housing, Ms. McKnight worked as a Loan Workout Specialist for Plymouth Mortgage Company from 1991 to 1995. Between 1982 and 1991, she held various positions in Retail Banking and Mortgage Lending including Assistant Branch Manager at Citizens Bank. Ms. McKnight received her Bachelor of Science degree in Business Administration from Bryant College.

Peter C. Pagonis – Director of Homeownership. Mr. Pagonis joined Rhode Island Housing in October, 2013 as Lender Services Manager and was appointed Director of Homeownership in August, 2015. Prior to joining Rhode Island Housing, Mr. Pagonis worked as a Business Development Advisor with the Peace Corps in León, Nicaragua. From 2000 to 2010, Mr. Pagonis was a Corporate Banking Associate at FleetBoston Financial, a Loan Officer at Bank of America, and an Assistant Vice President at Bank Rhode Island. Mr. Pagonis received a Master of Business Administration degree from Boston University Questrom School of Business and a Bachelor of Arts degree from St. Lawrence University.

Claribel Shavers – Director of Leased Housing and Rental Services. Ms. Shavers was appointed Director of Resident Services in December, 2015. Prior to joining Rhode Island Housing, Ms. Shavers worked at HUD's Office of Housing in Boston where she served as a supervisory project manager and chief of asset management since 2012. Prior to HUD, she worked at Rhode Island Housing for five years as a housing choice voucher program manager. She has worked in the affordable housing industry, primarily in property management, since 1996. She is fluent in Spanish and received a Bachelor of Science degree in management from Boston University and an MBA from the University of Rhode Island.

Eric Shorter – Director of Development. Mr. Shorter joined Rhode Island Housing in July, 2015. Prior to returning to Rhode Island Housing, Mr. Shorter held senior level positions at Omni Development Corporation, Next Street Financial and the Rhode Island office of Local Initiatives Support Corporation (LISC). He also served as a senior development officer at Rhode Island Housing from 1999 to 2003. Mr. Shorter received a Bachelor of Arts degree from Boston College.

PLAN OF FINANCING

The 2017 Series 4 Bonds are being issued to finance Mortgage Loans made for the purpose of funding acquisition and rehabilitation of the related Developments (see the description of the 2017 Series 4 Developments below); the Mortgage Loans funded with proceeds of the 2017 Series 4-A Bonds are expected to be repaid with tax credit equity proceeds upon completion of rehabilitation for each respective 2017 Series 4 Development. In the event any such Mortgage Loan repayment occurs later than expected, Rhode Island Housing may not be able to purchase the 2017 Series 4-A Bonds on the Mandatory Tender Date (as hereinafter defined). See "**DESCRIPTION OF THE SERIES BONDS—*Mandatory Tender of 2017 Series 4-A Bonds***" herein.

Proceeds of the Series Bonds not used for the Developments described below may be used to fund other similar projects at the direction of Rhode Island Housing; provided, however, that there can be no assurances that the mortgage collateral on such future projects funded by the Series Bonds or additional future Bonds will not be materially different from that of the Developments described below and in **APPENDIX A** hereto. See "**THE PROGRAM**" herein for a description of the guidelines used by Rhode Island Housing for its multi-family lending program.

2017 Series 4 Developments*

Two* of the following 2017 Series 4 Developments are expected to be financed with the proceeds of the 2017 Series 4-A Bonds* (CSA1 and Charlesgate North); two of the below 2017 Series 4 Developments (Barbara Jordan I and Charlesgate North) are expected to be financed with proceeds of the 2017 Series 4-B Bonds*.

> **Barbara Jordan 1** ("Barbara Jordan 1") is an existing 193-unit scattered site development for families located in Providence. There are 12 one-bedroom, 102 two-bedroom, 64 three bedroom and 15 four bedroom units. The proceeds of the Mortgage Loan in the amount of $26,390,000 will be used to finance the acquisition and rehabilitation of the development. The Mortgage Loan will be interest-only during construction. Construction completion is anticipated to be no more than 24 months from closing. The permanent Mortgage Loan will be amortized over forty years and have a balloon payment 203 months after amortization begins. All 193 units at Barbara Jordan I receive rental subsidies pursuant to a HAP contract that will be renewed for 20 years as part of the closing.
>
> **Cathedral Square Apartments 1** ("CSA1") is an existing 100 unit development for elderly and disabled households located in Providence; all units are one-bedroom. The proceeds of the Mortgage Loan in the amount of $11,790,000 will be used to finance the acquisition and rehabilitation of the development. The Mortgage Loan will be fully repaid upon construction completion, anticipated to be no more than 14 months from closing. All 100 units at CSA1 receive rental subsidies pursuant to a HAP contract that runs through August, 2036.
>
> **Charlesgate North Apartments** ("Charlesgate North") is an existing 200 unit development for elderly and disabled households located in Providence. There are 100 efficiency and 100 one bedroom units. The proceeds of the Mortgage Loan in the amount of $13,750,000 will be used to finance the acquisition and rehabilitation of the development. $5,798,500 of the Mortgage Loan will be repaid upon construction completion, anticipated to be no more than 18 months from closing. The remaining Mortgage Loan amount of $7,951,500 will be amortized over forty years and have a balloon payment 216 months after amortization begins. 157 of the units at Charlesgate North receive rental subsidies pursuant to a HAP contract that runs through June, 2024 and 26 units receive rental subsidies pursuant to a Project Based Housing Choice Voucher Contract that runs through January, 2024.

Additional Information

The 2017 Series 4 Developments are being financed pursuant to Rhode Island Housing's Multi-Family Development Program. Each owner of a 2017 Series 4 Development has entered, or will enter prior to the receipt of funds from Rhode Island Housing, into a Regulatory Agreement with respect to the related Development under which the owner covenants that subsequent to the expiration of any HAP Contract, all of the units in the Development will be restricted to individuals earning not more than 60% of area median income (as adjusted for household size) (the "Median Family Income"). In the event that project-based rental assistance is made available to the owner of a 2017 Series 4 Development

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* Preliminary; subject to change.

financed under the Multi-Family Development Program, during the term of the related Regulatory Agreement, the owner shall, to the extent economically feasible, endeavor to lease at least forty percent (40%) of the units to tenants with aggregate family income not in excess of forty percent (40%) of the Median Family Income. Notwithstanding the foregoing, CSA1 and Charlesgate North are expected to be occupied exclusively by elderly tenants or tenants of age 62 or older (each an "Elder Development"), and such Developments may admit tenants with incomes up to eighty percent (80%) of Median Family Income subject to the income limitations imposed by the Code (see "**TAX MATTERS**"); and provided, however, that to the extent an Elder Development has received low-income housing tax credits as described below, the occupancy restrictions mandated by the tax credit program shall govern. Subsequent to the expiration of any HAP Contract, tenant contribution of rental charges for each unit, including utility payments, may not exceed the maximum tenant contribution in effect for the tax credit program below.

In addition, all of the 2017 Series 4 Developments have been awarded low income housing tax credits ("Tax Credits"). It is anticipated that such Tax Credits will be syndicated by the developers resulting in equity contributions with respect to such 2017 Series 4 Developments. In connection with the use of Tax Credits, restrictive covenant agreements will be executed with respect to each Development receiving such Tax Credits which will require that either (i) 20% of the units must be rented to persons earning 50% or less of area median income at an annual rent equal to or less than 30% of the income of a person earning 50% of area median income (after adjusting for utility provisions and family size); or (ii) 40% of the units must be rented to persons earning 60% or less of area median income at an annual rent equal to or less than 30% of the income of a person earning 60% of area median income (after adjusting for utility provisions and family size). The rent and income restrictions of the Multi-Family Development Program and the Tax Credit program are co-extensive; satisfaction of the Multi-Family Development Program requirements for developments will result in compliance with the Tax Credit requirements and the income and rental restrictions which must be met with respect to the 2017 Series 4 Developments in connection with the 2017 Series 4 Bonds. See "**TAX MATTERS**" herein.

Risks Attending any Investment in Real Estate

Risks attending any investment in real estate include, without limitation, possible adverse use of adjoining land, fire or other casualty, condemnation, increased taxes, changes in demand for such facilities, increases in utility rates, adverse general and local economic conditions, energy shortages, a decline in property value in the 2017 Series 4 Developments, increases in operating costs due to inflation, non-compliance of tenants with the terms of their leases, unfavorable governmental regulation (such as enactment of rent controls), force majeure and uninsurable risks, construction strikes and decrease in the relative popularity of real estate investments as contrasted with other investments. These risks and many others cannot be controlled by Rhode Island Housing and may have a substantial bearing on the profitability and financial feasibility of the 2017 Series 4 Developments, and which may affect the realizable value of the real estate and other collateral securing payment of the Series Bonds.

Additionally, legislation or regulations affecting the Series Bonds and Series Mortgage Loans may be considered and enacted by the United States Congress, the Rhode Island State legislature or federal or state regulatory bodies. No assurance can be given that the consideration or enactment of any such legislation will not have an adverse effect on the value of, the timing or amount of revenues available to pay, or the security for the Series Bonds or other risks to the Bondholders.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds from the sale of the Series Bonds and a contribution from Rhode Island Housing are as follows:

Sources of Funds:	
Principal Amount of 2017 Series 4-A Bonds	$
Principal Amount of 2017 Series 4-B Bonds	
Excess Revenues of the Resolution	
Total Sources	$
Uses of Funds:	
Deposit to Series Bond Proceeds Account	$
Deposit to Debt Service Reserve Account	
Underwriters' Fee	
Other Costs of Issuance	
Total Uses	$

SECURITY FOR THE BONDS

Pledge of the Resolution

The Mortgage Loans and the Revenues and all amounts held in any Account established under the Resolution (except the Rebate Account) including investments thereof, have been pledged and assigned to secure the payment of the Bonds (including the Sinking Fund Payments for the retirement thereof) in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application, disposition or exercise thereof for or to the purposes and on the terms and conditions therein set forth. To the fullest extent provided by the Act and other applicable laws, the money and property pledged and assigned pursuant to the Resolution are subject to the lien of such pledge and assignment without any physical delivery thereof or further act, and such lien is valid and binding against all parties having claims of any kind in tort, contract or otherwise, irrespective of whether such parties have notice thereof.

The pledges made in the Resolution for the security of the Bonds may be released upon provision for payment of the Bonds, as further described in "**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION—Defeasance**."

Mortgage Loans permitted to be financed pursuant to the Resolution include first lien, coordinate first lien and second lien mortgage loans as well as participations therein with other investors or with other funds of Rhode Island Housing. Mortgage Loans may only be financed in connection with Rhode Island Housing's activities permitted under the Act.

Debt Service Reserve Account

Upon the issuance and delivery of a Series of Bonds, there is required to be on deposit in the Debt Service Reserve Account an amount at least equal to the aggregate amounts for all Series established under the Supplemental Resolutions authorizing such Series (the "Debt Service Reserve Account Requirement"). The Supplemental Resolution for the Series Bonds establishes the amount for each such Series of the 2017 Series 4 Bonds as one half of the greatest amount required in the then current or any future calendar year to pay Debt Service with respect to such Series in such Fiscal Year, excluding with respect to the 2017 Series 4-B Bonds in calendar year 2037 the final principal component of the Sinking

Fund Payment due thereon on October 1, 2037. Such amounts established for other Series of Bonds shall be set forth in the Supplemental Resolution authorizing such Bonds. Upon the issuance and delivery of the Series Bonds, the amount on deposit in the Debt Service Reserve Account will be at least equal to the Debt Service Reserve Account Requirement.

Deposits to the Debt Service Reserve Account may be made either in the form of (a) a cash deposit of proceeds of a Series of Bonds or amounts available under the Resolution or (b) Cash Equivalents. Prior to the issuance of the Series Bonds, the aggregate Debt Service Reserve Account Requirement was $10,047,362. In connection with the issuance of the Series Bonds, a deposit will be made to the Debt Service Reserve Account from amounts available under the Resolution. See "**SOURCES AND USES OF FUNDS**."

If on any Interest Payment Date or Redemption Date, the amount in the Redemption Account, if applicable, and the Revenue Account shall be less than the amount required for the payment of the principal or Redemption Price and interest due on the Bonds to be paid or redeemed on such date, the Trustee shall apply amounts from the Debt Service Reserve Account to the extent necessary to make good the deficiency. If, after payment of amounts due under the Resolution for interest, principal, redemptions and Program Expenses, the amount in the Debt Service Reserve Account is in excess of the Debt Service Reserve Requirement, the Trustee shall transfer moneys from the Debt Service Reserve Account to the Revenue Account, but only to the extent necessary to meet the payments required to be made from the Revenue Account. Additionally, amounts in the Debt Service Reserve Account in excess of the Debt Service Reserve Account Requirement shall, upon receipt by the Trustee of the written instructions of an Authorized Officer determining to withdraw such amount, be paid to and deposited in the Revenue Account.

Additional Bonds

Additional Series of Bonds may be issued as provided in the General Resolution on a parity with the Bonds and secured by an equal charge and lien on the revenues and assets pledged under the General Resolution and payable equally therefrom so long as (i) no Event of Default shall be existing and continuing and (ii) written notice from each rating agency then rating the Outstanding Bonds is received, confirming that the issuance of such additional Bonds will not result in a reduction of the rating then applicable to such Bonds, or cause such rating agency to suspend or withdraw its rating then applicable to the Outstanding Bonds, but no Series of Bonds may be issued if the principal amount of all Bonds issued or to be issued will exceed any limitation imposed by law nor if, upon the issuance and delivery of such Bonds, the amount credited to the Debt Service Reserve Account will be less than the Debt Service Reserve Account Requirement. See "**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION—Provisions for Issuance of Bonds, Provisions for Refunding Issues**."

DESCRIPTION OF THE SERIES BONDS

The Series Bonds are being issued as fixed rate bonds in denominations of $5,000 principal amount or any integral multiple thereof. The Series Bonds will be dated and will bear interest from their date of delivery, at the rates set forth on the inside cover page hereof, payable on each April 1 and October 1 thereafter, commencing April 1, 2018. Calculations of interest on the Series Bonds will be based on a 360-day year consisting of twelve 30-day months.

Mandatory Tender of 2017 Series 4-A Bonds

The 2017 Series 4-A Bonds maturing on April 1, 2056[*] and the 2017 Series 4-A Bonds maturing on October 1, 2056[*] are each subject to mandatory tender for purchase (with no right to retain) on April 1, 2019[*] and October 1, 2019[*], respectively (each, a "Mandatory Tender Date"), at a price equal to 100% of the principal amount thereof plus accrued interest (the "Purchase Price"). The Trustee will deliver a notice of mandatory tender to Bondholders, at least 15 days prior to each Mandatory Tender Date, stating the Mandatory Tender Date, the Purchase Price, and that all Bondholders of the related 2017 Series 4-A Bonds subject to such Mandatory Tender Date will be deemed to have tendered their 2017 Series 4-A Bonds upon the Mandatory Tender Date. 2017 Series 4-A Bonds purchased on a Mandatory Tender Date will be cancelled.

It is anticipated that the Purchase Price for the 2017 Series 4-A Bonds will be derived from the payment of the Mortgage Loans relating to the 2017 Series 4-A Bonds upon the completion of rehabilitation of each related 2017 Series 4 Development (see "**PLAN OF FINANCING"** herein). The 2017 Series 4-A Bonds do not, nor is there currently any requirement or assurance that the 2017 Series 4-A Bonds will, have the benefit of a liquidity or other credit facility to pay the Purchase Price of the 2017 Series 4-A Bonds on the Mandatory Tender Date.

In the event that prior to the Mandatory Tender Dates of April 1, 2019[*] or October 1, 2019[*], the Mortgage Loans relating to the 2017 Series 4-A Bonds have not been paid in full and there are no other funds available to purchase the 2017 Series 4-A Bonds on the related Mandatory Tender Date, (i) the Trustee will deliver a notice to Bondholders that the 2017 Series 4-A Bonds shall not be subject to mandatory tender on the related Mandatory Tender Date, (ii) such Outstanding 2017 Series 4-A Bonds will be retained by the Bondholders, (iii) any 2017 Series 4-A Bonds that remain Outstanding after the related Mandatory Tender Date shall bear interest at a rate of 10% per annum, from the date of the Mandatory Tender Date to but not including the date of redemption of such 2017 Series 4-A Bonds, and (iv) such 2017 Series 4-A Bonds will remain subject to optional and special redemption as described below under the headings "—***Redemption Provisions***—Optional Redemption," "—Mandatory Sinking Fund Redemption" and "—Special Redemption." Failure to purchase 2017 Series 4-A Bonds on a Mandatory Tender Date as described above is not an Event of Default under the Resolution.

Redemption Provisions[*]

The Series Bonds are subject to redemption as described below.

Optional Redemption

The 2017 Series 4-A Bonds maturing on April 1, 2056[*] are redeemable, at the option of Rhode Island Housing, on or after October 1, 2018[*] and the 2017 Series 4-A Bonds maturing on October 1, 2056[*] are redeemable, at the option of Rhode Island Housing, on or after April 1, 2019[*] in whole or in part on any date upon not less than twenty days notice, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption.

The 2017 Series 4-B Bonds are redeemable, at the option of Rhode Island Housing, on or after April 1, 2027[*], in whole or in part on any date upon not less than twenty days notice, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption.

[*] Preliminary; subject to change.

Mandatory Sinking Fund Redemption

The 2017 Series 4-A Bonds maturing April 1, 2056* and October 1, 2056*, and the 2017 Series 4-B Bonds maturing on October 1, 2032* and October 1, 2037* are subject to mandatory redemption, in part, by lot, at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, by application of Sinking Fund Payments which are required to be made to redeem such Bonds in the respective amounts on each of the dates shown below:

2017 Series 4-A Term Bonds Due April 1, 2056*

Date	Principal Amount	Date	Principal Amount
April 1, 2028	$165,000	October 1, 2042	$205,000
October 1, 2028	165,000	April 1, 2043	210,000
April 1, 2029	170,000	October 1, 2043	205,000
October 1, 2029	170,000	April 1, 2044	215,000
April 1, 2030	170,000	October 1, 2044	215,000
October 1, 2030	175,000	April 1, 2045	210,000
April 1, 2031	170,000	October 1, 2045	215,000
October 1, 2031	170,000	April 1, 2046	220,000
April 1, 2032	180,000	October 1, 2046	225,000
October 1, 2032	175,000	April 1, 2047	220,000
April 1, 2033	180,000	October 1, 2047	220,000
October 1, 2033	180,000	April 1, 2048	230,000
April 1, 2034	175,000	October 1, 2048	225,000
October 1, 2034	185,000	April 1, 2049	230,000
April 1, 2035	190,000	October 1, 2049	230,000
October 1, 2035	185,000	April 1, 2050	235,000
April 1, 2036	185,000	October 1, 2050	235,000
October 1, 2036	185,000	April 1, 2051	235,000
April 1, 2037	190,000	October 1, 2051	235,000
October 1, 2037	195,000	April 1, 2052	240,000
April 1, 2038	190,000	October 1, 2052	245,000
October 1, 2038	195,000	April 1, 2053	240,000
April 1, 2039	190,000	October 1, 2053	245,000
October 1, 2039	200,000	April 1, 2054	250,000
April 1, 2040	200,000	October 1, 2054	250,000
October 1, 2040	200,000	April 1, 2055	250,000
April 1, 2041	200,000	October 1, 2055	250,000
October 1, 2041	210,000	April 1, 2056†	255,000
April 1, 2042	205,000		

† Final Maturity

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* Preliminary; subject to change.

2017 Series 4-A Term Bonds Due October 1, 2056*

Date	Principal Amount	Date	Principal Amount
April 1, 2028	$ 75,000	October 1, 2042	$100,000
October 1, 2028	80,000	April 1, 2043	95,000
April 1, 2029	80,000	October 1, 2043	100,000
October 1, 2029	75,000	April 1, 2044	100,000
April 1, 2030	85,000	October 1, 2044	100,000
October 1, 2030	80,000	April 1, 2045	105,000
April 1, 2031	85,000	October 1, 2045	100,000
October 1, 2031	85,000	April 1, 2046	105,000
April 1, 2032	80,000	October 1, 2046	100,000
October 1, 2032	85,000	April 1, 2047	105,000
April 1, 2033	85,000	October 1, 2047	110,000
October 1, 2033	85,000	April 1, 2048	100,000
April 1, 2034	85,000	October 1, 2048	105,000
October 1, 2034	85,000	April 1, 2049	110,000
April 1, 2035	90,000	October 1, 2049	110,000
October 1, 2035	85,000	April 1, 2050	105,000
April 1, 2036	90,000	October 1, 2050	110,000
October 1, 2036	90,000	April 1, 2051	110,000
April 1, 2037	90,000	October 1, 2051	115,000
October 1, 2037	90,000	April 1, 2052	110,000
April 1, 2038	90,000	October 1, 2052	115,000
October 1, 2038	95,000	April 1, 2053	115,000
April 1, 2039	90,000	October 1, 2053	115,000
October 1, 2039	95,000	April 1, 2054	115,000
April 1, 2040	90,000	October 1, 2054	115,000
October 1, 2040	100,000	April 1, 2055	115,000
April 1, 2041	95,000	October 1, 2055	125,000
October 1, 2041	95,000	April 1, 2056	115,000
April 1, 2042	95,000	October 1, 2056†	240,000

† Final Maturity

[Remainder of page intentionally left blank]

* Preliminary; subject to change.

2017 Series 4-B Term Bonds Due October 1, 2032*

Date	Principal Amount	Date	Principal Amount
April 1, 2029	$200,000	April 1, 2031	$220,000
October 1, 2029	205,000	October 1, 2031	230,000
April 1, 2030	210,000	April 1, 2032	230,000
October 1, 2030	215,000	October 1, 2032†	240,000

† Final Maturity

2017 Series 4-B Term Bonds Due October 1, 2037*

Date	Principal Amount	Date	Principal Amount
April 1, 2033	$250,000	October 1, 2035	$ 280,000
October 1, 2033	250,000	April 1, 2036	285,000
April 1, 2034	260,000	October 1, 2036	70,000
October 1, 2034	265,000	April 1, 2037	70,000
April 1, 2035	275,000	October 1, 2037†	27,865,000

† Final Maturity

Special Redemption

Except as otherwise provided below, all Series Bonds are subject to redemption, in whole or in part on any date, at the option of Rhode Island Housing, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium, from moneys deposited in the Redemption Account, on account of (a) the optional prepayment of a Mortgage Loan, if any (see "**THE PROGRAM—Prepayment of Mortgage Loans**); (b) the sale or other disposition of property financed by a Mortgage Loan which Rhode Island Housing has taken title to or possession of as a result of an event of default under the Mortgage Loan with respect thereto; (c) condemnation of property financed by a Mortgage Loan or part thereof; (d) other proceedings taken in the event of default under a Mortgage Loan; (e) moneys deposited in the Redemption Account on account of Series Bond proceeds remaining on deposit in the Bond Proceeds Account which have not been used to make or fund the Series Mortgage Loans; (f) Revenues (including Mortgage Loan prepayments) under the General Resolution in excess of the amount required to meet Debt Service requirements, the Debt Service Reserve Account Requirement and Program Expenses with respect to all Bonds outstanding under the General Resolution; or (g) mortgage insurance or guaranty or hazard insurance proceeds.

General Provisions

In the case of any redemption of Bonds at the election or direction of Rhode Island Housing, Rhode Island Housing shall give written notice to the Trustee of its election or direction so to redeem, of the Redemption Date, of the principal amounts of the Bonds of such Series (and subseries, if applicable) and maturities to be redeemed (which Redemption Date, Series (and subseries, if applicable), maturities and principal amounts thereof to be redeemed shall be determined by Rhode Island Housing in its sole discretion, subject to any limitations with respect thereto contained in or permitted by the Resolution) and of any moneys to be applied to the payment of the Redemption Price.

* Preliminary; subject to change.

If less than all of the Outstanding Bonds of a like Series and maturity are to be redeemed, the Trustee shall select increments of $5,000 maturity amount of such Series and maturity to be redeemed on a proportionate basis.

Notice of Redemption

Notice of redemption of Bonds shall be given by the Trustee in the name of Rhode Island Housing. Such notice shall specify the complete official name, the Series (and subseries, if applicable), the maturities, the interest rate, and the CUSIP number of the Bonds to be redeemed, the Redemption Date and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at such place(s)) and, if less than all the Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the Redemption Date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given by mailing a copy thereof, first class postage prepaid, not less than 20 days nor more than 30 days prior to the Redemption Date, to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books. Notices to Bondholders of at least $1,000,000 principal amount of Bonds, national information services, and any Depositaries, upon written request, shall also be sent by certified mail, return receipt requested. Bondholders of at least $1,000,000 principal amount of Bonds may request that notices also be sent to an additional address. If the Bonds to be redeemed are fully registered, then mailing of notice of redemption to the holders thereof shall be sufficient, and Rhode Island Housing may elect to dispense with the publication of such notice. A Bondholder may waive its right to receive notice pursuant to this section.

A copy of any notice sent pursuant to the preceding paragraph shall be sent by the Trustee to at least two of the national information services that disseminate redemption notices or redemption notice information (so long as two such services exist).

A second notice must be sent by the Trustee to any Bondholder whose Bonds have been redeemed but who has not delivered its Bonds for redemption by the sixtieth day following the applicable Redemption Date. Such notice shall be sent in the manner and shall include the same information described in the first paragraph of this section.

Book-Entry Only System

When the Series Bonds are issued, ownership interests will be available to purchasers only through a book-entry system (the "Book-Entry System") maintained by The Depository Trust Company ("DTC"), New York, New York, or such other depository institution designated by Rhode Island Housing pursuant to the Resolution. Purchasers of beneficial interests in the Series Bonds will not receive certificates reflecting their interests in the Series Bonds.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES BONDS AS NOMINEE FOR DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED OWNERS OR OWNERS OF THE SERIES BONDS (EXCEPT UNDER "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES BONDS.

The following information included under this caption (except for the last two paragraphs) concerning DTC and DTC's book-entry system has been obtained from DTC, but no representation is made by Rhode Island Housing, the Underwriters or the Trustee as to the accuracy or adequacy thereof.

DTC will act as securities depository for the Series Bonds. The Series Bonds will be issued as fully-registered securities 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 Series Bond certificate will be issued for each maturity of the Series Bonds in the aggregate principal amount thereof, 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 3.6 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 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 (the "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 Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series Bonds on DTC's records. The ownership interest of each actual purchaser of each Series Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners 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 interests in the Series 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 Series Bonds, except in the event that use of the book-entry system for the Series Bonds is discontinued.

To facilitate subsequent transfers, all Series 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 Series Bonds with DTC and their registration in the name of Cede & Co do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping account of their holdings on behalf of their customers.

Conveyances 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 shall be sent to DTC. If less than all of the Series Bonds of a Series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series Bonds of such Series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Rhode Island Housing 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 Series Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption, principal, interest and purchase price payments on the Series 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 Rhode Island Housing or the Trustee, Bond Registrar or Tender Agent, on payable date in accordance with their respective holdings shown on DTC's record. 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, the Bond Registrar, the Tender Agent or Rhode Island Housing, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption, principal, interest and purchase price payments to Cede & Co. (or such other nominees as may be requested by an authorized representative of DTC) is the responsibility of the Rhode Island Housing or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The requirement for physical delivery of Series Bonds in connection with a mandatory purchase will be deemed satisfied when the ownership rights in such Series Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series Bonds at any time by giving reasonable notice to Rhode Island Housing or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series Bond certificates are required to be printed and delivered. Rhode Island Housing may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series Bond certificates will be printed and delivered to DTC.

In the event such Series Bond certificates are issued, the Beneficial Owner, upon registration of the Series Bonds held in such Beneficial Owner's name, shall become the Owner for purposes of the Resolution and the provisions of the Resolution shall apply to, among other things, the transfer and exchange of certificates and the method of payment of principal of and interest on the Series Bonds.

NEITHER RHODE ISLAND HOUSING, NOR THE TRUSTEE, NOR THE BOND REGISTRAR, NOR THE TENDER AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS, TO THE INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) THE TIMELY PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT

PARTICIPANT OF ANY AMOUNT DUE WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PRICE OR PURCHASE PRICE OF OR INTEREST ON THE SERIES BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS BY DTC UNDER THE RESOLUTION; (IV) THE SELECTION BY DTC OF ANY DIRECT OR INDIRECT PARTICIPANT AND THE SELECTION BY SUCH DIRECT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

THE PROGRAM

Under Rhode Island Housing's Multi-Family Development Program (the "Multi-Family Development Program" or the "Program"), Rhode Island Housing may finance only developments in which at least 20% of the rental units are occupied or are to be occupied by persons and families whose income is 50% or less of the Area Median Gross Income or developments in which at least 40% of the rental units are occupied or are to be occupied by persons and families whose income is 60% or less of the Area Median Gross Income as that term is defined in Section 142(d) of the Code.

To encourage the development of such low-income rental units, the Board of Commissioners has established a "Special Loan Fund" from reserve funds of Rhode Island Housing from which below market rate loans can be made for developments to either fund capital costs or fund operating and debt service costs of a development.

Under the Program, Rhode Island Housing gives priority to proposals which: (a) utilize other available funding sources such as federal, state, local and private grants; (b) request less than the maximum amount from the Special Loan Fund; (c) utilize federal tax credits in a cost-effective manner; (d) creatively respond to the needs of persons and families that are physically handicapped; (e) provide rental housing to families rather than individuals; and (f) preserve the affordability of the existing housing stock throughout the State.

Mortgage Loan Processing For Developments

Rhode Island Housing is authorized under the Act to provide financing for developments for low and moderate income persons and families, and, in providing financing, Rhode Island Housing is required to follow provisions of the Act and State and federal laws and regulations.

Rhode Island Housing's review of proposals from housing developers typically occurs through a two-stage process, preliminary and loan commitment review as described below.

The Preliminary Review Process

When a housing developer contacts Rhode Island Housing in contemplation of seeking financing for a development from Rhode Island Housing, Rhode Island Housing's Housing Development Division evaluates the suitability of the site and adequacy of the market for rental housing in the area. This review may include a preliminary financial analysis and analysis of the site characteristics, surrounding land uses, available utilities, transportation, employment and recreation opportunities, and shopping facilities.

If the preliminary review is satisfactory the developer is requested to submit a formal proposal which is evaluated by staff of Rhode Island Housing. This evaluation includes a preliminary analysis of the development costs and operating expenses, marketing and management information, schematic and preliminary drawings and site plans, information about the developer and development team and the economic feasibility of the development, including an examination of external or environmental factors of the industry which may affect the long-term viability of the development. An evaluation is also completed by Rhode Island Housing's Loan Servicing Division to determine if the proposed managing agent is qualified to manage the development in conformity with the management standards and procedures established by Rhode Island Housing. A review of the financial statements of the developer and other development team members is made to determine their financial capability. With respect to a prospective acquisition of an existing development, Rhode Island Housing also reviews prior years' financial statements and operating history of such developments. The conclusions of the preliminary evaluation are presented to the Board of Commissioners, and upon the Board's approval of the proposed development, the developer is issued a reservation letter that details the additional requirements that must be met in order for a loan commitment to be issued.

The Loan Commitment Review Process

Upon the completion of the preliminary review process, a more detailed review of all aspects of a development proposal is completed. A developer must submit working drawings and specifications, detailed operating and expense budgets, financial statements for the developer and general contractor, prior years' financial statements and operating history for the development, if applicable, and any additional documentation requested for commitment processing. Rhode Island Housing will commission an appraisal, and, if required, a market study to ensure appropriate loan to value ratio. A review of the management and marketing plan is made with attention to marketing strategies, operating budgets and affirmative marketing. Concurrently, the Housing Development Division makes a cost estimate for the development and evaluates cost projections. Once Rhode Island Housing is satisfied that all reviews are in order, a loan commitment presentation is made to the Board of Commissioners, and, if accepted, a commitment letter is issued to the mortgagor.

Initial Closing

At the initial closing of a mortgage loan, a regulatory agreement (the "Regulatory Agreement") is executed by Rhode Island Housing and the mortgagor. The Regulatory Agreement regulates tenant eligibility and rent levels in accordance with pertinent regulations of the Program and the Code. The Regulatory Agreement also regulates management and operation of the development, and disbursement of development income.

In addition to the Regulatory Agreement, major documents executed at or before the initial loan closing include a loan agreement, mortgage note, mortgage, and security agreement. Some developments also require the execution of rental assistance contracts with either the federal or State government. A "cost plus not-to exceed" construction contract is typically executed by the mortgagor and the contractor in connection with the construction that is to be completed in a development. The loan agreement provides that upon occupancy of the development, a reserve fund for repairs and replacements will be established with Rhode Island Housing and funded monthly from rental income. In addition, the mortgagor will, at the end of the construction period, fund an operating reserve fund, or equivalent reserve acceptable to Rhode Island Housing for operating expenses.

As assurance for completion of construction, the mortgagor typically must deliver payment and performance bonds issued by a surety company acceptable to Rhode Island Housing in the amount of 100% of the construction cost under the construction contract between the mortgagor and the contractor. An acceptable alternative is a letter of credit in the amount of 25% of the construction contract amount. If the construction contract amount is greater than amounts provided therefor in Rhode Island Housing's mortgage loan commitment, the mortgagor may be required to deposit with Rhode Island Housing additional cash or an irrevocable letter of credit in the amount of such difference. Rhode Island Housing may draw upon such amounts to fully fund construction. In addition, an agreement guaranteeing completion of the construction by a principal, or other related person or entity may be required by Rhode Island Housing. Where the acquisition of an existing development is financed under the Program and a determination is made by Rhode Island Housing that the nature of the rehabilitation work to be financed does not warrant payment and performance bonds or a letter of credit as described above, such requirements may be waived.

Construction

During construction or renovation of a development, the Development Division field inspectors make frequent on-site inspections of the progress of construction to determine compliance with the approved drawings, plans and specifications.

Upon completion of construction, Rhode Island Housing makes a final inspection to determine that (a) construction of the development has been completed in accordance with the approved plans and specifications and other terms of the mortgage loan, (b) the development has been constructed in accordance with any applicable building, housing and other codes and ordinances, and (c) the development is in good and tenantable condition. If the inspection is satisfactory, the general contractor and the mortgagor submit cost certifications of all actual costs of the construction and the development, respectively.

The construction of the developments is subject to certain Rhode Island Housing procedures and requirements. Among these are the following:

> Builder's risk property insurance in excess of the construction cost under the construction contract is obtained for each of the developments.
>
> Rhode Island Housing conducts field inspections of construction progress for each development on a weekly or monthly basis, as necessary.
>
> Prior to the execution of the construction contract, either (i) the general contractor for each development posts a payment and performance bond, in the amount of 100% of the construction contract, in dual obligee form (Rhode Island Housing and mortgagor), (ii) the general contractor for each development posts a letter of credit for 25% of the construction price or (iii) the developer, or a principal of the developer, provides a completion guaranty in the amount of 110% of the construction contract. Rhode Island Housing must approve the surety company selected for each development.
>
> With respect to each development, a Construction Loan Agreement is entered into between the mortgagor and Rhode Island Housing and a construction contract approved by Rhode Island Housing is entered into between the mortgagor and the general contractor. Each such contract generally provides:
>
>> A total amount payable equal to the general contractor's estimated cost of construction;
>>
>> Monthly payments to be made to the contractor by the mortgagor based upon the percentage of the work completed as work is approved by Rhode Island Housing;
>>
>> A retainage of 10% of each approved construction advance which is typically held until substantial completion of construction. In certain instances, Rhode Island Housing may exercise its discretion and reduce the retainage after the development is 50% completed;
>>
>> Payments due the contractor to be made only after a title insurance company, licensed to do business in the State, certifies to Rhode Island Housing in writing that the mortgage will continue to constitute a first or second lien on the development;
>>
>> All change orders must receive the written approval of Rhode Island Housing; and

Certification of the contractor's expenses to be provided to Rhode Island Housing.

Permanent Financing

Upon satisfactory completion of a final cost certification audit, the loan shifts from a construction loan to the permanent financing. Level monthly mortgage loan payments of principal and interest commence on the earlier of the first day of the month following the month in which construction is completed or the first day of the 18th month after closing in amounts sufficient to amortize the principal amount of the mortgage loan over its term, and, if applicable, FHA Mortgage Loan Insurance or any other applicable mortgage insurance policy takes effect.

Resident Selection, Marketing and Management

In addition to the Regulatory Agreement, the management of the development is governed by a Housing Management Agreement between the mortgagor, the management agent and Rhode Island Housing. Rhode Island Housing has the right to terminate the Housing Management Agreement for just cause as determined by Rhode Island Housing's Loan Servicing Division, which is responsible for establishing the standards and procedures for management of the development. Contact with the management agent is initiated by the Loan Servicing Division at the commitment stage. Prior to a loan commitment, the management agent submits a comprehensive Management Plan for the development for Rhode Island Housing's review and approval. The Plan details the form of resident lease, principles of landlord-resident relations, standards for eligibility for initial occupancy, marketing plans, affirmative marketing plans, budgets, operations reporting systems and accounting systems.

After completion of construction and occupancy, the Loan Servicing Division inspects developments and conducts no less than yearly audits of the management agent's verification of resident eligibility, development accounts, resident waiting lists, accounts payable and receivable, and development bank accounts, including all escrow and reserve accounts and generally observes all management operations. The management agent is required to submit monthly reports to the Loan Servicing Division which include information on the aging of all accounts payable and receivable for the development, a listing of all occupancies by unit size and rental rate, a summary of marketing activity for the preceding month, a cash reconciliation and budget review. Rhode Island Housing utilizes warning and exception reporting systems designed to identify potential problems at an early stage. Maintenance problems found during inspections are noted and the owners and managing agents have thirty days in which to respond to such findings and make corrections.

Prepayment of Mortgage Loans

The Mortgage Loans financed under the Program provide that the developer may voluntarily prepay such mortgage loan only with the consent of Rhode Island Housing. Rhode Island Housing has consented to the voluntary prepayment of Mortgage Loans financed under its other multi-family programs in conjunction with its Multi-Family Development Program, and Rhode Island Housing may consent to the voluntary prepayment of additional Mortgage Loans under the Program and its other multi-family programs in conjunction with the Multi-Family Development Program where prepayment will not result in a material escalation of rents charged to residents of the developments financed with such Mortgage Loans, as required by applicable statutes and regulations governing prepayment of Mortgage Loans. See "**PLAN OF FINANCING**" herein for a description of the Multi-Family Development Program. Any exercised prepayment option or voluntary prepayment of a mortgage loan could result in the redemption of Series Bonds at par as described herein under the heading "**REDEMPTION PROVISIONS—Special Redemption**."

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The Resolution contains various covenants and security provisions certain of which are summarized below.

Contract with Bondholders

The Resolution is a contract among Rhode Island Housing, the Trustee and the holders of the Bonds and its provisions are for the equal benefit, protection and security of the holders of any and all of such Bonds each of which shall be of equal rank.

Provisions for Issuance of Bonds

The 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:

A Bond Counsel's Opinion to the effect that the Bonds of such Series upon delivery will 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 Resolution;

The amount of the proceeds of such Series to be deposited in any Account held by the Trustee pursuant to the Resolution;

Except in the case of any refunding issue, a Certificate of an Authorized Officer stating that Rhode Island Housing is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution; and

A Certificate of an Authorized Officer stating that the Revenues expected to be received by Rhode Island Housing from Mortgage Loans expected to be financed from amounts in the Bond Proceeds Account are estimated to be received at times and in amounts sufficient, when added to amounts otherwise available therefor, to provide for the payment of all Outstanding Bonds and the interest thereon in full.

Provisions for Refunding Issues

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 pendency of such redemption and to give notice of the call for redemption of such Bonds and either (a) moneys sufficient to effect payment or redemption at the applicable Redemption Price of the Bonds to be refunded, together with interest accrued to the Redemption Date, or (b) direct obligations of, or obligations guaranteed by, the United States of America, or any bond, debenture, note, participation certificate or other similar obligation issued by Fannie Mae (but only to the extent such obligations are guaranteed by the Government National Mortgage Association) or issued by another federal agency and backed by the full faith and credit of the United States of America, or obligations secured by such obligations through an irrevocable trust, which by their terms will provide moneys sufficient to provide for the payment when due of the applicable principal or Redemption Price of the Bonds to be refunded, together with accrued interest. Any such moneys, obligations or certificates are required to be held irrevocably in trust under the Resolution.

Application of Bond Proceeds

As soon as practicable upon the delivery of each Series of Bonds, other than Refunding Bonds, the amount necessary to cause the amount on deposit in the Debt Service Reserve Account to equal the Debt Service Reserve Account Requirement so specified in the Supplemental Resolution authorizing such Bonds are required to be deposited in the Debt Service Reserve Account. The balance remaining after such deposits have been made is required to be deposited in the Bond Proceeds Account.

Deposits and Investments

Except as otherwise provided in the Resolution, moneys in any account shall be continuously invested and reinvested or deposited and redeposited by the Trustee, at the direction of an Authorized Officer, promptly confirmed in writing, in the highest yield Investment Securities that may be reasonably known, with a view toward maximizing yield (with proper preservation of principal) and minimizing the instances of uninvested funds. Rhode Island Housing may direct the Trustee to invest and reinvest the moneys in any account in Investment Securities so that the maturity date or date of redemption at the option of the holder thereof shall coincide as nearly as practicable with the times at which moneys are needed to be expended. The Investment Securities purchased shall be held by the Trustee, or for its account as Trustee, and shall be deemed at all times to be part of such Account, and the Trustee shall keep Rhode Island Housing advised as to the details of all such investments. Except as otherwise expressly provided, in computing the amount in any 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 January 1 and July 1 and as otherwise required under the Resolution and on any particular date shall not include the amount of interest then earned or accrued to such date on any such moneys or investment.

Establishment of Accounts

The Resolution established the following Accounts which are to be held by the Trustee:

(a) Bond Proceeds Account.
(b) Revenue Account.
(c) Redemption Account.
(d) Debt Service Reserve Account
(e) Rebate Account.

In addition to the foregoing accounts, Supplemental Indentures authorizing a Series of Bonds may establish additional accounts as deemed necessary or desirable by Rhode Island Housing as additional security for such Series of Bonds, and any funds on deposit in such other accounts may be pledged and held in trust, invested and disbursed by the Trustee solely for the uses and purposes therein provided.

Bond Proceeds Account

In addition to the proceeds of a Series of Bonds, Recoveries of Principal are required to be deposited in the Bond Proceeds Account established for such Series. Amounts in the Bond Proceeds Account may be expended only to finance Mortgage Loans, to pay Costs of Issuance, to make deposits in the Revenue Account representing capitalized interest, to redeem Bonds, to pay notes of Rhode Island Housing, including interest thereon, and to provide amounts for deposit in the Revenue Account upon delivery to the Trustee of a Certificate of an Authorized Officer satisfying the conditions for the issuance of Bonds.

Amounts in the Bond Proceeds Account may not be disbursed for the financing of a Mortgage Loan (except to the extent that a variance is permitted by the insurer or guarantor of any Mortgage Loan) unless, among other things:

(a) the mortgagor has warranted generally the title to the premises, subject to Permitted Encumbrances, and has agreed to execute such further assurances as may be requisite;

(b) the mortgagor has entered into a binding agreement with or for the benefit of Rhode Island Housing that it will pay or escrow all taxes, assessments, water rates, sewer rents and municipal and other charges and fees and that it will discharge any prior liens levied against the Premises or any part thereof, and that the mortgagor will at the request of Rhode Island Housing deliver appropriate proof of the payment of such items;

(c) the mortgagor covenants that it will keep buildings on the premises insured against loss by fire and other hazards as required by Rhode Island Housing and that it will maintain the premises in good repair and comply with all requirements of governmental authority relating thereto; and

(d) the mortgagor has obtained the approval of all governmental entities having jurisdiction over the proposed residential housing.

Revenue Account

All Pledged Receipts are to be deposited in the Revenue Account. On or before each Interest Payment Date the Trustee is required to pay to the Paying Agent the amounts required for the payment of the Principal Installments, if any, and interest due on the Outstanding Bonds on such date. On or before each Redemption Date or date of purchase the Trustee is required to pay the Paying Agent the amounts required for the redemption or purchase price of Bonds redeemed or purchased for retirement and accrued interest thereon, unless the accrued interest has been otherwise provided for.

The amount accumulated in the Revenue Account for each Sinking Fund Payment may be applied either (a) to the purchase of Bonds for which such Sinking Fund Payment was established, at prices (including any brokerage and other charges) not exceeding the applicable Redemption Price, plus accrued interest, or (b) to the redemption of such Bonds, if then redeemable by their terms, at the Redemption Prices referred to above.

Upon the purchase or redemption of Bonds from amounts in the Revenue Account an amount equal to the principal amount of the Bonds so purchased or redeemed is required to be credited toward the next Sinking Fund Payment thereafter to become due and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Payment is to be credited against future Sinking Fund Payments in direct chronological order unless otherwise instructed in writing by an Authorized Officer.

Rhode Island Housing is permitted to direct the transfer of amounts from the Revenue Account at any time to the Bond Proceeds Account, Debt Service Reserve Account or Redemption Account, or to the general operating accounts of Rhode Island Housing for the purpose of paying Program Expenses for the then current Fiscal Year. Except for the payment of reasonable and necessary Program Expenses, no such transfer is permitted, however, unless the Debt Service Reserve Account Requirement is met and a Certificate of an Authorized Officer is delivered to the Trustee.

Redemption Account

There are to be deposited in the Redemption Account any amounts required by the General Resolution or a Supplemental Resolution to be so deposited and any other amounts available therefor and determined by Rhode Island Housing to be deposited therein. Subject to the provisions of the respective Series of Bonds and those of any Supplemental Resolutions authorizing the issuance thereof and authorizing the issuance of Refunding Bonds, the Trustee is required to apply the amounts deposited in the Redemption Account to the payment, purchase or redemption of Bonds at the earliest practicable Redemption Date. At any time prior to the forty-fifth day upon which Bonds are to be paid or redeemed from such amounts, the Trustee may apply amounts in any Account within the Redemption Account to the purchase of any of such Bonds, except that Rhode Island Housing may require or prohibit such purchases. The purchase price paid may not exceed the principal amount of such Bonds unless such Bonds may be redeemed within thirteen months after such purchase in which event such price shall not exceed the applicable Redemption Price. If the Trustee is able to purchase Bonds at a price less than the applicable Redemption Price, the Trustee is required to deposit in the Revenue Account the difference between such purchase price and such Redemption Price.

Upon the purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Payments have been established from amounts in the 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 a different method for crediting Sinking Fund Payments is otherwise directed by Rhode Island Housing.

Debt Service Reserve Account

There are to be deposited in the Debt Service Reserve Account all amounts required to be deposited therein pursuant to the Resolution and any other amounts received and determined by Rhode Island Housing to be deposited therein.

Amounts on deposit in the Debt Service Reserve Account are to be applied, to the extent other funds are not available therefor, to pay the Bonds when due, whether by call for redemption or otherwise. Whenever the amount in the Debt Service Reserve Account exceeds the Debt Service Reserve Account Requirement, the Trustee, if directed by Rhode Island Housing, is required to withdraw from the Debt Service Reserve Account the amount of such excess and deposit such amount into the Revenue Account, but only to the extent necessary to meet payments required from the Revenue Account.

Whenever the amount in the Debt Service Reserve Account, together with the amount in the Revenue Account, is sufficient to fully pay all Outstanding Bonds in accordance with their terms (including the Sinking Fund Payments for the retirement thereof), amounts on deposit in the Revenue Account shall be transferred to the Debt Service Reserve Account. Prior to said transfer, any Bonds constituting a part of the Revenue Account shall be deemed paid and cancelled.

Subject to any limitation in the Act, a Supplemental Resolution may provide that the Debt Service Reserve Account Requirement with respect to the applicable Series of Bonds may be funded through Cash Equivalents. For purposes of determining whether the Debt Service Reserve Account Requirement has been met, the amount in the Debt Service Reserve Account shall be deemed to include any amount payable thereunder on the demand of the Trustee without material conditions.

Rebate Account

There are to be deposited in the Rebate Account all amounts required to be deposited therein pursuant to the Supplemental Resolution authorizing each Series of Bonds and any other amounts received and determined to be deposited therein by Rhode Island Housing. Amounts on deposit in the Rebate Account are to be applied in accordance with such Supplemental Resolution.

Payment of Bonds

Rhode Island Housing covenants that it will duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds, 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.

Tax Covenants

Rhode Island Housing covenants that (a) it will at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds (excluding certain Bonds Rhode Island Housing elects to issue as federal taxable bonds) shall, for the purposes of federal income taxation, be excludable from the gross income of the owners 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 147(a) of the Code, (b) it will not permit at any time any of the proceeds of the Bonds or other funds of Rhode Island Housing to be used directly or indirectly to acquire any investment property, the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 148 of the Code, and (c) it will not permit such proceeds or other funds to be used in such manner as would result in the exclusion of any Bond from the treatment afforded by Section 103(a) of such Code by reason of the classification of such Bond as a "private activity bond which is not a qualified bond" within the meaning of the Code. The residential housing being financed by any Mortgage Loan will be either a "qualified residential rental project" within the meaning of the Code or a residence eligible to be financed with the proceeds of "qualified mortgage bonds" within the meaning of the Code. Notwithstanding the foregoing, Rhode Island Housing may elect to issue obligations the interest on which is not exempt from federal income taxation so long as such election is made prior to the issuance of such obligations. The covenants contained in this Section shall not apply to Bonds issued pursuant to such an election.

The Program

Rhode Island Housing covenants from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the provisions of the Resolution and 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 Program, to finance the Mortgage Loans pursuant to the Act and the Resolution, to do all such acts and things as shall be necessary to receive and collect Revenues (including diligent enforcement of the prompt collection of all arrears on Mortgage Loans) sufficient to pay the expenses of the Program, and to diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of Rhode Island Housing to protect, its rights with respect to or to maintain any insurance on Mortgage Loans and to enforce all terms, covenants and conditions of the Mortgage Loans including the collection, custody and prompt application of all Escrow Payments required by the terms of the Mortgage Loans for the purposes for which they were made.

Subject to the first paragraph of this section, whenever necessary in order to protect and enforce the interests and security of the holders of the Bonds, Rhode Island Housing shall commence foreclosure or pursue other appropriate remedies with respect to any Mortgage Loan which is in default. In the event that Rhode Island Housing shall, in its discretion, determine such action to be in the best interests of the holders of the Bonds, Rhode Island Housing may bid for and purchase the residential housing securing any such Mortgage Loan at any foreclosure sale thereof or may otherwise take possession of or acquire such residential housing (herein in this Section called an "Acquired Development") prior to the foreclosure of any such residential housing.

Subject to the first paragraph of this Section, Rhode Island Housing may at any time sell, assign or otherwise dispose of a Mortgage Loan (or the Acquired Development to which such Mortgage Loan relates):

(a) in order to realize the benefits of insurance, if any, with respect to such Mortgage Loan or Acquired Development;

(b) in order to provide funds to finance another Mortgage Loan having substantially equivalent terms as the remainder of such Mortgage Loan; or

(c) in order to provide funds for the redemption or purchase of a principal amount of Bonds corresponding to the unpaid principal amount of such Mortgage Loan plus the unamortized portion of the Costs of Issuance and original issue discount allocable to such Mortgage Loan.

In addition, Rhode Island Housing may sell any Acquired Development if there shall be filed with the Trustee a Certificate of an Authorized Officer to the effect that, in the judgment of Rhode Island Housing, (a) the proposed sale and the terms thereof are in the best interests of the Bondholders and (b) either (i) 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 Development were not so sold or (ii) the risk of such a loss in the event that the Acquired Development is not so sold is substantial.

Accounts and Reports

Rhode Island Housing 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 Mortgage Loans and all Accounts established by the Resolution which books of record and account 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.

Within 120 days after the close of each Fiscal Year, Rhode Island Housing is required to file with the Trustee a copy of an annual report as to the operations and accomplishments of Rhode Island Housing during such Fiscal Year, and financial statements for such Fiscal Year, setting forth in reasonable detail, among other things, the balance sheet for Rhode Island Housing and its programs, showing the assets and liabilities of the Program at the end of such Fiscal Year.

If at any time during any Fiscal Year there shall have occurred an Event of Default or an Event of Default shall have continued, then Rhode Island Housing shall file with the Trustee, within 45 days after the close of such Fiscal Year, a special report accompanied by an Accountant's Certificate as to the fair presentation of the financial statements contained therein, setting forth in reasonable detail the individual balances and receipts and disbursements for each Account under the Resolution.

Budgets

Rhode Island Housing shall 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. The annual budget shall set forth for such Fiscal Year the estimated Revenues, the Principal Installments and the amount of interest due and payable or estimated to become due and payable during such Fiscal Year and estimated Program Expenses. Rhode Island Housing 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 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.

Powers of Amendment

Any modification or amendment of any provision of the Resolution and of the rights and obligations of Rhode Island Housing and of the holders of the Bonds may be made by a Supplemental Resolution, with the written consent given as provided in the 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 of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond or shall reduce the percentage of Bonds, the consent of the holders of which is required to effect any such modification or amendment.

Events of Default

It is an "Event of Default" if: (a) Rhode Island Housing defaults in the payment of the principal or Redemption Price of any Bonds when due, whether at maturity or upon call for redemption or otherwise; (b) payment of any installment of interest on any of the Bonds is not made within 30 days after becoming due; or (c) Rhode Island Housing fails or refuses to comply with the provisions of the Resolution, or defaults 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 continues for a period of 90 days after written notice thereof by the Trustee or by the holders of not less than 5% in principal amount of the Outstanding Bonds.

Remedies

Upon the happening and continuance of any Event of Default specified in clauses(a) and (b) above, the Trustee will proceed, or upon the happening and continuance of any Event of Default specified in clause (c) 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 must proceed, in its own name, subject to the Resolution, to protect and enforce 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 Rhode Island Housing to receive and collect Revenues and to carry out the covenants and agreements as to the Mortgage Loans and to require Rhode Island Housing 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 Rhode Island Housing 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 such Mortgage Loans and Investment Securities securing the Bonds.

Priority of Payment After Default

In the event that during the continuance of an Event of Default, the funds held by the Trustee and Paying Agent 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 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 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 the Paying Agent in the performance of their respective duties under the Resolution, are to be applied as follows:

(a) 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 amounts available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons 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 Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference; and

(b) If the principal of all 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.

Compensation of Trustee

Rhode Island Housing is required to pay to the Trustee, to any Depositary and to the Paying Agent from time to time reasonable compensation for all services rendered under the 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 Resolution, and the Trustee, any Depositary and the Paying Agent shall have a lien therefor on any and all funds at any time held by them under the Resolution.

Defeasance

If Rhode Island Housing pays or causes to be paid to the holders of the Bonds, 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 Resolution, then the pledge of any revenues and assets thereby pledged and all other rights granted thereby will be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys have been set aside and held in trust by Fiduciaries (through deposit by Rhode Island Housing of funds for such payment or 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 will, prior to 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, Rhode Island Housing has given to the Trustee in form satisfactory to it irrevocable instructions to give, as provided in the Resolution, notice of redemption on said date of such Bonds, and (b) there has been deposited with the Trustee either moneys in an amount which are sufficient, or direct obligations of, or obligations guaranteed by, the United States of America, or any bond, debenture, note, participation certificate or other similar obligation issued by Fannie Mae (but only to the extent such obligations are guaranteed by the Government National Mortgage Association) or issued by another federal agency and backed by the full faith and credit of the United States of America, or obligations secured by such obligations, the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal or Redemption Price, if applicable, of 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.

TRUSTEE

The Trustee for the Series Bonds will be The Bank of New York Mellon Trust Company, N.A., Providence, Rhode Island. The Trustee also serves as bond trustee for other outstanding bonds of Rhode Island Housing. The Trustee also acts as Paying Agent for the Bonds. Principal, premium, if any, and interest on the Bonds will be payable at the Paying Agent's corporate trust office in Dallas, Texas.

Pursuant to the Resolution, Rhode Island Housing agrees to indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or default. Any Fiduciary may become the owner of any Bonds and coupons, with the same rights it would have if it were not a Fiduciary. Any Fiduciary may act as Depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Resolution, whether or not any such committee shall represent the holders of a majority in principal amount of the Bonds then Outstanding. Any Fiduciary may be an underwriter in connection with the sale of the Bonds or of any other securities offered or issued by Rhode Island Housing.

No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified.

AGREEMENT OF THE STATE

Pursuant to the Act, the State has pledged to and agreed with the owners of any Bonds that the State will not limit or alter the rights vested in Rhode Island Housing to fulfill the terms of any agreements made with them, or in any way impair the right and remedies of such owners until the Bonds, together with the interest thereon and on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such owners, are fully met and discharged.

STATE NOT LIABLE ON BONDS

The Bonds of Rhode Island Housing shall not be in any way a debt or liability of the State or of any political subdivision thereof and shall not create or constitute an indebtedness, liability or obligation of the State or of any such political subdivision or be or constitute a pledge of the faith and credit of the State or of any such political subdivision, but such Bonds shall be payable solely from revenues or funds of Rhode Island Housing pledged for their payment.

LEGALITY FOR INVESTMENT

The Act provides that the Bonds shall be legal investments in which all public officers and public bodies of the State, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking institutions including savings and loan associations, building and loan associations, trust companies, savings banks and savings associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the State, may properly and legally invest funds, including capital, in their control or belonging to them. The Bonds are securities which may properly and legally be deposited with and received by all public officers and bodies of the State or any agency or political subdivision of the State and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized by law.

LITIGATION

Rhode Island Housing is party to certain claims and lawsuits which are being contested. In the opinion of management, the ultimate liability with respect to these actions and claims will not have a material adverse effect on either Rhode Island Housing's financial position or the result of its operations.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance, sale and delivery of the Series Bonds are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to Rhode Island Housing, whose approving opinion in substantially the form of **APPENDIX G** hereto will be delivered with such Series Bonds.

Certain legal matters in connection with Series Bonds are subject to the approval of Nixon Peabody LLP, Providence, Rhode Island, Issuer's Counsel to Rhode Island Housing and to the approval of Kutak Rock LLP, Atlanta, Georgia, Counsel to the Underwriters.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to Rhode Island Housing, under existing statutes and court decisions, (i) interest on the 2017 Series 4 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to such exclusion of interest on any 2017 Series 4-A Bond or 2017 Series 4-B Bond for any period during which such 2017 Series 4-A Bond or 2017 Series 4-B Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of facilities financed with the proceeds of the 2017 Series 4-A Bonds or 2017 Series 4-B Bonds, respectively, or a "related person" and (ii) interest on the 2017 Series 4 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by Rhode Island Housing, the Series Developers and others in connection with the 2017 Series 4 Bonds, and Bond Counsel has assumed compliance by Rhode Island Housing and the Series Developers with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2017 Series 4 Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to Rhode Island Housing, pursuant to the provisions of the Act, income on the Series Bonds (including any profit on the sale thereof), is free from Rhode Island personal income taxes.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Series Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date of the Series Bonds, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, or any facts or circumstances that thereafter come to its attention, or changes in law or in interpretations thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action thereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2017 Series 4 Bonds, or under state and local tax law.

Summary of Certain Federal Tax Requirements Applicable to the 2017 Series 4 Bonds

The Code requires that at all times during the "qualified project period" (as defined below), each 2017 Series 4 Development financed with the proceeds of the 2017 Series 4 Bonds satisfy one of two set-aside requirements and constitutes rental property. Under these set-aside requirements, the developers of such 2017 Series 4 Developments must elect that either (a) 40% or more of the residential units in such 2017 Series 4 Developments are occupied by individuals whose income is 60% or less of area median gross income or (b) 20% or more of residential units in such 2017 Series 4 Developments are occupied by individuals whose income is 50% or less of area median gross income. Under the Code, the income of tenants of a development and area median gross income must be determined pursuant to Section 8 of the United States Housing Act of 1937, as amended. Income determinations under the Code, therefore, are subject to adjustments for family size. The "qualified project period" is defined by the Code as the period beginning on the first day upon which 10% of the units in the related development are occupied and ending on the latest of (a) the date which is 15 years after the date upon which 50% of the units in such development are first occupied, (b) the first day upon which no tax-exempt private activity bonds issued with respect to that development remain outstanding or (c) the date upon which any assistance provided under Section 8 of the United States Housing Act of 1937, as amended, terminates. The Code also requires that the low income occupancy requirement and the continuous rental requirement be continuously satisfied during the qualified project period. Determination of income qualification must be made on a continuing basis, except for a residential rental project in which all residential units in the residential rental project that become available are occupied by new residents that meet the applicable income limit. Otherwise, a tenant that is determined to be a person of low income for purposes of satisfying the low income requirement may continue to be treated as a person of low income for purposes of satisfying the income requirement so long as that tenant's income does not increase more than 140% of the applicable income limit (as adjusted for family size). In the event that a tenant's income increases to a level which is greater than 140% of the applicable limit (or if the tenant's family size decreases so that a lower maximum income applies), that tenant may no longer be treated as a person of low income for purposes of satisfying the low income requirement. Thereafter, if a 2017 Series 4 Development does not otherwise satisfy the applicable occupancy requirement based on other tenants, any unit of comparable or smaller size in such 2017 Series 4 Development which subsequently becomes vacant must be rented to an income qualifying tenant until such 2017 Series 4 Development again is in compliance. The Series Developers will have a minimum of 60 days to cure any noncompliance with the income requirement.

In addition, the Code establishes certain additional requirements that must be met subsequent to the issuance and delivery of the 2017 Series 4 Bonds in order that interest on the 2017 Series 4 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 2017 Series 4 Bonds, yield and other restrictions on investments of gross proceeds and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the 2017 Series 4 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. Rhode Island Housing and the Series Developers have or will have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2017 Series 4 Bonds from gross income under Section 103 of the Code.

Rhode Island Housing's Tax Certification, which will be delivered concurrently with the delivery of the 2017 Series 4 Bonds, will contain provisions and procedures relating to compliance with the requirements of the Code. Rhode Island Housing, in executing its Tax Certification, will certify to the effect that it expects to be able to and will comply with the provisions and procedures set forth therein. Rhode Island Housing has also covenanted in the Resolution that it shall at all times do and perform all acts and things permitted by law necessary or desirable in order to assure that interest paid on the 2017 Series 4 Bonds is not included in gross income for Federal income tax purposes. In furtherance thereof, Rhode Island Housing has required the Series Developer with respect to the Series Mortgage Loans to be financed by the 2017 Series 4 Bonds to make certain covenants in the Series Mortgage Loan documents in order to satisfy the above-described requirements of applicable Federal tax law. However, no assurance can be given that in the event of a breach of any such covenants, the remedies available to Rhode Island Housing and/or owners of the 2017 Series 4 Bonds can be judicially enforced in such manner as to assure compliance with the requirements of applicable Federal tax law and therefore to prevent the loss of the exclusion of interest on the 2017 Series 4 Bonds under applicable Federal tax law. Any loss of the exclusion of interest on the 2017 Series 4 Bonds may be retroactive to the delivery date of the 2017 Series 4 Bonds irrespective of when an event of noncompliance may occur or be ascertained.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain Federal income tax matters with respect to the 2017 Series 4 Bonds. It does not purport to deal with all aspects of Federal taxation that may be relevant to a particular owner of a 2017 Series 4 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 2017 Series 4 Bonds.

Prospective owners of 2017 Series 4 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 certain 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 2017 Series 4 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.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2017 Series 4 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 2017 Series 4 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 2017 Series 4 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.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a 2017 Series 4 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 means the first price at which a substantial amount of the 2017 Series 4 Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of the 2017 Series 4 Bonds is expected to be the initial public offering price set forth on the inside cover page of the

Official Statement. Bond Counsel to Rhode Island Housing further is of the opinion that, for any 2017 Series 4 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 2017 Series 4 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 Discount 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 original issue discount 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 2017 Series 4 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 2017 Series 4 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 2017 Series 4 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.

Proposed Legislation and Other Matters

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 2017 Series 4 Bonds under Federal or state law or otherwise prevent beneficial owners of the 2017 Series 4 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 Series Bonds.

Prospective purchasers of the 2017 Series 4 Bonds should consult their own tax advisors regarding the foregoing matters.

FINANCIAL STATEMENTS OF RHODE ISLAND HOUSING

The financial statements of Rhode Island Housing as of and for the years ended June 30, 2017 and 2016 are included in **APPENDIX C-1** hereto. The financial statements of Rhode Island Housing as of and for the year ended June 30, 2017 have been audited by Citrin Cooperman & Company, LLP ("Citrin Cooperman"), Providence, Rhode Island, independent certified public accountants, to the extent indicated in their report thereon. The financial statements of Rhode Island Housing as of and for the year ended June 30, 2016 included in **APPENDIX C-1** have been audited by LGC&D LLP, Providence, Rhode Island, independent certified public accountants, to the extent indicated in their report thereon. Citrin Cooperman has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report, nor has Citrin Cooperman audited Rhode Island Housing's financial statements subsequent to the completion of the audit of the financial statements as of and for the year ended June 30, 2017. Also, Citrin Cooperman has not performed any procedures relating to this Official Statement.

The unaudited financial statements of Rhode Island Housing for the three-month period ended September 30, 2017, are included in **APPENDIX C-2** hereto.

UNDERWRITING

J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Fidelity Capital Markets, Hilltop Securities, Jefferies LLC, Ramirez & Co., Inc., Raymond James & Associates Inc. and Roosevelt & Cross, Inc. (collectively, the "Underwriters") have jointly and severally agreed, subject to certain conditions, to purchase the Series Bonds at a purchase price of $____________. The Underwriters will be paid a fee in connection with their purchase of the Series Bonds, in an amount of $____________. The obligation of the Underwriters to purchase the Series Bonds is subject to certain terms and conditions set forth in the Purchase Contract with respect to the Series Bonds. The Series Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial public offering prices, and such initial offering prices may be changed from time to time, by the applicable underwriters.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, CS&Co. and LPL may purchase Series Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series Bonds that such firm sells.

Morgan Stanley & Co. LLC, one of the Underwriters, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series Bonds.

Maria Barry, an employee of an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, one of the Underwriters, is a commissioner of Rhode Island Housing.

Fidelity Capital Markets is a division of National Financial Services LLC.

Jefferies LLC, one of the Underwriters, has entered into an agreement (the "Agreement") with E*TRADE Securities LLC ("E*TRADE") for the retail distribution of municipal securities. Pursuant to the Agreement, Jefferies LLC will sell the Series Bonds to E*TRADE and will share a portion of its selling concession compensation with E*TRADE.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Each of the Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for Rhode Island Housing, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, each of the Underwriters and their respective 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 Rhode Island Housing. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. Without limiting the generality of the foregoing, each of the Underwriters and their affiliates may hold bonds that Rhode Island Housing is refunding through the issuance of the Series Bonds and, as a result, may receive proceeds from such refunding.

RATING

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa2" to the Series Bonds. Any explanation of the significance of such ratings should be obtained directly from Moody's. There is no assurance that a particular rating will pertain for any given period of time or that it will not be lowered or withdrawn entirely, if, in the judgment of the rating service, circumstances so warrant. Any downward revision or withdrawal of any such ratings will have an adverse affect on the market price of the Series Bonds.

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Rhode Island Housing will enter into a continuing disclosure agreement (the "Continuing Disclosure Agreement"), a form of which is attached hereto as Appendix F, for the benefit of the holders and beneficial owners of the Series Bonds. Under this Continuing Disclosure Agreement, Rhode Island Housing will be obligated while any Series Bonds remain Outstanding to provide certain updated financial information and operating data annually, and timely notice of specified listed events, to certain information vendors.

Filings made in accordance with the Disclosure Agreement will be made by filing with the Electronic Municipal Market Access System ("EMMA") of the MSRB.

The Annual Financial Information (as defined in the Continuing Disclosure Agreement) may be provided in one document or multiple documents, and at one time or in part from time to time. In addition, such Annual Financial Information may be provided by specific reference to documents available to the public on EMMA or filed with the SEC.

Any failure by Rhode Island Housing or the Trustee to perform in accordance with the Disclosure Agreement does 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 do not apply to any such failure.

In the past five years, Rhode Island Housing (1) filed certain financial and operating data with respect to its Multi-Family Development Bonds for the fiscal year ended June 30, 2012 42 days after such data was required to be filed, and such financial and operating data filing was not linked to all CUSIPs associated with the Multi-Family Development Bonds and (2) failed to make timely filings in 2014 of notices of changes in the ratings of certain insured bonds issued to finance multi-family housing projects. Rhode Island Housing supplemented its continuing disclosure filings on December 5, 2014 with respect to such insured multifamily bonds (to the extent such bonds were then still outstanding) to include such information.

MISCELLANEOUS

The references herein to the Act and the Resolution are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference is made to the Act and the Resolution for full and complete statements of such provisions. The agreements of Rhode Island Housing with the holders of the Series Bonds are fully set forth in the Resolution, and this Official Statement is not to be construed as a contract with the purchasers of the Series Bonds. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

Copies of the Act, the General Resolution and the Supplemental Resolution are on file at the office of Rhode Island Housing.

The execution and delivery of this Official Statement by the Treasurer have been duly authorized by Rhode Island Housing.

RHODE ISLAND HOUSING AND MORTGAGE
FINANCE CORPORATION

____

Thomas McNulty
Manager of Treasury and Capital Planning

APPENDIX A

DESCRIPTION OF THE DEVELOPMENTS

This Appendix A sets forth descriptions of (i) the 2017 Series 4 Developments expected to be financed with the proceeds of the 2017 Series 4 Bonds and (ii) the Prior Developments financed with Mortgage Loans funded with proceeds of other series of Bonds issued under the General Resolution. The Series Bonds are secured on a parity with the other Bonds issued under the General Resolution by a pledge of the Mortgage Loans and the Revenues derived from the Mortgage Loans on the developments described in this Appendix A and all amounts held in any account under the Resolution (except the Rebate Account) including investment income thereof.

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DESCRIPTION OF THE DEVELOPMENTS EXPECTED TO BE FINANCED BY THE 2017 SERIES 4 BONDS

Development Name	Barbara Jordan 1	Cathedral Square Apartments 1	Charlesgate North Apartments
Expected Series Bond Allocation	2017 Series 4-B	2017 Series 4-A	2017 Series 4-A; 2017 Series 4-B
Mortgagor	Barbara Jordan 1, L.P.	CS Apartments, LP	Charlesgate North Apartments LP
Anticipated Date of Completion	12/31/2019	12/31/2018	09/30/2019
Management Agent	Reliant Realty Services, LLC	Guardian Property Management	Davenport Associates
Location	Providence	Providence	Providence
Development Cost*	$49,325,000	$20,683,600	$27,635,000
Mortgage Loan Amount	$26,390,000	$11,790,000 (to be repaid at construction completion)	$13,750,000 ($5,798,500 to be repaid at construction completion)
Dwelling Units	192	100	200
Type of Units	Family	Elderly/Disabled	Elderly/Disabled
Subsidized Units %	100%	100%	78.5% - HAP Contract and 13% PB Voucher Contract
Type of Subsidy Program	HAP Contract	HAP Contract	HAP Contract
HAP Expiration**	January, 2038	January, 2036	January, 2024
Mortgage Loan Maturity Date	November, 2036	November, 2019	April, 2037
Insurance	FHA Risk Share***	Not Applicable	FHA Risk Share***
Occupancy Status****	85% during construction	100%	100% (on-site relocation during construction)

* Includes costs of acquisition, rehabilitation and payment in full of all prior outstanding project debt.
** Scheduled or anticipated expiration date of Section 8 Housing Assistance Payment Contract.
*** FHA Risk Share anticipated to be received upon completion of construction.
**** Fully Rented means fully occupied except for normal turnover.

CURRENT STATUS OF DEVELOPMENTS FINANCED BY OUTSTANDING BONDS

Development Name	**Carleton Court/Westside Apartments**	**Coddington Point Condominiums**	**Colonial Village Apartments**	**Cornplanter Row**
Bond Issue	2010 Series 1	2010 Series 1	2010 Series 1	2010 Series 1
Mortgagor	Carleton Westside Apartments, LP	EAF Newport, LLC	Colonial Village Associates, LP	Cornplanter Row, LP
Date of Completion	2010	2010	2010	2011
Management Agent	Pinnacle Property Management	Peabody Property Management	Property Advisory Group	Winn Management
Location	Providence	Newport	North Smithfield	Providence
Development Cost*	$8,543,945	$7,700,015	$5,971,277	$6,211,413
Mortgage Loan Amount	$3,480,000	$3,080,000 (1st Mortgage) $920,000 (2nd Mortgage)	$3,455,000	$300,000
Outstanding Loan Balance as of 09/30/2017	$1,974,096	$2,130,028.13 (1st Mortgage) $882,713.90 (2nd Mortgage)	$3,176,284	$278,724
Dwelling Units	86	32	75	36
Type of Units	Elderly/Family	Family	Elderly	Family
Subsidized Units %	100%	100%	100%	100%
Type of Subsidy Program	Low Income Housing Tax Credits	Section 8	USDA Rural Rental Assistance	Low Income Housing Tax Credits
HAP Expiration**	Not Applicable	April, 2025	Not Applicable	Not Applicable
Mortgage Loan Maturity Date	December, 2049	September, 2049 (1st Mortgage) September, 2029 (2nd Mortgage)	October, 2039	June, 2041
Insurance***	FHA Risk Share	FHA Risk Share	FHA Risk Share	Not Applicable
Occupancy Status****	Fully Rented	Fully Rented	Fully Rented	Fully Rented

* Includes construction costs, rehab costs, payment in full of all outstanding debt
** Scheduled expiration date of Section 8 Housing Assistance Payment Contract
*** FHA Risk Share covers only 1st Mortgages, as applicable
**** Fully Rented means fully occupied except for normal turnover

CURRENT STATUS OF DEVELOPMENTS FINANCED BY OUTSTANDING BONDS (continued)

Development Name	Deerfield Apartments	Essex Village	Glenark Landing/ Ashley Court	Kings Grant
Bond Issue	2013 Series 1	2013 Series 1	2013 Series 1	2013 Series 1
Mortgagor	Deerfield Acquisition, LP	Essex Village RHF Partners, LP	Trinity Woonsocket Limited Partnership	Kings Grant RHF Partners, LP
Date of Completion	2014	2014	2014	2014
Management Agent	Property Advisory Group	Federal Management Company, Inc.	Trinity Management, LLC	Federal Management Company, Inc.
Location	North Smithfield	North Kingstown	Woonsocket	North Kingstown
Development Cost*	$8,696,319	$14,800,000	$12,900,000	$21,600,000
Mortgage Loan Amount	$4,200,000 ($1,170,000 was repaid at construction completion)	$9,870,000	$6,400,000 ($4,900,000 was repaid at construction completion)	$14,000,000
Outstanding Loan Balance as of 09/30/2017	$2,912,184	$9,603,311	$1,452,252	$13,621,660
Dwelling Units	80	108	89	156
Type of Units	Elderly/Disabled	Elderly	Family	Family
Subsidized Units %	100%	100%	100%	66%
Type of Subsidy Program	USDA Rural Rental Assistance	Section 8	None	Section 8
HAP Expiration**	Not Applicable	November, 2032	Not Applicable	March, 2032
Mortgage Loan Maturity Date	February, 2044	April, 2049	April, 2044	April, 2049
Insurance***	FHA Risk Share	FHA Risk Share	FHA Risk Share	FHA Risk Share
Occupancy Status****	Fully Rented	Fully Rented	Fully Rented	Fully Rented

* Includes construction costs, rehab costs, payment in full of all outstanding debt
** Scheduled expiration date of Section 8 Housing Assistance Payment Contract
*** FHA Risk Share covers only 1st Mortgages, as applicable
**** Fully Rented means fully occupied except for normal turnover

CURRENT STATUS OF DEVELOPMENTS FINANCED BY OUTSTANDING BONDS (continued)

Development Name	**Riverstone Apartments**	**Berkeley Village**	**Centennial Towers**	**DeAngelis Manor I**
Bond Issue	2013 Series 1	2013 Series 2	2013 Series 2	2013 Series 2
Mortgagor	Riverstone Apartments, LP	Woodward Street Limited Partnership	Subsidized Properties III, LP	825 Housing, LP
Date of Completion	2014	2003	1977	1978
Management Agent	Phoenix Property Management	Pinnacle Property Management	National Investments, Ltd.	Goluses & Co.
Location	Pawtucket	Cumberland	Pawtucket	West Warwick
Development Cost*	$13,520,000	$4,273,292	$3,694,276	$3,739,223
Mortgage Loan Amount	$7,800,000 ($2,300,000 was repaid at construction completion)	$2,511,876	$1,927,000	$2,440,000
Outstanding Loan Balance as of 09/30/2017	$5,293,950	$1,112,868	$1,373,039	$1,801,891
Dwelling Units	103	30	101	96
Type of Units	Elderly	Family	Elderly	Elderly
Subsidized Units %	100%	100%	100%	100%
Type of Subsidy Program	Section 8	Section 8	Section 8	Section 8
HAP Expiration**	December, 2032	April, 2024	March, 2027	November, 2033
Mortgage Loan Maturity Date	April, 2044	August, 2035	October, 2031	April, 2032
Insurance***	FHA Risk Share	FHA Risk Share	FHA Risk Share	FHA Risk Share
Occupancy Status****	Fully Rented	Fully Rented	Fully Rented	Fully Rented

* Includes construction costs, rehab costs, payment in full of all outstanding debt
** Scheduled expiration date of Section 8 Housing Assistance Payment Contract
*** FHA Risk Share covers only 1st Mortgages, as applicable
**** Fully Rented means fully occupied except for normal turnover

CURRENT STATUS OF DEVELOPMENTS FINANCED BY OUTSTANDING BONDS (continued)

Development Name	Devan Manor	Evergreen Drive	Mineral Springs Garden	Olney Towers
Bond Issue	2013 Series 2	2013 Series 2	2013 Series 2	2013 Series 2
Mortgagor	Devan Manor Associates	Subsidized Properties II, LP	Mineral Spring Gardens Limited Partnership	Omni Olney Limited Partnership
Date of Completion	1980	1978	1980	1973
Management Agent	Unified Management Trust, LLC	National Investments, Ltd	North Dartmouth Properties, Inc.	Winn Management
Location	Cranston	East Providence	North Providence	Providence
Development Cost*	$6,374,000	$4,609,329	$6,347,084	$7,640,692
Mortgage Loan Amount	$4,040,000	$2,340,000	$4,297,500	$3,993,767
Outstanding Loan Balance as of 09/30/2017	$2,845,445	$1,665,950	$3,292,125	$3,370,342
Dwelling Units	127	84	139	154
Type of Units	Elderly	Family	Elderly	Elderly
Subsidized Units %	100%	100%	100%	100%
Type of Subsidy Program	Section 8	Section 8	Section 8	Section 8, Section 236
HAP Expiration**	September, 2020	September, 2020	March, 2031	June, 2023
Mortgage Loan Maturity Date	July, 2034	October, 2031	November, 2033	July, 2033
Insurance***	Not Applicable	FHA Risk Share	FHA Risk Share	FHA Risk Share
Occupancy Status****	Fully Rented	Fully Rented	Fully Rented	Fully Rented

* Includes construction costs, rehab costs, payment in full of all outstanding debt
** Scheduled expiration date of Section 8 Housing Assistance Payment Contract
*** FHA Risk Share covers only 1st Mortgages, as applicable
**** Fully Rented means fully occupied except for normal turnover

CURRENT STATUS OF DEVELOPMENTS FINANCED BY OUTSTANDING BONDS (continued)

Development Name	Rumford Towers I & II	Spring Villa	The Elms	Waterview Apartments
Bond Issue	2013 Series 2	2013 Series 2	2013 Series 2	2013 Series 2
Mortgagor	Rumford Apartments, L.P.	Omni Spring Villa Limited Partnership	Subsidized Properties I, LP	Omni Privilege Limited Partnership
Date of Completion	1980	1973	1979	1973
Management Agent	Ferland Property Management	Winn Management	National Investments, Ltd	Winn Management
Location	East Providence	North Providence	West Warwick	Woonsocket
Development Cost*	$23,957,872	$5,282,835	$5,395,882	$4,680,351
Mortgage Loan Amount	$12,500,000	$3,602,432	$3,100,000	$2,505,745
Outstanding Loan Balance as of 09/30/2017	$10,421,382	$2,789,226	$2,225,603	$1,919,536
Dwelling Units	294	100	120	100
Type of Units	Elderly	Elderly	Family	Elderly
Subsidized Units %	100%	100%	100%	100%
Type of Subsidy Program	Section 8	Section 8, Section 236	Section 8	Section 8, Section 236
HAP Expiration**	May, 2025	June, 2023	March, 2019	June, 2023
Mortgage Loan Maturity Date	August, 2036	July, 2033	October, 2030	November, 2033
Insurance***	FHA Risk Share	FHA Risk Share	FHA Risk Share	FHA Risk Share
Occupancy Status****	Fully Rented	Fully Rented	Fully Rented	Fully Rented

* Includes construction costs, rehab costs, payment in full of all outstanding debt
** Scheduled expiration date of Section 8 Housing Assistance Payment Contract
*** FHA Risk Share covers only 1st Mortgages, as applicable
**** Fully Rented means fully occupied except for normal turnover

CURRENT STATUS OF DEVELOPMENTS FINANCED BY OUTSTANDING BONDS (continued)

Development Name	Mt. Hope Court	Saint Elizabeth Place	Beachwood Apartments
Bond Issue	2013 Series 3-A (construction); 2013 Series 3-B	2013 Series 3-C	2013 Series 3-D
Mortgagor	Mt. Hope Court Associates, LP	Saint Elizabeth Assisted Living, Inc.	Beachwood Preservation Assoc. L.P.
Date of Completion	2014	1984	1978
Management Agent	Cornell Management, Inc.	Saint Elizabeth Community	POAH Communities
Location	Providence	Providence	Narragansett
Development Cost*	$5,374,065	$7,968,013	$7,688,140
Mortgage Loan Amount	$2,750,0000 ($250,000 was repaid at construction completion)	$6,750,000 (1st Mortgage) $800,000 (2nd Mortgage)	$3,867,178
Outstanding Loan Balance as of 09/30/2017	$2,439,271	$5,640,761 (1st Mortgage) $618,336 (2nd Mortgage)	$3,544,342
Dwelling Units	36	149	56
Type of Units	Family	Elderly	Elderly
Subsidized Units %	100%	100%	100%
Type of Subsidy Program	Section 8	Section 8	Section 8
HAP Expiration**	July, 2033	December, 2023	December, 2024
Mortgage Loan Maturity Date	December, 2049	March, 2037	December, 2044
Insurance***	FHA Risk Share	FHA Risk Share	FHA Risk Share
Occupancy Status****	Fully Rented	Fully Rented	Fully Rented

* Includes construction costs, rehab costs, payment in full of all outstanding debt
** Scheduled expiration date of Section 8 Housing Assistance Payment Contract
*** FHA Risk Share covers only 1st Mortgages, as applicable
**** Fully Rented means fully occupied except for normal turnover

CURRENT STATUS OF DEVELOPMENTS FINANCED BY OUTSTANDING BONDS (continued)

Development Name	**Blackstone Falls**	**Fifty Washington Square**	**Newport Heights 2B**	**Redfern Grove**
Bond Issue	2013 Series 3-D	2013 Series 3-D	2013 Series 3-D	2013 Series 3-D
Mortgagor	Blackstone Falls Associates, LLC	Fifty Square L.P.	Trinity Newport Four Phase Two Limited Partnership	1363 Smith Street L.P.
Date of Completion	1978	2006	2006	1981
Management Agent	Shoreline Corp.	Phoenix Property Management	Trinity Management, LLC	Craig Management Co.
Location	Central Falls	Newport	Newport	East Providence
Development Cost*	$6,724,397	$9,757,174	$12,300,000	$3,642,724
Mortgage Loan Amount	$4,833,000	$5,000,000 ($4,000,000 was repaid at construction completion)	$6,100,000 ($5,300,000 was repaid at construction completion)	$3,195,100
Outstanding Loan Balance as of 09/30/2017	$4,422,913	$828,565	$750,153	$2,706,084
Dwelling Units	133	93	47	72
Type of Units	Elderly	Non-Elderly, Disabled	Family	Elderly
Subsidized Units %	99%	100%	100%	100%
Type of Subsidy Program	Section 8	Section 8	Section 8 and Public Housing Authority Annual Contribution Contract	Section 8
HAP Expiration**	April, 2025	August, 2018 and October, 2018	December, 2030	May, 2031
Mortgage Loan Maturity Date	January, 2045	June, 2036	February, 2047	January, 2037
Insurance***	FHA Risk Share	FHA Risk Share	FHA Risk Share	FHA Risk Share
Occupancy Status****	Fully Rented	Fully Rented	Fully Rented	Fully Rented

* Includes construction costs, rehab costs, payment in full of all outstanding debt
** Scheduled expiration date of Section 8 Housing Assistance Payment Contract
*** FHA Risk Share covers only 1st Mortgages, as applicable
**** Fully Rented means fully occupied except for normal turnover

CURRENT STATUS OF DEVELOPMENTS FINANCED BY OUTSTANDING BONDS (continued)

Development Name	South Winds Apartments	Cranberry Pond	Cranston Commons	Northern Plaza
Bond Issue	2013 Series 3-D	2013 Series 4-T	2013 Series 4-T	2013 Series 4-T
Mortgagor	Southwinds Preservation Associations Limited Partnership	Ferland Corp.	1303 Elmwood Associates Limited Partnership	Northern Plaza Associates
Date of Completion	1980	1978	2012	2010
Management Agent	POAH Communities	Ferland Property Management	Phoenix Property Management	United Management Trust, LLC
Location	Narragansett	Warwick	Cranston	Pawtucket
Development Cost*	$6,679,620	$5,946,731	$1,890,873	$5,721,000
Mortgage Loan Amount	$3,300,000 ($300,000 of which was 1 year bridge loan)	$4,900,000	$975,000	$2,500,000
Outstanding Loan Balance as of 09/30/2017	$2,739,787	$4,621,470	$954,892	$2,418,461
Dwelling Units	48	97	19	100
Type of Units	Elderly/Disabled	Elderly/Disabled	Family	Elderly/Disabled
Subsidized Units %	100%	100%	100%	100%
Type of Subsidy Program	Section 8	Section 8	Section 8	Section 8
HAP Expiration**	May, 2024	September, 2024	August, 2023	January, 2035
Mortgage Loan Maturity Date	May, 2044	May, 2047	September, 2052	August, 2050
Insurance***	FHA Risk Share	FHA Risk Share	FHA Risk Share	FHA Risk Share
Occupancy Status****	Fully Rented	Fully Rented	Fully Rented	Fully Rented

* Includes construction costs, rehab costs, payment in full of all outstanding debt
** Scheduled expiration date of Section 8 Housing Assistance Payment Contract
*** FHA Risk Share covers only 1st Mortgages, as applicable
**** Fully Rented means fully occupied except for normal turnover

CURRENT STATUS OF DEVELOPMENTS FINANCED BY OUTSTANDING BONDS (continued)

Development Name	Phoenix Apartments	Maple Gardens I	Newport Heights 2A	Geneva Plaza
Bond Issue	2013 Series 4-T	N/A	N/A	2014 Series 2-T
Mortgagor	Phoenix Apartments, L.P.	Maple Gardens, LLC	Trinity Newport Phase Two Limited Partnership	Geneva Apartments L.P.
Date of Completion	2014	1970	2006	1983
Management Agent	Winn Residential	Winn Management	Trinity Management, LLC	Ferland Property Management
Location	Providence	North Providence	Newport	Pawtucket
Development Cost*	$20,925,000	$4,548,849	$19,927,000	$9,559,124
Mortgage Loan Amount	$1,700,000	$2,419,445	$1,210,000	$8,200,000
Outstanding Loan Balance as of 09/30/2017	$1,658,043	$2,253,169	$1,152,282	$6,994,683
Dwelling Units	83	90	100	149
Type of Units	Family	Elderly	Family	Elderly
Subsidized Units %	100%	100%	78%	100%
Type of Subsidy Program	Section 8	Section 8	Section 8 and Public Housing Authority Annual Contribution Contract	Section 8
HAP Expiration**	November, 2032	June, 2033	Not Applicable	April, 2033
Mortgage Loan Maturity Date	February, 2043	November, 2047	June, 2047	April, 2037
Insurance***	FHA Risk Share	FHA Risk Share	FHA Risk Share	FHA Risk Share
Occupancy Status****	Fully Rented	Fully Rented	Fully Rented	Fully Rented

* Includes construction costs, rehab costs, payment in full of all outstanding debt
** Scheduled expiration date of Section 8 Housing Assistance Payment Contract
*** FHA Risk Share covers only 1st Mortgages, as applicable
**** Fully Rented means fully occupied except for normal turnover

CURRENT STATUS OF DEVELOPMENTS FINANCED BY OUTSTANDING BONDS (continued)

Development Name	**Lonsdale Senior Housing**	**Newport Heights 3B**	**Riverside House**	**Water's Edge (f/k/a Driftwood Apartments)**
Bond Issue	2014 Series 2-T	2014 Series 2-T	2014 Series 2-T	2014 Series 2-T
Mortgagor	Lonsdale Apartments, L.P.	Trinity Newport Four Phase Three L.P.	Willett/Riverside L.P.	POAH Driftwood Apartments, LLC
Date of Completion	1978	December, 2006	1983	1971
Management Agent	Ferland Property Management	Trinity Management, LLC	Craig Management	POAH Communities
Location	Pawtucket	Newport	East Providence	Narragansett
Development Cost*	$8,519,201	$9,211,487	$2,878,926	$5,704,835
Mortgage Loan Amount	$5,789,000	$5,000,000 ($4,747,000 was repaid at construction completion)	$2,495,000	$2,900,000 (1st Mortgage) ($1,015,154 was repaid at construction completion) $210,154 (2nd Mortgage)
Outstanding Loan Balance as of 09/30/2017	$4,878,596	$234,123	$2,126,079	$1,739,485.20 (1st Mortgage) $194,127.54 (2nd Mortgage)
Dwelling Units	131	27	55	32
Type of Units	Elderly	Family	Elderly/Disabled	Family
Subsidized Units %	100%	85%	100%	100%
Type of Subsidy Program	Section 8	ACC/Section 8	Section 8	Section 8
HAP Expiration**	May, 2031	HAP covers 3 units; November 1, 2018	October, 2033	September, 2025
Mortgage Loan Maturity Date	March, 2037	June, 2047	March, 2037	May, 2047
Insurance***	FHA Risk Share	N/A	FHA Risk Share	FHA Risk Share
Occupancy Status****	Fully Rented	Fully Rented	Fully Rented	Fully Rented

* Includes construction costs, rehab costs, payment in full of all outstanding debt
** Scheduled expiration date of Section 8 Housing Assistance Payment Contract
*** FHA Risk Share covers only 1st Mortgages, as applicable
**** Fully Rented means fully occupied except for normal turnover

CURRENT STATUS OF DEVELOPMENTS FINANCED BY OUTSTANDING BONDS (continued)

Development Name	**Maple Gardens II**	**Williams Woods Place**	**Charlesgate Park**	**Charlesgate East**
Bond Issue	2014 Series 2-T	2014 Series 2-T	2014 Series 3	2014 Series 3
Mortgagor	Maple Housing Group	Williams Woods Limited Partnership	Charlesgate Park Apartments Limited Partnership	Charlesgate East Apartments Limited Partnership
Date of Completion	2007	2007	April, 2016	April, 2016
Management Agent	Ferland Property Management	Winn Management	Davenport Associates	Davenport Associates
Location	North Providence	Providence	Providence	Providence
Development Cost*	$4,520,869	$14,067,500	$11,836,054	$11,235,409
Mortgage Loan Amount	$1,741,007 (1st Mortgage) $2,308,993 (2nd Mortgage)	$2,738,000	$6,000,000 ($1,900,000 was repaid at construction completion)	$6,000,000
Outstanding Loan Balance as of 09/30/2017	$1,660,554.82 (1st Mortgage) $2,164,102.62 (2nd Mortgage)	$2,573,207	$4,052,529	$5,919,978
Dwelling Units	90	65	100	100
Type of Units	Elderly	Family	Elderly	Elderly
Subsidized Units %	100%	100%	100%	100%
Type of Subsidy Program	Section 8	Low Income Housing Tax Credits	Section 8	Section 8
HAP Expiration**	November, 2024	Not Applicable	June, 2018	May, 2019
Mortgage Loan Maturity Date	January, 2048	August, 2047	March, 2046	March, 2046
Insurance***	FHA Risk Share	FHA Risk Share	FHA Risk Share	FHA Risk Share
Occupancy Status****	Fully Rented	Fully Rented	Fully Rented	Fully Rented

* Includes construction costs, rehab costs, payment in full of all outstanding debt
** Scheduled expiration date of Section 8 Housing Assistance Payment Contract
*** FHA Risk Share covers only 1st Mortgages, as applicable
**** Fully Rented means fully occupied except for normal turnover

CURRENT STATUS OF DEVELOPMENTS FINANCED BY OUTSTANDING BONDS (continued)

Development Name	**Charlesgate South**	**Cherry Briggs**	**Pierce Manor**	**RTV II**
Bond Issue	2014 Series 3	2016 Series 1-A; 2016 Series 2-B	2016 Series 1-A; 2016 Series 2-B	2016 Series 1-A
Mortgagor	Charlesgate South Apartments Limited Partnership	Cherry Briggs Preservation Limited Partnership	Pierce Manor Associates Limited Partnership	Reclaiming the Vision II, LP
Date of Completion	April, 2016	June, 2017	June, 2017	December, 2016
Management Agent	Davenport Associates	POAH Communities	Cornell Management, Inc.	Maloney Property Management
Location	Providence	Providence and Johnston	Providence	Woonsocket
Development Cost*	$10,221,572	$25,735,000	$14,793,400	$13,374,000
Mortgage Loan Amount	$5,200,000 ($200,000 to be paid at construction completion)	$14,200,000 ($3,500,000 to be paid at construction completion)	$9,000,000 ($2,800,000 to be paid at construction completion)	$6,900,0000 (to be paid at construction completion)
Outstanding Loan Balance as of 09/30/2017	$4,954,292	$10,700,000	$6,182,040	$3,264,343
Dwelling Units	100	160	88	63
Type of Units	Elderly	Elderly/Disabled	Elderly/Disabled	Family/Disabled
Subsidized Units %	100%	100%	100%	13.00%
Type of Subsidy Program	Section 8	Section 8	Section 8	Section 8
HAP Expiration**	December, 2031	May, 2035 and September, 2035	July, 2032	August, 2036
Mortgage Loan Maturity Date	March, 2051	June, 2057	June, 2057	January, 2017
Insurance***	FHA Risk Share	FHA Risk Share	FHA Risk Share	N/A
Occupancy Status****	Fully Rented	Fully Rented	Fully Rented	90%

* Includes construction costs, rehab costs, payment in full of all outstanding debt
** Scheduled expiration date of Section 8 Housing Assistance Payment Contract
*** FHA Risk Share covers only 1st Mortgages, as applicable
**** Fully Rented means fully occupied except for normal turnover

CURRENT STATUS OF DEVELOPMENTS FINANCED BY OUTSTANDING BONDS (continued)

Development Name	Hillside Village	Omni Friendship	Pocasset Manor	River Edge Village
Bond Issue	2016 Series 1-C	2016 Series 1-C	2016 Series 1-C	2016 Series 1-C
Mortgagor	Hillside Preservation Associates Limited Partnership	Omni Friendship L.P.	Pocasset Preservation Associates Limited Partnership	Manton/River Associates, L.P.
Date of Completion	1991	1989	1982	1980
Management Agent	POAH Communities	Winn Management	POAH Communities	Cornell Management Corp.
Location	Providence	Providence	Providence	Providence
Development Cost*	$7,333,417	$4,978,374	$18,684,418	$6,122,850
Mortgage Loan Amount	$3,413,000	$2,500,000 ($2,050,000 was repaid at construction completion)	$7,800,000 ($2,463,000 was repaid at construction completion)	$3,130,000
Outstanding Loan Balance as of 09/30/2017	$3,172,985	$422,065	$4,994,934	$2,804,325
Dwelling Units	42	51	82	99
Type of Units	Family	Family	Elderly	Elderly
Subsidized Units %	100%	100%	100%	100%
Type of Subsidy Program	Section 8	Low Income Housing Tax Credits	Section 8	Section 8
HAP Expiration**	November, 2026	Not Applicable	November, 2026	July, 2026
Mortgage Loan Maturity Date	July, 2047	November, 2047	November, 2047	March, 2042
Insurance***	FHA Risk Share	FHA Risk Share	FHA Risk Share	FHA Risk Share
Occupancy Status****	Fully Rented	Fully Rented	Fully Rented	Fully Rented

* Includes construction costs, rehab costs, payment in full of all outstanding debt
** Scheduled expiration date of Section 8 Housing Assistance Payment Contract
*** FHA Risk Share covers only 1st Mortgages, as applicable
**** Fully Rented means fully occupied except for normal turnover

CURRENT STATUS OF DEVELOPMENTS FINANCED BY OUTSTANDING BONDS (continued)

Development Name	Wickford Village	60 King Street	Greenwood Terrace	Prospect Heights 1
Bond Issue	2016 Series 1-C	2017 Series 1-A	2017 Series 1-A	2017 Series 1-A; 2017 Series 1-B
Mortgagor	Wickford Village Realty, L.P.	Trinity 60 King Four LLC	Greenwood Apartments, LP	Prospect Redevelopment I Limited Partnership
Date of Completion	1976	1981	1980	1979
Management Agent	North Dartmouth Properties, Inc.	Trinity Management	Property Advisory Group	WinnResidential
Location	North Kingstown	Providence	Warwick	Pawtucket
Development Cost*	$13,927,939	$8,880,000	$6,342,000	$12,298,000
Mortgage Loan Amount	$8,266,794	$6,500,000 (to be repaid at construction completion)	$4,385,000 (to be repaid at construction completion)	$6,400,000 ($4,675,000 to be repaid at construction completion)
Outstanding Loan Balance as of 09/30/2017	$7,799,013	$6,500,000	$4,385,000	$6,400,000
Dwelling Units	129	22	53	101
Type of Units	Family	Family	Elderly/Disabled	Family
Subsidized Units %	100%	90%	100%	100%
Type of Subsidy Program	Section 8	Low Income Housing Tax Credits	Section 8	RAD Project Based Rental Assistance*****
HAP Expiration**	June, 2026	Not Applicable	November, 2036	March, 2037
Mortgage Loan Maturity Date	November, 2047	March, 2019	February, 2019	January, 2059
Insurance***	FHA Risk Share	Not Applicable	Not Applicable	FHA Risk Share
Occupancy Status****	Fully Rented	[0%; New Construction]	Fully Rented	Fully Rented

* Includes construction costs, rehab costs, payment in full of all outstanding debt
** Scheduled expiration date of Section 8 Housing Assistance Payment Contract
*** FHA Risk Share covers only 1st Mortgages, as applicable
**** Fully Rented means fully occupied except for normal turnover
***** Project Based Rental Assistance Contract under HUD's Rental Assistance Demonstration ("RAD") program.

CURRENT STATUS OF DEVELOPMENTS FINANCED BY OUTSTANDING BONDS (continued)

Development Name	Georgiaville Manor	Harris House Apartments	Hillcrest Village
Bond Issue	2017 Series 2-T	2017 Series 2-T	2017 Series 2-T
Mortgagor	Georgiaville Apartments L.P.	Harris House Partners, LP	Hillcrest Preservation Associates L.P.
Date of Completion	1981	1980	1979
Management Agent	Manhattan Housing Specialists	Property Advisory Group, Inc.	Preservation Housing Management
Location	Smithfield	Cranston	Providence
Development Cost*	$3,549,960	$9,878,555	$18,996,662
Mortgage Loan Amount	$2,640,000	$7,003,440	$10,500,000 (1st Mortgage) $659,000 (2nd Mortgage)
Outstanding Loan Balance as of 09/30/2017	$2,484,244	$6,371,581	$9,835,183.40 (1st Mortgage) $402,084.54 (2nd Mortgage)
Dwelling Units	54	133	130
Type of Units	Elderly	Elderly	Elderly/Disabled
Subsidized Units %	100%	100%	100%
Type of Subsidy Program	Section 8	Section 8	Section 8
HAP Expiration**	March, 2036	May, 2031	January, 2027
Mortgage Loan Maturity Date	May, 2048	May, 2043	December, 2046
Insurance***	FHA Risk Share	FHA Risk Share	FHA Risk Share
Occupancy Status****	Fully Rented	Fully Rented	Fully Rented

* Includes construction costs, rehab costs, payment in full of all outstanding debt
** Scheduled expiration date of Section 8 Housing Assistance Payment Contract
*** FHA Risk Share covers only 1st Mortgages, as applicable
**** Fully Rented means fully occupied except for normal turnover

CURRENT STATUS OF DEVELOPMENTS FINANCED BY OUTSTANDING BONDS (continued)

Development Name	**Mt. Vernon Apartments/Temple North Apartments**	**Mumford Manor Apartments**	**Riverside Village**
Bond Issue	2017 Series 2-T	2017 Series 2-T	2017 Series 2-T
Mortgagor	Mt. Vernon Temple Associates, Limited Partners	39 Farewell, L.P.	Riverside Village Limited Partnership
Date of Completion	2008	2008	1980
Management Agent	Property Advisory Group, Inc.	Phoenix Property Management	Valley Affordable Housing Corp.
Location	Woonsocket	Newport	Cumberland
Development Cost*	$10,023,887	$7,611,086	$9,093,607
Mortgage Loan Amount	$4,100,000 ($500,000 was repaid at construction completion)	$3,816,000 ($2,316,000 was repaid at construction completion)	$4,700,000 ($445,000 was repaid at construction completion)
Outstanding Loan Balance as of 09/30/2017	$3,392,891	$1,362,130	$3,984,772
Dwelling Units	123	34	88
Type of Units	Elderly	Elderly	Elderly/Disabled
Subsidized Units %	100%	100%	100%
Type of Subsidy Program	Section 8	Section 8	Section 8
HAP Expiration**	July, 2025	April, 2024	May, 2031
Mortgage Loan Maturity Date	May, 2048	April, 2043; Prepayment option at April, 2038	January, 2046
Insurance***	FHA Risk Share	FHA Risk Share	FHA Risk Share
Occupancy Status****	Fully Rented	Fully Rented	Fully Rented

* Includes construction costs, rehab costs, payment in full of all outstanding debt
** Scheduled expiration date of Section 8 Housing Assistance Payment Contract
*** FHA Risk Share covers only 1st Mortgages, as applicable
**** Fully Rented means fully occupied except for normal turnover

SUMMARY OF OUTSTANDING BOND INDEBTEDNESS OF RHODE ISLAND HOUSING

The following table sets forth the original and outstanding amounts of Rhode Island Housing's bonds as of September 30, 2017:

	Dated	Original Amount	Outstanding Amount
Homeownership Opportunity Bonds			
Series 10-A	09/01/1992	153,270,000	1,000,000
Series 15-A	05/01/1994	51,000,000	495,000
Series 46-T	03/18/2004	15,000,000	15,000,000
Series 48-T	12/09/2004	15,000,000	15,000,000
Series 57-A	09/13/2007	13,410,000	510,000
Series 57-B	09/13/2007	56,590,000	780,000
Series 58-A	11/15/2007	62,620,000	7,410,000
Series 59-A	03/20/2008	23,285,000	2,165,000
Series 61-A	06/06/2012	15,000,000	12,265,000
Series 61-B	06/06/2012	10,000,000	6,755,000
Series 61-C	06/06/2012	37,900,000	19,085,000
Series 62-A	07/03/2012	10,260,000	4,950,000
Series 62-B	07/03/2012	15,000,000	15,000,000
Series 62-C	07/03/2012	60,355,000	21,465,000
Series 63-A	10/25/2012	19,655,000	12,530,000
Series 63-B	10/25/2012	4,000,000	1,690,000
Series 63-C	10/25/2012	16,295,000	11,150,000
Series 63-T	10/31/2012	25,000,000	22,845,000
Series 64-T	12/19/2013	84,195,000	39,420,000
Series 65-T	10/30/2014	86,505,000	67,735,000
Series 66-A1	07/08/2015	26,370,000	19,650,000
Series 66-A2	07/08/2015	10,385,000	6,330,000
Series 66-B	07/22/2015	15,000,000	15,000,000
Series 66-C2	07/08/2015	22,225,000	19,295,000
Series 67-A	05/16/2016	5,610,000	5,445,000
Series 67-B	05/16/2016	11,650,000	10,670,000
Series 67-C	05/16/2016	35,405,000	32,755,000
Series 68-A	10/14/2016	3,375,000	1,340,000
Series 68-B	10/14/2016	40,000,000	40,000,000
Series 68-C	10/14/2016	149,730,000	144,200,000
Unamortized bond premium			7,129,142
		$ 1,094,090,000	$ 579,064,142
Home Funding Bonds and Notes:			
Series 1-A	12/23/2009	$ 30,000,000	$ 6,455,000
Series 2, Subseries 2-A	12/21/2009	$ 30,000,000	$ 18,345,000
Series 2, Subseries 2-B	12/21/2009	$ 21,000,000	$ 16,050,000
Series 2, Subseries 2-C	12/21/2009	$ 32,000,000	$ 26,470,000
Series 3	11/04/2010	$ 20,000,000	$ 8,985,000
Series 4	09/29/2011	$ 14,000,000	$ 7,885,000
Series 5	12/20/2012	$ 39,840,000	$ 28,455,000
Unamortized bond premium			540,135
		$ 186,840,000	$ 113,185,135
Housing Bonds			
2001 Series B-2T	12/13/2001	18,605,000	3,200,000
2003 Series A-2T	03/12/2003	26,660,000	18,590,000
2003 Series B-2T	08/20/2003	16,435,000	8,400,000
2007 Series B-1A	12/20/2007	45,560,000	230,000
Unamortized bond discount			(90,564)
		$ 107,260,000	$ 30,329,436

Summary of Outstanding Bond Indebtedness of Rhode Island Housing
(continued)

	Dated	Original Amount	Outstanding Amount
Multi-Family Funding Bonds			
Series 2009A, Subseries 2009A-1	12/21/2009	$ 51,000,000	$ 51,000,000
Series 2009A, Subseries 2009A-2	12/21/2009	$ 65,100,000	$ 14,100,000
Series 2010A	12/16/2010	$ 21,310,000	$ 18,530,000
Series 2011A	12/08/2011	$ 5,040,000	$ 4,400,000
		$ 142,450,000	$ 88,030,000
Multi-Family Development Bonds			
2010 Series 1	12/22/2010	$ 11,235,000	$ 740,000
2013 Series 1-AB	02/20/2013	$ 43,520,000	$ 34,025,000
2013 Series 2-T	02/20/2013	$ 55,760,000	$ 49,530,000
2013 Series 3-B-D	12/24/2013	$ 31,505,000	$ 26,210,000
2013 Series 4-T	12/24/2013	$ 8,370,000	$ 2,200,000
2014 Series 2-T	12/30/2014	$ 18,930,000	$ 16,030,000
2014 Series 3-A	01/29/2015	$ 2,100,000	$ 1,275,000
2014 Series 3-B	01/29/2015	$ 15,700,000	$ 15,570,000
2016 Series 1-A	03/31/2016	$ 13,200,000	$ 13,200,000
2016 Series 1-B	03/31/2016	$ 16,900,000	$ 16,900,000
2016 Series 1-C	03/31/2016	$ 19,625,000	$ 19,345,000
2017 Series 1-A	04/27/2017	$ 15,560,000	$ 15,560,000
2017 Series 1-B	04/27/2017	$ 1,725,000	$ 1,725,000
2017 Series 2-T	04/27/2017	$ 14,400,000	$ 14,400,000
2017 Series 3-T	04/27/2017	$ 7,600,000	$ 7,600,000
Unamortized bond discount			(39,160)
		$ 276,130,000	$ 234,270,840
Multi-Family Mortgage Revenue Bonds			
2006 Series (University Heights Project)	03/31/2006	$ 26,700,000	$ 26,700,000
2006 Series (Sutterfield Project)	03/31/2006	$ 7,000,000	$ 7,000,000
2006 Series (The Groves)	09/21/2006	$ 35,000,000	$ 27,850,000
2015 Series (Charles Place)	03/31/2015	$ 26,010,000	$ 25,172,342
2016 Series (EPN)	05/25/2016	$ 12,724,909	$ 19,200,000
2017 Series (Colony House)	03/31/2017	$ 13,864,500	$ 13,864,500
		$ 121,299,409	$ 119,786,842
General Obligation Bonds Series 2013	11/01/2013	$ 5,000,000	$ 5,000,000
Total		**$ 1,933,069,409**	**$ 1,169,666,394**

APPENDIX C-1

AUDITED FINANCIAL STATEMENTS OF RHODE ISLAND HOUSING FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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

Financial Statements and Supplementary Information For the Years Ended June 30, 2017 and 2016

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

Financial Statements and Supplementary Information
Years Ended June 30, 2017 and 2016

CITRINCOOPERMAN®
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Rhode Island Housing and Mortgage Finance Corporation
Providence, Rhode Island

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Rhode Island Housing and Mortgage Finance Corporation ("Rhode Island Housing"), a component unit of the State of Rhode Island, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Rhode Island Housing's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the the business-type activities and the aggregate discretely presented component unit of Rhode Island Housing as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

2016 Financials

Rhode Island Housing's basic financial statements as of and for the year ended June 30, 2016, were audited by other auditors whose report dated September 29, 2016, expressed unmodified opinions on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis presented on pages 4 through 9 and the Schedule of Funding Progress presented on page 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Other Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the 2017 financial statements that collectively comprise Rhode Island Housing's basic financial statements. The 2017 combining information on pages 56 through 65 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining 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. Such 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 such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The 2016 supplementary information on pages 56 through 65 was subjected to the auditing procedures applied in the 2016 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2016 basic financial statements as a whole.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Providence, Rhode Island
October 10, 2017

Management's Discussion and Analysis

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

This section of Rhode Island Housing's financial statements presents Rhode Island Housing's management's discussion and analysis of the Corporation's financial position and performance as of June 30, 2017 and 2016, and for the years then ended. This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

Financial Highlights

The financial highlights (in millions) of the Corporation as of and for the years ended June 30, 2017 and 2016, increased (decreased) from the previous year as follows:

	2017		2016	
	$	%	$	%
Mortgage loans, gross	35.0	2.2	(10.2)	(0.6)
Investments	(38.8)	(17.7)	(14.5)	(6.2)
Cash and cash equivalents	68.2	36.3	12.2	6.9
Total assets	60.5	3.0	(19.4)	(1.0)
Bonds and notes payable	10.0	0.8	(26.9)	(2.0)
Total net position	12.8	4.2	7.0	2.4
Total revenues	(3.3)	(2.8)	10.5	9.8
Total expenses	(9.1)	(8.2)	5.4	5.2
Operating income	5.7	81.8	5.1	255.9

Mortgage loans comprise the largest segment of the Corporation's asset base. Single-family new loan production increased over last year; however, the Corporation is selling its loans to Fannie Mae and converting pools of loans into securities, which are then sold in the To-Be-Announced (TBA) market, resulting in a net reduction of single-family loans of $36.6 million. Multi-family new loan production increased by $9.5 million and Operating Fund loans increased by $62.0 million due mainly to an increase in multi-family loans in the operating fund.

Bonds and notes payable, the largest component of liabilities, increased by $10.0 million in 2017. This increase is related to issuance of new bonds to finance both single-family and multi-family mortgages, net with current year maturities and pay-offs of bonds with mortgage prepayments.

Overview of the Financial Statements

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

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

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

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

Operating Activity of the Corporation

The following tables summarize the components of operating income, before the adjustment required to record investments at fair value as required by Governmental Accounting Standards Board (GASB) Statement No. 31:

For the Years Ended June 30, 2017 and 2016 (in thousands)

	2017	2016	% Change
Revenues:			
Interest income on loans	$ 69,861	$ 69,276	0.8
Earnings on investments	5,749	6,109	(5.9)
Gain on sale of loans	11,367	12,206	(6.9)
Grant revenue	17,438	18,622	(6.4)
Other	12,983	11,767	10.3
Total revenues	117,398	117,980	(0.5)
Expenses:			
Interest expense	40,756	43,993	(7.4)
Provision for loan losses	368	8,584	(95.7)
REO expenditures	2,741	2,129	28.8
Bond issuance costs	1,634	1,528	6.9
Operating expenses	28,655	24,123	18.8
Grant expense	16,511	18,220	(9.4)
Other expenses	10,821	11,962	(9.5)
Total expenses	101,486	110,539	(8.2)
Operating income, before adjusting investments to fair value	$ 15,912	$ 7,441	113.8 %

For the Years Ended June 30, 2016 and 2015 (in thousands)

	2016	2015	% Change
Revenues:			
Interest income on loans	$ 69,276	$ 71,503	(3.1)
Earnings on investments	6,109	7,493	(18.5)
Gain on sale of loans	12,206	7,442	64.0
Grant revenue	18,622	12,838	45.1
Other	11,767	10,625	10.7
Total revenues	117,980	109,901	7.4
Expenses:			
Interest expense	43,993	47,639	(7.7)
Provision for loan losses	8,584	11,126	(22.8)
REO expenditures	2,129	4,070	(47.7)
Bond issuance costs	1,528	866	76.6
Operating expenses	24,123	21,484	12.3
Grant expense	18,220	12,079	50.8
Other	11,962	7,828	52.8
Total expenses	110,539	105,092	5.2
Operating income, before adjusting investments to fair value	$ 7,441	$ 4,809	54.8 %

Operating income, after adjusting investments to fair value, was $12.8 million for the year ended June 30, 2017 (2017), $7.0 million for the year ended June 30, 2016 (2016) and $2.0 million for the year ended June 30, 2015 (2015). GASB Statement No. 31, which requires investments to be recorded at fair value, caused a decrease in operating income of $3.1 million in 2017 compared to a decrease in operating income of $0.4 million in 2016, and a decrease of $2.8 million in 2015. Operating income, excluding the unrealized gains and losses on investments, increased 113.8% in 2017 to $15.9 million from $7.4 million in 2016 which had increased from $4.8 million in 2015. The 2017 increase is primarily due to a decrease in provisions for loan losses and a decrease in interest expense.

Gain on sale of loans was $11.4 million for the year ended June 30, 2017, $12.2 million for the year ended June 30, 2016 and $7.4 million for the year ended June 30, 2015. The 2017 decrease is a result of changes in market conditions.

Other revenue, which has been relatively consistent from year to year, consists of loan-related fees such as origination and late fees, and fees received for the management and disbursement of funds for federal housing programs.

Operating expenses associated with the operation of the Corporation (personnel services, other administrative expenses, and depreciation and amortization of other assets) amounted to $28.7 million for the year ended June 30, 2017, an increase of 18.8% from $24.1 million for the year ended June 30, 2016, which had increased 12.3% from $21.5 million in 2015.

Real Estate Owned (REO) expenditures are preservation costs incurred related to REO properties that are deemed to be non-recoverable based on a valuation analysis of the underlying properties. REO expenses increased 28.8% to $2.7 million for the year ended June 30, 2017, from $2.1 million in 2016, which had decreased 47.7% from $4.1 million in 2015. The increase in 2017 is due primarily to a slight increase in the amount of time properties are held prior to sale.

Net interest income (interest on loans and investments less interest expense) is the largest component of the Corporation's operating income. Net interest income increased to $34.9 million from $31.4 million in 2016. Net interest income remained consistent at $31.4 million between 2016 and 2015. Earnings on investments decreased $0.4 million in 2017 after a decrease of $1.4 million in 2016. Net interest income as a percentage of average bonds and notes payable was 2.62% in 2017 and 2.34% in 2016, respectively. Interest income on loans as a percentage of total loans remained flat at 4.34%, while interest expense on bonds and notes decreased to 3.06% from 3.28% in 2016. This caused a total increase in the spread margin (i.e., differential between loans and bonds) to 1.28% in 2017 from 1.00% in 2016. This is the result of various bond refundings and continued lower rates on new loans.

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

The provision for loan losses decreased to $0.4 million in 2017 from $8.6 million in 2016 based on a review of the Corporation's loan portfolio and an analysis of its current characteristics. The primary economic factors incorporated into the allowance estimates are: (1) recent performance characteristics of the single-family portfolio and (2) net operating cash flows of the developments associated with multi-family loans.

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

Financial Analysis of the Corporation

The following tables summarize certain financial information regarding the Corporation's financial position:

June 30, 2017 and 2016 (in millions)					
	2017		2016		% Change
Loans receivable, net	$	1,592	$	1,554	2.4%
Investments		180		219	(17.7)
Cash and cash equivalents		256		188	36.3
Other assets		35		42	(15.2)
Total assets		2,063		2,003	3.0
Deferred outflows of resources		3		3	0.0
Bonds and notes payable		1,337		1,327	0.8
Other liabilities		416		379	9.9
Total liabilities		1,753		1,706	2.8
Net position:					
Net investment in capital assets		9		9	6.9
Restricted		204		212	(3.8)
Unrestricted		100		80	25.4

June 30, 2016 and 2015 (in millions)					
	2016		2015		% Change
Loans receivable, net	$	1,554	$	1,569	(0.9)%
Investments		219		234	(6.2)
Cash and cash equivalents		188		176	6.9
Other assets		42		44	(6.4)
Total assets		2,003		2,023	(1.0)
Deferred outflows of resources		3		1	200.0
Bonds and notes payable		1,327		1,353	(2.0)
Other liabilities		379		377	0.6
Total liabilities		1,706		1,730	(1.4)
Net position:					
Net investment in capital assets		9		8	6.3
Restricted		212		196	8.1
Unrestricted		80		90	(10.6)

During the year ended June 30, 2017, total assets of the Corporation increased 3.0% from 2016, as compared to a 1.0% decrease in 2016 from 2015. Net loans receivable increased $38.0 million, or 2.4%, from the previous year. This increase in loans is attributable to an increase in multi-family loans in the operating fund net of a decrease in single-family loans attributable to the change in funding model for single-family loans implemented in fiscal year 2014 whereby the majority of new loans are sold. Bonds and notes payable totaled $1.3 billion as of June 30, 2017, an increase of $10.0 million, or 0.8%, from June 30, 2016, which had decreased $27.0 million or 2.0% from June 30, 2015.

During 2017, the Corporation issued $193.1 million to refund existing single-family bonds as well as to finance new loan production, and $39.3 million to refund existing multi-family bonds as well as to finance new loan production. In addition, $227.2 million of single-family bonds and $44.5 million of multi-family bonds were redeemed prior to maturity under provisions in the bond resolutions that allow mortgage prepayments, excess revenues and refunded amounts to be used for such purpose.

As of June 30, 2017 and June 30, 2016, the net position-to-asset ratio was 15.2% and 15.0% while the loan-to-asset ratio was 77.1% and 77.6%, respectively. These ratios reflect the application of GASB Statement No. 31.

The Corporation's loan portfolio is primarily composed of single-family mortgage loans. As of June 30, 2017 and 2016, single-family residential mortgages in bond resolutions totaled $679.0 million and $716.0 million, respectively, and multi-family loans in bond resolutions totaled $480.1 million and $471.0 million, respectively.

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

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

External Influences

The Rhode Island economy and the level of unemployment in the State of Rhode Island has a direct impact on the Corporation's delinquency experience within its portfolio. The Rhode Island unemployment rate decreased in 2017 to 4.2% from 5.5% in 2016. The Corporation has, however, experienced an increase in its 90+ delinquency rate to 2.12% in 2017 from 1.80% in 2016, as many of its borrowers are still underemployed.

Requests for Information

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

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position
June 30, 2017 and 2016

	Operating Fund		Single-Family Fund	
	2017	**2016**	**2017**	**2016**
Assets				
Loans receivable	$ 427,090,669	$ 371,383,923	$ 679,395,792	$ 715,972,529
Less allowance for loan losses	(25,500,000)	(27,000,000)	(10,000,000)	(11,000,000)
Loans receivable, net	401,590,669	344,383,923	669,395,792	704,972,529
Loans held for sale	40,937,300	34,582,134	-	-
Investments	96,825,602	97,475,827	78,245,757	97,734,139
Accrued interest-loans	936,580	482,839	2,296,920	2,511,414
Accrued interest-investments	22,135	20,004	289,741	343,561
Cash and cash equivalents	119,693,540	65,766,246	81,063,424	63,693,596
Accounts receivable, net	11,264,701	13,339,567	-	-
Other assets, net	14,878,890	12,374,705	3,487,352	10,531,558
Interfund receivable (payable)	(18,597)	2,706,637	18,597	(106,637)
Total assets	**686,130,820**	**571,131,882**	**834,797,583**	**879,680,160**
Deferred Outflows of Resources				
Loan origination costs	-	-	4,757	5,014
Hedging instruments	2,719,223	2,896,945	-	-
Total deferred outflows of resources	**2,719,223**	**2,896,945**	**4,757**	**5,014**
Combined Assets and Deferred Outflows of Resources	**$ 688,850,043**	**$ 574,028,827**	**$ 834,802,340**	**$ 879,685,174**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 171,542,249	$ 114,716,568	$ 692,389,728	$ 741,966,916
Accrued interest payable on bonds and notes	209,327	204,319	5,609,896	6,335,039
Accounts payable and accrued liabilities	8,570,834	7,406,435	-	-
Fees, net	1,308,290	1,272,617	166,467	188,415
Escrow deposits	393,742,657	356,195,147	-	-
Total liabilities	**575,373,357**	**479,795,086**	**698,166,091**	**748,490,370**
Net Position				
Net investment in capital assets	9,298,304	8,701,438	-	-
Restricted by bond resolutions	4,100,324	5,710,537	136,636,249	131,194,804
Unrestricted	100,078,058	79,821,766	-	-
Total net position	**113,476,686**	**94,233,741**	**136,636,249**	**131,194,804**
Total Liabilities and Net Position	**$ 688,850,043**	**$ 574,028,827**	**$ 834,802,340**	**$ 879,685,174**

See Accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position
June 30, 2017 and 2016

	Multi-Family Fund		Total	
	2017	2016	2017	2016
Assets				
Loans receivable	$ 480,068,176	$ 470,552,069	$ 1,586,554,637	$ 1,557,908,521
Less allowance for loan losses	-	-	(35,500,000)	(38,000,000)
Loans receivable, net	480,068,176	470,552,069	1,551,054,637	1,519,908,521
Loans held for sale	-	-	40,937,300	34,582,134
Investments	5,267,085	23,938,473	180,338,444	219,148,439
Accrued interest-loans	2,154,134	2,100,042	5,387,634	5,094,295
Accrued interest-investments	99,018	79,852	410,894	443,417
Cash and cash equivalents	55,439,122	58,526,796	256,196,086	187,986,638
Accounts receivable, net	-	-	11,264,701	13,339,567
Other assets, net	-	-	18,366,242	22,906,263
Interfund receivable (payable)	-	(2,600,000)	-	-
Total assets	**543,027,535**	**552,597,232**	**2,063,955,938**	**2,003,409,274**
Deferred Outflows of Resources				
Loan origination costs	-	-	4,757	5,014
Hedging instruments	-	-	2,719,223	2,896,945
Total deferred outflows of resources	-	-	2,723,980	**2,901,959**
Combined Assets and Deferred Outflows of Resources	**$ 543,027,535**	**$ 552,597,232**	**$ 2,066,679,918**	**$ 2,006,311,233**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 472,606,180	$ 469,878,570	$ 1,336,538,157	$ 1,326,562,054
Accrued interest payable on bonds and notes	2,891,049	3,307,315	8,710,272	9,846,673
Accounts payable and accrued liabilities	167,102	516,028	8,737,936	7,922,463
Fees, net	-	-	1,474,757	1,461,032
Escrow deposits	4,104,838	3,722,587	397,847,495	359,917,734
Total liabilities	**479,769,169**	**477,424,500**	**1,753,308,617**	**1,705,709,956**
Net Position				
Net investment in capital assets	-	-	9,298,304	8,701,438
Restricted by bond resolutions	63,258,366	75,172,732	203,994,939	212,078,073
Unrestricted	-	-	100,078,058	79,821,766
Total net position	**63,258,366**	**75,172,732**	**313,371,301**	**300,601,277**
Total Liabilities and Net Position	**$ 543,027,535**	**$ 552,597,232**	**$ 2,066,679,918**	**$ 2,006,311,233**

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	Operating Fund		Single-Family Fund	
	2017	**2016**	**2017**	**2016**
Operating revenues:				
Interest Income on loans	$ 9,149,553	$ 6,724,791	$ 31,165,809	$ 33,597,236
Interest income attributable to internal servicing activities	3,885,299	3,301,724	-	-
Total interest income on loans	13,034,852	10,026,515	31,165,809	33,597,236
Income on investments:				
Earnings on investments	286,000	375,140	3,811,870	4,233,095
Net decrease in fair value of investments	(154,564)	(9,872)	(2,674,738)	(354,118)
Fees	11,634,786	11,132,620	-	-
Servicing fee income	1,258,039	613,081	-	-
Grant revenue	17,438,248	18,622,423	-	-
Miscellaneous income	90,567	21,367	-	-
Gain on sale of loans	11,366,570	12,206,262	-	-
Total operating revenues	**54,954,498**	**52,987,536**	**32,302,941**	**37,476,213**
Operating expenses:				
Interest expense	3,575,566	2,045,622	22,906,488	28,363,548
Personnel services	19,197,144	17,499,051	-	-
Other administrative expenses	7,821,291	5,126,784	-	-
Housing initiatives	3,597,841	5,558,056	-	939
Provision for loan losses	305,379	2,383,914	62,706	6,200,000
REO expenditures	1,956,627	1,056,860	784,606	1,071,698
Bad debt expense	50,597	599,044	-	-
Arbitrage rebate	(53,303)	-	-	(181,723)
Bond issuance costs	102,030	-	1,300,895	1,236,681
Depreciation and amortization of other assets	1,569,898	1,416,988	7,344	9,514
Loan costs	6,378,210	4,763,923	257	257
State Rental Subsidy Program	382,256	606,237	-	-
Grant expense	16,510,896	18,219,709	-	-
Total operating expenses	**61,394,432**	**59,276,188**	**25,062,296**	**36,700,914**
Operating income (loss)	**(6,439,934)**	**(6,288,652)**	**7,240,645**	**775,299**
Transfers in (out)	25,682,879	(1,654,105)	(1,799,200)	1,438,995
Total change in net position	**19,242,945**	**(7,942,757)**	**5,441,445**	**2,214,294**
Net position, beginning of year	94,233,741	102,176,498	131,194,804	128,980,510
Net position, end of year	$ 113,476,686	$ 94,233,741	$ 136,636,249	$ 131,194,804

See Accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	Multi-Family Fund		Total	
	2017	2016	2017	2016
Operating revenues:				
Interest Income on loans	$ 25,659,965	$ 25,652,560	$ 65,975,327	$ 65,974,587
Interest income attributable to internal servicing activities	-	-	3,885,299	3,301,724
Total interest income on loans	25,659,965	25,652,560	69,860,626	69,276,311
Income on investments:				
Earnings on investments	1,650,844	1,500,692	5,748,714	6,108,927
Net decrease in fair value of investments	(312,435)	(53,336)	(3,141,737)	(417,326)
Fees	-	-	11,634,786	11,132,620
Servicing fee income	-	-	1,258,039	613,081
Grant revenue	-	-	17,438,248	18,622,423
Miscellaneous income	-	-	90,567	21,367
Gain on sale of loans	-	-	11,366,570	12,206,262
Total operating revenues	**26,998,374**	**27,099,916**	**114,255,813**	**117,563,665**
Operating expenses:				
Interest expense	14,273,869	13,583,927	40,755,923	43,993,097
Personnel services	-	-	19,197,144	17,499,051
Other administrative expenses	59,795	70,455	7,881,086	5,197,239
Housing initiatives	-	-	3,597,841	5,558,995
Provision for loan losses	-	-	368,085	8,583,914
REO expenditures	-	-	2,741,233	2,128,558
Bad debt expense	-	-	50,597	599,044
Arbitrage rebate	(348,926)	(217,924)	(402,229)	(399,647)
Bond issuance costs	231,000	291,780	1,633,925	1,528,461
Depreciation and amortization of other assets	-	-	1,577,242	1,426,502
Loan costs	813,323	833,483	7,191,790	5,597,663
State Rental Subsidy Program	-	-	382,256	606,237
Grant expense	-	-	16,510,896	18,219,709
Total operating expenses	**15,029,061**	**14,561,721**	**101,485,789**	**110,538,823**
Operating income (loss)	**11,969,313**	**12,538,195**	**12,770,024**	**7,024,842**
Transfers in (out)	(23,883,679)	215,110	-	-
Total change in net position	**(11,914,366)**	**12,753,305**	**12,770,024**	**7,024,842**
Net position, beginning of year	75,172,732	62,419,427	300,601,277	293,576,435
Net position, end of year	$ 63,258,366	$ 75,172,732	$ 313,371,301	$ 300,601,277

(Continued)

See Accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	Operating Fund		Single-Family Fund	
	2017	2016	2017	2016
Cash Flows from Operating Activities				
Interest on loans receivable	$ 12,581,111	$ 9,992,855	$ 31,380,303	$ 33,825,282
Repayment of loans receivable	311,316,305	64,322,997	86,366,232	79,822,706
Fees collected	12,928,497	11,593,561	(21,948)	(20,709)
Other receipts (disbursements), net	38,565,429	11,028,392	-	-
Loans disbursed	(373,378,216)	(90,338,223)	(49,789,494)	(26,801,284)
Accounts receivable, net	2,074,866	60,379	-	-
Loss on accounts receivable	(50,597)	(599,044)	-	-
Loss on loans receivable	(1,805,379)	3,116,086	(1,062,706)	(7,700,000)
Loss on REO properties	(1,956,627)	(1,056,860)	(784,606)	(1,071,698)
Bond issuance costs	(102,030)	-	(1,300,895)	(1,236,681)
Personnel services	(19,197,144)	(17,499,051)	-	-
Other administrative expenses	(7,932,478)	(5,354,694)	-	-
Housing initiative expenses	(3,486,654)	(5,330,146)	-	(939)
Other assets	(4,074,083)	(3,709,942)	7,036,863	4,806,410
Arbitrage rebate	53,303	-	-	181,723
Accounts payable and accrued liabilities	1,164,398	(345,896)	-	(181,723)
Gain on sale of loans	5,166,083	5,783,129	-	-
State Rental Subsidy Program	(382,256)	(606,237)	-	-
Transfers from (to) other programs	28,408,113	(183,637)	(1,924,434)	1,668,527
Net cash provided by (used for) operating activities	**(107,359)**	**(19,126,331)**	**69,899,315**	**83,291,614**
Cash Flows from Noncapital Financing Activities:				
Proceeds from sale of bonds and notes	369,416,000	346,620,000	196,005,878	134,008,014
Payment of bond and note principal	(312,590,319)	(316,175,552)	(245,583,067)	(213,545,734)
Interest paid on bonds and notes	(3,570,557)	(1,966,212)	(23,631,633)	(29,427,943)
Net cash provided by (used for) noncapital financing activities	**53,255,124**	**28,478,236**	**(73,208,822)**	**(108,965,663)**
Cash Flows from Investing Activities:				
Redemption of investments	185,210,346	157,714,056	16,813,644	15,634,360
Earnings on investments	283,869	375,385	3,865,691	4,287,304
Purchase of investments	(184,714,686)	(157,213,849)	-	(2,090,996)
Net cash provided by (used for) investing activities	**779,529**	**875,592**	**20,679,335**	**17,830,668**
Net Increase (Decrease) in Cash and Cash Equivalents	**53,927,294**	**10,227,497**	**17,369,828**	**(7,843,381)**
Cash and Cash Equivalents, beginning of year	65,766,246	55,538,749	63,693,596	71,536,977
Cash and Cash Equivalents, end of year	$ 119,693,540	$ 65,766,246	$ 81,063,424	$ 63,693,596

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	Multi-Family Fund		Total	
	2017	2016	2017	2016
Cash Flows from Operating Activities				
Interest on loans receivable	$ 25,605,873	$ 25,661,913	$ 69,567,287	$ 69,480,050
Repayment of loans receivable	26,029,200	14,884,992	423,711,737	159,030,695
Fees collected	-	-	12,906,549	11,572,852
Other receipts (disbursements), net	382,250	(6,667,613)	38,947,679	4,360,779
Loans disbursed	(35,545,308)	(31,677,899)	(458,713,018)	(148,817,406)
Accounts receivable, net	-	39,277	2,074,866	99,656
Loss on accounts receivable	-	-	(50,597)	(599,044)
Loss on loans receivable	-	-	(2,868,085)	(4,583,914)
Loss on REO properties	-	-	(2,741,233)	(2,128,558)
Bond issuance costs	(231,000)	(291,780)	(1,633,925)	(1,528,461)
Personnel services	-	-	(19,197,144)	(17,499,051)
Other administrative expenses	(59,795)	(70,455)	(7,992,273)	(5,425,149)
Housing initiative expenses	-	-	(3,486,654)	(5,331,085)
Other assets	-	-	2,962,780	1,096,468
Arbitrage rebate	348,926	217,924	402,229	399,647
Accounts payable and accrued liabilities	(348,926)	(327,548)	815,472	(855,167)
Gain on sale of loans	(813,323)	(833,483)	4,352,760	4,949,646
State Rental Subsidy Program	-	-	(382,256)	(606,237)
Transfers from (to) other programs	(26,483,679)	(1,484,890)	-	-
Net cash provided by (used for) operating activities	**(11,115,782)**	**(549,562)**	**58,676,174**	**63,615,721**
Cash Flows from Noncapital Financing Activities:				
Proceeds from sale of bonds and notes	59,630,766	62,456,119	625,052,644	543,084,133
Payment of bond and note principal	(56,903,155)	(40,293,789)	(615,076,541)	(570,015,075)
Interest paid on bonds and notes	(14,690,135)	(13,351,953)	(41,892,325)	(44,746,108)
Net cash provided by (used for) noncapital financing activities	**(11,962,524)**	**8,810,377**	**(31,916,222)**	**(71,677,050)**
Cash Flows from Investing Activities:				
Redemption of investments	18,390,843	1,750,185	220,414,833	175,098,601
Earnings on investments	1,631,680	1,494,872	5,781,240	6,157,561
Purchase of investments	(31,891)	(1,739,526)	(184,746,577)	(161,044,371)
Net cash provided by (used for) investing activities	**19,990,632**	**1,505,531**	**41,449,496**	**20,211,791**
Net Increase (Decrease) in Cash and Cash Equivalents	**(3,087,674)**	**9,766,346**	**68,209,448**	**12,150,462**
Cash and Cash Equivalents, beginning of year	58,526,796	48,760,450	187,986,638	175,836,176
Cash and Cash Equivalents, end of year	$ 55,439,122	$ 58,526,796	$ 256,196,086	$ 187,986,638

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	Operating Fund		Single-Family Fund	
	2017	**2016**	**2017**	**2016**
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	**$ (6,439,934)**	**$ (6,288,652)**	**$ 7,240,645**	**$ 775,299**
Adjustments:				
Earnings on investments	(283,869)	(375,385)	(3,865,691)	(4,287,304)
Net (increase) decrease in fair value of investments	154,564	9,872	2,674,738	354,118
Interest paid on bonds and notes	3,570,557	1,966,212	23,631,633	29,427,943
Transfer of investments and/or net position	25,682,879	(1,654,105)	(1,799,200)	1,438,995
(Increase) decrease in assets:				
Loans receivable/loss allowance	(63,561,912)	(20,515,226)	35,576,737	51,521,422
Accrued interest-loans	(453,741)	(33,660)	214,494	228,046
Accrued interest-investments	(2,131)	245	53,820	54,209
Accounts receivable, net	2,074,866	60,379	-	-
Bond issuance costs	-	-	-	-
Other assets	(2,504,184)	(2,292,955)	7,044,207	4,815,924
Interfund receivable (payable)	2,725,234	1,470,468	(125,234)	229,532
(Increase) decrease in deferred outflows	177,722	(1,659,210)	257	257
Increase (decrease) in liabilities:				
Accrued interest-bonds and notes	5,008	79,410	(725,143)	(1,064,396)
Accounts payable/accrued liabilities	1,164,399	(345,896)	-	(181,722)
Fees, net	35,673	(152,139)	(21,948)	(20,709)
Escrow deposits	37,547,510	10,604,311	-	-
Total adjustments	**6,332,575**	**(12,837,679)**	**62,658,670**	**82,516,315**
Net cash provided by (used for) operating activities	**$ (107,359)**	**$ (19,126,331)**	**$ 69,899,315**	**$ 83,291,614**

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	Multi-Family Fund		Total	
	2017	**2016**	**2017**	**2016**
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	**$ 11,969,313**	**$ 12,538,195**	**$ 12,770,024**	**$ 7,024,842**
Adjustments:				
Earnings on investments	(1,631,680)	(1,494,872)	(5,781,240)	(6,157,561)
Net (increase) decrease in fair value of investments	312,435	53,336	3,141,737	417,326
Interest paid on bonds and notes	14,690,135	13,351,953	41,892,325	44,746,108
Transfer of investments and/or net position	(23,883,679)	215,110	-	-
(Increase) decrease in assets:				
Loans receivable/loss allowance	(9,516,107)	(16,792,905)	(37,501,282)	14,213,291
Accrued interest-loans	(54,092)	9,353	(293,339)	203,739
Accrued interest-investments	(19,166)	(5,821)	32,523	48,633
Accounts receivable, net	-	39,277	2,074,866	99,656
Bond issuance costs	-	-	-	-
Other assets	-	-	4,540,023	2,522,969
Interfund receivable (payable)	(2,600,000)	(1,700,000)	-	-
(Increase) decrease in deferred outflows	-	-	177,979	(1,658,953)
Increase (decrease) in liabilities:				
Accrued interest-bonds and notes	(416,266)	231,974	(1,136,401)	(753,012)
Accounts payable/accrued liabilities	(348,926)	(327,548)	815,473	(855,166)
Fees, net	-	-	13,725	(172,848)
Escrow deposits	382,251	(6,667,614)	37,929,761	3,936,697
Total adjustments	**(23,085,095)**	**(13,087,757)**	**45,906,150**	**56,590,879**
Net cash provided by (used for) operating activities	**$ (11,115,782)**	**$ (549,562)**	**$ 58,676,174**	**$ 63,615,721**

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Statements of Fiduciary Net Position - Private Purpose Trust Component Unit
June 30, 2017 and 2016

	2017	2016
Assets		
Loans receivable	$ 55,790,234	$ 55,911,802
Less allowance for loan losses	(5,504,813)	(5,993,516)
Loans receivable, net	50,285,421	49,918,286
Investments	53,186	55,882
Accrued interest-loans	166,509	168,639
Accrued interest-investments	303	320
Cash and cash equivalents	32,093,438	27,029,899
Accounts receivable, net	102,930	134,841
Other assets, net	474,256	1,220,183
Total Assets	**$ 83,176,043**	**$ 78,528,050**
Liabilities and Net Position		
Liabilities		
Accounts payable and accrued liabilities	$ 27,067	$ 99,891
Total liabilities	**27,067**	**99,891**
Net Position		
Held in trust	83,148,976	78,428,159
Total Liabilities and Net Position	**$ 83,176,043**	**$ 78,528,050**

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Statements of Changes in Fiduciary Net Position - Private Purpose Trust Component Unit
For the Years Ended June 30, 2017 and 2016

	2017	2016
Revenues:		
Interest income on loans	$ 2,998,127	$ 2,736,908
Earnings on investments:		
Interest on investments	113,001	26,158
Net increase (decrease) in fair value of investments	248	(145)
Trust receipts	1,202,824	662,003
Total revenues	**4,314,200**	**3,424,924**
Expenses:		
Other administrative expenses	27,067	27,278
Provision for loan losses (recoveries)	(433,684)	1,215,692
Total expenses (income)	**(406,617)**	**1,242,970**
Total change in net position	**4,720,817**	**2,181,954**
Net position, beginning of year	78,428,159	76,246,205
Net position, end of year	$ 83,148,976	$ 78,428,159

1. Organization and Summary of Significant Accounting Policies

a. Organization and Description of Financial Reporting Entity

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

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

The Corporation is exempt from federal and state income taxes.

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

b. Affordable Housing Trust Fund

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

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

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

The Corporation classifies its business-type activities into funds, reported as separate columns within the enterprise fund financial statements, each representing a fiscal and accounting entity with a self-balancing set of accounts segregated to carry on specific activities in accordance with bond resolutions established under various trust indentures, special regulations, restrictions, or limitations. All inter-fund activity has been eliminated from the combining totals in the accompanying financial statements. Transfers between funds are made to cover the operating costs associated with management of bond resolutions. Transfers also consist of reimbursement of collateral for bond resolutions previously funded by the operating fund.

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

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

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

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

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

d. Loans Receivable and Allowance for Loan Losses

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

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

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

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

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Such loans are presented as loans held for sale on the accompanying statement of net position. Gains and losses for sales of loans are recognized based upon the difference between the fair value of mortgage-backed securities forward contracts at date of commitment and the carrying value of the underlying loans.

e. Cash and Cash Equivalents

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

f. Investments

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

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

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

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

In accordance with GASB Statement No. 65, costs associated with issuing bonds are reported in the combining statement of revenues, expenses and changes in net position in the year the bond is issued. In addition, when refinancing debt, the costs associated with the refinanced bond are also reported in the combining statement of revenues, expenses and changes in net position in the year in which the bond is refinanced.

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

The Corporation periodically retires bonds prior to their redemption date. Any premium paid on the call related to the early retirement of bonds that are not refunded is reported in the combining statement of revenues, expenses and changes in net position.

h. Other Assets

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

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

i. Deferred Inflows and Outflows of Resources

Deferred outflows of resources represent the consumption of net assets that are applicable to a future reporting period. Deferred inflows of resources represent the acquisition of net assets that are applicable to a future reporting period. At June 30, 2017 and 2016, the Corporation's deferred outflows of resources consist of the change in fair value of derivatives and loan origination costs, as described below. The Corporation had no deferred inflows of resources at June 30, 2017 or June 30, 2016.

Fair values of both hedging derivatives and investment derivatives (if any) are presented on the combining statements of net position either as a derivative liability (negative fair value) or as a derivative asset (positive fair value). The difference between the notional amount and fair value of the derivatives that are determined to be effective hedges is recorded as a deferred inflow or outflow of resources on the Corporation's combining statements of net position. The Corporation currently has one type of derivative instrument outstanding: mortgage-backed security forward contracts.

j. Net Position

Net position is classified in the following three components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets represents the net book value of all capital assets less the outstanding balances of bonds and other debt, and deferred inflows of resources, if any, used to acquire, construct or improve these assets, increased by deferred outflows of resources related to those assets, if any. Restricted net position consists of restricted assets that have been limited to uses specified either externally by creditors, contributors, laws, or regulations of other governments, or internally by enabling legislation or law; reduced by liabilities and deferred inflows of resources related to the restricted assets. Unrestricted net position consists of amounts not included in net investment in capital assets or restricted net position.

The Corporation classifies all net position amounts associated with its bond resolutions as restricted net position. Under bond indentures, all assets assigned to these programs are pledged for the benefit of the bondholders of each program; consequently, the Corporation classifies all such amounts, while retained in the bond programs, as restricted. Transfers from the bond programs to the Operating Fund are made when transfers are approved and authorized by the Corporation's management and such amounts are not specifically required to be retained within the bond program. Transfers during the years ended June 30, 2017 and 2016, include cash transfers for reimbursement of activities in support of the bond programs and a transfer of the allowance for loan losses to better reflect the estimated losses for the bond program.

At June 30, 2017 and 2016, restricted net position in the Operating Fund, comprised of the amount of assets required to be pledged as collateral to a lender in excess of outstanding amounts borrowed, as well as assets restricted for federal programs, totaled $4,100,324 and $5,710,537, respectively.

k. Interest Income on Loans

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

l. Use of Estimates

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

m. Fee and Grant Revenue

Recognition of grant revenue is based on the susceptibility of accrual as determined by the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when actually received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made. Fee income is accrued as earned and includes fees received from loan originations, securitization premiums, loan servicing fees, and Section 8 administrative fees received from the U.S. Department of Housing and Urban Development (HUD), including administrative fees that are paid by HUD to Rhode Island Housing under the Performance-Based Contract Administration (PBCA) contract for certain Section 8 projects throughout Rhode Island.

n. Recent Accounting Pronouncements

Effective for the fiscal year ending June 30, 2018, the Corporation will be required to adopt the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses and expenditures related to other postemployment benefits (OPEB) administered through trusts or equivalent arrangements. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, GASB 75 requires more extensive footnote disclosures in employer financial statements as well as restatement of beginning net position in fiscal 2018. The Corporation is currently evaluating the effects of GASB 75 on its financial statements

2. Restricted Assets

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

At June 30, 2017 and 2016, all assets in the Corporation’s Single-Family and Multi-Family Funds; and $204,021,355 and $160,672,961 respectively, of investments and cash and cash equivalents, and $300,214,635 and $237,469,314 respectively, of loans receivable and other assets in the Corporation’s Operating Fund are restricted.

3. Loans Receivable

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

At June 30, 2017 and 2016, the single-family mortgage loan balances in the Single-Family Fund are insured, subject to maximum insurable limits described below:

	2017	2016
Private Mortgage Insurance	$ 288,611,915	$ 338,268,739
FHA Insurance	179,887,588	152,954,590
VA Guaranteed	7,252,342	8,460,290
USDA/RD Guaranteed	11,239,823	12,719,155
Uninsured	192,404,124	203,569,755
Total	$ 679,395,792	$ 715,972,529

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

The Corporation has entered into a risk-sharing agreement with HUD whereby HUD will provide partial mortgage insurance on affordable multi-family housing developments financed by the Corporation. The risk of loss to the Corporation varies from 10% to 50% depending on the level of participation by HUD. In the Multi-Family Fund and Operating Fund, loan balances at June 30, 2017, of $302,800,561 and $86,117,364, respectively, and at June 30, 2016, of $308,297,606 and $19,733,542 respectively, are insured under such agreements subject to maximum participation limits. At June 30, 2017 and 2016, loan balances of $18,280,770 and $18,448,918, respectively, in the Trust are also insured under such agreements.

In May of 2012, Rhode Island Housing entered into an agreement with FNMA whereby single-family mortgage loans originated under Rhode Island Housing's program guidelines may be sold directly to FNMA or pooled into a mortgage-backed security that will be guaranteed by FNMA. As of June 30, 2017, 1,325 loans had been sold directly to FNMA and eight mortgage-backed securities had been issued. As of June 30, 2016, 956 loans had been sold directly to FNMA and eight mortgage-backed securities had been issued.

In the Single-Family Fund, 96% of the loan portfolio is in first lien position for the fiscal years ended June 30, 2017 and 2016. In the Multi-Family Fund, 98% of the loan portfolio is in first lien position for the fiscal year ended June 30, 2017, and 99% for the fiscal year ended June 30, 2016. For the years ended June 30, 2017 and 2016, 44% and 33%, respectively, of the Operating Fund's loan portfolio is in first lien position, while 50% and 51%, respectively, of the Affordable Housing Trust's loan portfolio is in first lien position.

The payment of interest by borrowers on certain loans recorded in the Corporation's Operating Fund, Single-Family Fund and Multi-Family Fund is deferred and is payable by borrowers only from available cash flow, as defined in the loan agreements, or other specified sources. Interest income on such loans is recorded only when received from the borrower. For the years ended June 30, 2017 and 2016, interest received under such deferred loan arrangements was $315,392 and $303,448, respectively, in the Operating Fund and $341,112 and $146,572, respectively, in the Single-Family Fund. In addition, the Corporation administers certain federal and state loan programs, which are either deferred forgivable loans or non-interest bearing. Loans under these programs totaled $200,963,363 and $205,908,202 at June 30, 2017 and 2016, respectively.

At June 30, 2017 and 2016, principal outstanding under such deferred loan arrangements is as follows:

	2017	2016
Operating Fund:		
Single-family loans	$ 60,977,329	$ 68,599,219
Multi-family loans	199,130,995	196,273,262
Subtotal	260,108,324	264,872,481
Single-Family Fund:		
Single-family loans	17,294,136	18,536,405
Total	$ 277,402,460	$ 283,408,886

Certain loans recorded in the Corporation's Operating Fund and Single-Family Fund are on non-accrual status due to delinquency over 90 days. At June 30, 2017 and 2016, principal outstanding under such non-accrual status loans is as follows:

	2017	2016
Operating Fund:		
Single-family loans	$ 4,303,141	$ 2,708,332
Multi-family loans	-	894,747
Subtotal	4,303,141	3,603,079
Single-Family Fund:		
Single-family loans	19,698,634	17,311,452
Total	$ 24,001,775	$ 20,914,531

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

	2017	2016
Balance at beginning of year	$ 38,000,000	$ 34,000,000
Loans charged off, net of recoveries	(2,558,236)	(2,812,812)
Write-down of REO properties	(309,849)	(1,771,102)
Provision for loan losses	368,085	8,583,914
Balance at end of year	$ 35,500,000	$ 38,000,000

In addition to the allowance for loan losses, the Corporation maintains an escrow account funded by certain mortgage lenders (the "Mortgage Lender's Reserve Account"). This Mortgage Lenders Reserve Account equals a percentage of the outstanding principal balance of certain mortgage loans purchased from an applicable mortgage lender and is available to the Corporation in the event the proceeds realized upon the default and foreclosure of any covered mortgage loan is less than the amount due to the Corporation. At June 30, 2017 and 2016, the Mortgage Lender's Reserve Account totaled $467,739.

4. Cash and Cash Equivalents, and Investments

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

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

Cash and cash equivalents of Rhode Island Housing were exposed to custodial credit risk at June 30, 2017 and 2016, as follows:

June 30, 2017

		Category			
	Book Balance	Insured	A	C	Total Bank Balance
Rhode Island Housing and Mortgage Finance Corporation					
Cash Deposits - Operating	$ 37,171,621	$ 2,912,843	$ 1,581,074	$ 41,151,500	$ 45,645,417
Cash Deposits - Single Family	2,081,468	-	-	-	-
Cash Deposits - Multi-Family Funds	655,103	-	627,110	-	627,110
Cash Deposits - Escrows	63,179,247	-	-	63,179,247	63,179,247
Total Deposits	103,087,439	2,912,843	2,208,184	104,330,747	109,451,774
Money Market Mutual Funds	153,108,647				153,108,647
Total Cash and Cash Equivalents	$ 256,196,086	$ 2,912,843	$ 2,208,184	$ 104,330,747	$ 262,560,421
Rhode Island Housing and Mortgage Finance Corporation- Private Purpose Trust					
Cash Deposits	$ 21,398,280	$ 250,000	-	$ 21,013,075	$ 21,263,075
Money Market Mutual Funds	10,695,158				10,695,158
Total Cash and Cash Equivalents	$ 32,093,438	$ 250,000	-	$ 21,013,075	$ 31,958,233

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June 30, 2016

	Book Balance	Category: Insured	Category: A	Category: C	Total Bank Balance
Rhode Island Housing and Mortgage Finance Corporation					
Cash Deposits - Operating	$ 35,106,466	$ 1,072,750	$ 2,494,665	$ 44,351,917	$ 47,919,332
Cash Deposits - Single Family	1,928,163	-	-	-	-
Cash Deposits - Multi-Family Funds	4,032,542	-	167,705	-	167,705
Cash Deposits - Escrows	30,560,010	-	-	30,560,010	30,560,010
Total Deposits	71,627,181	1,072,750	2,662,370	74,911,927	78,647,047
Money Market Mutual Funds	116,359,457				116,359,457
Total Cash and Cash Equivalents	$ 187,986,638	$ 1,072,750	$ 2,662,370	$ 74,911,927	$ 195,006,504
Rhode Island Housing and Mortgage Finance Corporation- Private Purpose Trust					
Cash Deposits	$ 16,334,741	$ 250,000	-	$ 14,632,929	$ 14,882,929
Money Market Mutual Funds	10,695,158				10,695,158
Total Cash and Cash Equivalents	$ 27,029,889	$ 250,000	-	$ 14,632,929	$ 25,578,087

Cash and cash equivalents in the Single-Family Fund and Multi-Family Fund are principally invested in short-term United States Government Money Market Funds. At June 30, 2017, $19,342,672 in the Operating Fund, $78,981,956 in the Single-Family Fund, $54,784,019 in the Multi-Family Fund and $10,695,158 in the Trust was invested in short-term United States Government Money Market Funds. At June 30, 2016, $99,769 in the Operating Fund, $61,765,433 in the Single-Family Fund, $54,494,255 in the Multi-Family Fund and $10,695,158 in the Trust was invested in short-term United States Government Money Market Funds. The funds are rated AAA and invested only in U.S. Treasuries, U.S. Agencies, and repurchase agreements collateralized by U.S. Treasury and Agency securities. Since the funds offer a floating rate that tends to move with other market U.S. risk-free rates, there is substantially no interest rate risk associated with these short-term investments. Because of the quality of the underlying securities in the asset pool and the institutions involved in the management and custody, there is no material credit or custodial risk in this portfolio. These investments are used as temporary cash management instruments. The fair value of these money market funds reflects the net asset value reported by the fund administrator which is a stable $1 per unit. The underlying investments which are short-term cash equivalent typed investments are generally carried at amortized cost which approximates fair value. There are no withdrawal limitations for the money market mutual funds.

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

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

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

At June 30, 2017 and 2016, the Operating Fund holds two investments with a maturity of greater than five years. These investments are marketable securities that are pledged as collateral to a lender for borrowings.

While each of the bond resolutions contains investment policies which describe acceptable investments, there are no specific policies for percentage maximum investments with respect to the Single-Family Fund, Multi-Family Fund, and the Trust (collectively referred to as the Other Funds). Nonetheless, Rhode Island Housing attempts to match asset and liability maturities as closely as practicable. The Corporation manages interest rate risk by considering many variables such as mortgage prepayment frequency and expected asset lives and then utilizing interest sensitivity gap (segmented time distribution) and simulation analysis.

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At June 30, 2017 and 2016, the distribution of investments by remaining or re-pricing maturity is as follows:

	June 30, 2017			
	1 year or less	>1 to 5 Years	>5 Years	Total
Operating Fund:				
U.S. Government Obligations	$ 6,788,538	$ -	$ 2,932,675	$ 9,721,213
Single-Family Fund:				
U.S. Government Obligations	-	-	55,204,947	55,204,947
U.S. Agency Obligations	-	-	20,157,315	20,157,315
Guaranteed Investment Contracts	-	-	2,883,495	2,883,495
Total Single-Family Fund	-	-	78,245,757	78,245,757
Multi-Family Fund:				
U.S. Agency Obligations	434,392	4,832,693	-	5,267,085
Escrows*	-	87,104,389	-	87,104,389
Subtotal	7,222,930	91,937,082	81,178,432	180,338,444
Trust:				
U.S. Agency Obligations	53,186	-	-	53,186
Total	$ 7,276,116	$ 91,937,082	$ 81,178,432	$ 180,391,630

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	June 30, 2016			
	1 year or less	>1 to 5 Years	>5 Years	Total
Operating Fund:				
U.S. Government Obligations	$ 8,793,995	$ -	$ 1,672,292	$ 10,466,287
Single-Family Fund:				
U.S. Government Obligations	-	-	68,719,848	68,719,848
U.S. Agency Obligations	2,020,838	-	24,109,958	26,130,796
Guaranteed Investment Contracts	-	-	2,883,495	2,883,495
Total Single-Family Fund	2,020,838	-	95,713,301	97,734,139
Multi-Family Fund:				
U.S. Agency Obligations	456,075	3,245,933	2,325,325	6,027,333
Guaranteed Investment Contracts	-	17,911,140	-	17,911,140
Total Multi-Family Fund	456,075	21,157,073	2,325,325	23,938,473
Escrows*	-	87,009,540	-	87,009,540
Subtotal	11,270,908	108,166,613	99,710,918	219,148,439
Trust:				
U.S. Agency Obligations	55,882	-	-	55,882
Total	$ 11,326,790	$ 108,166,613	$ 99,710,918	$ 219,204,321

* Included in the tables above are escrow funds relating to homeowners and to multi-family developments. Rhode Island Housing is not exposed to interest rate risk relating to escrows since the income and market gains or losses on these investments flow directly into the respective escrow deposit liability accounts.

Included in investments are mortgage-backed securities backed by government-insured single-family mortgage loans originated under Rhode Island Housing's program guidelines. These securities are pass-through securities which require monthly payments by an FHA-approved or Fannie Mae-approved lender and are guaranteed by either the Government National Mortgage Association (GNMA) or FNMA. The securities are subject to interest rate risk due to prepayments before maturity and the fair value of the securities which will vary with the change in market interest rates. The Corporation does not expect to realize a loss on the sale of the securities as they are intended to be held to maturity. The securities are held by the Single-Family and Operating Funds and are carried at fair value totaling $78,294,937 and $94,502,098 at June 30, 2017 and 2016, respectively.

The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are observable market-based inputs or unobservable inputs that are corroborated by market data. Level 3 inputs are unobservable inputs that are not corroborated by market data.

The Corporation has recurring fair value measurements in the form of Fixed Income Securities (U.S. Treasuries, mortgage-backed securities and obligations of government-sponsored enterprises) as of June 30, 2017, of $96,825,602 in the Operating Fund, $75,362,262 in the Single-Family, $5,267,086 in the Multi-Family Fund, and $53,186 in the Trust that are valued using quoted market prices (Level 1 inputs). Included in Operating Fund investments are fair value measurements for escrow funds relating to homeowners and to multi-family developments. The Corporation does not measure the fair value of guaranteed investment contracts in the amount of $2,883,495 in the Single-Family Fund as of June 30, 2017.

The Corporation had recurring fair value measurements in the same form as of June 30, 2016, of $97,475,827 in the Operating Fund, $94,850,644 in the Single-Family fund, $6,027,334 in the Multi-Family Fund, and $55,882 in the Trust that are valued using quoted market prices (Level 1 inputs). Included in Operating Fund investments were fair value measurements for escrow funds relating to homeowners and to multi-family developments. The Corporation does not measure the fair value of guaranteed investment contracts in the amount of $2,883,495 in the Single-Family Fund and $17,911,140 in the Multi-Family Fund as of June 30, 2016.

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

At June 30, 2017 and 2016, investments, excluding investments relating to escrow accounts for which the credit risk is that of the party for whom the escrow is held rather than that of Rhode Island Housing, are rated by Standard & Poor's or Moody's Investors Service as follows:

	June 30, 2017	
Rating Investment	AA+/Aaa U.S. Agencies	Unrated GICS
Operating Fund	$ -	$ -
Single-Family Fund	20,157,315	2,883,495
Multi-Family Fund	5,267,085	-
Trust	53,186	-

Rating	June 30, 2016	
Investment	AA+/Aaa U.S. Agencies	Unrated GICS
Operating Fund	$ -	$ -
Single-Family Fund	26,130,796	2,883,495
Multi-Family Fund	6,027,333	17,911,140
Trust	55,882	-

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

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

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

At June 30, 2017 and 2016, all Operating Fund investments were invested in U.S. Government and Agency securities, with no concentration of more than 5% of total Operating Fund investments in any particular agency for which the investments were not secured by the U.S. Government.

At June 30, 2017 and 2016, investment concentrations of 5% or more of each respective fund's total investments, excluding investments relating to escrow accounts for which the concentration of credit risk is that of the party for whom the escrow is held rather than that of Rhode Island Housing, are as follows:

	June 30, 2017		
Issuer	Single-Family Fund	Multi-Family Fund	Trust
Federal Home Loan Bank	$ -	$ 2,636,204	$ -
Federal Farm Credit Bank	-	2,196,489	-
Federal National Mtg. Assoc.	20,157,315	-	53,186

	June 30, 2016		
Issuer	Single-Family Fund	Multi-Family Fund	Trust
Federal Home Loan Bank	$ -	$ 2,775,849	$ -
Federal Farm Credit Bank	-	2,325,325	-
HSBC Bank	-	17,911,140	-
Federal National Mtg. Assoc.	24,109,958	-	55,882

Custodial credit risk is the risk that, in the event of the failure of the counterparty, Rhode Island Housing will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The policy in the Operating Fund is that all purchases are held in a safekeeping or custodial account at an approved safekeeping agent of the Corporation in the Corporation's name. At June 30, 2017 and 2016, there were no investments in the Operating Fund subject to custodial credit risk.

There are no other specific custodial credit risk policies for the other funds. Most of Rhode Island Housing's investments in other funds are either in Guaranteed Investment Contracts (GICs) in bonded resolutions, which are direct investments not subject to custodial credit risk, or in accounts managed by a financial advisory firm with underlying investments restricted to U.S. Government and Agency securities. At June 30, 2017 and 2016, there were no investments in any of the other funds subject to custodial credit risk.

As established in the Board-approved investment policy, the Corporation can enter into interest rate swap agreements and other similar interest rate related derivative instruments to reduce interest rate mismatches between its loan and investment assets and its bond and note liabilities. These types of derivative instruments expose the Corporation to certain risks including credit risk, interest rate risk, and counterparty risk. At June 30, 2017 and 2016, the Corporation was not party to any interest rate swap agreements. At June 30, 2017, the Corporation had entered into certain commitments to sell loans, which expose the Corporation to interest rate risk as discussed further in Note 8.

5. Other Assets

Other assets, net, consisted of the following at June 30:

	2017	2016
Real estate owned	$ 5,185,967	$ 11,432,030
Capital assets (*depreciable*), net	9,298,304	8,701,437
Purchased mortgage servicing rights and excess servicing, net	3,882,116	2,685,989
Other assets and control accounts	(145)	86,807
Total	$ 18,366,242	$ 22,906,263

Depreciation expense related to capital assets for the years ended June 30, 2017 and 2016, was $931,966 and $832,376, respectively.

Amortization expense related to purchased mortgage servicing rights for the years ended June 30, 2017 and 2016 was $645,276 and $594,126, respectively.

Other assets of the Trust consisted of federal program properties totaling $474,256 and $1,220,183 at June 30, 2017 and June 30, 2016, respectively.

6. Bonds and Notes Payable

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

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

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

Principal and interest on substantially all bonds is payable semi-annually.

The Corporation is required by the Internal Revenue Service as well as its various bond resolutions to comply with certain tax code provisions and bond covenants. The most significant of these include the following: all debt payments must be current, annual reports and budgets must be filed with the trustee, and the Corporation must comply with various restrictions on investment earnings from bond proceeds. The Corporation's management believes it was in compliance with these covenants as of June 30, 2017.

Bonds and notes payable at June 30, 2017 and 2016 are as follows:

	2017	2016
Operating Fund Bonds and Notes:		
Federal Home Loan Bank		
Due 2017 to 2026, interest from 1.12% to 2.47%	$ 13,675,000	$ 12,000,000

Federal Financing Bank		
Due 2056 to 2057, interest from 2.239% to 3.39%	78,474,584	11,400,000
General Obligation Bonds Series 2013:		
Mandatory tender bonds, due 2018, interest at 2.49%	5,000,000	5,000,000
Notes Payable, due 2027 to 2043, interest from 2.75% to 6.25%	13,383,665	12,316,568
Lines of Credit, payable on demand, interest from 2.020% to 2.473%	61,009,000	74,000,000
Total Operating Fund	171,542,249	114,716,568
Single-Family Fund:		
Homeownership Opportunity Bonds:		
Series 10-A:		
Term bonds, due 2022 to 2027, interest at 6.50%	1,000,000	1,000,000
Series 15-A:		
Term bonds, due 2024, interest at 6.85%	495,000	500,000
Series 46-T:		
Term bonds, due 2034, interest at variable rate	15,000,000	15,000,000
Series 48-T:		
Term bonds, due 2034, interest at variable rate	15,000,000	15,000,000
Series 54:		
Term bonds, due 2026 to 2046, interest from 4.65% to 4.90%	-	56,970,000
Series 55-A:		
Serial bonds, due 2016 to 2017, interest from 3.90% to 3.95%	-	1,640,000
Term bonds, due 2034, interest at 4.50%	-	2,280,000
	-	3,920,000
Series 55-B:		
Serial bonds, due 2017, interest at 4.375%	-	1,110,000
Term bonds, due 2022 to 2047, interest from 4.55% to 4.85%	-	51,925,000
	-	53,035,000
Series 56-A:		
Term bonds, due 2017 to 2047, interest from 4.75% to 5.20%	-	44,765,000

Series 57-A:		
Serial bonds, due 2017, interest at 4.25%	35,000	1,335,000
Term bonds, due 2034, interest at 5.00%	475,000	475,000
	510,000	1,810,000
Series 57-B:		
Term bonds, due 2022, interest at 5.15%	780,000	1,655,000
Series 58-A:		
Term bonds, due 2023 to 2030, interest from 5.05% to 5.25%	7,410,000	8,300,000
Series 59-A:		
Serial bonds, due 2016 to 2017, interest from 4.00% to 4.125%	-	1,860,000
Term bonds, due 2034, interest at 5.15%	2,165,000	2,820,000
	2,165,000	4,680,000
Series 60-A1:		
Serial bonds, due 2016 to 2017, interest from 4.20% to 4.30%	-	490,000
Series 61-A:		
Serial bonds, due 2020 to 2023, interest from 2.40% to 3.05%	12,265,000	12,755,000
Series 61-B:		
Term bonds, due 2026 to 2037, interest from 3.45% to 4.10%	6,755,000	7,020,000
Series 61-C:		
Serial bonds, due 2017 to 2020, interest from 2.30% to 3.00%	19,085,000	22,540,000
Term bonds, due 2034, interest at 4.00%	-	900,000
	19,085,000	23,440,000
Series 62-A:		
Serial bonds, due 2017 to 2021, interest from 1.90% to 3.125%	4,950,000	6,080,000
Series 62-B:		
Serial bonds, due 2021 to 2022, interest from 3.125% to 3.25%	4,025,000	4,025,000
Term bonds, due 2024 to 2028, interest from 3.50% to 4.00%	10,975,000	10,975,000
	15,000,000	15,000,000
Series 62-C:		
Serial bonds, due 2017 to 2022, interest from 2.75% to 3.85%	8,705,000	11,405,000
Term bonds, due 2022, interest at 3.875%	12,760,000	19,865,000
	21,465,000	31,270,000
Series 63-A:		
Term bonds, due 2027 to 2040, interest from 3.50% to 4.00%	12,530,000	13,570,000

Series 63-B:		
Term bonds, due 2032 to 2042, interest from 3.80% to 4.125%	1,690,000	2,065,000
Series 63-C:		
Serial bonds, due 2017 to 2022, interest from 2.15% to 3.50%	7,470,000	8,700,000
Term bonds, due 2025, interest at 3.75%	3,680,000	3,680,000
	11,150,000	12,380,000
Series 63-T:		
Term bonds, due 2042, interest at variable rate	22,845,000	23,345,000
Series 64-T:		
Serial bonds, due 2017 to 2018, interest from 2.08% to 2.58%	5,750,000	11,820,000
Term bonds, due 2023 to 2034, interest from 3.00% to 4.00%	33,670,000	43,210,000
	39,420,000	55,030,000
Series 65-T:		
Serial bonds, due 2017 to 2025, interest from 1.640% to 3.886%	29,685,000	32,825,000
Term bonds, due 2029 to 2039, interest from 2.913% to 4.433%	38,050,000	44,305,000
	67,735,000	77,130,000
Series 66 A-1:		
Term bonds, due 2033, interest at 4.00%	19,650,000	23,840,000
Series 66 A-2:		
Term bonds, due 2032, interest at 4.00%	6,330,000	7,390,000
Series 66-B:		
Term bonds, due 2045, interest at variable rate	15,000,000	15,000,000
Series 66 C-2:		
Term bonds, due 2017 to 2026, interest from 1.30% to 3.65%	19,295,000	21,750,000
Series 67-A:		
Term bonds, due 2041, interest at 3.55%	5,445,000	5,610,000
Series 67-B:		
Term bonds, due 2026 to 2046, interest from 2.40% to 3.55%	10,670,000	11,650,000
Series 67-C:		
Serial bonds, due 2017 to 2027, interest from 1.00% to 3.00%	14,530,000	15,380,000
Term bonds, due 2030 to 2038, interest from 3.25% to 3.50%	18,225,000	20,025,000
	32,755,000	35,405,000

Series 68-A:		
Serial bonds, due 2017 to 2018, interest from 0.50% to 0.85%	1,340,000	-
Series 68-B:		
Term bonds, due 2031 to 2046, interest from 3.00% to 3.40%	40,000,000	-
Series 68-C:		
Serial bonds, due 2018 to 2026, interest from 1.15% to 2.65%	42,165,000	-
Term bonds, due 2031 to 2039, interest from 3.15% to 3.50%	102,035,000	-
	144,200,000	-
Unamortized bond premium	7,261,155	4,849,448
Subtotal	579,196,155	611,704,448
Home Funding Bonds:		
Series 1-A:		
Serial bonds, due 2017 to 2021, interest from 3.50% to 4.125%	5,745,000	6,855,000
Term bonds, due 2024, interest at 4.25%	710,000	2,450,000
	6,455,000	9,305,000
Series 2, Subseries 2A:		
Term bonds, due 2041, interest at 3.16%	18,345,000	21,260,000
Series 2, Subseries 2B:		
Term bonds, due 2041, interest at 2.63%	16,050,000	18,300,000
Series 2, Subseries 2C:		
Term bonds, due 2041, interest at 2.73%	26,470,000	29,010,000
Series 3:		
Serial bonds, due 2017 to 2020, interest from 2.60% to 3.20%	3,790,000	4,765,000
Term bonds, due 2025, interest at 4.00%	5,195,000	6,855,000
	8,985,000	11,620,000
Series 4:		
Serial bonds, due 2017 to 2022, interest from 2.30% to 3.50%	4,405,000	5,105,000
Term bonds, due 2026, interest from 4.05%	3,480,000	4,615,000
	7,885,000	9,720,000
Series 5:		
Term bonds, due 2028 to 2040, interest from 2.75% to 3.45%	28,455,000	30,465,000
Unamortized bond premium	548,573	582,468
Subtotal	113,193,573	130,262,468
Total Single-Family Fund	692,389,728	741,966,916

Multi-Family Fund:		
Multi-Family Housing Bonds:		
1995 Series A:		
Term bonds, due 2017, interest at 6.15%	-	275,000
1998 Series A:		
Term bonds, due 2018, interest at 5.375%	-	355,000
Subtotal	-	630,000
Housing Bonds:		
2001 Series B-2T:		
Term bonds, due 2031, interest at variable rate	3,200,000	3,325,000
2003 Series A-2T:		
Term bonds, due 2034, interest at variable rate	18,590,000	19,150,000
2003 Series B-2T:		
Term bonds, due 2035, interest at variable rate	8,400,000	8,515,000
2007 Series A-1:		
Serial bonds, due 2016 to 2017, interest from 4.30% to 4.35%	-	690,000
Term bonds, due 2027 to 2048, interest from 4.80% to 5.00%	-	29,680,000
	-	30,370,000
2007 Series B-1A/B:		
Serial bonds, due 2017, interest at 4.50%	230,000	440,000
Term bonds, due 2022 to 2027, interest from 5.0% to 5.25%	-	3,335,000
	230,000	3,775,000
Unamortized bond discount	(91,624)	(95,868)
Subtotal	30,328,376	65,039,132
Multi-Family Funding Bonds:		
2009 Series A, Subseries 2009A-1:		
Term bonds, due 2051, interest at 3.01%	51,000,000	51,000,000
2009 Series A, Subseries 2009A-2:		
Term bonds, due 2051, interest at 2.32%	14,100,000	14,100,000
2010 Series A:		
Serial bonds, due 2017 to 2021, interest from 3.125% to 4.00%	2,980,000	3,535,000

Term bonds, due 2025 to 2035, interest from 4.625% to 5.25%	15,550,000	15,550,000
	18,530,000	19,085,000
2011 Series A:		
Serial bonds, due 2017, interest at 2.50%	90,000	265,000
Term bonds, due 2021 to 2032, interest from 3.125% to 4.625%	4,310,000	4,310,000
	4,400,000	4,575,000
Subtotal	88,030,000	88,760,000
Multi-Family Development Bonds:		
2010 Series 1:		
Serial bonds, due 2017 to 2021, interest from 3.20% to 4.25%	335,000	400,000
Term bonds, due 2025, interest at 4.75%	405,000	8,285,000
	740,000	8,685,000
2013 Series 1-AB:		
Serial bonds, due 2017 to 2023, interest from 1.35% to 2.85%	3,120,000	3,500,000
Term bonds, due 2027 to 2048, interest from 3.25% to 4.125%	30,905,000	30,905,000
	34,025,000	34,405,000
2013 Series 2-T:		
Serial bonds, due 2017 to 2023, interest from 1.551% to 3.218%	12,805,000	14,375,000
Term bonds, due 2027 to 2036, interest from 3.768% to 4.606%	36,725,000	36,725,000
	49,530,000	51,100,000
2013 Series 3-A:		
Term bonds, due 2016, interest at .85%	-	2,600,000
2013 Series 3-B:		
Serial bonds, due 2017 to 2024, interest from 1.35% to 3.85%	265,000	290,000
Term bonds, due 2028 to 2048, interest from 4.375% to 5.20%	1,485,000	2,195,000
	1,750,000	2,485,000
2013 Series 3-C:		
Term bonds, due 2028 to 2030, interest from 4.375% to 4.60%	8,795,000	8,795,000
2013 Series 3-D:		
Serial bonds, due 2017 to 2024, interest from 1.85% to 4.35%	3,420,000	4,045,000
Term bonds, due 2024 to 2028, interest from 4.00% to 4.80%	12,245,000	12,715,000
	15,665,000	16,760,000
2013 Series 4-T:		
Serial bonds, due 2017 to 2018, interest from 2.374% to 2.774%	410,000	1,075,000
Term bonds, due 2023 to 2028, interest from 4.207% to 5.107%	1,790,000	3,970,000
	2,200,000	5,045,000
2014 Series 2-T:		
Serial bonds, due 2017 to 2027, interest from 1.645% to 3.823%	16,030,000	17,400,000

2014 Series 3-A:		
Term bond, due 2018, interest of 1.35%	1,275,000	2,100,000
2014 Series 3-B:		
Serial bonds, due 2017 to 2025, interest from 1.00% to 2.95%	1,855,000	1,985,000
Term bonds, due 2029 to 2049, interest from 3.40% to 4.125%	13,715,000	13,715,000
	15,570,000	15,700,000
2016 Series 1-A:		
Term bonds, due 2044, interest from 0.80% to 1.05%	13,200,000	13,200,000
2016 Series 1-B:		
Serial bonds, due 2017 to 2026, interest from 0.625% to 2.650%	1,550,000	1,550,000
Term bonds, due 2031 to 2056, interest from 3.15% to 4.10%	15,350,000	15,350,000
	16,900,000	16,900,000
2016 Series 1-C:		
Serial bonds, due 2017 to 2026, interest from 0.75% to 3.00%	4,175,000	4,455,000
Term bonds, due 2031 to 2041, interest from 3.50% to 4.10%	15,170,000	15,170,000
	19,345,000	19,625,000
2017 Series 1-A:		
Term bonds, due 2047, interest from 1.60% to 1.70%	15,560,000	-
2017 Series 1-B:		
Term bonds, due 2052, interest at 4.20%	1,725,000	-
2017 Series 2-T:		
Serial bonds, due 2017 to 2028, interest from 1.25% to 3.639%	10,500,000	-
Term bonds, due 2032 interest at 4.069%	3,900,000	-
	14,400,000	-
2017 Series 3-T:		
Term bonds, due 2020, interest at 0.00%	7,600,000	-
Unamortized bond discount	(39,642)	(41,572)
Subtotal	234,270,358	214,758,428
Multi-Family Mortgage Revenue Bonds and Notes:		
Series 2006 (University Heights Project):		
Term bonds, due 2039, interest at variable rate	26,700,000	26,700,000
Series 2006 (Sutterfield Project):		
Term bonds, due 2039, interest at variable rate	7,000,000	7,000,000

Series 2006 (The Groves):		
Term bonds, due 2040, interest at variable rate	27,950,000	28,650,000
Series 2015 (Charles Place):		
Note payable, due 2045, interest at 4.16%	25,262,946	25,616,101
Series 2016 (EPN):		
Note payable, due 2049, interest at 4.07%	15,700,000	12,724,909
Note payable, due 2019, interest at variable rate	3,500,000	-
	19,200,000	12,724,909
Series 2017 (Colony House):		
Note payable, due 2050, interest at variable rate	13,864,500	-
Subtotal	119,977,446	100,691,010
Total Multi-Family Fund	472,606,180	469,878,570
Total Bonds and Notes Payable	$1,336,538,157	$1,326,562,054

On October 14, 2016, the Corporation refunded $156,000,000 of certain Homeownership Opportunity Bonds with an average interest rate of 4.64% by the issuance of $153,105,000 Homeownership Opportunity Bonds Series 68-A and 68-C dated October 14, 2016, with an average interest rate of 2.97%.

The Corporation refunded the following debt to reduce its total debt service payments over the next ten years by $7,155,163 and to obtain an economic gain (difference between present values of the debt service payments on the old and new debt) of $12,739,532.

Homeownership Opportunity Bonds Payable	Date of Issue	Outstanding Principal Balance
Series 54	11/14/2006	$ 56,970,000
Series 55-A	03/01/2007	3,375,000
Series 55-B	03/01/2007	52,000,000
Series 56-A	06/21/2007	43,655,000
		$ 156,000,000

On April 27, 2017, the Corporation refunded $22,000,000 of certain Housing Bond Program bonds with an average interest rate of 4.95% by the issuance of $22,000,000 Multi-Family Development Bonds 2017 Series 2-T and 3-T dated April 27, 2017, with an average interest rate of 2.92%.

The Corporation refunded the following debt to reduce its total debt service payments over the next thirty-one years by $16,456,956 and to obtain an economic gain (difference between present values of the debt service payments on the old and new debt) of $6,048,913.

Housing Bond Program Bonds Payable	Date of Issue	Outstanding Principal Balance
Series 2007 A	05/10/2007	$ 22,000,000

On May 16, 2016, the Corporation refunded $41,805,000 of certain Homeownership Opportunity Bonds with an average interest rate of 4.78% by the issuance of $41,015,000 Homeownership Opportunity Bonds Series 67-A and 67-C dated May 16, 2016, with an average interest rate of 3.03%.

The Corporation refunded the following debt to reduce its total debt service payments over the next twelve years by $5,275,768 and to obtain an economic gain (difference between present values of the debt service payments on the old and new debt) of $4,595,411.

Homeownership Opportunity Bonds Payable	Date of Issue	Outstanding Principal Balance
Series 53-A	09/13/2006	$ 5,610,000
Series 53-B	09/13/2006	36,195,000
		$ 41,805,000

On April 1, 2016, the Corporation refunded $19,625,000 of certain Housing Bond Program bonds with an average interest rate of 4.79% by the issuance of $19,625,000 Multi-Family Development Bonds 2016 Series 1-C dated March 31, 2016, with an average interest rate of 3.75%.

The Corporation refunded the following debt to reduce its total debt service payments over the next twelve years by $5,346,298 and to obtain an economic gain (difference between present values of the debt service payments on the old and new debt) of $2,596,912.

Housing Bond Program Bonds Payable	Date of Issue	Outstanding Principal Balance
Series 2006 A-1A	12/21/2006	$ 19,625,000

On August 10, 2015 and October 1, 2015, the Corporation refunded $62,565,000 of certain Homeownership Opportunity Bonds with an average interest rate of 4.75% by the issuance of $60,000,000 Homeownership Opportunity Bonds Series 66-A1 and Series 66-C1 dated August 7, 2015, and 66-A2 and 66-C2 dated August 20, 2015, with an average interest rate of 3.42%.

The Corporation refunded the following debt to reduce its total debt service payments over the next twelve years by $9,301,345 and to obtain an economic gain (difference between present values of the debt service payments on the old and new debt) of $6,333,467.

Homeownership Opportunity Bonds Payable	Date of Issue	Outstanding Principal Balance	
Series 51-A	01/19/2006	$	28,165,000
Series 51-B	01/19/2006		1,020,000
Series 52-A	06/15/2006		11,155,000
Series 52-B	06/15/2006		22,225,000
		$	62,565,000

The Operating Fund's lines of credit were established with financial institutions primarily to make funds available for the origination, or purchase from participating originating lenders, of single-family loans prior to the time such loans are funded by bond proceeds received by the issuance of bonds under the Single-Family Fund. At June 30, 2017, the Corporation may borrow up to a maximum of $110,000,000 under various revolving loan agreements expiring between August 2017 and January 2018. Borrowings under the lines of credit are payable on demand and are unsecured. One of the lines of credit, in the outstanding amount of $10,000,000, has a variable interest rate, which was 2.47% at June 30, 2017. The outstanding remaining lines of credit of $51,009,000 have fixed rates which range from 2.020% - 2.472% at June 30, 2017.

The schedule below includes amounts required for debt service sinking funds for each fiscal year relating to the respective bonds and notes as of June 30, 2017 (dollars in thousands):

	Operating Fund Bonds/Notes		Single-Family Fund Bonds		Multi-Family Fund Bonds/Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 66,523	$ 3,481	$ 28,125	$ 21,483	$ 9,425	$ 13,749
2019	5,000	3,199	34,975	20,440	9,280	13,615
2020	3,500	3,301	32,555	19,436	16,910	13,366
2021	-	3,218	33,830	18,475	9,715	13,066
2022	-	3,217	33,480	17,464	10,100	12,748
2023-2027	5,082	15,952	129,085	73,194	60,595	57,715
2028-2032	5,455	14,409	146,705	50,603	69,005	47,089
2033-2037	5,898	12,705	128,760	27,477	49,040	37,309
2038-2042	-	11,488	93,335	9,508	105,130	28,748
2043-2047	1,133	11,369	23,730	1,679	66,603	18,506
2048-2052	649	11,233	-	-	62,480	6,188
2053-2057	78,303	10,291	-		4,455	512
	$ 171,543	$ 103,863	$ 684,580	$ 259,759	$ 472,738	$ 262,611

Homeownership Opportunity Bonds Series 46-T, 48-T, and 63-T, and Housing Bonds 2001 Series B-2T, 2003 Series A-2T and 2003 Series B-2T bear interest at taxable rates established monthly or quarterly, which range from 1.37% - 1.95% at June 30, 2017. Homeownership Opportunity Bonds Series HOB 66-B and certain Multi-Family Mortgage Revenue Bonds bear interest at tax-exempt rates established weekly, which range from .848% - 1.61% at June 30, 2017.

Bonds and notes payable activity for the year ended June 30, 2017, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bonds and notes payable:				
General obligation bonds	$ 5,000,000	$ -	$ -	$ 5,000,000
Unsecured notes	74,000,000	293,009,000	(306,000,000)	61,009,000
Secured notes	35,716,568	76,407,000	(6,590,319)	105,533,249
Revenue bonds	1,211,845,486	255,636,644	(302,486,222)	1,164,995,908
	$1,326,562,054	$ 625,052,644	$(615,076,541)	$1,336,538,157

Bonds and notes payable activity for the year ended June 30, 2016, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bonds and notes payable:				
General obligation bonds	$ 5,000,000	$ -	$ -	$ 5,000,000
Unsecured notes	58,000,000	315,000,000	(299,000,000)	74,000,000
Secured notes	21,272,119	21,082,218	(6,637,769)	35,716,568
Revenue bonds	1,269,220,875	193,976,389	(251,351,778)	1,211,845,486
	$ 1,353,492,994	$ 530,058,607	$(556,989,547)	$1,326,562,054

7. Commitments and Contingencies

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

Total credit exposure as a result of loan commitments at June 30, 2017, is as follows:

Operating Fund	$ 96,002,429
Single-Family Fund	46,583
Multi-Family Fund	650,000
Trust	667,194
Total	$ 97,366,206

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

The Corporation has entered into contracts with multiple developments under the Neighborhood Opportunities Program to fund projects over the next seven years for a total of $4,470,136, subject to the availability of funds. As of June 30, 2017, $2,038,524 has been paid under these contracts.

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

Rhode Island Housing is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God for which Rhode Island Housing carries commercial insurance. Neither Rhode Island Housing nor its insurers have settled any claims which exceeded Rhode Island Housing's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year. Rhode Island Housing also is self-insured for unemployment compensation, and no accrual has been recorded in the accompanying financial statements for claims expected to arise from services rendered on or before June 30, 2017, because Rhode Island Housing officials are of the opinion that, based on prior experience, such claims will not be material.

8. Derivative Instruments

In July 2013, the Corporation converted its loan funding platform from a mortgage revenue bond program to a program primarily financed through the sale of whole loans and mortgage-backed securities guaranteed by FNMA and GNMA as to timely payment of principal and interest. The securities represent pools of qualified first mortgage loans originated by Rhode Island Housing approved lenders. Under this program, the Corporation periodically enters into forward contracts to sell the securities to investors before the securities are ready for delivery (referred to as a "to-be-announced" or "TBA Mortgage-Backed Security Contract"). The Corporation enters into TBA Mortgage-Backed Security Contracts to hedge the interest rate risk for loan commitments made to originating mortgage lenders. TBA Mortgage-Backed Security Contracts are derivative instruments due to one or more of the following factors that are not designated at the time the Corporation and the investor enter into the transaction: settlement factors; the reference rates or interest rates the security will bear; and notional amounts in the form of the principal amount of the future Mortgage-Backed Securities. In addition, payment to Rhode Island Housing by the investor is not required until the investor receives the security, enabling the investor to take a position on interest rates without making a payment. Finally, the TBA Mortgage-Backed Security Contracts may be "net settled" because neither party is required to deliver or purchase an asset to settle the TBA Mortgage-Backed Securities Contract.

At June 30, 2017, TBA Mortgage-Backed Securities Contracts with a total notional amount of \$51,920,000 and fair market values totaling \$54,179,881 were outstanding, resulting in a hedging instrument of \$2,259,881. These contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are included in the combining statements of net position as deferred outflows of resources. In addition, the Corporation entered into commitments to sell loans to Fannie Mae with a total notional amount of \$15,655,000 and fair market values totaling \$16,114,342, resulting in a hedging instrument of \$459,342. These contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are also included in the combining statements of net position as deferred outflows of resources.

At June 30, 2016, TBA Mortgage-Backed Securities Contracts with a total notional amount of \$38,463,348 and fair values totaling \$40,701,103 were outstanding, resulting in a hedging instrument of \$2,237,755. These contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are included in the combining statements of net position as deferred outflows of resources. In addition, the Corporation entered into commitments to sell loans to Fannie Mae with a total notional amount of \$14,500,000 and fair values totaling \$15,159,190, resulting in a hedging instrument of \$659,190. These contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are also included in the combining statements of net position as deferred outflows of resources.

9. Employee Benefits

Employee Benefit Plan

The Corporation has adopted an employee retirement plan created in accordance with Internal Revenue Code Section 401(a). The Corporation's 401(a) money Purchase Pension Plan (the Plan) is a defined contribution plan, administered by ICMA Retirement Corporation. Regular full-time employees who meet certain requirements as to length of service are eligible. The Corporation contributes a set percentage of an employee's annual eligible compensation to the Plan. The contribution requirements, and benefit provisions, are established and may be amended by management of the Corporation along with the Board of Commissioners. Contributions to the Plan for the years ended June 30, 2017 and 2016, totaled \$1,158,957 and \$1,023,262, respectively. The assets of the Plan were placed under a separate trust agreement for the benefit of the applicable employees, and therefore are neither an asset nor a liability of the Corporation.

Post-employment Healthcare Plan

The Rhode Island Housing Retiree Healthcare Plan (RIHRHP) is a single-employer defined benefit healthcare plan administered by the Corporation. RIHRHP provides medical insurance benefits to eligible employees who retire from active full-time employment based on years of service and age. As of June 30, 2017, the plan included 27 retirees, 24 of which are receiving benefits, and 227 active employees. RIHRHP does not issue a stand-alone financial report.

The Corporation's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. For the years ended June 30, 2017 and 2016, plan members receiving benefits contributed $19,017 and $18,408, respectively, as their required contribution.

The annual OPEB cost and related information for the fiscal years ended June 30, 2017 and 2016, are as follows:

	2017	2016
Annual required contribution (ARC)	$ 645,430	$ 495,062
Interest on OPEB obligation	166,310	166,800
Adjustment to ARC	(162,014)	(154,540)
Annual OPEB cost	649,726	507,322
Net estimated employer contributions	(78,241)	(56,248)
Increase in net OPEB obligation	571,485	451,074
Net OPEB obligation, beginning of year	4,157,746	3,706,672
Net OPEB obligation, end of year	$ 4,729,231	$ 4,157,746
Percent of annual OPEB cost contributed	12.0%	11.1%

The net OPEB obligation is reported in accounts payable and accrued liabilities in the Corporation's combining statements of net position. The Corporation's annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended June 30, 2017, and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
June 30, 2015	$ 386,364	$ 31,777	8.2%	$ 3,706,672
June 30, 2016	507,322	56,248	11.1%	4,157,746
June 30, 2017	649,726	78,241	12.0%	4,729,231

Funding Status and Funding Progress:
Under the reporting parameters, the Corporation's retiree health care plan is 0.0% funded with the actuarial accrued liability exceeding the actuarial assets by $5,680,026 as of June 30, 2017, the most recent valuation date. The ratio of the unfunded accrued liability to annual covered payroll of $11,969,192 is 47.5%.

Actuarial Methods and Assumptions

The Individual Entry Age Normal Cost Method is used to calculate the ARC for the Corporation's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The actuarial cost method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the Corporation and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Corporation and the Corporation's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions included a 2.50% inflation rate, an investment rate of return of 4.00%, payroll growth of 3.00% and a 30-year open amortization period. The actuarial cost method used was the Individual Entry Age Normal Cost Method and the Level as a percentage of employee payroll was the amortization method used. The initial annual healthcare cost trend rate used (Pre-65) was 7.50%, declining to an ultimate rate of 4.75% after 13 years. The initial annual healthcare cost trend rate used (Post-65) was 5.75%, declining to an ultimate rate of 4.25% after 10 years.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the Corporation's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

10. Subsequent Events

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

Date of Call	Principal Program	Outstanding
October 1, 2017	Homeownership Opportunity Bonds	$ 9,835,000
October 1, 2017	Home Funding Bonds	$ 8,885,000

The State of Rhode Island has requested that the Corporation provide financial assistance to the State for its general use in the amount of $1,000,000. As of June 30, 2017, the Corporation had not received a formal request as to the timing of this transfer.

Required Supplementary Information
Retiree Healthcare Benefit Plan
Schedule of Funding Progress
Year Ended June 30, 2017

Actuarial Valuation Date as of	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Ratio of UAAL to Annual Covered Payroll ((b-a)/c)
June 30, 2011	-	$ 2,764,235	$ 2,764,235	0%	$ 9,052,294	30.5%
June 30, 2014	-	3,352,085	3,352,085	0%	8,033,831	42.0%
June 30, 2017	-	5,680,026	5,680,026	0%	11,969,192	47.5%

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position - Single-Family Fund
June 30, 2017 and 2016

	Homeownership Opportunity Bond Program		Home Funding Bond Program	
	2017	**2016**	**2017**	**2016**
Assets				
Loans receivable	$ 640,098,096	$ 667,830,730	$ 39,297,696	$ 48,141,799
Less allowance for loan losses	(10,000,000)	(11,000,000)	-	-
Loans receivable, net	630,098,096	656,830,730	39,297,696	48,141,799
Investments	12,658,219	17,028,915	65,587,538	80,705,224
Accrued interest-loans	2,166,430	2,349,652	130,490	161,762
Accrued interest-investments	83,970	101,209	205,771	242,352
Cash and cash equivalents	65,825,584	53,020,322	15,237,840	10,673,274
Other assets, net	3,233,530	9,481,328	253,822	1,050,230
Interfund receivable (payable)	-	(125,234)	18,597	18,597
Total assets	**714,065,829**	**738,686,922**	**120,731,754**	**140,993,238**
Deferred Outflows of Resources				
Loan origination costs	4,757	5,014	-	-
Total deferred outflows of resources	**4,757**	**5,014**	**-**	**-**
Combined Assets and Deferred Outflows of Resources	**$ 714,070,586**	**$ 738,691,936**	**$ 120,731,754**	**$ 140,993,238**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 579,196,155	$ 611,704,448	$ 113,193,573	$ 130,262,468
Accrued interest payable on bonds and notes	4,675,978	5,290,453	933,918	1,044,586
Fees, net	166,467	188,415	-	-
Total liabilities	**584,038,600**	**617,183,316**	**114,127,491**	**131,307,054**
Net Position				
Net position, restricted	130,031,986	121,508,620	6,604,263	9,686,184
Total Liabilities and Net Position	**$ 714,070,586**	**$ 738,691,936**	**$ 120,731,754**	**$ 140,993,238**

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position - Single-Family Fund
June 30, 2017 and 2016

	Single-Family Fund Totals	
	2017	**2016**
Assets		
Loans receivable	$ 679,395,792	$ 715,972,529
Less allowance for loan losses	(10,000,000)	(11,000,000)
Loans receivable, net	669,395,792	704,972,529
Investments	78,245,757	97,734,139
Accrued interest-loans	2,296,920	2,511,414
Accrued interest-investments	289,741	343,561
Cash and cash equivalents	81,063,424	63,693,596
Other assets, net	3,487,352	10,531,558
Interfund receivable (payable)	18,597	(106,637)
Total assets	**834,797,583**	**879,680,160**
Deferred Outflows of Resources		
Loan origination costs	4,757	5,014
Total deferred outflows of resources	**4,757**	**5,014**
Combined Assets and Deferred Outflows of Resources	**$ 834,802,340**	**$ 879,685,174**
Liabilities and Net Position		
Liabilities		
Bonds and notes payable	$ 692,389,728	$ 741,966,916
Accrued interest payable on bonds and notes	5,609,896	6,335,039
Fees, net	166,467	188,415
Total liabilities	**698,166,091**	**748,490,370**
Net Position		
Net position, restricted	136,636,249	131,194,804
Total Liabilities and Net Position	**$ 834,802,340**	**$ 879,685,174**

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position - Single-Family Fund
For the Years Ended June 30, 2017 and 2016

	Homeownership Opportunity Bond Program		Home Funding Bond Program	
	2017	2016	2017	2016
Operating revenues:				
Interest income on loans	$ 29,394,440	$ 31,550,569	$ 1,771,369	$ 2,046,667
Earnings on investments:				
Interest on investments	938,945	874,341	2,872,925	3,358,754
Net decrease in fair value of investments	(455,188)	(25,334)	(2,219,550)	(328,784)
Total operating revenues	**29,878,197**	**32,399,576**	**2,424,744**	**5,076,637**
Operating expenses:				
Interest expense	19,186,911	24,065,396	3,719,577	4,298,152
Housing initiatives	-	939	-	-
Provision for loan losses	62,706	6,200,000	-	-
REO expenditures	802,606	1,077,533	(18,000)	(5,835)
Arbitrage rebate	-	(181,723)	-	-
Bond issuance costs	1,300,895	1,236,681	-	-
Depreciation and amortization of other assets	2,256	2,949	5,088	6,565
Loan costs	257	257	-	-
Total operating expenses	**21,355,631**	**32,402,032**	**3,706,665**	**4,298,882**
Operating income (loss)	**8,522,566**	**(2,456)**	**(1,281,921)**	**777,755**
Transfers in (out)	800	3,838,995	(1,800,000)	(2,400,000)
Total change in net position	**8,523,366**	**3,836,539**	**(3,081,921)**	**(1,622,245)**
Net position, beginning of year	121,508,620	117,672,081	9,686,184	11,308,429
Net position, end of year	$ 130,031,986	$ 121,508,620	$ 6,604,263	$ 9,686,184

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position - Single-Family Fund
For the Years Ended June 30, 2017 and 2016

	Single-Family Fund Total	
	2017	**2016**
Operating revenues:		
Interest income on loans	$ 31,165,809	$ 33,597,236
Earnings on investments:		
Interest on investments	3,811,870	4,233,095
Net decrease in fair value of investments	(2,674,738)	(354,118)
Total operating revenues	**32,302,941**	**37,476,213**
Operating expenses:		
Interest expense	22,906,488	28,363,548
Housing initiatives	-	939
Provision for loan losses	62,706	6,200,000
REO expenditures	784,606	1,071,698
Arbitrage rebate	-	(181,723)
Bond issuance costs	1,300,895	1,236,681
Depreciation and amortization of other assets	7,344	9,514
Loan costs	257	257
Total operating expenses	**25,062,296**	**36,700,914**
Operating income	**7,240,645**	**775,299**
Transfers in (out)	(1,799,200)	1,438,995
Total change in net position	**5,441,445**	**2,214,294**
Net position, beginning of year	131,194,804	128,980,510
Net position, end of year	$ 136,636,249	$ 131,194,804

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position - Multi-Family Fund
June 30, 2017 and 2016

	Multi-Family Housing Bond Program		Housing Bond Program	
	2017	2016	2017	2016
Assets				
Loans receivable	$ -	$ 866,013	$ 33,287,247	$ 66,683,317
Less allowance for loan losses	-	-	-	-
Loans receivable, net	-	866,013	33,287,247	66,683,317
Investments	-	17,911,140	2,295,005	2,888,874
Accrued interest-loans	-	5,557	210,880	427,913
Accrued interest-investments	1,618	9,952	88,773	59,929
Cash and cash equivalents	-	2,500,987	5,751,299	10,761,092
Accounts receivable, net	-	-	-	-
Interfund receivable (payable)	-	-	-	-
Total assets	**1,618**	**21,293,649**	**41,633,204**	**80,821,125**
Deferred Outflows of Resources				
Loan origination costs	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Combined Assets and Deferred Outflows of Resources	**$ 1,618**	**$ 21,293,649**	**$ 41,633,204**	**$ 80,821,125**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ -	$ 630,000	$ 30,328,376	$ 65,039,132
Accrued interest payable on bonds and notes	-	17,997	72,707	480,045
Accounts payable and accrued liabilities	-	-	-	233,511
Escrow deposits	-	-	-	-
Total liabilities	**-**	**647,997**	**30,401,083**	**65,752,688**
Net Position				
Net position, restricted	1,618	20,645,652	11,232,121	15,068,437
Total Liabilities and Net Position	**$ 1,618**	**$ 21,293,649**	**$ 41,633,204**	**$ 80,821,125**

See Accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position - Multi-Family Fund
June 30, 2017 and 2016

	Multi-Family Mortgage Revenue Bond		Multi-Family Funding Bond Program	
	2017	**2016**	**2017**	**2016**
Assets				
Loans receivable	$ 117,623,163	$ 100,691,010	$ 88,088,738	$ 88,812,014
Less allowance for loan losses	-	-	-	-
Loans receivable, net	117,623,163	100,691,010	88,088,738	88,812,014
Investments	-	-	-	-
Accrued interest-loans	170,487	71,875	468,905	472,758
Accrued interest-investments	-	-	-	-
Cash and cash equivalents	6,453,349	3,716,515	8,596,534	8,251,941
Accounts receivable, net	-	-	-	-
Interfund receivable (payable)	-	-	-	-
Total assets	**124,246,999**	**104,479,400**	**97,154,177**	**97,536,713**
Deferred Outflows of Resources				
Loan origination costs	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Combined Assets and Deferred Outflows of Resources	**$ 124,246,999**	**$ 104,479,400**	**$ 97,154,177**	**$ 97,536,713**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 119,977,446	$ 100,691,010	$ 88,030,000	$ 88,760,000
Accrued interest payable on bonds and notes	230,309	164,549	733,231	738,240
Accounts payable and accrued liabilities	-	-	-	-
Escrow deposits	4,104,838	3,722,587	-	-
Total liabilities	**124,312,593**	**104,578,146**	**88,763,231**	**89,498,240**
Net Position				
Net position, restricted	(65,594)	(98,746)	8,390,946	8,038,473
Total Liabilities and Net Position	**$ 124,246,999**	**$ 104,479,400**	**$ 97,154,177**	**$ 97,536,713**

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position
June 30, 2017 and 2016

	Multi-Family Development Bonds		Multi-Family Fund Total	
	2017	**2016**	**2017**	**2016**
Assets				
Loans receivable	$ 241,069,028	$ 213,499,715	$ 480,068,176	$ 470,552,069
Less allowance for loan losses	-	-	-	-
Loans receivable, net	241,069,028	213,499,715	480,068,176	470,552,069
Investments	2,972,080	3,138,459	5,267,085	23,938,473
Accrued interest-loans	1,303,862	1,121,939	2,154,134	2,100,042
Accrued interest-investments	8,627	9,971	99,018	79,852
Cash and cash equivalents	34,637,940	33,296,261	55,439,122	58,526,796
Accounts receivable, net	-	-	-	-
Interfund receivable (payable)	-	(2,600,000)	-	(2,600,000)
Total assets	**279,991,537**	**248,466,345**	**543,027,535**	**552,597,232**
Deferred Outflows of Resources				
Loan origination costs	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Combined Assets and Deferred Outflows of Resources	**$ 279,991,537**	**$ 248,466,345**	**$ 543,027,535**	**$ 552,597,232**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 234,270,358	$ 214,758,428	$ 472,606,180	$ 469,878,570
Accrued interest payable on bonds and notes	1,854,802	1,906,484	2,891,049	3,307,315
Accounts payable and accrued liabilities	167,102	282,517	167,102	516,028
Escrow deposits	-	-	4,104,838	3,722,587
Total liabilities	**236,292,262**	**216,947,429**	**479,769,169**	**477,424,500**
Net Position				
Net position, restricted	43,699,275	31,518,916	63,258,366	75,172,732
Total Liabilities and Net Position	**$ 279,991,537**	**$ 248,466,345**	**$ 543,027,535**	**$ 552,597,232**

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position - Multi-Family Fund
For the Years Ended June 30, 2017 and 2016

	Multi-Family Housing Bond Program		Housing Bond Program	
	2017	2016	2017	2016
Operating revenues:				
Interest income on loans	$ 45,785	$ 67,542	$ 4,121,344	$ 5,478,048
Earnings on investments:				
Interest on investments	1,124,170	1,121,995	225,382	263,713
Net increase (decrease) in fair value of investments	-	-	(147,042)	(362,920)
Total operating revenues	**1,169,955**	**1,189,537**	**4,199,684**	**5,378,841**
Operating expenses:				
Interest expense	21,597	35,994	1,682,618	2,616,130
Other administrative expenses	579	579	59,216	69,876
Arbitrage rebate	-	(11,893)	(233,511)	(363,560)
Bond issuance costs	-	-	-	-
Loan costs	18,556	45,699	539,652	556,937
Total operating expenses	**40,732**	**70,379**	**2,047,975**	**2,879,383**
Operating income	**1,129,223**	**1,119,158**	**2,151,709**	**2,499,458**
Transfers in (out)	(21,773,257)	45,699	(5,988,025)	(983,097)
Total change in net position	**(20,644,034)**	**1,164,857**	**(3,836,316)**	**1,516,361**
Net position, beginning of year	20,645,652	19,480,795	15,068,437	13,552,076
Net position, end of year	$ 1,618	$ 20,645,652	$ 11,232,121	$ 15,068,437

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position - Multi-Family Fund
For the Years Ended June 30, 2017 and 2016

	Multi-Family Mortgage Revenue Bond Program		Multi-Family Funding Bond Program	
	2017	**2016**	**2017**	**2016**
Operating revenues:				
Interest income on loans	$ 2,608,783	$ 1,452,721	$ 5,648,296	$ 5,693,206
Earnings on investments:				
Interest on investments	9	-	32,390	10,058
Net increase (decrease) in fair value of investments	-	-	-	-
Total operating revenues	**2,608,792**	**1,452,721**	**5,680,686**	**5,703,264**
Operating expenses:				
Interest expense	2,275,134	1,303,028	2,945,713	2,964,175
Other administrative expenses	-	-	-	-
Arbitrage rebate	-	-	-	-
Bond issuance costs	-	-	-	-
Loan costs	-	-	143,350	118,968
Total operating expenses	**2,275,134**	**1,303,028**	**3,089,063**	**3,083,143**
Operating income	**333,658**	**149,693**	**2,591,623**	**2,620,121**
Transfers in (out)	(300,506)	(256,542)	(2,239,150)	(2,281,032)
Total change in net position	**33,152**	**(106,849)**	**352,473**	**339,089**
Net position, beginning of year	(98,746)	8,103	8,038,473	7,699,384
Net position, end of year	$ (65,594)	$ (98,746)	$ 8,390,946	$ 8,038,473

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RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position - Multi-Family Fund
For the Years Ended June 30, 2017 and 2016

	Multi-Family Development Bonds		Multi-Family Fund Total	
	2017	**2016**	**2017**	**2016**
Operating revenues:				
Interest income on loans	$ 13,235,757	$ 12,961,043	$ 25,659,965	$ 25,652,560
Earnings on investments:				
Interest on investments	268,893	104,926	1,650,844	1,500,692
Net increase (decrease) in fair value of investments	(165,393)	309,584	(312,435)	(53,336)
Total operating revenues	**13,339,257**	**13,375,553**	**26,998,374**	**27,099,916**
Operating expenses:				
Interest expense	7,348,807	6,664,600	14,273,869	13,583,927
Other administrative expenses	-	-	59,795	70,455
Arbitrage rebate	(115,415)	157,529	(348,926)	(217,924)
Bond issuance costs	231,000	291,780	231,000	291,780
Loan costs	111,765	111,879	813,323	833,483
Total operating expenses	**7,576,157**	**7,225,788**	**15,029,061**	**14,561,721**
Operating income	**5,763,100**	**6,149,765**	**11,969,313**	**12,538,195**
Transfers in (out)	6,417,259	3,690,082	(23,883,679)	215,110
Total change in net position	**12,180,359**	**9,839,847**	**(11,914,366)**	**12,753,305**
Net position, beginning of year	31,518,916	21,679,069	75,172,732	62,419,427
Net position, end of year	$ 43,699,275	$ 31,518,916	$ 63,258,366	$ 75,172,732

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APPENDIX C-2

UNAUDITED FINANCIAL STATEMENTS OF RHODE ISLAND HOUSING FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

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

Financial Statements and Supplementary Information
For the Three Months Ended September 30, 2017

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

Financial Statements and Supplementary Information
As of and For the Three Months Ended September 30, 2017

Management's Discussion and Analysis

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

This section of Rhode Island Housing's financial statements presents Rhode Island Housing's management's discussion and analysis of the Corporation's financial position and performance as of September 30, 2017 and 2016 and for the three months then ended. This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

Financial Highlights

The financial highlights (in millions) of the Corporation as of and for the three months ended September 30, 2017 increased (decreased) from the previous year as follows:

	2017	
	$	%
Mortgage loans, gross	20.7	1.3
Investments	(32.9)	(15.3)
Cash and cash equivalents	62.3	28.7
Total assets	48.3	2.4
Bonds and notes payable	6.6	0.5
Total net position	15.4	5.1
Total revenues	0.7	2.4
Total expenses	(1.9)	(6.9)
Operating income	2.6	208.5

Mortgage loans comprise the largest segment of the Corporation's asset base. Single-family new loan production increased over last year; however, the Corporation is selling its loans to Fannie Mae and converting pools of loans into securities, which are then sold in the To-Be-Announced (TBA) market, resulting in a net reduction of single-family loans of $44.2 million. Multi-family new loan production increased by $9.5 million and Operating Fund loans increased $55.3 million due mainly to an increase in multi-family loans in the operating fund.

Bonds and notes payable, the largest component of liabilities, increased by $7.0 million in the first quarter of 2017. This increase is related to issuance of new bonds to finance both single-family and multi-family mortgages net with current year maturities and pay-offs of bonds with mortgage prepayments.

Overview of the Financial Statements

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

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

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

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

Operating Activity of the Corporation

The following table summarizes the components of operating income, before the adjustment required to record investments at fair value as required by Governmental Accounting Standards Board (GASB) Statement No. 31:

For the Three Months Ended September 30, 2017 and 2016 (in thousands)

	2017	2016	% Change
Revenues:			
Interest income on loans	$ 17,314	$ 17,322	0.0
Earnings on investments	1,207	1,465	(17.6)
Gain on sale of loans	5,180	3,207	61.5
Grant revenue	2,624	3,803	(31.0)
Other	3,063	3,183	(3.8)
Total revenues	29,388	28,980	1.4
Expenses:			
Interest expense	9,887	10,717	(7.7)
Provision for loan losses	600	1,786	(66.4)
REO expenditures	116	604	(80.8)
Bond issuance costs	-	(12)	(100.0)
Operating expenses	7,948	6,538	21.6
Grant expense	2,409	3,819	(36.9)
Other expenses	4,442	3,846	15.5
Total expenses	25,402	27,298	(6.9)
Operating income, before adjusting investments to fair value	$ 3,986	$ 1,682	136.9%

Operating income, after adjusting investments to fair value, was $3.8 million for the three month period ended September 30, 2017, and $1.2 million for the three month period ended September 30, 2016. GASB Statement No. 31, which requires investments to be recorded at fair value, caused a decrease in operating income of $0.2 million in 2017 compared to a decrease of $0.4 million in 2016. Operating income, excluding the unrealized gains and losses on investments, increased 136.9% in 2017.

Gain on sale of loans was $5.2 million and $3.2 million for the three months ended September 30, 2017 and 2016, respectively.

Other revenue, which has been relatively consistent from year to year, consists of loan-related fees such as origination and late fees, and fees received for the management and disbursement of funds for federal housing programs.

Operating expenses associated with the operation of the Corporation (personnel services, other administrative expenses, and depreciation and amortization of other assets) amounted to $8.0 million for the three months ended September 30, 2017, an increase of 21.6% from $6.5 million for the three months ended September 30, 2016. This increase was primarily related to personnel services which increased in conjunction with an increase in loan volume.

Real Estate Owned (REO) expenditures are preservation costs incurred related to REO properties that are deemed to be non-recoverable based on a valuation analysis of the underlying properties. REO expenses declined to $0.1 million for the three months ended September 30, 2017, from $0.6 million in 2016.

Net interest income (interest on loans and investments less interest expense) is the largest component of the Corporation's operating income. Net interest income amounted to $8.6 million for the three months ended September 30, 2017, an increase of 7.0% from $8.1 million for the three months ended September 30, 2016. Earnings on investments decreased by $0.3 million for the three month period ended September 30, 2017. Net interest income as a percentage of average bonds and notes payable was 2.56% in 2017 and 2.41% in 2016, respectively. Interest income on loans as a percentage of total loans decreased from 4.33% in 2016 to 4.25% in 2017; interest expense on bonds and notes decreased from 3.20% to 2.93% in 2017. This caused a total increase in the spread margin (i.e., differential between loans and bonds) from 1.13% in 2016 to 1.32% in 2017. This is the result of various bond refundings and continued lower rates on new loans.

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

The provision for loan losses decreased from $1.8 million in 2016 to $.6 million in 2017 based on a review of the Corporation's loan portfolio and an analysis of its current characteristics. The primary economic factors incorporated into the allowance estimates are: (1) recent performance characteristics of the single-family portfolio and (2) net operating cash flows of the developments associated with multi-family loans.

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

Financial Analysis of the Corporation

The following tables summarize certain financial information regarding the Corporation's financial position:

September 30, 2017 and 2016 (in millions)	2017	2016	% Change
Loans receivable, net	$ 1,593	$ 1,568	1.6
Investments	182	215	(15.3)
Cash and cash equivalents	280	217	29.0
Other assets	35	41	(14.6)
Total assets	2,090	2,041	2.4
Deferred outflows of resources	3,691	3,069	20.3
Bonds and notes payable	1,359	1,352	0.5
Other liabilities	417	390	6.9
Total liabilities	1,776	1,742	2.0
Net position:			
Net investment in capital assets	9	9	(0.0)
Restricted	208	212	(2.0)
Unrestricted	100	81	23.5

At September 30, 2017, total assets of the Corporation increased 2.4% from 2016, primarily due to an increase in loans receivables, net, and cash and cash equivalents. Net loans receivable increased $25.0 million, or 1.6%, from the previous year. This increase in loans is attributable to an increase in multi-family loans in the operating fund net of a decrease in single-family loans attributable to the change in funding model for single-family loans implemented in fiscal year 2014 whereby the majority of new loans are sold. Bonds and notes payable totaled $1.4 billion as of September 30, 2017, an increase of $7.0 million or 0.5% from September 30, 2016.

As of September 30, 2017 and 2016, the net position-to-asset ratio was 15.2% and 14.8%, respectively, and the loan-to-asset ratio was 76.2% and 76.8%, respectively. These ratios reflect the application of GASB Statement No. 31.

The Corporation's loan portfolio is primarily composed of single-family mortgage loans. As of September 30, 2017 and 2016, single-family residential mortgages in bond resolutions totaled $666 million and $710 million, respectively, and multi-family loans in bond resolutions totaled $472 million and $463 million, respectively.

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

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

External Influences

The Rhode Island economy and the level of unemployment in the State of Rhode Island have a direct impact on the Corporation's delinquency experience within its portfolio. At September 30, 2017 Rhode Island's unemployment rate was 4.2% compared to 5.6% for the same period in 2016. The Corporation has, however, experienced an increase in its 90+ delinquency rate to 2.28% in 2017 from 1.86% in 2016.

Requests for Information

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

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position
September 30, 2017

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
Assets				
Loans receivable	$ 435,476,044	$ 666,154,487	$ 472,205,731	$ 1,573,836,262
Less allowance for loan losses	(25,438,111)	(10,186,312)	-	(35,624,423)
Loans receivable, net	410,037,933	655,968,175	472,205,731	1,538,211,839
Loans held for sale	54,373,652	-	-	54,373,652
Investments	101,648,225	74,970,338	5,221,255	181,839,818
Accrued interest-loans	885,678	2,313,079	2,086,663	5,285,420
Accrued interest-investments	22,261	222,590	81,393	326,244
Cash and cash equivalents	102,856,892	105,150,222	71,644,305	279,651,419
Accounts receivable, net	11,185,181	-	-	11,185,181
Other assets, net	14,738,398	4,017,553	-	18,755,951
Interfund receivable (payable)	2,981,403	18,597	(3,000,000)	-
Total Assets	**698,729,623**	**842,660,554**	**548,239,347**	**2,089,629,524**
Deferred Outflows of Resources				
Loan origination costs	-	4,693	-	4,693
Hedging instruments	3,686,135	-	-	3,686,135
Total deferred outflows of resources	**3,686,135**	**4,693**	**-**	**3,690,828**
Combined Assets and Deferred Outflows of Resources	**$ 702,415,758**	**$ 842,665,247**	**$ 548,239,347**	**$ 2,093,320,352**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 194,450,991	$ 692,249,277	$ 472,417,118	$ 1,359,117,386
Accrued interest payable on bonds and notes	251,012	10,982,945	5,645,674	16,879,631
Accounts payable and accrued liabilities	8,955,219	-	32,390	8,987,609
Fees, net	1,354,704	162,149	-	1,516,853
Escrow deposits	384,543,179	-	5,069,924	389,613,103
Total liabilities	**589,555,105**	**703,394,371**	**483,165,106**	**1,776,114,582**
Net Position				
Net investment in capital assets	9,478,309	-	-	9,478,309
Restricted by bond resolutions	3,380,528	139,270,876	65,074,241	207,725,645
Unrestricted	100,001,816	-	-	100,001,816
Total net position	**112,860,653**	**139,270,876**	**65,074,241**	**317,205,770**
Total Liabilities and Net Position	**$ 702,415,758**	**$ 842,665,247**	**$ 548,239,347**	**$ 2,093,320,352**

See Accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position
For the Three Months Ended September 30, 2017

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
Operating revenues:				
Interest income on loans	$ 2,431,103	$ 7,348,474	$ 6,492,321	$ 16,271,898
Interest income attributable to internal servicing activiti	1,041,904	-	-	1,041,904
Total interest income on loans	3,473,007	7,348,474	6,492,321	17,313,802
Income on investments:				
Earnings on investments	147,469	943,380	116,348	1,207,197
Net decrease in fair value of investments	30,988	(136,858)	(46,378)	(152,248)
Fees	2,598,424	-	-	2,598,424
Servicing fee income	464,326	-	-	464,326
Grant revenue	2,623,905	-	-	2,623,905
Miscellaneous income	260	-	-	260
Gain on sale of loans	5,179,934	-	-	5,179,934
Total operating revenues	**14,518,313**	**8,154,996**	**6,562,291**	**29,235,600**
Operating expenses:				
Interest expense	1,193,269	5,232,597	3,461,117	9,886,983
Personnel services	5,889,234	-	-	5,889,234
Other administrative expenses	1,683,341	-	-	1,683,341
Housing initiatives	1,537,735	-	-	1,537,735
Provision for loan losses (recoveries)	300,000	300,000	-	600,000
REO expenditures	129,861	(14,134)	-	115,727
Bond issuance costs	-	-	-	-
Bad debt expense	8,628	-	-	8,628
Arbitrage rebate	-	-	-	-
Early retirement of debt	-	-	-	-
Depreciation and amortization of other assets	373,469	1,842	-	375,311
Loan costs	2,816,420	64	-	2,816,484
State Rental Subsidy Program	78,971	-	-	78,971
Grant expense	2,408,717	-	-	2,408,717
Total operating expenses	**16,419,645**	**5,520,369**	**3,461,117**	**25,401,131**
Operating income (loss)	**(1,901,332)**	**2,634,627**	**3,101,174**	**3,834,469**
Transfers in (out)	1,285,299	-	(1,285,299)	-
Total change in net position	**(616,033)**	**2,634,627**	**1,815,875**	**3,834,469**
Net position, beginning of period	113,476,686	136,636,249	63,258,366	313,371,301
Net position, end of period	$ 112,860,653	$ 139,270,876	$ 65,074,241	$ 317,205,770

See Accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Cash Flows
For the Three Months Ended September 30, 2017

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
Cash Flows from Operating Activities				
Interest on loans receivable	$ 3,523,909	$ 7,332,315	$ 6,559,793	$ 17,416,017
Repayment of loans receivable	90,762,629	23,678,777	8,271,399	122,712,805
Fees collected	3,109,164	(4,318)	-	3,104,846
Other receipts (disbursements), net	(8,984,031)	-	965,086	(8,018,945)
Loans disbursed	(112,584,356)	(10,437,472)	(408,954)	(123,430,782)
Accounts receivable, net	79,520	-	-	79,520
Loss on accounts receivable	(8,628)	-	-	(8,628)
Loss on loans receivable	(361,888)	(113,687)	-	(475,575)
Loss on REO properties	(129,861)	14,134	-	(115,727)
Bond issuance costs	-	-	-	-
Personnel services	(5,889,234)	-	-	(5,889,234)
Other administrative expenses	(1,885,575)	-	-	(1,885,575)
Housing initiative expenses	(1,335,501)	-	-	(1,335,501)
Other assets	(232,977)	(532,043)	-	(765,020)
Arbitrage rebate	-	-	-	-
Accounts payable and accrued liabilities	384,385	-	(134,712)	249,673
Gain on sale of loans	1,396,601	-	-	1,396,601
State Rental Subsidy Program	(78,971)	-	-	(78,971)
Transfers from (to) other programs	(1,714,701)	-	1,714,701	-
Net cash provided by (used for) operating activities	**(33,949,515)**	**19,937,706**	**16,967,313**	**2,955,504**
Cash Flows from Noncapital Financing Activities:				
Proceeds from sale of bonds and notes	133,650,000	1,921	1,541	133,653,462
Payment of bond and note principal	(110,741,257)	(142,372)	(190,604)	(111,074,233)
Interest paid on bonds and notes	(1,151,584)	140,451	(706,492)	(1,717,625)
Net cash provided by (used for) noncapital financing activities	**21,757,159**	**-**	**(895,555)**	**20,861,604**
Cash Flows from Investing Activities:				
Redemption of investments	68,248,697	3,138,560	468	71,387,726
Earnings on investments	147,343	1,010,531	133,972	1,291,846
Purchase of investments	(73,040,332)	-	(1,016)	(73,041,348)
Net cash provided by (used for) investing activities	**(4,644,292)**	**4,149,092**	**133,425**	**(361,776)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(16,836,648)**	**24,086,798**	**16,205,183**	**23,455,333**
Cash and Cash Equivalents, beginning of period	119,693,540	81,063,424	55,439,122	256,196,086
Cash and Cash Equivalents, end of period	$ 102,856,892	$ 105,150,222	$ 71,644,305	$ 279,651,419

See Accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Cash Flows
For the Three Months Ended September 30, 2017

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used) for operating activities:				
Operating income (loss)	**$ (1,901,332)**	**$ 2,634,627**	**$ 3,101,174**	**$ 3,834,469**
Adjustments:				
Earnings on investments	(147,343)	(1,010,531)	(133,972)	(1,291,846)
Net decrease in fair value of investments	(30,988)	136,858	46,378	152,248
Interest paid on bonds and notes	1,151,584	(140,451)	706,492	1,717,625
Transfer of investments and/or net position	1,285,299	-	(1,285,299)	-
(Increase) decrease in assets:				
Loans receivable/loss allowance	(21,883,616)	13,427,617	7,862,445	(593,554)
Accrued interest-loans	50,902	(16,159)	67,470	102,213
Accrued interest-investments	(126)	67,151	17,625	84,651
Accounts receivable, net	79,520	-	-	79,520
Other assets	140,492	(530,201)	-	(389,709)
Interfund receivable (payable)	(3,000,000)	-	3,000,000	-
Deferred outflows of resources	(966,912)	64	-	(966,848)
Increase (decrease) in liabilities:				
Accrued interest-bonds and notes	41,685	5,373,049	2,754,626	8,169,360
Accounts payable/accrued liabilities	384,385	-	(134,712)	249,673
Fees, net	46,414	(4,318)	-	42,096
Escrow deposits	(9,199,479)	-	965,086	(8,234,393)
Total adjustments	**(32,048,183)**	**17,303,079**	**13,866,139**	**(878,964)**
Net cash provided by (used for) operating activities	**$ (33,949,515)**	**$ 19,937,706**	**$ 16,967,313**	**$ 2,955,505**

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Statement of Fiduciary Net Position - Private Purpose Trust Component Unit
September 30, 2017

Assets	
Loans receivable	$ 55,412,503
Less allowance for loan losses	(5,504,813)
Loans receivable, net	49,907,690
Investments	52,570
Accrued interest-loans	176,447
Accrued interest-investments	299
Cash and cash equivalents	33,305,643
Accounts receivable, net	102,930
Other assets, net	459,500
Total Assets	**$ 84,005,079**
Liabilities and Net Position	
Liabilities	
Accounts payable and accrued liabilities	$ 27,067
Total liabilities	**27,067**
Net Position	
Held in trust	83,978,012
Total Liabilities and Net Position	**$ 84,005,079**

See Accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Statement of Changes in Fiduciary Net Position - Private Purpose Trust Component Unit
For the Three Months Ended September 30, 2017

Revenues:		
Interest income on loans	$	561,326
Earnings on investments:		
Interest on investments		57,552
Net decrease in fair value of investments		42
Trust Receipts		207,963
Total revenues		**826,883**
Expenses:		
Provision (recovery) for loan loss		(2,153)
Total expenses		**(2,153)**
Total change in net position		**829,036**
Net position, beginning of period		83,148,976
Net position, end of period	$	83,978,012

See Accompanying Notes to Financial Statements.

Rhode Island Housing and Mortgage Finance Corporation
(A Component Unit of the State of Rhode Island)
Notes to Financial Statements
For the Three Months Ended September 30, 2017

1. Organization and Summary of Significant Accounting Policies

a. Organization and Description of Financial Reporting Entity

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

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

The Corporation is exempt from federal and state income taxes.

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

b. Affordable Housing Trust Fund

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

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

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

The Corporation classifies its business-type activities into funds, reported as separate columns within the enterprise fund financial statements, each representing a fiscal and accounting entity with a self-balancing set of accounts segregated to carry on specific activities in accordance with bond resolutions established under various trust indentures, special regulations, restrictions, or limitations. All inter-fund activity has been eliminated from the combining totals in the accompanying financial statements. Transfers between funds are made to cover the operating costs associated with management of bond resolutions. Transfers also consist of reimbursement of collateral for bond resolutions previously funded by the operating fund.

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

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

The Corporation and the Trust use the economic resources measurement focus and accrual basis of accounting. The accompanying financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) for governments as prescribed by GASB, which is the accepted standard setting body for establishing governmental accounting and financial reporting principles, with the exception of exclusion of disclosures related to the custodial credit risk of cash and cash equivalents, distribution of investments by remaining or re-pricing maturity, credit risk rating of investments, the schedule of required interest and principal payments of bond and notes payable, and the absence of the adoption of accounting for postemployment benefits other than pensions (see Note 1(n)).

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

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

d. Loans Receivable and Allowance for Loan Losses

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

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

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

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

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Such loans are presented as loans held for sale on the accompanying statement of net position. Gains and losses for sales of loans are recognized based upon the difference between the fair value of mortgage-backed securities forward contracts at date of commitment and the carrying value of the underlying loans.

e. Cash and Cash Equivalents

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

f. Investments

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

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

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

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

In accordance with GASB Statement No. 65, costs associated with issuing bonds are reported in the combining statement of revenues, expenses and changes in net position in the year the bond is issued. In addition, when refinancing debt, the costs associated with the refinanced bond are also reported in the combining statement of revenues, expenses and changes in net position in the year in which the bond is refinanced.

Premiums and discounts are capitalized and amortized using a method that approximates the interest method over the life of the related issue or to the date the Corporation has the option to redeem the bonds. The Corporation periodically retires bonds prior to their redemption date. Any premium paid on the call related to the early retirement of bonds that are not refunded is reported in the combining statement of revenues, expenses and changes in net position.

h. Other Assets

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

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

i. Deferred Inflows and Outflows of Resources

Deferred outflows of resources represent the consumption of net assets that are applicable to a future reporting period. Deferred inflows of resources represent the acquisition of net assets that are applicable to a future reporting period. At September 30, 2017, the Corporation's deferred outflows of resources consist of the change in fair value of derivatives and loan origination costs, as described below. The Corporation had no deferred inflows of resources at September 30, 2017.

Fair values of both hedging derivatives and investment derivatives (if any) are presented on the combining statements of net position either as a derivative liability (negative fair value) or as a derivative asset (positive fair value). The difference between the notional amount and fair value of the derivatives that are determined to be effective hedges is recorded as a deferred inflow or outflow of resources on the Corporation's combining statements of net position. The Corporation currently has one type of derivative instrument outstanding: mortgage-backed security forward contracts.

j. Net Position

Net position is classified in the following three components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets represents the net book value of all capital assets less the outstanding balances of bonds and other debt, and deferred inflows of resources, if any, used to acquire, construct or improve these assets, increased by deferred outflows of resources related to those assets, if any. Restricted net position consists of restricted assets that have been limited to uses specified either externally by creditors, contributors, laws, or regulations of other governments, or internally by enabling legislation or law; reduced by liabilities and deferred inflows of resources related to the restricted assets. Unrestricted net position consists of amounts not included in net investment in capital assets or restricted net position.

The Corporation classifies all net position amounts associated with its bond resolutions as restricted net position. Under bond indentures, all assets assigned to these programs are pledged for the benefit of the bondholders of each program; consequently, the Corporation classifies all such amounts, while retained in the bond programs, as restricted. Transfers from the bond programs to the Operating Fund are made when transfers are approved and authorized by the Corporation's management and such amounts are not specifically required to be retained within the bond program. Transfers during the period ended September 30, 2017, include cash transfers for reimbursement of activities in support of the bond programs and a transfer of the allowance for loan losses to better reflect the estimated losses for the bond program.

At September 30, 2017, restricted net position in the Operating Fund, comprised of the amount of assets required to be pledged as collateral to a lender in excess of outstanding amounts borrowed, as well as assets restricted for federal programs, totaled $3,380,528.

k. Interest Income on Loans

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

l. Use of Estimates

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

m. Fee and Grant Revenue

Recognition of grant revenue is based on the susceptibility of accrual as determined by the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when actually received. Expenditures are the prime factor in determining eligibility and include fees received from loan originations, securitization premiums, loan servicing fees, and Section 8 administrative fees received from the U.S. Department of Housing and Urban Development (HUD), including administrative fees that are paid by HUD to Rhode Island Housing under the Performance-Based Contract Administration (PBCA) contract for certain Section 8 projects throughout Rhode Island.

n. Recent Accounting Pronouncements

Effective July 1, 2017 (beginning of the fiscal year ending June 30, 2018), the Corporation was required to adopt the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75). GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses and expenditures related to other postemployment benefits (OPEB) administered through trusts or equivalent arrangements. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, GASB 75 requires more extensive footnote disclosures in employer financial statements as well as restatement of beginning net position in fiscal 2018.

The Corporation did not adopt the requirements of GASB 75 effective July 1, 2017. As of the September 30, 2017, the Corporation's net OPEB obligation that should be recorded is $5,828,897. The adoption of GASB 75 effective July 1, 2017 would have resulted in a decrease in net position in the Operating Fund as of June 30, 2017 in the amount of $950,795. The Corporation recorded expense of $300,000 for the three-months ended September 30, 2017 related to Net OPEB costs, however has not yet recorded the restatement of $950,795.

2. Restricted Assets

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

At September 30, 2017, all assets in the Corporation's Single-Family and Multi-Family Funds; and $192,774,543 of investments and cash and cash equivalents and $302,027,601 of loans receivable and other assets in the Corporation's Operating Fund are restricted.

3. Loans Receivable

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

At September 30, 2017, the single-family mortgage loan balances in the Single-Family Fund are insured, subject to maximum insurable limits described below:

Private Mortgage Insurance	$	275,782,904
FHA Insurance		184,706,058
VA Guaranteed		7,214,048
USDA/RD Guaranteed		10,786,640
Uninsured		187,664,837
Total	$	666,154,487

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

The Corporation has entered into a risk-sharing agreement with HUD whereby HUD will provide partial mortgage insurance on affordable multifamily housing developments financed by the Corporation. The risk of loss to the Corporation varies from 10% to 50% depending on the level of participation by HUD. In the Multi-Family Fund and Operating Fund, loan balances at September 30, 2017 of $307,972,533 and $85,859,298, respectively are insured under such agreements subject to maximum participation limits. At September 30, 2017, loan balances of $18,236,767 in the Trust are also insured under such agreements.

Rhode Island Housing and Mortgage Finance Corporation
(A Component Unit of the State of Rhode Island)
Notes to Financial Statements
For the Three Months Ended September 30, 2017

In May of 2012, Rhode Island Housing entered into an agreement with FNMA whereby single-family mortgage loans originated under Rhode Island Housing's program guidelines may be sold directly to FNMA or pooled into a mortgage-backed security that will be guaranteed by FNMA. As of September 30, 2017, 1,441 loans had been sold directly to FNMA and eight mortgage-backed securities had been issued.
In the Single-Family Fund, 96% of the loan portfolio is in first lien position for the three months ended September 30, 2017. In the Multi-Family Fund, 98% of the loan portfolio is in first lien position for the three months ended September 30, 2017. For the three months ended September 30, 2017, 46% of the Operating Fund's loan portfolio is in first lien position, while 51% of the Affordable Housing Trust's loan portfolio is in first lien position.

The payment of interest by borrowers on certain loans recorded in the Corporation's Operating Fund, Single-Family Fund and Multi-Family Fund is deferred and is payable by borrowers only from available cash flow, as defined in the loan agreements, or other specified sources. Interest income on such loans is recorded only when received from the borrower. For the three months ended September 30, 2017, interest received under such deferred loan arrangements was $85,011 in the Operating Fund and $76,986 in the Single-Family Fund. In addition, the Corporation administers certain federal and state loan programs, which are either deferred forgivable loans or non-interest bearing. Loans under these programs totaled $201,837,151 at September 30, 2017.

At September 30, 2017, principal outstanding under such deferred loan arrangements is as follows:

Operating Fund:	
Single-family loans	$ 60,702,099
Multi-family loans	200,245,907
Subtotal	260,948,006
Single-Family Fund:	
Single-family loans	16,838,229
Total	$ 277,786,235

Certain loans recorded in the Corporation's Operating Fund and Single-Family Fund are on non-accrual status due to delinquency over 90 days. At September 30, 2017, principal outstanding under such non-accrual status loans is as follows:

Operating Fund:	
Single-family loans	$ 4,925,325
Multi-family loans	362,873
Subtotal	5,288,198
Single-Family Fund:	
Single-family loans	20,863,568
Total	$ 26,151,766

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

Balance at beginning of period	$	35,500,000
Loans charged off, net of recoveries		(402,574)
Write-down of REO properties		(73,001)
Provision for loan losses		600,000
Balance at end of period	$	35,624,423

In addition to the allowance for loan losses, the Corporation maintains an escrow account funded by certain mortgage lenders (the "Mortgage Lender's Reserve Account"). This Mortgage Lenders Reserve Account equals a percentage of the outstanding principal balance of certain mortgage loans purchased from an applicable mortgage lender and is available to the Corporation in the event the proceeds realized upon the default and foreclosure of any covered mortgage loan is less than the amount due to the Corporation. At September 30, 2017, the Mortgage Lender's Reserve Account totaled $467,739.

4. Cash and Cash Equivalents and Investments

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

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

Cash and cash equivalents in the Single-Family Fund and Multi-Family Fund are principally invested in short-term United States Government Money Market Funds. The funds are rated AAA and invested only in U.S. Treasuries, U.S. Agencies, and repurchase agreements collateralized by U.S. Treasury and Agency securities. Since the funds offer a floating rate that tends to move with other market U.S. risk-free rates, there is substantially no interest rate risk associated with these short-term investments. Because of the quality of the underlying securities in the asset pool and the institutions involved in the management and custody, there is no material credit or custodial risk in this portfolio. These investments are used as temporary cash management instruments. The fair value of these money market funds reflects the net asset value reported by the fund administrator which is a stable $1 per unit. The underlying investments which are short-term cash equivalent typed investments are generally carried at amortized cost which approximates fair value. There are no withdrawal limitations for the money market mutual funds.

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

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

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

At September 30, 2017, the Operating Fund holds two investments with maturities of greater than five years. These investments are marketable securities that are pledged as collateral to a lender for borrowings.

While each of the bond resolutions contains investment policies which describe acceptable investments, there are no specific policies for percentage maximum investments with respect to the Single-Family Fund, Multi-Family Fund, and the Trust (collectively referred to as the Other Funds). Nonetheless, Rhode Island Housing attempts to match asset and liability maturities as closely as practicable. The Corporation manages interest rate risk by considering many variables such as mortgage prepayment frequency and expected asset lives and then utilizing interest sensitivity gap (segmented time distribution) and simulation analysis.

Included in investments are mortgage-backed securities backed by government-insured single-family mortgage loans originated under Rhode Island Housing's program guidelines. These securities are pass-through securities which require monthly payments by an FHA-approved or Fannie Mae-approved lender and are guaranteed by either the Government National Mortgage Association (GNMA) or FNMA. The securities are subject to interest rate risk due to prepayments before maturity and the fair value of the securities which will vary with the change in market interest rates. The Corporation does not expect to realize a loss on the sale of the securities as they are intended to be held to maturity. The securities are held by the Single-Family and Operating Funds and are carried at fair value totaling $74,972,445 at September 30, 2017.

The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are observable market-based inputs or unobservable inputs that are corroborated by market data. Level 3 inputs are unobservable inputs that are not corroborated by market data.

The Corporation has recurring fair value measurements in the form of Fixed Income Securities (U.S. Treasuries, mortgage-backed securities and obligations of government-sponsored enterprises) as of September 30, 2017, of $101,648,225 in the Operating Fund, $72,086,843 in the Single-Family fund, $5,221,425 in the Multi-Family Fund, and $52,570 in the Trust that are valued using quoted market prices (Level 1 inputs). Included in Operating Fund investments were fair value measurements for escrow funds relating to homeowners and to multi-family developments. The Corporation does not measure the fair value of a guaranteed investment contract in the amount of $2,883,495 in the Single-Family Fund as of September 30, 2017.

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

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

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

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

At September 30, 2017, all Operating Fund investments were invested in U.S. Government and Agency securities, with no concentration of more than 5% of total Operating Fund investments in any particular agency for which the investments were not secured by the U.S. Government.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, Rhode Island Housing will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The policy in the Operating Fund is that all purchases are held in a safekeeping or custodial account at an approved safekeeping agent of the Corporation in the Corporation's name. At September 30, 2017, there were no investments in the Operating Fund subject to custodial credit risk.

There are no other specific custodial credit risk policies for the other funds. Most of Rhode Island Housing's investments in other funds are either in Guaranteed Investment Contracts (GICs) in bonded resolutions, which are direct investments not subject to custodial credit risk, or in accounts managed by a financial advisory firm with underlying investments restricted to U.S. Government and Agency securities. At September 30, 2017, there were no investments in any of the other funds subject to custodial credit risk.

As established in the Board-approved investment policy, the Corporation can enter into interest rate swap agreements and other similar interest rate related derivative instruments to reduce interest rate mismatches between its loan and investment assets and its bond and note liabilities. These types of derivative instruments expose the Corporation to certain risks including credit risk, interest rate risk, and counterparty risk. At September 30, 2017, the Corporation was not party to any interest rate swap agreements. At September 30, 2017, the Corporation had entered into certain commitments to sell loans, which exposes the Corporation to interest rate risk as discussed further in Note 8.

5. Other Assets

Other assets, net, consisted of the following at September 30, 2017:

Real estate owned	$	5,571,038
Capital assets (*depreciable*), net		9,478,309
Purchased mortgage servicing rights and excess servicing, net		3,704,690
Other assets and control accounts		1,914
Total	$	18,755,951

Depreciation expense related to capital assets for the three months ended September 30, 2017, was $196,042.

Amortization expense related to the purchased mortgage servicing rights for the three months ended September 30, 2017, was $179,269.

Other assets of the Trust consisted of federal program properties totaling $459,500 at September 30, 2017.

6. Bonds and Notes Payable

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

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

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

Principal and interest on substantially all bonds is payable semi-annually.

The Corporation is required by the Internal Revenue Service as well as its various bond resolutions to comply with certain tax code provisions and bond covenants. The most significant of these include the following: all debt payments must be current, annual reports and budgets must be filed with the trustee, and the Corporation must comply with various restrictions on investment earnings from bond proceeds. The Corporation's management believes it was in compliance with these covenants as of September 30, 2017.

Bonds and notes payable at September 30, 2017, are as follows:

Operating Fund Bonds and Notes:		
Federal Home Loan Bank		
Due 2017 to 2026, interest up to 2.47%	$	13,175,000
Federal Financing Bank:		
Due 2056 to 2057, interest from 2.24% to 3.39%		78,292,003
General Obligation Bonds Series 2013:		
Mandatory tender bonds, due 2018, interest at 2.49%		5,000,000
Notes Payable, due 2027 to 2043, interest from 2.75% to 6.25%		13,974,988
Lines of Credit, payable on demand, interest from 1.75% to 2.40%		84,009,000
Total Operating Fund		194,450,991
Single-Family Fund:		
Homeownership Opportunity Bonds and Notes:		
Series 10-A:		
Term bonds, due 2022 to 2027, interest at 6.50%		1,000,000
Series 15-A:		
Term bonds, due 2024, interest at 6.85%		495,000
Series 46-T:		
Term bonds, due 2034, interest at variable rate		15,000,000

Series 48-T:	
Term bonds, due 2034, interest at variable rate	15,000,000
Series 57-A:	
Serial bonds, due 2017, interest at 4.25%	35,000
Term bonds, due 2034, interest at 5.00%	475,000
	510,000
Series 57-B:	
Term bonds, due 2022, interest at 5.15%	780,000
Series 58-A:	
Term bonds, due 2023 to 2030, interest from 5.05% to 5.25%	7,410,000
Series 59-A:	
Term bonds, due 2034, interest at 5.15%	2,165,000
Series 61-A:	
Serial bonds, due 2020 to 2023, interest from 2.40% to 3.05%	12,265,000
Series 61-B:	
Term bonds, due 2026 to 2037, interest from 3.45% to 4.10%	6,755,000
Series 61-C:	
Serial bonds, due 2017 to 2020, interest from 2.30% to 3.00%	19,085,000
Series 62-A:	
Serial bonds, due 2017 to 2021, interest from 1.90% to 3.125%	4,950,000
Series 62-B:	
Serial bonds, due 2021 to 2022, interest from 3.125% to 3.25%	4,025,000
Term bonds, due 2024 to 2028, interest from 3.50% to 4.00%	10,975,000
	15,000,000
Series 62-C:	
Serial bonds, due 2017 to 2022, interest from 2.75% to 3.85%	8,705,000
Term bonds, due 2022 to 2028, interest from 3.875% to 4.50%	12,760,000
	21,465,000
Series 63-A:	
Term bonds, due 2027 to 2040, interest from 3.50% to 4.00%	12,530,000
Series 63-B:	
Term bonds, due 2032 to 2042, interest from 3.80% to 4.125%	1,690,000

Series 63-C:	
Serial bonds, due 2017 to 2022, interest from 2.15% to 3.50%	7,470,000
Term bonds, due 2025, interest at 3.75%	3,680,000
	11,150,000
Series 63-T:	
Term bonds, due 2042, interest at variable rate	22,845,000
Series 64-T:	
Serial bonds, due 2017 to 2018, interest from 2.08% to 2.58%	5,750,000
Term bonds, due 2023 to 2034, interest from 3.00% to 4.00%	33,670,000
	39,420,000
Series 65-T:	
Serial bonds, due 2017 to 2025, interest from 1.640% to 3.886%	29,685,000
Term bonds, due 2029 to 2039, interest from 2.913% to 4.433%	38,050,000
	67,735,000
Series 66 A-1	
Term bonds, due 2033, interest at 4.00%	19,650,000
Series 66 A-2	
Term bonds, due 2032, interest at 4.00%	6,330,000
Series 66 B	
Term bonds, due 2045, interest at variable rate	15,000,000
Series 66 C-2	
Serial bonds, due 2017 to 2026, interest from 1.30% to 3.65%	19,295,000
Series 67-A:	
Term bonds, due 2041, interest at 3.55%	5,445,000
Series 67-B:	
Term bonds, due 2026 to 2046, interest from 2.40% to 3.55%	10,670,000
Series 67-C:	
Serial bonds, due 2017 to 2027, interest from 1.00% to 3.00%	14,530,000
Term bonds, due 2030 to 2038, interest from 3.25% to 3.50%	18,225,000
	32,755,000
Series 68-A:	
Term bonds, due 2017 to 2018, interest from 0.50% to 0.85%	1,340,000

Series 68-B:	40,000,000
Term bonds, due 2031 to 2046, interest from 3.00% to 3.40%	
Series 68-C:	
Serial bonds, due 2018 to 2026, interest from 1.15% to 2.65%	42,165,000
Term bonds, due 2031 to 2039, interest from 3.15% to 3.50%	102,035,000
	144,200,000
Unamortized bond premium	7,129,142
Subtotal	579,064,142
Home Funding Bonds and Notes:	
Series 1-A:	
Serial bonds, due 2017 to 2021, interest from 3.50% to 4.125%	5,745,000
Term bonds, due 2024, interest at 4.25%	710,000
	6,455,000
Series 2, Subseries 2A:	
Term bonds, due 2041, interest at 3.16%	18,345,000
Series 2, Subseries 2B:	
Term bonds, due 2041, interest at 2.63%	16,050,000
Series 2, Subseries 2C:	
Term bonds, due 2041, interest at 2.73%	26,470,000
Series 3:	
Serial bonds, due 2017 to 2020, interest from 2.60% to 3.20%	3,790,000
Term bonds, due 2025, interest at 4.00%	5,195,000
	8,985,000
Series 4:	
Serial bonds, due 2017 to 2022, interest from 2.30% to 3.50%	4,405,000
Term bonds, due 2026, interest at 4.05%	3,480,000
	7,885,000
Series 5:	
Term bonds, due 2028 to 2040, interest from 2.75% to 3.45%	28,455,000
Unamortized bond premium	540,135
Subtotal	113,185,135
Total Single-Family Fund	692,249,277

Multi-Family Fund:	
Housing Bonds:	
2001 Series B-2T:	
Term bonds, due 2031, interest at variable rate	3,200,000
2003 Series A-2T:	
Term bonds, due 2034, interest at variable rate	18,590,000
2003 Series B-2T:	
Term bonds, due 2035, interest at variable rate	8,400,000
2007 Series B-1A:	
Serial bonds, due 2017, interest at 4.50%	230,000
Unamortized bond discount	(90,564)
Subtotal	30,329,436
Multi-Family Funding Bonds:	
2009 Series A, Subseries 2009A-1:	
Term bonds, due 2051, interest at 3.01%	51,000,000
2009 Series A, Subseries 2009A-2:	
Term bonds, due 2051, interest at 2.32%	14,100,000
2010 Series A:	
Serial bonds, due 2017 to 2021, interest from 3.125% to 4.00%	2,980,000
Term bonds, due 2025 to 2035, interest from 4.625% to 5.25%	15,550,000
	18,530,000
2011 Series A:	
Serial bonds, due 2017, interest from at 2.50%	90,000
Term bonds, due 2021 to 2032, interest from 3.125% to 4.625%	4,310,000
	4,400,000
Subtotal	88,030,000
Multi-Family Development Bonds:	
2010 Series 1:	
Serial bonds, due 2017 to 2021, interest from 3.20% to 4.25%	335,000
Term bonds, due 2025, interest at 4.75%	405,000
	740,000
2013 Series 1-AB:	
Serial bonds, due 2017 to 2023, interest from 1.35% to 2.85%	3,120,000

Term bonds, due 2027 to 2048, interest from 3.25% to 4.125%	30,905,000
	34,025,000
2013 Series 2-T:	
Serial bonds, due 2017 to 2023, interest from 1.551% to 3.218%	12,805,000
Term bonds, due 2027 to 2036, interest from 3.768% to 4.606%	36,725,000
	49,530,000
2013 Series 3-B:	
Serial bonds, due 2017 to 2024, interest from 1.35% to 3.85%	265,000
Term bonds, due 2028 to 2043, interest from 4.375% to 5.10%	1,485,000
	1,750,000
2013 Series 3-C:	
Term bonds, due 2028 to 2030, interest from 4.375% to 4.60%	8,795,000
2013 Series 3-D:	
Serial bonds, due 2017 to 2024, interest from 1.85% to 4.35%	3,420,000
Term bonds, due 2024 to 2028, interest from 4.00% to 4.80%	12,245,000
	15,665,000
2013 Series 4-T:	
Serial bonds, due 2017 to 2018, interest from 2.374% to 2.774%	410,000
Term bonds, due 2023 to 2028, interest from 4.207% to 5.107%	1,790,000
	2,200,000
2014 Series 2-T:	
Serial bonds, due 2017 to 2027, interest from 1.645% to 3.823%	16,030,000
2014 Series 3-A:	
Term bond, due 2018, interest at 1.35%	1,275,000
2014 Series 3-B:	
Serial bonds, due 2017 to 2025, interest from 1.00% to 2.95%	1,855,000
Term bonds, due 2029 to 2049, interest from 3.40% to 4.125%	13,715,000
	15,570,000
2016 Series 1-A:	
Term bonds, due 2044, interest from 0.80% to 1.05%	13,200,000
2016 Series 1-B:	
Serial bonds, due 2017 to 2026, interest from 0.625% to 2.650%	1,550,000
Term bonds, due 2031 to 2056, interest from 3.15% to 4.10%	15,350,000
	16,900,000

2016 Series 1-C:	
Serial bonds, due 2017 to 2026, interest from 0.75% to 3.00%	4,175,000
Term bonds, due 2031 to 2041, interest from 3.50% to 4.10%	15,170,000
	19,345,000
2017 Series 1-A:	
Term bonds, due 2047, interest from 1.60% to 1.70%	15,560,000
2017 Series 1-B:	
Term bonds, due 2052, interest at 4.20%	1,725,000
2017 Series 2-T:	
Serial bonds, due 2017 to 2028, interest from 1.25% to 3.639%	10,500,000
Term bonds, due 2032 interest at 4.069%	3,900,000
	14,400,000
2017 Series 3-T:	
Term bonds, due 2020, interest at 0.00%	7,600,000
Unamortized bond discount	(39,160)
Subtotal	234,270,840
Multi-Family Mortgage Revenue Bonds:	
Series 2006 (University Heights Project):	
Term bonds, due 2039, interest at variable rate	26,700,000
Series 2006 (Sutterfield Project):	
Term bonds, due 2039, interest at variable rate	7,000,000
Series 2006 (The Groves):	
Term bonds, due 2040, interest at variable rate	27,850,000
Series 2015 (Charles Place):	
Note payable, due 2045, interest at 4.16%	25,172,342
Series 2016 (EPN):	
Note payable, due 2049, interest at variable rate	15,700,000
Note payable, due 2019, interest at variable rate	3,500,000
	19,200,000
Series 2017 (Colony House):	
Note payable, due 2050, interest at variable rate	13,864,500
Subtotal	119,786,842
Total Multi-Family Fund	472,417,118

Total Bonds and Notes Payable	$1,359,117,386

The Operating Fund's lines of credit were established with financial institutions primarily to make funds available for the origination, or purchase from participating originating lenders, of single-family loans prior to the time such loans are funded by bond proceeds received by the issuance of bonds under the Single-Family Fund. At September 30, 2017, the Corporation may borrow up to a maximum of $110,000,000 under various revolving loan agreements expiring between November 2017 and August 2018. Borrowings under the lines of credit are payable on demand and are unsecured. One of the lines of credit, in the outstanding amount of $23,000,000, has a variable interest rate, which was 2.23% at September 30, 2017. The outstanding remaining lines of credit of $61,009,000 have fixed rates which range from 2.134% - 2.520% at September 30, 2017.

Homeownership Opportunity Bonds Series 46-T, 48-T, 63-T and Housing Bonds 2001 Series B-2T, 2003 Series A-2T and 2003 Series B-2T bear interest at taxable rates established monthly or quarterly, which range from 1.529% - 2.137% at September 30, 2017. Homeownership Opportunity Bonds Series HOB 66-B and certain Multi-Family Mortgage Revenue Bonds bear interest at tax-exempt rates established weekly, which range from .960% - 3.340% at September 30, 2017.

7. Commitments and Contingencies

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

Total credit exposure as a result of loan commitments at September 30, 2017 is as follows:

Operating Fund	$	129,952,196
Single Family Fund		60,403
Multi-Family Fund		324,846
Trust		739,058
Total	$	131,076,503

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

The Corporation has entered into contracts with multiple developments under the Neighborhood Opportunities Program to fund projects over the next seven years for a total of $4,761,583 subject to the availability of funds. As of September 30, 2017, $2,776,534 has been paid under these contracts.

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

Rhode Island Housing is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God for which Rhode Island Housing carries commercial insurance. Neither Rhode Island Housing nor its insurers have settled any claims which exceeded Rhode Island Housing's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year. Rhode Island Housing also is self-insured for unemployment compensation, and no accrual has been recorded in the accompanying financial statements for claims expected to arise from services rendered on or before September 30, 2017, because Rhode Island Housing officials are of the opinion that, based on prior experience, such claims will not be material.

8. Derivative Instruments

In July 2013, the Corporation converted its loan funding platform from a mortgage revenue bond program to a program primarily financed through the sale of whole loans and mortgage-backed securities guaranteed by FNMA and GNMA as to timely payment of principal and interest. The securities represent pools of qualified first mortgage loans originated by Rhode Island Housing approved lenders. Under this program, the Corporation periodically enters into forward contracts to sell the securities to investors before the securities are ready for delivery (referred to as a "to-be-announced" or "TBA Mortgage-Backed Security Contract"). The Corporation enters into TBA Mortgage-Backed Security Contracts to hedge the interest rate risk for loan commitments made to originating mortgage lenders. TBA Mortgage-Backed Security Contracts are derivative instruments due to one or more of the following factors that are not designated at the time the Corporation and the investor enter into the transaction: settlement factors; the reference rates or interest rates the security will bear; and notional amounts in the form of the principal amount of the future Mortgage-Backed Securities. In addition, payment to Rhode Island Housing by the investor is not required until the investor receives the security, enabling the investor to take a position on interest rates without making a payment. Finally, the TBA Mortgage-Backed Security Contracts may be "net settled" because neither party is required to deliver or purchase an asset to settle the TBA Mortgage-Backed Securities Contract.

At September 30, 2017, TBA Mortgage-Backed Securities Contracts with a total notional amount of $70,800,000 and fair market values totaling $73,862,906 were outstanding, resulting in a hedging instrument of $3,062,906. The contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are included in the combining statement of net position as deferred outflows of resources. In addition, the Corporation entered into commitments to sell loans to Fannie Mae with a total notional amount of $20,300,000 and fair market values totaling $20,923,228, resulting in a hedging instrument of $623,228. These contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are also included in the combining statements of net position as deferred outflows of resources.

9. Employee Benefits

Employee Benefit Plan

The Corporation has adopted an employee retirement plan created in accordance with Internal Revenue Code Section 401(a). The Corporation's 401(a) money Purchase Pension Plan (the Plan) is a defined contribution plan, administered by ICMA Retirement Corporation. Regular full-time employees who meet certain requirements as to length of service are eligible. The Corporation contributes a set percentage of an employee's annual eligible compensation to the Plan. The contribution requirements, and benefit provisions, are established and may be amended by management of the Corporation along with the Board of Commissioners. Contributions to the Plan for the three months ended September 30, 2017, totaled $375,061. The assets of the Plan were placed under a separate trust agreement for the benefit of the applicable employees, and therefore are neither an asset nor a liability of the Corporation.

Post-employment Healthcare Plan

The Rhode Island Housing Retiree Healthcare Plan (RIHRHP) is a single-employer defined benefit healthcare plan administered by the Corporation. RIHRHP provides medical insurance benefits to eligible employees who retire from active full-time employment based on years of service and age. As of September 30, 2017, the plan included 29 retirees, 26 of which are receiving benefits, and 234 active employees. RIHRHP does not issue a stand-alone financial report.

The Corporation's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. For the three months ended September 30, 2017, plan members receiving benefits contributed $7,160 as their required contribution.

The annual OPEB cost and related information for the three months ended September 30, 2017, are as follows:

Annual required contribution (ARC)	$ 166,198
Interest on OPEB obligation	47,292
Adjustments to ARC	(46,071)
Annual OPEB cost	167,419
Net estimated employer contributions	(18,794)
Increase (decrease) in net OPEB obligation	148,625
Net OPEB obligation, beginning of period	4,729,231
Net OPEB obligation, end of period	$ 4,877,856
Percent of annual OPEB cost contributed	11.2%

The net OPEB obligation is reported in accounts payable and accrued liabilities in the Corporation's combining statements of net position. The Corporation's annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended June 30, 2017, and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
June 30, 2015	386,364	31,777	8.2%	3,706,672
June 30, 2016	507,322	56,248	11.1%	4,157,746
June 30, 2017	649,726	78,241	12.0%	4,729,231

Funding Status and Funding Progress:
Under the reporting parameters, the Corporation's retiree health care plan is 0.0% funded with the actuarial accrued liability exceeding the actuarial assets by $5,680,026 as of June 30, 2017, the most recent valuation date. The ratio of the unfunded accrued liability to annual covered payroll of $3,468,301 is 136%.

Actuarial Methods and Assumptions
The Individual Entry Age Normal Cost Method is used to calculate the ARC for the Corporation's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The actuarial cost method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the Corporation and include types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Corporation and the Corporation's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions included a 2.50% inflation rate, an investment rate of return of 4.00%, payroll growth of 3.00% and a 30-year open amortization period. The actuarial cost method used was the Individual Entry Age Normal Cost Method and the Level as a percentage of employee payroll was the amortization method used. The initial annual healthcare cost trend rate used (Pre-65) was 7.50%, declining to an ultimate rate of 4.75% after 13 years. The initial annual healthcare cost trend rate used (Post-65) was 5.75%, declining to an ultimate rate of 4.25% after 10 years.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contribution of the Corporation's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

10. Subsequent Events

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

Date of Call	Principal Program	Outstanding
October 1, 2017	Homeownership Opportunity Bonds	$ 9,835,000
October 1, 2017	Multi-Family Development Bonds	$ 13,200,000
October 1, 2017	Home Funding Bonds	$ 8,885,000

The State of Rhode Island has requested that the Corporation provide financial assistance to the State for its general use in the amount of $1,000,000. As of September 30,2017, the Corporation had not received a formal request as to the timing of this transfer.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position - Single-Family Fund
September 30, 2017

	Homeownership Opportunity Bond Program	Home Funding Bond Program	Single-Family Fund Totals
Assets			
Loans receivable	$ 628,187,442	$ 37,967,045	$ 666,154,487
Less allowance for loan losses	(10,186,312)	-	(10,186,312)
Loans receivable, net	618,001,130	37,967,045	655,968,175
Investments	12,242,479	62,727,859	74,970,338
Accrued interest-loans	2,181,440	131,639	2,313,079
Accrued interest-investments	28,961	193,629	222,590
Cash and cash equivalents	84,938,739	20,211,483	105,150,222
Other assets, net	3,628,973	388,580	4,017,553
Interfund receivable	-	18,597	18,597
Total assets	**721,021,722**	**121,638,832**	**842,660,554**
Deferred Outflows of Resources			
Loan origination costs	4,693	-	4,693
Total Deferred outflows of resources	**4,693**	**-**	**4,693**
Combined Assets and Deferred Outflows of Resources	**$ 721,026,415**	**$ 121,638,832**	**$ 842,665,247**
Liabilities and Net Position			
Liabilities			
Bonds and notes payable	$ 579,064,142	$ 113,185,135	$ 692,249,277
Accrued interest payable on bonds and notes	9,175,373	1,807,572	10,982,945
Fees, net	162,149	-	162,149
Total liabilities	**588,401,664**	**114,992,707**	**703,394,371**
Net Position			
Net position, restricted	132,624,751	6,646,125	139,270,876
Total Liabilities and Net Position	**$ 721,026,415**	**$ 121,638,832**	**$ 842,665,247**

See Accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position - Single-Family Fund
For the Three Months Ended September 30, 2017

	Homeownership Opportunity Bond Program	Home Funding Bond Program	Single-Family Fund Total
Operating revenues:			
Interest income on loans	$ 6,972,356	$ 376,118	$ 7,348,474
Earnings on investments:			
Interest on investments	291,482	651,898	943,380
Net decrease in fair value of investments	(17,192)	(119,666)	(136,858)
Total operating revenues	**7,246,646**	**908,350**	**8,154,996**
Operating expenses:			
Interest expense	4,367,381	865,216	5,232,597
Provision for loan losses	300,000	-	300,000
REO expenditures	(14,134)	-	(14,134)
Bond issuance costs	-	-	-
Depreciation and amortization of other assets	570	1,272	1,842
Loan costs	64	-	64
Total operating expenses	**4,653,881**	**866,488**	**5,520,369**
Operating income (loss)	**2,592,765**	**41,862**	**2,634,627**
Transfers in (out)	-	-	-
Total change in net position	**2,592,765**	**41,862**	**2,634,627**
Net position, beginning of period	130,031,986	6,604,263	136,636,249
Net position, end of period	$ 132,624,751	$ 6,646,125	$ 139,270,876

See Accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position - Multi-Family Fund
September 30, 2017

	Multi-Family Housing Bond Program	Housing Bond Program	Multi-Family Mortgage Revenue Bond Program
Assets			
Loans receivable	$ -	$ 33,149,345	$ 118,044,016
Less allowance for loan losses	-	-	-
Loans receivable, net	-	33,149,345	118,044,016
Investments	-	2,270,468	-
Accrued interest-loans	-	209,986	170,352
Accrued interest-investments	1,618	37,218	-
Cash and cash equivalents	-	5,776,816	6,766,325
Interfund receivable (payable)	-	-	-
Total assets	**1,618**	**41,443,833**	**124,980,693**
Combined Assets and Deferred Outflows of Resources	**$ 1,618**	**$ 41,443,833**	**$ 124,980,693**
Liabilities and Net Position			
Liabilities			
Bonds and notes payable	$ -	$ 30,329,436	$ 119,786,842
Accrued interest payable on bonds and notes	-	173,918	238,247
Accounts payable and accrued liabilities	-	(134,712)	-
Escrow deposits	-	-	5,069,924
Total liabilities	**-**	**30,368,642**	**125,095,013**
Net Position			
Net position, restricted	1,618	11,075,191	(114,320)
Total Liabilities and Net Position	**$ 1,618**	**$ 41,443,833**	**$ 124,980,693**

See Accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position - Multi-Family Fund
September 30, 2017

	Multi-Family Funding Bond Program	Multi-Family Development Bonds	Multi-Family Fund Total
Assets			
Loans receivable	$ 87,900,598	$ 233,111,772	$ 472,205,731
Less allowance for loan losses	-	-	-
Loans receivable, net	87,900,598	233,111,772	472,205,731
Investments	-	2,950,787	5,221,255
Accrued interest-loans	467,903	1,238,422	2,086,663
Accrued interest-investments	-	42,557	81,393
Cash and cash equivalents	9,608,446	49,492,718	71,644,305
Interfund receivable (payable)	-	(3,000,000)	(3,000,000)
Total assets	**97,976,947**	**283,836,256**	**548,239,347**
Deferred Outflows of Resources			
Loan origination costs	-	-	-
Hedging instruments	-	-	-
Total deferred outflows of resources	-	-	-
Combined Assets and Deferred Outflows of Resources	**$ 97,976,947**	**$ 283,836,256**	**$ 548,239,347**
Liabilities and Net Position			
Liabilities			
Bonds and notes payable	$ 88,030,000	$ 234,270,840	$ 472,417,118
Accrued interest payable on bonds and notes	1,467,081	3,766,428	5,645,674
Accounts payable and accrued liabilities	-	167,102	32,390
Escrow deposits	-	-	5,069,924
Total liabilities	**89,497,081**	**238,204,370**	**483,165,106**
Net Position			
Net position, restricted	**$ 8,479,866**	**$ 45,631,886**	**$ 65,074,241**
Total Liabilities and Net Position	**$ 97,976,947**	**$ 283,836,256**	**$ 548,239,347**

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position - Multi-Family Fund
For the Three Months Ended September 30, 2017

	Multi-Family Housing Bond Program	Housing Bond Program	Multi-Family Mortgage Revenue Bond Program
Operating revenues:			
Interest income on loans	$ -	$ 582,949	$ 748,029
Earnings on investments:			
Interest on investments	915	(12,275)	518
Net increase (decrease) in fair value of investments	-	(25,333)	-
Total operating revenues	**915**	**545,341**	**748,547**
Operating expenses:			
Interest expense	-	102,271	712,889
Total operating expenses	**-**	**102,271**	**712,889**
Operating income	**915**	**443,070**	**35,658**
Transfers in (out)	(915)	(600,000)	(84,384)
Total change in net position	**-**	**(156,930)**	**(48,726)**
Net position, beginning of period	1,618	11,232,121	(65,594)
Net position, end of period	$ 1,618	$ 11,075,191	$ (114,320)

See Accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position - Multi-Family Fund
For the Three Months Ended September 30, 2017

	Multi-Family Funding Bond Program	Multi-Family Development Bonds	Multi-Family Total
Operating revenues:			
Interest income on loans	$ 1,404,714	$ 3,756,629	$ 6,492,321
Income on investments:			
Earnings on investments	18,056	109,134	116,348
Net increase (decrease) in fair value of investments	-	(21,045)	(46,378)
Total operating revenues	**1,422,770**	**3,844,718**	**6,562,291**
Operating expenses:			
Interest expense	733,850	1,912,107	3,461,117
Total operating expenses	**733,850**	**1,912,107**	**3,461,117**
Operating income	**688,920**	**1,932,611**	**3,101,174**
Transfers in (out)	(600,000)	-	(1,285,299)
Total change in net position	**88,920**	**1,932,611**	**1,815,875**
Net position, beginning of period	8,390,946	43,699,275	63,258,366
Net position, end of period	$ 8,479,866	$ 45,631,886	$ 65,074,241

APPENDIX D

CERTAIN DEFINITIONS

"*Account*" means one of the special accounts created and established pursuant to the Resolution.

"*Accountant*" means such reputable and experienced independent certified public accountant or firm of independent certified public accountants as may be selected by Rhode Island Housing and may be the accountant or firm of accountants who regularly audits the books and accounts of Rhode Island Housing.

"*Act*" means Chapter 55 of Title 42 of the General Laws of Rhode Island 1956 (2006 Reenactment), as amended.

"*Aggregate Debt Service*" means, with respect to any particular Fiscal Year and as of any particular date of computation, the sum of the individual amounts of Debt Service for such Fiscal Year with respect to all Series.

"*Appreciation Bond*" means any Bond whose Issuance Amount is less than 97.5% of the Maturity Amount.

"*Authorized Officer*" means the Chairman, Executive Director, Deputy Director—Finance, Controller, Treasurer and Portfolio Manager of Rhode Island Housing and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of Rhode Island Housing then authorized to perform such act or discharge such duty.

"*Bond*" means one of the Bonds to be authenticated and delivered pursuant to the Resolution, including any additional or Refunding Bonds to be issued pursuant to the Resolution.

"*Bond Counsel's Opinion*" means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by Rhode Island Housing and satisfactory to the Trustee.

"*Bond Proceeds Account*" means the Bond Proceeds Account established pursuant to the Resolution.

"*Bondholder*" or "*holder*" or words of similar import, when used with reference to a Bond, means any person who shall be the registered owner of any Outstanding Bond.

"*Cash Equivalent*" means a Letter of Credit, Insurance Policy, Surety, Guarantee or other Security Arrangement (as defined and provided for in a Supplemental Resolution authorizing the issuance of Bonds), or which is provided by an institution whose unsecured debt securities are assigned to a rating category which does not have an adverse impact on the rating category to which the Bonds are assigned by a nationally recognized rating agency at the time of the issuance of such Letter of Credit, Insurance Policy, Surety, Guarantee or other Security Arrangement (or the highest rating of short-term obligations if the Cash Equivalent is a short-term instrument).

"*Certificate*" means (a) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the Resolution or (b) the report of an Accountant as to audit or other procedures called for by the Resolution.

"*Compounded Amount*" means as of any particular date of calculation with reference to any Appreciation Bond, either (a) the applicable Compounded Amount for such date established by Rhode Island Housing in a written schedule of specific Compounded Amounts delivered to the Trustee upon delivery of such Bond pursuant to the Resolution or (b) in the event such schedule is not delivered, the Issuance Amount, plus the amount which would have been produced as of such calculation date if the Issuance Amount had been invested at the Internal Rate of Return for such Bond on the date of delivery of such Bond pursuant to the Resolution. Any determination of Compounded Amount shall assume straight line amortization during interim periods and be otherwise made in accordance with standard securities calculation methods.

"*Costs of Issuance*" means all items of expense, directly or indirectly payable or reimbursable by or to Rhode Island Housing and related to the authorization, sale or issuance of Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums for the insurance of the payment of Bonds, initial fees for letters of credit and any other costs, charges or fees in connection with the original issuance of Bonds.

"*Debt Service*" means, with respect to payments to be made during any particular Fiscal Year and, where appropriate, to the Bonds of any particular Series, an amount equal to the sum of (a) all interest payable on such Bonds during such Fiscal Year, plus (b) any Principal Installments of such Bonds during such Fiscal Year.

"*Debt Service Reserve Account*" means the Debt Service Reserve Account established pursuant to the Resolution.

"*Debt Service Reserve Account Requirement*" means an amount equal to the aggregate amounts for each Series established in the Supplemental Resolution authorizing such Series of Bonds. In evaluating compliance with the Debt Service Reserve Fund Requirement, there shall be taken into account any amount provided in a Supplemental Resolution to be deposited in the Debt Service Reserve Account from amounts on deposit in the Bond Proceeds Account.

"*Depositary*" means any bank or trust company or national banking association selected by Rhode Island Housing or the Trustee (with the consent of Rhode Island Housing) as a depositary of moneys or securities held under the provisions of this Resolution and may include the Trustee or any Paying Agent.

"*Escrow Payments*" means and includes all amounts paid directly to Rhode Island Housing or to the servicer of any Mortgage Loan representing payments to obtain or maintain mortgage insurance or any subsidy with respect to a Mortgage Loan or the mortgaged premises or payments required by any Mortgage Loan in connection with real estate taxes, assessments, water charges, sewer rents, casualty or other insurance, replacement or operating reserves or other like payments in connection therewith.

"*Event of Default*" means any of the events specified in the Resolution.

"*FHA*" means the Federal Housing Administration within the United States Department of Housing and Urban Development.

"*Fiduciary*" means the Trustee, the Paying Agent, and any Depositary or any or all of them as may be appropriate.

"*Final Compounding Date*" means either the maturity date of an Appreciation Bond or such earlier Interest Payment Date, if any, as may be specified in an Appreciation Bond upon which the Compounded Amount shall be equal to the amount payable on such Bond at maturity, exclusive of interest on such Bond which is payable on a periodic basis.

"*Fiscal Year*" means a twelve-month period commencing on the first day of July of any year.

"*HUD*" means the United States Department of Housing and Urban Development.

"*Interest Payment Date*" means, with respect to a Series of Bonds, each date on which interest, if any, is payable pursuant to the Supplemental Resolution authorizing such Bonds.

"*Internal Rate of Return*," when used with respect to an Appreciation Bond, means the yield which, when applied to Issuance Amount as of the date of delivery of a Bond pursuant to the Resolution and compounded on each Interest Payment Date therefor, results in an amount, as of the Final Compounding Date, equal to the amount payable on such Bond at maturity exclusive of interest, if any, on each Interest Payment Date therefor on such Bond which is payable on the Interest Payment Dates therefor.

"*Investment Securities*" means and includes any of the following obligations, to the extent the same are at the time legal for investment of funds of Rhode Island Housing under the Act, including the amendments thereto hereafter made, or under other applicable law:

direct obligations of or obligations guaranteed by the United States of America;

[intentionally omitted];

any bond, debenture, note, participation certificate or other similar obligation issued by a federal agency and backed by the full faith and credit of the United States of America;

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 or contracts with the United States of America or temporary notes, preliminary loan 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;

direct and general obligations of or obligations guaranteed by the State, to the payment of the principal of and interest on which the full faith and credit of the State is pledged provided that such obligations are rated at least A1/P1;

deposits in interest-bearing time or demand deposits, certificates of deposit, repurchase agreements or similar banking arrangements made, acquired or entered into in accordance with the section of the Resolution regarding deposits, and, if longer than 90 days, rated at least A1/P1;

money market funds which invest in Government Obligations or federal agency securities and which funds have been rated in either of the two highest rating categories by the Rating Agency; and

any investments authorized in a Supplemental Resolution.

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 this Resolution by a Supplemental Resolution, thus permitting investments with different characteristics from those permitted which Rhode Island Housing deems from time to time to be in the interests of Rhode Island Housing to include as Investment Securities 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 or ratings assigned to them by any nationally recognized rating agency which maintains a rating on the Bonds.

"*Issuance Amount*" means the price, exclusive of accrued interest (if any) which is payable within the next twelve months, at which a Bond was offered for sale to the public (or the price of such Bond to the initial Purchaser if not publicly sold) at the time of issuance thereof by Rhode Island Housing pursuant to the Resolution, which shall be set forth or provided for in a Supplemental Resolution, irrespective of underwriter's compensation, commissions, placement agent's fees, concessions, costs of issuance, or similar costs.

"*Maturity Amount*" means the amount payable on an Appreciation Bond at maturity of such Bond, exclusive of interest, if any, on such Bond which is payable on the Interest Payment Dates therefor.

"*Mortgage*" means a mortgage deed, deed of trust or other instrument securing a Mortgage Loan.

"*Mortgage Loan*" means loans for multi-family housing financed from amounts in the Bond Proceeds Account, and includes the Mortgage and the promissory note or notes securing such Mortgage, evidencing any such Mortgage Loan.

"*Outstanding*," when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Resolution except:

(a) any Bond cancelled by a Fiduciary or delivered to a Fiduciary for cancellation at or prior to such date;

(b) any Bond (or portion of a Bond) for the payment or redemption of which there have been separately set aside and held in the Redemption Account either:

moneys in an amount sufficient to effect payment of the principal or applicable Redemption Price thereof, when due, together with accrued interest on such Bond to the payment date or Redemption Date, which payment date or Redemption Date shall be specified in irrevocable instructions to the Trustee to apply such moneys to such payment or redemption on the date so specified; or

Investment Securities, as described in the Resolution, in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, when due, together with accrued interest on such Bond to the payment date or Redemption Date, which payment or Redemption Date shall be specified in irrevocable instructions to the Trustee to apply such moneys to such payment or redemption on the date so specified; or

any combination of (i) and (ii) above;

(c) any bond in lieu of or in substitution or exchange for which other Bonds shall have been authenticated and delivered pursuant to the Resolution; and

(d) any bond deemed to have been paid as provided in the Resolution.

"*Paying Agent*" means any bank or trust company designated as paying agent for the Bonds, and its successor or successors hereafter appointed in the manner herein provided.

"*Permitted Encumbrances*" means (a) intervening liens of contractors, subcontractors, suppliers of materials and equipment and laborers as to which, by a bond or letter of credit or other lawful means acceptable to Rhode Island Housing, indemnity has been provided or similar steps to secure the interest of Rhode Island Housing have been taken, (b) ad valorem property taxes ratably accrued but not yet due and payable, (c) severed mineral estates or interests owned by others, and (d) such other liens, encumbrances, reservations, easements, rights of way and other clouds on title as Rhode Island Housing determines will not impair the habitability or value of the premises or the ability to realize the benefits of any insurance.

"*Pledged Receipts*" means (a) the scheduled or other payments required by any Mortgage Loan and paid to Rhode Island Housing from any source, including both timely and delinquent payments with late charges, (b) any extension privilege payment required in connection with delays in construction, cost certification or initial occupancy of the residential housing being financed by any Mortgage Loan, (c) all income earned or gain realized in excess of losses suffered on any investment or deposit of monies in the Accounts established and maintained pursuant to the Resolution (except the Rebate Account), (d) net income received with respect to any Acquired Development as provided in the section of the Resolution regarding Rhode Island Housing's covenant with respect to the Program and (e) any other amounts set forth in the Supplemental Resolution authorizing a Series of Bonds, but shall not mean or include Recoveries of Principal, any payments with respect to any Mortgage Loan received or accrued prior to the date that Revenues therefrom are pledged under the Resolution, Escrow Payments or any amount retained by the servicer of any Mortgage Loan, if there be one other than Rhode Island Housing, as financing or settlement fees payable at the time of initial disbursement of a Mortgage Loan.

"*Principal Installment*" means, as of any date of calculation, (a) the aggregate principal amount of Outstanding Bonds due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the Resolution of Sinking Fund Payments payable before such future date plus (b) the unsatisfied balance, determined as provided in the Resolution, of any Sinking Fund Payments due on such certain future date, together with the aggregate amount of the premiums, if any, applicable on such future date upon the redemption of such Bonds by application of such Sinking Fund Payments in a principal amount equal to said unsatisfied balance.

"*Program*" means the program for the financing of loans for multi-family housing and related purposes permitted pursuant to the Act, as the same may be amended from time to time consistent with the Resolution, but only to the extent that such program is financed through the issuance of Bonds or from amounts otherwise available out of the moneys and assets held or pledged pursuant to the Resolution.

"*Program Expenses*" means all Rhode Island Housing's expenses in carrying out and administering its Program under the Resolution and shall include, without limiting the generality of the foregoing, salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishing, equipment, machinery and apparatus, telephone, insurance premiums, legal, accounting, management, consulting and banking services and expenses, fees and expenses of the Fiduciaries, Costs of Issuance not paid from the proceeds of Bonds, travel, payments for pension, retirement, health and hospitalization and life and disability insurance benefits, all to the extent properly allocable to the Program. Program Expenses may also include amounts for establishing and maintaining a two-month reserve to pay operating costs, a reasonable reserve for losses and expenses estimated to be incurred by Rhode Island Housing and amounts appropriated to reimburse Rhode Island Housing for Program Expenses paid from other sources.

"*Rebate Account*" means the Rebate Account established pursuant to the Resolution.

"*Record Date*" means the date ten days (i) next preceding on Interest Payment Date, or (ii) in the case of any proposed redemption of Bonds, next preceding the date of the first redemption of Bonds.

"*Recoveries of Principal*" means all amounts received by Rhode Island Housing as a recovery of the principal amount disbursed by Rhode Island Housing in connection with any Mortgage Loan including any premium or penalty with respect thereto, on account of (a) the advance payment of amounts to become due pursuant to such Mortgage Loan, (b) the sale, assignment, endorsement or other disposition thereof, (c) the acceleration of payments due thereunder or other remedial proceedings taken in the event of the default thereon, (d) proceeds of mortgage insurance or the net proceeds of hazard or title insurance or (e) proceeds of condemnation.

"*Redemption Account*" means the Redemption Account established pursuant to the Resolution.

"*Redemption Date*" means the date upon which Bonds are to be called for redemption pursuant to the Resolution.

"*Redemption Price*" means, with respect to any Bonds, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof.

"*Refunding Bond*" means any Bond authenticated and delivered on original issuance pursuant to the Resolution or thereafter authenticated and delivered in lieu of or in substitution for any such Bond pursuant to the Resolution.

"*Resolution*" means the General Multi-Family Development Program Resolution, adopted by Rhode Island Housing on November 19, 2009, and any amendments or supplements made in accordance with its terms.

"*Revenue Account*" means the Revenue Account established pursuant to the Resolution.

"*Revenues*" means the Pledged Receipts and Recoveries of Principal.

"*Rhode Island Housing*" means the Rhode Island Housing and Mortgage Finance Corporation, a public corporation and instrumentality and agency, created and existing under the laws of the State, or any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of Rhode Island Housing.

"*Series*" means all Bonds authenticated and delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate, Sinking Fund Payments or other provisions, and any Bonds thereafter authenticated and delivered in lieu of or in substitution or exchange for (but not to refund) such Bonds as provided in the Resolution.

"*Sinking Fund Payment*" means, as of any particular date of calculation, the amount required to be paid at all events by Rhode Island Housing on a single future date for the retirement of Outstanding Bonds which mature after said future date, but does not include any amount payable by Rhode Island Housing by reason of the maturity of a Bond or by call for redemption at the election or direction of Rhode Island Housing.

"*State*" means the State of Rhode Island and Providence Plantations.

"*Supplemental Resolution*" means any resolution supplemental to or amendatory of the Resolution, adopted by Rhode Island Housing and effective in accordance with the Resolution.

"*Trustee*" means the trustee designated in the Resolution and its successor or successors and any other person at any time substituted in its place pursuant to the Resolution.

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APPENDIX E

FEDERAL AND STATE HOUSING ASSISTANCE PROGRAMS

The FHA Insurance Program – The FHA Risk-Sharing Program

The following is a brief description of the multi-family mortgage insurance program administered by HUD, acting through FHA, pursuant to Section 542(c) of the Housing and Community Development Act of 1992, as amended, (the "Risk-Sharing Act") of Title II of the National Housing Act, as amended, and is qualified in its entirety by reference to the National Housing Act and the Risk-Sharing Act and the regulations thereunder.

The Risk-Sharing Act authorizes the Secretary of HUD to enter into risk-sharing agreements with qualified state or local housing finance agencies ("HFAs") to enable those HFAs to underwrite and process loans for which HUD, acting through FHA, will provide full mortgage insurance for eligible projects. HUD has promulgated regulations at 24 C.F.R. Part 266 (the "Regulations") pursuant to the Housing Act. The FHA Risk-Sharing Program established by the Risk-Sharing Act allows HFAs to carry out certain HUD functions, including the assumption of underwriting, loan management and property disposition functions and responsibility for defaulted loans, including reimbursement of HUD for a portion of the loss from any defaults that occur while the HUD contract of mortgage insurance is in effect. The FHA Risk-Sharing Program is designed to increase the supply of affordable multifamily units by allowing HFAs to originate and service mortgage loans that are fully insured by FHA.

This mortgage insurance program requires that an interested HFA first be approved as a qualified HFA. Upon notification of approval as a qualified HFA, the HFA must execute a risk-sharing agreement with the Commissioner of FHA. The risk-sharing agreement must state the agreed upon risk apportionment between HUD and the HFA, a description of the HFA's standards and procedures for underwriting and servicing loans and a list of HFA certifications designed to assure its proper performance.

Projects eligible to be insured under the FHA Risk-Sharing Program include new construction projects, substantial rehabilitation projects, acquisition of existing projects, projects receiving Section 8 or other rental subsidies, single room occupancy projects, board and care/assisted living facilities and elderly projects. Transient housing or hotels, projects in military impact areas, retirement service centers, and nursing homes or intermediate care facilities are specifically excluded from eligibility for insurance under the program. Risk-sharing projects must constitute "affordable housing," which means that either 20% or more of the units are rent-restricted (as defined below) and occupied by families whose income is 50% or less of the area median income as determined by HUD, with adjustments to income based on household size, or that 40% or more of the units are rent-restricted and occupied by families whose income is 60 percent or less of the area median income as determined by HUD, with adjustments to income based on household size. A residential unit is rent-restricted if the gross rent with respect to such unit does not exceed 30% of the income limitation applicable to the unit as published from time to time by HUD.

Rhode Island Housing has been designated by HUD as a "qualified HFA" under the Risk Sharing Act. Rhode Island Housing has entered into a risk-sharing agreement with HUD dated as of June 27, 1994 (the "Risk Sharing Agreement"). Rhode Island Housing has received both "Level I" and "Level II" approvals under the Regulations. A Level I approval requires Rhode Island Housing to reimburse HUD for up to 50% of any loss incurred as a result of a default under a mortgage loan but permits Rhode Island Housing to use its own underwriting standards and loan terms and conditions (as disclosed and submitted with its application). A Level II approval permits Rhode Island Housing to insure less than 50% of any losses on the mortgage loan and HUD has agreed to allow Rhode Island Housing to use its own underwriting standards and loan terms and conditions for Level II loans. For all of the Mortgage Loans financed by prior Bonds (other than Cornplanter Row and the second Mortgage Loans for Coddington Point and Hillcrest Manor) and the Mortgage Loan anticipated to be funded with proceeds of the 2017 Series 4-B Bonds, Rhode Island Housing is assuming 50% of the risk; Rhode Island Housing is assuming 100% of the risk for the Mortgage Loans relating to the 2017 Series 4 Developments expected to be funded with proceeds of the 2017 Series 4-A Bonds, the Mortgage Loan relating to Cornplanter Row and the second Mortgage Loans relating to Coddington Point and Hillcrest Manor (see **APPENDIX A—DESCRIPTION OF THE DEVELOPMENTS** herein).

Rhode Island Housing will authorize the use of the FHA Risk-Sharing Program in connection with new Mortgage Loans financed by Bonds on a case-by-case basis.

FHA Insurance under the FHA Risk-Sharing Program with respect to any mortgage loan may be terminated upon the occurrence of certain events, including the following: (1) the corresponding mortgage is paid in full; (2) Rhode Island Housing acquires mortgaged property and notifies the Commissioner that it will not file an insurance claim; (3) a party other than Rhode Island Housing acquires property at a foreclosure sale; (4) Rhode Island Housing notifies the Commissioner of a voluntary termination; (5) Rhode Island Housing or its successors commit fraud or make a material misrepresentation to the Commissioner with respect to certain information; (6) the receipt by the Commissioner of an application for final claims settlement by Rhode Island Housing; or (7) Rhode Island Housing acquires the mortgaged property and fails to make an initial claim.

During its participation in the program, the HFA must take responsibility for certain functions, including those relating to the Affirmative Fair Housing Marketing Plan, labor standards, insurance of advances, cost certification, and lead-based paint requirements. A mortgagor must certify to the HFA that it is in compliance with certain enumerated discrimination and civil rights statutes and executive orders. HUD has specifically retained certain functions, including monitoring compliance with the Davis-Bacon Act, environmental laws, enforcement of certain fair housing and equal opportunity laws and other program criteria. Certain HUD requirements may only be applicable when construction advances are insured.

Upon completion of construction, presentation of a closing docket, including an executed regulatory agreement between the HFA and the mortgagor, and certifications required by the Regulations, FHA issues a final endorsement of the mortgage note for the costs related to the project which have been certified by an independent certified public accountant and have been approved by Rhode Island Housing. Although Rhode Island Housing has been given authority to approve cost certifications by a mortgagor, HUD has the authority, in its sole discretion, at any time prior to and including final endorsement, to adjust the amount of mortgage insurance.

The Regulations define an event of default under an FHA-insured mortgage as (1) a failure to make any payment due under the mortgage or (2) a failure to perform any other mortgage covenant (which include covenants in the related regulatory agreement, which is incorporated by reference in the applicable mortgage) if the mortgagee, because of such failure, has accelerated the debt. A mortgagee is entitled to receive the benefits of insurance after the mortgagor has defaulted and such default continues for a period of 30 days. If the default continues to exist at the end of the 30-day grace period, the mortgagee is required to give HUD written notice of the default within 10 days after such grace period and monthly thereafter, unless waived by HUD, until such default has been cured or Rhode Island Housing has filed an application for an initial claim payment. Unless a written extension is granted by HUD, Rhode Island Housing must file an application for initial claim payment (or, if appropriate, for partial claim payment) within 75 days from the date of default. Such claim may be made as early as the first day of the month following the month for which a payment was missed. Upon request of Rhode Island Housing, HUD may extend, up to 180 days from the date of default, the deadline for filing a claim. In those cases where Rhode Island Housing certifies that the project owner is in the process of transacting a bond refunding, refinancing the mortgage, or changing the ownership for the purpose of curing the default and bringing the mortgage current, HUD may extend the deadline for filing a claim beyond 180 days but not exceed 360 days from the date of default.

The initial claim amount is based on the unpaid principal balance of the mortgage note as of the date of default, plus interest at the mortgage note rate from the date of default to the date of initial claim payment. The mortgage note interest component of the initial claim amount is subject to curtailment as described below. HUD must make all claim payments in cash. The initial claim payment to Rhode Island Housing is equal to the initial claim amount, less any delinquent mortgage insurance premiums, late charges and interest assessment under the Regulations. **Rhode Island Housing must use the proceeds of the initial claim payment to retire any bonds or any other financing mechanisms for the mortgages within 30 days of the initial claim payment**. Any excess funds resulting from such retirement or repayment shall be returned to HUD within 30 days of the retirement. Within 30 days of the initial claim payment, Rhode Island Housing must also issue to HUD a debenture, payable in five years unless extended, in an amount equal to the amount of the initial claim payment, representing Rhode Island Housing's obligation to HUD under its Risk-Sharing Agreement.

In determining the mortgage note interest component of the initial claim amount, if Rhode Island Housing fails to meet any of the requirements of the Regulations within the specified time (including any granted extension of time), HUD shall curtail the accrual of mortgage note interest by the number of days by which the required action was late. Losses sustained as a consequence of the sole negligence of Rhode Island Housing will be the sole obligation of Rhode Island Housing, notwithstanding the risk apportionment otherwise agreed to by HUD and Rhode Island Housing.

When FHA pays a claim, the Risk-Sharing Agreement provides that Rhode Island Housing will issue a debenture (each, a "Debenture") to HUD for the full amount of the claim, which shall be supported by the full faith and credit of Rhode Island Housing. Each Debenture will have a term of five years, will bear interest at HUD's published debenture rate, and interest will be payable annually. The Risk-Sharing Act contemplates that during the five year term of each Debenture, Rhode Island Housing would work toward curing the default, foreclosure or resale of the related development. Upon the due date of each Debenture, the total loss to be shared by Rhode Island Housing and HUD shall be computed pursuant to the Risk-Sharing Agreement.

The Regulations provide that not later than 30 days after either (1) foreclosure sale or sale after acceptance of a deed in lieu of foreclosure or (2) expiration of the term of the Debenture, loss on the mortgaged property is determined and allocated between HUD and the HFA in accordance with their respective percentages of risk specified in the mortgage note and risk-sharing agreement.

Information on project management and servicing will be required after endorsement. Additionally, the HFA must submit semiannual reports, annual financial statements and must maintain its eligibility by continued compliance with the risk-sharing agreement, the regulatory agreement, and all the requirements for initial program eligibility.

Section 8 Housing Assistance Payments Program

Section 8 of the Housing Act, as amended by the Housing and Community Development Act of 1974, established a federal housing assistance program of federal assistance for multifamily housing developments of the type that Rhode Island Housing finances under its Program (each, a "Section 8

Development"). The Section 8 program involves the distribution of housing assistance payments to the owners of housing developments assisted under such program. The Section 8 program is administered on the federal level by HUD. The housing assistance payments program for each Section 8 Development currently is administered at the state level by Rhode Island Housing (in such role, the "Contract Administrator"); no assurances can be given that Rhode Island Housing will continue to administer such housing assistance payments program at the state level.

Pursuant to regulations issued by HUD under the Section 8 program during the period 1975-1984, HUD granted "set-asides" for state housing agencies (i.e., reservations of annual housing assistance payments under the Section 8 program) which an agency, with HUD approval, can allocate to developments according to its own housing program. As provided in the regulations, HUD reserved a portion of such set-asides for the State of Rhode Island to be used in connection with the new construction or substantial rehabilitation of housing.

Eligible tenants for rental units assisted under the Section 8 program, as implemented by the Contract Administrator, are families with family income not in excess of 50% of the median income for the area in which the development is located, as determined by HUD and adjusted for family size. HUD regulations define the term "family" to include elderly, disabled, handicapped or displaced single persons and, under certain limited conditions, other single persons. In the State of Rhode Island, 50% of median income ranges vary among geographic location and family size; a sample of such income ranges is below.

Location	**Low (1 person)**	**High (Family of 8)**
Providence	$25,250	$47,600
Westerly	$28,150	$53,000
Newport	$32,800	$61,850

Section 8 housing assistance payments are provided, in the case of developments that are permanently financed by Rhode Island Housing and that utilize a portion of the Contract Administrator's annual set-asides of Section 8 contract authority, through an Annual Contributions Contract ("ACC") between HUD and the Contract Administrator and a Housing Assistance Payment Contract ("HAP Contract") between the Contract Administrator and the owner of the assisted development. Pursuant to the ACC, the Contract Administrator will receive an annual contribution from HUD, payable monthly in advance, with respect to each assisted dwelling unit and will, in turn, disburse monthly housing assistance payments to the owner of the development under the HAP Contract. However, each year of rental assistance is subject to annual appropriation and spending authorization in the federal budget.

The amount of the subsidy payable to the Contract Administrator for the account of the owner under the HAP Contract is the applicable contract rent less the payment, if any, required to be made to the owner by the tenant as determined by HUD. The tenant payment is generally equal to 30% of family income, with a minimum rent for all tenants. HUD has implemented a $25 minimum rent for most families (HUD Notice H 96-89). Thus, the total rental income from Section 8 housing units payable to or for the account of the owner is equal to the contract rent, part being paid by the tenants directly to the owner and the remainder being paid by HUD through the Contract Administrator to the owner in the form of HAP Contract Payments. The proportion of the contract rent actually paid by HUD and that actually paid by tenants will vary depending upon tenant income.

If a vacancy exists, other than as a result of action by the owner which is in violation of the lease, the owner will be entitled to housing assistance payments equal to 80% of the contract rent for a vacancy period not exceeding 60 days, so long as the owner diligently endeavors to fill the vacancy with an eligible tenant. Such payments for vacancies will be reduced to the extent the owner receives payment from the tenant for such vacancy period or the owner is otherwise entitled to payments from any other source, including a security deposit, for the vacant unit. In addition, if a unit continues to be vacant after this 60-day period, the owner may receive additional payments of up to one year for each vacancy equal to the principal and interest payments required to amortize the debt attributable to that unit, provided that (a) the unit is in decent, safe and sanitary condition during the vacancy period, (b) the owner has taken and continues to take all feasible actions to fill the vacancy, (c) the development is not providing the owner with revenues equal to costs incurred and the amount of the payments do not exceed the deficiency and (d) the owner submits a statement with supporting evidence satisfactory to HUD (or the Contract Administrator) that the development can achieve financial soundness within a reasonable time. HUD (or the Contract Administrator) may deny any claim for additional payments if it determines that, based on the owner's statement and other evidence, there is not a reasonable prospect that the development can achieve financial soundness within a reasonable time. Housing assistance payments are not payable with respect to units that are occupied by tenants who are not eligible for Section 8 assistance. However, if the dwelling unit is subsequently reoccupied by an eligible tenant, housing assistance payments will again become available to the owner unless the HAP Contract has been modified in the interim by deleting that dwelling unit from its coverage.

The Contract Administrator is permitted, but not required, to delete from the HAP Contract any units that the owner fails, for substantial periods of time, to lease or make available for lease by eligible tenants. Rhode Island Housing mortgage loan documents prohibit the owner from leasing more than 20% of the dwelling units to ineligible tenants without prior approval from Rhode Island Housing

HUD's Section 8 regulations and the ACCs provide that the initial contract rents for the assisted dwelling units in each development may be adjusted annually pursuant to a HUD-established automatic annual adjustment factor. Under the Housing Act, the annual adjustment factor is applied on the anniversary date of each HAP Contract, resulting in upward or downward adjustment, except that contract rents may not be reduced below the contract rents in effect on or after April 15, 1987, for newly constructed or substantially rehabilitated projects, unless the project has been refinanced in a manner that reduces the periodic payment of the owner. However, pursuant to federal legislation enacted in 1997, contract rents may not be increased beyond HUD Fair Market Rents (as described below) plus the differential between the initial contract rent and comparable rents at the time of execution of the HAP Contract (the "Initial Difference"), unless the owner submits evidence of higher comparable market rents as determined by independent appraisals of at least three comparable local developments. Special additional adjustments may be approved by HUD to reflect actual and necessary expenses of owning and maintaining the development that have resulted from substantial general increases in real property taxes, utility rates or similar costs (i.e., assessments and utilities not covered by regulated rates), but only to the extent that such general increases are not compensated for by the automatic annual adjustment. Adjustments, however, are limited to 120% of the HUD Fair Market Rents plus the Initial Difference. Present HUD policy also provides that the annual adjustment factors for Section 8 units which experienced no turnover in tenants since the preceding HAP Contract anniversary date will be one percentage point less than the annual adjustment factors that would otherwise apply. Consequently, there can be no assurance that increases in contract rents, if any, will result in revenues sufficient to compensate for increased operating expenses of the Section 8 Developments.

Each year, HUD publishes its determination of fair market rents ("HUD Fair Market Rents"). Such HUD Fair Market Rents constitute HUD's determination of the rents, including utilities (except telephone), ranges and refrigerators, parking and all maintenance, management and other essential housing services, which would be required to obtain, in a particular market area, privately developed and owned rental housing of modest design with suitable amenities.

The following table sets forth the range of monthly rents for the Section 8 Developments effective on October 1, 2016 based on unit size and the current range of HUD Fair Market Rents in Rhode Island:

Range of Section 8 Development Monthly Rents and HUD Fair Market Rents
For the Program Developments

	One Bedroom	**Two Bedrooms**	**Three Bedrooms**
Section 8 Developments	$905-1,060	$1,090-1,350	$1,365-1,965
HUD Fair Market Rents	$827-968	$994-1,229	$1,244-1,789

In the last decade there have been several court decisions with respect to the Section 8 program and the limitations on contract rent adjustments. Generally, the courts have upheld HUD's right to use comparability studies to decrease contract rents to eliminate material differences between rents charged for assisted and comparable unassisted units which are greater than the Initial Difference.

At this time, Rhode Island Housing is unable to predict what actions, if any, HUD or the Congress will take in the future with respect to such rent adjustments. Actions by HUD in the future could have the effect of limiting upward adjustments in contract rents or of decreasing contract rents currently in effect to eliminate any material difference between the contract rents and rents charged for comparable unassisted units, except to the extent of the Initial Differences. Such actions, if taken, could adversely affect the ability of the owners of the Developments to pay principal and interest on the Mortgage Loans, which in turn could adversely affect the ability of Rhode Island Housing to make timely payments of interest and principal on the Bonds with amounts pledged under the Resolutions. Congress has passed legislation and HUD has implemented procedures to restrict contract rent increases above fair market rents for each fiscal year since 1995. Any of the actions mentioned above could adversely affect the ratings on, and the market price of, the 2017 Series 4 Bonds.

The maximum total annual contribution that may be contracted for in an ACC will equal the initial gross rents for all assisted units in the development. If the amount of housing assistance payments actually disbursed under an ACC in any given year is less than the total available amount, the excess (initially an amount equal to the portion of the gross rents payable by the tenants) is available to be set aside by HUD in an account (the "project account") for the particular development and will be available for future years to fund increases in contract rents for the development or decreases in family incomes. If and when a project account falls below 40% of the maximum annual commitment, HUD undertakes in the ACC to provide additional funding, to the extent permitted by law, in order to increase the maximum annual contribution payable under the ACC.

Subsection (c)(6) of Section 8 provides:

> The Secretary [of HUD] shall take steps as may be necessary, including the making of contracts for assistance payments in amounts in excess of the amounts required at the time of the initial renting of dwelling units, the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts, to assure that assistance payments are increased on a timely basis to cover increases in maximum monthly rents or decreases in family incomes.

In practice, HUD has not been replenishing the project accounts when the amounts in such project accounts have fallen below 40% of the maximum annual commitment, but has sought and received amendment authority from the Congress to enable it to discharge its obligations under the HAP Contracts and the ACCs.

Although the Section 8 housing assistance payments are made directly or indirectly to the owner and, in effect, represent rental income, the HAP Contract may, with HUD's approval, be pledged by the owner to Rhode Island Housing as mortgage lender on the development. All of the HAP Contracts covering Rhode Island Housing's Section 8 Developments have been so pledged. However, the owner will retain the right to collect such payments so long as the owner is in compliance with the provisions of the HAP Contract and Rhode Island Housing Mortgage Loan documents. Rhode Island Housing's rights to receive Section 8 subsidy payments with respect to the developments have been pledged and assigned to the Trustee as part of the security for the Bonds. Under federal laws, the United States government may have the right to set off liabilities of Rhode Island Housing to the United States against the payments under ACCs. Housing assistance payments by HUD do not terminate if the mortgage on the development goes into default, so long as the owner has not breached any of its obligations under the HAP Contract, including, among other responsibilities, its obligation to maintain and operate the development so as to provide decent, safe and sanitary housing. In the event of breach by the owner, HUD may abate or terminate housing assistance payments after giving the owner and the Contract Administrator an opportunity to take corrective action.

Portfolio Restructuring

In the late 1990's there were numerous pronouncements from HUD and various elected officials as to the future of HUD and the various programs operating pursuant to Section 8. These pronouncements primarily concerned those projects which have mortgages insured by the Federal Housing Administration ("FHA") with terms ranging from 30 to 40 years and which have HAP Contracts with terms of approximately 20 years. In 1998 HUD was authorized to initiate a permanent program to restructure FHA-insured mortgage loans with expiring HAP Contracts; in 2000, federal legislation was enacted to permit such mortgages financed by state housing agencies (like Rhode Island Housing) to also be restructured but only if the same is not contrary to the terms of the mortgage agreements.

At this time, Rhode Island Housing cannot predict the terms of further legislation, if any, which may be enacted which may restructure and change HUD, its administration or its programs (including the Section 8 program) and the funding of HUD and its programs. Rhode Island Housing cannot predict whether any such legislation, if enacted, would adversely affect the ability of Rhode Island Housing to make timely payments of principal and interest on the 2017 Series 4 Bonds, with amounts pledged under the Resolution.

Section 236 Program

Interest Subsidy. Under the Section 236 subsidy program, HUD agrees to make direct mortgage interest reduction subsidy payments to the mortgagee on behalf of the owner of the project, in an amount equal to that portion of the debt service required under the actual 40-year mortgage loan which is in excess of that debt service which would be due on a self-amortizing 40-year mortgage loan in the same principal amount with an interest rate of 1% per annum.

Since the initiation of the Section 236 program in 1973, HUD and Rhode Island Housing have agreed to certain modifications of the administrative procedures with respect to the Section 236 subsidy agreements among HUD, Rhode Island Housing and various developers. These modifications were requested to provide greater flexibility in the event a development financed by Rhode Island Housing and subsidized under Section 236 experienced financial difficulties. The following description of the provisions of the Section 236 Agreement incorporates the provisions of such modifications of the administrative procedures.

Under Section 236, subsidy payments with respect to a project shall only be made during the period of the Section 236 subsidy agreement that such project is operated as a rental housing project.

The form of project mortgage provides that the mortgagor must maintain hazard insurance on the project with such coverage and in such amounts as are satisfactory to FHA and the mortgagee, and in the event of any damage to the project all insurance proceeds are payable to Rhode Island Housing as mortgagee. In the event any dwelling unit is destroyed or rendered uninhabitable by reason of fire or any other insured risk, Rhode Island Housing has the right to determine if the proceeds of insurance will be used for restoration or applied to the redemption of Bonds. In the event Rhode Island Housing determines that such restoration or rehabilitation is not appropriate, HUD subsidy payments may be reduced to the extent applicable to such dwelling units not restored or rehabilitated.

HUD is obligated to make subsidy payments under the Section 236 program, except under the circumstances described below. If HUD subsidy payments are terminated, HUD may reinstate them at its discretion pursuant to such additional requirements as HUD may prescribe. A Section 236 subsidy agreement may be terminated at the option of, and upon written notice from, HUD after the expiration of one year from the date of the termination of HUD subsidy payments, unless such payments have been reinstated.

Under the provisions of the Section 236 subsidy agreement, HUD may terminate subsidy payments with respect to a project upon default under the Section 236 subsidy agreement by the mortgagor or Rhode Island Housing or the institution by Rhode Island Housing of foreclosure proceedings unless Rhode Island Housing (a) gives to HUD in advance written notice of its intention to institute such foreclosure, and (b) submits to HUD in advance a plan acceptable to HUD providing for the continuity of eligibility of the project for receiving the benefits of Section 236.

HUD may terminate subsidy payments with respect to a project if the project is acquired by an owner who is not an eligible mortgagor under Section 236. Each mortgagor has covenanted not to transfer a project except to an eligible mortgagor, and has covenanted in the Section 236 mortgage not to transfer the project without the consent of Rhode Island Housing.

Under Section 236, the mortgagor is permitted to charge (a) a basic or subsidized rental charge for each subsidized dwelling unit in the project (the “basic rent”), determined on the basis of the anticipated operating costs of the project and the payment that would have been required for principal and interest if the Section 236 mortgage note called for interest at a rate of 1% per annum, and (b) a fair market rental charge for each such unit, determined on the basis of the anticipated operating costs of the project and payment of principal and interest that the mortgagor is obligated to pay under the Section 236 mortgage. The rent charged for each subsidized unit (the “tenant unit”) is the greater of the basic rent or 25% of the tenant’s adjusted monthly income, but in no event may the mortgagor charge an amount in excess of the market rent (not including permitted surcharges). Tenant rents may not be increased as a consequence of a mortgage being foreclosed and a substitute mortgage entered into. The mortgagor is required to remit monthly to HUD all tenant rents for subsidized units collected in excess of the basic rent, provided that in certain circumstances such excess rents may, with HUD’s consent, be used for project related purposes. Among HUD’s numerous potential remedies against the mortgagors who do not remit excess rents are the suspension of interest reduction payments. No assurance can be given regarding which remedies, if any, HUD will use against affected mortgagors.

The mortgagor covenants in the Section 236 subsidy agreement to limit admission to the subsidized dwelling units of the project to those families whose incomes do not exceed the applicable limits prescribed by HUD. The Section 236 subsidy agreement contains other covenants relating to the preference for occupancy for certain displaced or low-income families, the compliance with applicable civil rights prohibiting discrimination in housing, the maintenance of information and records concerning tenants and tenant income in a form required under HUD regulations, the availability for inspection of such information and records, prohibitions against denying occupancy due to number of children in the family and number of subsidized units which may be rented to any one tenant at any one time. HUD has the authority to suspend or terminate subsidy payments at any time upon default by the mortgagor under any such covenants as well as or upon any other default by the mortgagor or Rhode Island Housing on the terms of and conditions of the Section 236 subsidy agreement.

FHA Insurance on Section 236 Loans. The Federal Housing Administration has insured Rhode Island Housing's Section 236 mortgage loans pursuant to Section 236 of the National Housing Act. Applicable FHA regulations are contained in 24 C.F.R. Part 236 which, with certain exceptions (requiring payment of insurance benefits in cash or FHA Debentures, at the option of the mortgagee), incorporates by reference the provisions of 24 C.F.R. Part 207 (covering mortgages insured under Section 207 of the National Housing Act). The following summary is qualified in its entirety by reference to those regulations and sections of the National Housing Act.

The National Housing Act defines an event of default under an FHA-insured mortgage as failure to make any payment due under the mortgage or to perform any other mortgage covenant (which includes covenants in the related financing and FHA regulatory agreement) if the mortgagee, because of such failure, has accelerated the debt. In the event of a default continuing for a period of 30 days the mortgagee (Rhode Island Housing) must give notice to FHA of the default and of its intention to file an insurance claim. Promptly thereafter, unless FHA agrees otherwise, the mortgagee will take the necessary steps to file a claim for insurance. Under FHA regulations, the mortgagee may either assign the mortgage note (and the mortgage) to FHA or acquire title to the project by foreclosure and convey it to FHA. If Rhode Island Housing were to acquire title to the project and convey it to FHA, the expenses of foreclosure proceedings would be payable out of the proceeds received on account of the insurance claim. The Bond Resolution requires Rhode Island Housing to assign a defaulted mortgage note (and mortgage) to FHA.

In connection with a claim for insurance benefits, FHA may require delivery to it of certain cash items. Cash items include the balance in certain accounts held by or on behalf of the mortgagee pursuant to FHA regulatory requirements.

In the event of a default on a mortgage note, its assignment to FHA and the filing of a claim for FHA insurance, FHA will pay FHA mortgage insurance benefits in cash (unless FHA is requested by the mortgagee to pay in FHA Debentures), in an amount equal to the sum of (a) the unpaid principal amount of the mortgage note computed as of the date of default, (b) certain eligible payments (such as taxes, insurance, special assessments and water rates) made by the mortgagee and (c) interest on the insurance proceeds from the date of default at the applicable FHA debenture rate (which interest may be limited if certain notices are not given to FHA within the prescribed time periods), less certain amounts realized by the mortgagee from the owner, including cash items.

Typically, 70% of mortgage insurance benefits are paid by FHA within 60 days, and the balance within six months, but there is no legal requirement for FHA to pay within those time periods, and there can be no assurance there would not be substantial delays in receiving payments from FHA.

U.S. Department of Agriculture Rural Rental Assistance Program

The U.S. Department of Agriculture's ("USDA") Rural Rental Assistance program (the "USDA Rural Rental Assistance Program") is project-based rental subsidy assistance available to selected developments financed at least in part by the USDA's Rural Rental Housing (Section 515) or Farm Labor Housing (Section 514) mortgage lending programs. Housing and Community Facilities Programs ("HCFP"), an agency of the USDA, administers the USDA Rural Rental Assistance Program. Under the USDA Rural Rental Assistance Program, HCFP pays the owner of a multi-family development the difference between eligible tenants' contribution (30% of tenant adjusted income) and the monthly rental rate. The subsidy is available to eligible tenants on a designated number or percentage of units in participating developments. Eligible tenants include persons of very low and low incomes, the elderly and persons with disabilities, if such persons are unable to pay the basic monthly rent with 30% of their adjusted monthly income. Once approved for an eligible development, USDA Rural Rental Assistance is renewable as many times as funds are available.

U.S. Department of Agriculture Section 538 Guaranteed Rural Rental Housing Loan Program

USDA's 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 population of less than 10,000 (and in some cases up to 20,000 or 25,000).

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.

STATE OF RHODE ISLAND RENTAL ASSISTANCE PROGRAM

The Rhode Island Rental Assistance Program (the "Assistance Program") is a state rental assistance program, which provides rental assistance payments to certain persons and entities which acquire, construct or substantially rehabilitate housing developments in the State of Rhode Island ("Owners"), 50% of the units of which are available to and affordable by individuals or families ("Low-income Tenants") whose total income does not exceed 60% of the median family income adjusted for family size for the area in which the development is located, as determined annually by HUD. Units for which rent charged does not exceed the maximum Fair Market Rents established by HUD for the Section 8 Existing Housing Program are considered available for occupancy by Low-income Tenants.

The Assistance Program is administered by Rhode Island Housing on behalf of the Executive Department of the State of Rhode Island (the "Department") in accordance with regulations promulgated by the Department. Under the Assistance Program, the Department enters into contracts with Owners for a term not to exceed 20 years under which the Department agrees to make rental assistance payments to the Owners for each assisted unit in the development actually occupied by Low-income Tenants, and the Owner agrees that the assisted units will remain available for occupancy by Low-income Tenants in perpetuity, or until the Department determines that the units may be otherwise utilized. The Assistance Program, which began in 1989, is subject to an annual appropriation by the Rhode Island General Assembly.

Monthly rental assistance payments made under the Assistance Program are equal to the difference between an amount equal to 30% of the tenants adjusted income and an amount equal to the sum of (a) the fair market rent for the assisted unit plus (b) a utility allowance determined by the Department.

The obligations and restrictions arising out of any contracts executed in connection with the Assistance Program are binding upon all subsequent owners of the development.

Rhode Island Housing has funded all or a portion of the State's obligations for Rental Subsidy Payments for most years since fiscal 1990. From fiscal 1994 through fiscal 2017, Rhode Island Housing has made the annual payment on behalf of the State in amounts ranging from approximately $4.2 million (in fiscal 2003) to $0.38 million (in fiscal 2017). Such Rental Subsidy Payments were determined pursuant to contracts, the last of which expired in 2012. While for policy purposes Rhode Island Housing continues to make Rental Subsidy Payments on behalf of tenants residing in a certain diminishing number of rental units at this time, Rhode Island Housing has implemented a variety of plans to reduce its annual funding under the Assistance Program, with the goal of reducing, upon tenant turnover, the number of rental units subsidized under the Assistance Program to zero. Accordingly, Rhode Island Housing expects that any future payments it makes in connection with the Assistance Program will diminish each fiscal year, and there can be no assurance that Rhode Island Housing will continue to make any payments related to the Assistance Program in the future, on behalf of the State or otherwise.

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Agreement"), dated as of December 1, 2017, by and between Rhode Island Housing and Mortgage Finance Corporation ("Rhode Island Housing") and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"), under its Multi-Family Development Program Resolution, adopted on November 19, 2009 (the "General Resolution") and the Multi-Family Development Program Supplemental Resolution, adopted on October 26, 2017 (the "Supplemental Resolution," together with the General Resolution, the "Resolution"), is executed and delivered in connection with the issuance of Rhode Island Housing's Multi-Family Development Bonds, 2017 Series 4-A and its Multi-Family Development Bonds, 2017 Series 4-B (together, the "Series Bonds"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Resolution.

Section 1. Purpose of this Agreement. This Agreement is executed and delivered by Rhode Island Housing as of the date set forth below, for the benefit of the holders and owners (the "Bondholders") of the Series Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below). Rhode Island Housing represents that it will be the only obligated person (as defined in the Rule) with respect to the Series Bonds at the time the Series Bonds are delivered to the purchasers thereof and that no other person is expected to become an obligated person at any time after the issuance of the Series Bonds.

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

"*Annual Financial Information*" means the financial information and operating data described in Exhibit I.

"*Annual Financial Information Disclosure*" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"*Audited Financial Statements*" means the audited consolidated financial statements of Rhode Island Housing, prepared pursuant to the standards and as described in Exhibit I.

"*Commission*" means the Securities and Exchange Commission.

"*Dissemination Agent*" means any agent designated as such in writing by Rhode Island Housing and which has filed with Rhode Island Housing a written acceptance of such designation, and such agent's successors and assigns.

"*EMMA*" means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Listed Event*" means the occurrence of any of the events with respect to the Series Bonds set forth in Exhibit II.

"*Listed Events Disclosure*" means dissemination of a notice of a Listed Event as set forth in Section 5.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Participating Underwriter*" means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series Bonds.

"*Prescribed Form*" means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at *www.emma.msrb.org* (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

"*Rule*" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"*State*" means the State of Rhode Island and Providence Plantations.

"*Undertaking*" means the obligations of Rhode Island Housing pursuant to Sections 4 and 5.

Section 3. CUSIP Numbers/Final Official Statement. The CUSIP Numbers of the Series Bonds are as listed in Exhibit III hereof. The final Official Statement relating to the Series Bonds is dated December ___, 2017 (the "Final Official Statement").

Section 4. Annual Financial Information Disclosure. Subject to Section 9 of this Agreement, Rhode Island Housing hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I) by one of the following methods: (i) Rhode Island Housing may deliver such Annual Financial Information and the Audited Financial Statements to the MSRB within 180 days of the completion of Rhode Island Housing's fiscal year or (ii) delivery of an Official Statement of Rhode Island Housing to the MSRB within 180 days of the completion of Rhode Island Housing's fiscal year, but only to the extent such Official Statement includes such Annual Financial Information and Audited Financial Statements.

Rhode Island Housing is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, Rhode Island Housing will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

Section 5. Listed Events Disclosure. Subject to Section 9 of this Agreement, Rhode Island Housing hereby covenants that it will disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, Listed Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series Bonds or defeasance of any Series Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Series Bonds pursuant to the Resolution.

Section 6. Duty To Update EMMA/MSRB. Rhode Island Housing shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 7. Consequences of Failure of Rhode Island Housing to Provide Information. Rhode Island Housing shall give notice in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of Rhode Island Housing to comply with any provision of this Agreement, the Bondholder of any Series Bond may seek specific performance by court order to cause Rhode Island Housing to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Resolution or any other agreement, and the sole remedy under this Agreement in the event of any failure of Rhode Island Housing to comply with this Agreement shall be an action to compel performance.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Agreement, Rhode Island Housing may amend this Agreement, and any provision of this Agreement may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of Rhode Island Housing or type of business conducted;

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Bondholders of the Series Bonds, as determined either by parties unaffiliated with Rhode Island Housing (such as the Trustee) or by an approving vote of the Bondholders of the Series Bonds holding a majority of the aggregate principal amount of the Series Bonds (excluding Series Bonds held by or on behalf of Rhode Island Housing or its affiliates) pursuant to the terms of the Resolution at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

Section 9. Termination of Undertaking. The Undertaking of Rhode Island Housing shall be terminated hereunder when Rhode Island Housing shall no longer have any legal liability for any obligation on or relating to the repayment of the Series Bonds. Rhode Island Housing shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

Section 10. Dissemination Agent. Rhode Island Housing may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 11. Additional Information. Nothing in this Agreement shall be deemed to prevent Rhode Island Housing 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 Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If Rhode Island Housing chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, Rhode Island Housing shall not have any obligation under this Agreement to update such information or include it in any future disclosure or notice of the occurrence of a Listed Event.

Section 12. Beneficiaries. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of Rhode Island Housing, the Dissemination Agent, if any, the Trustee and the Bondholders of the Series Bonds, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. Rhode Island Housing shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 14. Past Compliance. Rhode Island Housing represents that it has complied with the requirements of each continuing disclosure undertaking entered into by it pursuant to the Rule in connection with previous financings to which the Rule was applicable.

Section 15. Assignment. Rhode Island Housing shall not transfer its obligations under the Financing Agreement unless the transferee agrees to assume all obligations of Rhode Island Housing under this Agreement or to execute a continuing disclosure undertaking under the Rule.

Section 16. Governing Law. This Agreement shall be governed by the laws of the State.

Section 17. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

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RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION

By ____
Name:__________________________________
Title:__________________________________

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By ____
Name:__________________________________
Title:__________________________________

Dated: ___________ ___, 2017

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"*Annual Financial Information*" means financial information and operating data exclusive of Audited Financial Statements as set forth below:

The Series Bonds
- *Outstanding Principal Amount*
- *Fund Balances*

The Mortgage Loans
- *Information of the type provided in Appendix A of the Final Official Statement*

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission. Rhode Island Housing shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 180 days after the last day of Rhode Island Housing's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 business days after availability to Rhode Island Housing.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, including for this purpose a change made to the fiscal year-end of Rhode Island Housing, Rhode Island Housing will disseminate a notice to the MSRB of such change in Prescribed Form as required by such Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE SERIES BONDS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies

2. Nonpayment-related defaults, if material

3. Unscheduled draws on debt service reserves reflecting financial difficulties

4. Unscheduled draws on credit enhancements reflecting financial difficulties

5. Substitution of credit or liquidity providers, or their failure to perform

6. 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 security, or other material events affecting the tax status of the security

7. Modifications to rights of security holders, if material

8. Bond calls, if material, and tender offers

9. Defeasances

10. Release, substitution or sale of property securing repayment of the securities, if material

11. Rating changes

12. Bankruptcy, insolvency, receivership or similar event of Rhode Island Housing*

13. The consummation of a merger, consolidation or acquisition involving Rhode Island Housing or the sale of all or substantially all of the assets of Rhode Island Housing, 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

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

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* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for Rhode Island Housing 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 Rhode Island Housing, 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 Rhode Island Housing.

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APPENDIX G

PROPOSED FORM OF BOND COUNSEL OPINION

December __, 2017

Rhode Island Housing and Mortgage
Finance Corporation
44 Washington Street
Providence, Rhode Island 02903

Dear Commissioners:

We have examined the Constitution and the laws of the State of Rhode Island and Providence Plantations (the "State") and a record of proceedings relating to the issuance of $________ aggregate principal amount of Multi-Family Development Bonds, 2017 Series 4-A (Non-AMT) (the "2017 Series 4-A Bonds"), $________ aggregate principal amount of Multi-Family Development Bonds, 2017 Series 4-B (Non-AMT) (the "2017 Series 4-B Bonds" and, together with the 2017 Series 4-A Bonds, the "2017 Series 4 Bonds") of Rhode Island Housing and Mortgage Finance Corporation ("Rhode Island Housing"), a public corporation and instrumentality and agency of the State created by and pursuant to Chapter 55 of Title 42 of the General Laws of Rhode Island, 1956 (2006 Reenactment), as amended (the "Act"), and organized and existing under the Act and the laws of the State.

The 2017 Series 4 Bonds are issued pursuant to the Act and a resolution adopted by Rhode Island Housing on November 19, 2009, entitled "Multi-Family Development Program General Bond Resolution" (the "General Resolution"), as supplemented by a supplemental resolution thereunder adopted by Rhode Island Housing on January 21, 2016 and a supplemental resolution adopted by Rhode Island Housing on October 26, 2017 and a Certificate of Determination dated the date hereof, delivered pursuant thereto and incorporated therein (the General Resolution, as so supplemented, is herein called the "Resolution"). The 2017 Series 4 Bonds, the bonds currently outstanding under the General Resolution and any additional bonds which may be issued under the General Resolution are herein called the "Bonds."

The 2017 Series 4 Bonds are dated, will mature on the dates and in the principal amounts, bear interest at the rates per annum, are subject to redemption prior to maturity and are otherwise as described in the Resolution.

The 2017 Series 4 Bonds are issued for the principal purpose of providing funds to carry out the Program as described in the Resolution by financing Mortgage Loans (as defined in the Resolution). Rhode Island Housing is authorized to issue Bonds, in addition to the 2017 Series 4 Bonds, upon the terms and conditions set forth in the Resolution, and such Bonds, when issued, shall, with the 2017 Series 4 Bonds and with all other such Bonds heretofore and theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution. Any capitalized terms used and not otherwise defined herein are used as defined in the Resolution.

Upon the basis of the foregoing, we are of the opinion that:

1. Under the Constitution and laws of the State, Rhode Island Housing has been duly created and validly exists, and Rhode Island Housing has good, right and lawful authority, among other things, to carry out its Program, to provide sufficient funds therefor by the adoption of the Resolution and the issuance and sale of the 2017 Series 4 Bonds, and to perform its obligations under the terms and conditions of the Resolution.

2. The Resolution has been duly adopted by Rhode Island Housing, is in full force and effect, and is valid and binding upon Rhode Island Housing and enforceable in accordance with its terms.

3. The 2017 Series 4 Bonds are valid and legally binding special revenue obligations of Rhode Island Housing payable solely 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 Resolution, and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

4. The 2017 Series 4 Bonds are secured by a pledge in the manner and to the extent set forth in the Resolution. The Resolution creates a valid pledge of and lien on the Mortgage Loans, the Revenues and all amounts held in any Account established by the Resolution (except the Rebate Account), including investments thereof, as such terms are used in the Resolution, which the Resolution purports to create, subject only to the provisions of the Resolution permitting the application, disposition or exercise thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

5. The State is not liable on the 2017 Series 4 Bonds are not a debt of the State. Neither the faith, credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the 2017 Series 4 Bonds.

6. Under existing statutes and court decisions, (i) interest on the 2017 Series 4 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"), except that no opinion is expressed as to such exclusion of interest on any 2017 Series 4-A Bond or 2017 Series 4-B Bond for any period during which such 2017 Series 4-A Bond or 2017 Series 4-B Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of facilities financed with the proceeds of the 2017 Series 4-A Bonds or 2017 Series 4-B Bonds, respectively, or a "related person" and (ii) interest on the 2017 Series 4 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by Rhode Island Housing, the developers of the projects financed with the proceeds of the

2017 Series 4 Bonds (the "Series Developers") and others in connection with the 2017 Series 4 Bonds, and we have assumed compliance by Rhode Island Housing and the Series Developers with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2017 Series 4 Bonds from gross income under Section 103 of the Code.

7. Pursuant to the provisions of the Act, income on the 2017 Series 4 Bonds (including any profit on the sale thereof) is free from State personal income taxes.

The opinions expressed in paragraphs 2, 3 and 4 above are subject to applicable bankruptcy, moratorium, reorganization insolvency or other laws heretofore or hereafter enacted affecting creditors' rights or remedies and are subject to application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforceability is considered in a proceeding in equity or at law. We have examined an executed 2017 Series 4-A Bond, and an executed 2017 Series 4-B Bond and, in our opinion, the forms of such 2017 Series 4 Bonds and their execution are regular and proper.

Except as stated in paragraphs 6, 7 and 8 above, we express no opinion regarding any other federal or state tax consequences with respect to the 2017 Series 4 Bonds. We are rendering our opinion under existing statues 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, or any facts or circumstances that hereafter come to our attention, or changes in law or interpretations thereof that may hereafter occur, or for any other reason. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the 2017 Series 4 Bonds, or under state and local tax law.

We express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the 2017 Series 4 Bonds.

This opinion is issued as of the date hereof, as we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever.

Very truly yours,

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RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION • MULTI-FAMILY DEVELOPMENT BONDS, 2017 SERIES 4-A (NON-AMT) AND 2017 SERIES 4-B (NON-AMT)

RhodeIslandHousing
working together to bring you home

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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