NEW ISSUE **BOOK–ENTRY ONLY**

*In the opinion of Bond Counsel, interest on the Series 65-T Bonds (the "Series 65 Bonds") is wholly includable in the gross income of the owners thereof for federal income tax purposes. Further, pursuant to the provisions of the Rhode Island Housing and Mortgage Finance Corporation Act, income on the Series 65 Bonds (including any profit on the sale thereof) is free from Rhode Island personal income taxes. See "**TAX MATTERS**" herein.*

RhodeIslandHousing
working together to bring you home

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION

$86,505,000 Homeownership Opportunity Bonds, Series 65-T (Federally Taxable)

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

The Series 65 Bonds are available only as fully registered bonds, registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 65 Bonds. Individual purchases will be made in book–entry form, in minimum denominations of $5,000, or any integral multiple thereof. So long as Cede & Co. is the registered owner of the Series 65 Bonds and nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co. and shall not mean the beneficial owners of the Series 65 Bonds. See "BOOK–ENTRY ONLY SYSTEM" herein. The Bank of New York Mellon Trust Company, N.A., Providence, Rhode Island acts as Trustee for the Series 65 Bonds. Principal and premium, if any, and interest on the Series 65 Bonds are payable by check or wire transfer by the Trustee in its capacity as 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 65 Bonds, payments of the principal of, premium, if any, and interest on the Series 65 Bonds 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 65 Bonds will bear interest from the Dated Date shown above to their maturity or prior redemption at the rates set forth on the inside cover page hereof, payable semi–annually on each April 1 and October 1, commencing April 1, 2015, and at maturity. Interest on the Series 65 Bonds is computed on the basis of a 30 day month and a 360 day year. The Series 65 Bonds are subject to redemption as further described under the heading "**DESCRIPTION OF THE SERIES 65 BONDS–Redemption Provisions**" herein.

The Series 65 Bonds 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 certain Revenues and Accounts established under the Resolution, all as more fully set forth herein. Rhode Island Housing has no taxing power. The Series 65 Bonds are not a debt or liability of the State of Rhode Island or any political subdivision thereof.

The Series 65 Bonds are offered when, as and if issued, and received by the Underwriters and subject to approval of legality of Kutak Rock LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters incident to the issuance of the Series 65 Bonds will be passed upon by Kutak Rock LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Hawkins Delafield & Wood LLP, New York, New York, and for Rhode Island Housing by its Special Counsel, Nixon Peabody LLP, Providence, Rhode Island. It is expected that the Series 65 Bonds in definitive form will be available for delivery in New York, New York on or about October 30, 2014.

BofA Merrill Lynch **J.P. Morgan** **Morgan Stanley**

George K. Baum & Company **Janney Montgomery Scott** **Oppenheimer & Co. Inc.**

RBC Capital Markets **Roosevelt & Cross, Inc.**

October 1, 2014

Maturity Schedule

Series 65-T Bonds (Federally Taxable)

$37,830,000 Serial Bonds

Maturity	Amount	Interest Rate
April 1, 2015	$1,290,000	0.600%
October 1, 2015	1,455,000	0.720
April 1, 2016	1,495,000	0.825
October 1, 2016	1,530,000	0.875
April 1, 2017	1,570,000	1.490
October 1, 2017	1,610,000	1.640
April 1, 2018	1,645,000	2.063
October 1, 2018	1,695,000	2.213
April 1, 2019	1,730,000	2.463
October 1, 2019	1,765,000	2.563
April 1, 2020	1,790,000	2.802
October 1, 2020	1,815,000	2.952
April 1, 2021	1,845,000	3.202
October 1, 2021	1,865,000	3.302
April 1, 2022	1,865,000	3.286
October 1, 2022	1,855,000	3.386
April 1, 2023	1,850,000	3.486
October 1, 2023	1,855,000	3.636
April 1, 2024	1,840,000	3.736
October 1, 2024	1,805,000	3.786
April 1, 2025	1,815,000	3.836
October 1, 2025	1,845,000	3.886

$11,695,000 4.236% Term Bonds due October 1, 2029

$19,645,000 4.433% Term Bonds due October 1, 2034

$12,335,000 2.913% Term Bonds due October 1, 2039 (Par PAC Bonds)

$5,000,000 4.00% Term Bonds due October 1, 2039 (Premium PAC Bonds)

Price of all Series 65 Bonds other than the Premium PAC Bonds: 100%

Price of Premium PAC Bonds: 103.983%

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations, other than as contained in this Official Statement in connection with the issuance of the Series 65 Bonds described herein and, if given or made, such information or representations must not be relied upon as having been authorized by Rhode Island Housing or the Underwriters. This Official Statement does not constitute an offer to sell the Series 65 Bonds or a solicitation of an offer to buy, nor shall there be any sale of the Series 65 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been furnished by Rhode Island Housing and by other sources which are believed to be reliable. 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. 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 implications that there has been no change in the affairs of Rhode Island Housing, the lending institutions or any other parties described herein since the date hereof.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVER–ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 65 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION

Official Statement
Relating To

$86,505,000 Homeownership Opportunity Bonds, Series 65-T (Federally Taxable)

This Official Statement, which includes the cover page and the appendices hereto, sets forth certain information concerning the Rhode Island Housing and Mortgage Finance Corporation ("Rhode Island Housing") and the issuance of its Homeownership Opportunity Bonds, Series 65-T (Federally Taxable) (the "Series 65 Bonds"), in the principal amount shown above. Rhode Island Housing is a public corporation and 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 65 Bonds are being issued to refund certain outstanding Bonds (as hereinafter defined) issued to purchase Program Loans to finance the ownership or improvement of single family housing within the State by eligible low and moderate income families. In connection with the refunding of such Bonds, certain Program Loans in an anticipated principal amount of approximately $71.2 million currently allocated to the Bonds being refunded will be reallocated to the Series 65 Bonds (such Program Loans hereinafter referred to as the "Reallocated Series 65 Program Loans"). See "**REALLOCATED SERIES 65 PROGRAM LOANS**" herein.

The Series 65 Bonds are being issued pursuant to the Act and Rhode Island Housing's General Homeownership Opportunity Program Bond Resolution adopted October 19, 1988 (the "Bond Resolution"), as supplemented by a Supplemental Resolution thereto, adopted on August 28, 2014 (the "Series 65 Resolution," and, together with the Bond Resolution as heretofore supplemented, the "Resolution"). Reference is hereby made to the Bond Resolution and the Series 65 Resolution for a full statement of the authority for, and the terms and provisions of, the Series 65 Bonds and the covenants and agreements made for the security of the Series 65 Bonds.

The proceeds of the Series 65 Bonds are expected to be applied to the optional redemption of certain outstanding Bonds as described herein. No proceeds of the Series 65 Bonds will be applied to the origination of new Program Loans.

The Series 65 Bonds are secured on a parity with Rhode Island Housing's $768,324,007 principal amount of outstanding Homeownership Opportunity Bonds (as of June 30, 2014) issued under the Bond Resolution, and shall be on a parity with any additional Homeownership Opportunity Bonds hereafter issued pursuant to the Bond Resolution (collectively, the "Bonds"). See "**APPENDIX E–SUMMARY OF OUTSTANDING BOND INDEBTEDNESS OF RHODE ISLAND HOUSING**."

All references herein to the Act, the Bond Resolution, the Bonds and the Series 65 Resolution are qualified in their entirety by reference to each such document, copies of which are available from Rhode Island Housing, and all references to and summaries of the Act, the Bond Resolution, the Series 65 Resolution and the Bonds in this Official Statement are qualified in their entirety by reference to the definitive forms thereof and the information contained therein. **Capitalized terms not otherwise herein defined are used as defined in the Bond Resolution. (See "APPENDIX F–SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION–Certain Definitions" for definitions of certain capitalized terms used herein.)**

INTRODUCTION

Rhode Island Housing was created for the purpose of stimulating the construction and rehabilitation of residential housing for persons and families of low and moderate income. Under authority granted in the Act, Rhode Island Housing has established a Homeownership Opportunity Program (the "Program") pursuant to which it can finance (i) Mortgage Loans, Home Repair Loans and Affordability Loans, as defined herein (collectively, the "Program Loans") and (ii) obligations representing an undivided interest in a pool of mortgage loans guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation (the "Program Securities"), for the purpose of providing owner–occupied housing for persons and families of low and moderate income as determined by Rhode Island Housing under the standards set forth in the Act. Program Loans and Program Securities are referred to herein collectively as the "Program Obligations." See "**HOMEOWNERSHIP OPPORTUNITY PROGRAM**." Substantially all of the Reallocated Series 65 Program Loans are secured by first lien Mortgages on single family owner–occupied dwelling units. See "**REALLOCATED SERIES 65 PROGRAM LOANS**."

The Bond Resolution authorizes Bonds to be issued to provide funds to Rhode Island Housing to finance Program Obligations, to refund outstanding Bonds and to fund the various Accounts established under the Bond Resolution. Certain requirements with respect to Program Loans (the "Series Program Determinations") are provided for in Supplemental Resolutions with respect to each Series of Bonds. Such Series Program Determinations shall include, in part, whether each Program Loan shall be secured by a first lien, a coordinate first lien, a second lien, a third lien or a combination thereof and the required primary mortgage insurance, if any, and the levels of coverage thereof. See "**HOMEOWNERSHIP OPPORTUNITY PROGRAM–General**."

The Series 65 Bonds are subject to redemption, including redemption at par under certain circumstances, at the times, at the prices and upon the conditions, all as described herein. See "**DESCRIPTION OF THE SERIES 65 BONDS–Redemption Provisions"** herein.

All Bonds issued and to be issued under the Resolution are special revenue obligations of Rhode Island Housing, payable solely from and secured by a pledge of (i) the Revenues received by or for the account of Rhode Island Housing from Program Obligations purchased under the Resolution, (ii) moneys and securities held in all Accounts (except the Rebate Account) established under the Resolution, including the investments thereof and the proceeds of such investments, and (iii) all Program Obligations financed by Rhode Island Housing from the proceeds thereof.

THE SERIES 65 BONDS ARE SPECIAL REVENUE OBLIGATIONS OF RHODE ISLAND HOUSING, PAYABLE SOLELY OUT OF 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 SERIES 65 BONDS. THE STATE IS NOT LIABLE FOR THE SERIES 65 BONDS, AND THE SERIES 65 BONDS ARE NOT A DEBT OF THE STATE. RHODE ISLAND HOUSING HAS NO TAXING POWER.

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.

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. A vacancy on the Board of Commissioners does not impair the right of a quorum to exercise all the rights and perform all the duties of Rhode Island Housing. 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:

Andrew L. Cortés, Chairman.

Mr. Cortés was appointed to the Board of Commissioners on April 11, 2013 and appointed as Chairman of the Board of Commissioners on March 31, 2014. He is the current Director of Building Futures and former director of YouthBuild Providence. For almost a decade, Mr. Cortés served on the planning board for the City of Providence and currently is the Local Director of Emerald Cities Providence in addition to serving on the State Apprenticeship Council for the RI Department of labor. An active member of the community, Mr. Cortes has served 23 years on the United Brotherhood of Carpenters as well as serving on multiple non-profit boards including the Olneyville Collaborative. For the past 8 years, he has served on the Consortium America Advisory Board and has completed a three-year term for the Federal Reserve Bank of Boston. Mr. Cortés has a Baccalaureate Degree in Industrial Arts from the State of California. His term expires on July 1, 2016.

James V. DeRentis.

Mr. DeRentis was appointed to the Board of Commissioners on July 12, 2011. Mr. DeRentis has twenty-five years of experience in the Rhode Island banking, mortgage finance and real estate industries. Mr. DeRentis currently is a principal in Markham + DeRentis, a real estate brokerage affiliated with Residential Properties, LTD, Providence. Prior to joining Markham + DeRentis, he served as Chief Business Officer for Bank Rhode Island. Mr. DeRentis is a graduate of Bryant University and earned an MBA from Providence College. Mr. DeRentis' term expired on July 1, 2014. Under the Act, he continues to serve until a successor is appointed and qualified.

Steven T. Hartford.

Mr. Hartford was appointed to the Board of Commissioners on August 27, 2014. Mr. Hartford has been appointed Director of the State Department of Administration, which appointment is subject to confirmation by the State Senate. Prior to his appointment, Mr. Hartford served as the Governor's Policy Director. Mr. Hartford was in private legal practice, served as chief legal counsel for the town of Westerly and is the former Westerly Town Manager. Mr. Hartford is an adjunct professor of law and business ethics in the Graduate School at Johnston and Wales University. Mr. Hartford is a graduate of Fairfield University, Thomas M. Cooley Law School, and Harvard University, Kennedy School of Government.

Stephen McAllister II.

Mr. McAllister was appointed to the Board of Commissioners on April 3, 2014. He is Manager of the Eastern Region for the U.S. Chamber of Commerce. Prior to the U.S. Chamber of Commerce, Mr. McAllister was Director of Advance for Governor Lincoln Chafee and prior to that position, he was Field Director for Chafee for Governor election committee. He is a former Constituent/Community Liaison for United States Senator John E. Sununu of New Hampshire. For the past 3 years, he has served on the Pawtuxet River Authority and Watershed Council Board. Mr. McAllister is a graduate of Saint Anselm College and earned an MPA from the University of New Hampshire. His term expires on July 1, 2017.

Paul McGreevy.

Mr. McGreevy was appointed to the Board of Commissioners on January 4, 2011. Mr. McGreevy currently serves as the Director of the State Department of Business Regulations. He has over 28 years of experience in strategic planning and technology architecture for federal agencies seeking improved information management. Mr. McGreevy is a graduate of the University of Virginia and has earned advanced degrees from Boston University and the Naval War College. He served thirteen years in the U.S. Navy as a Surface Warfare Officer that included tours in engineering and logistics in a wide variety of sea and shore commands. Following the Navy, Mr. McGreevy enjoyed a long career in management consulting with KPMG, BearingPoint, and, Deloitte Consulting. Most recently, Mr. McGreevy acted as a project manager on the successful Chafee for Governor campaign and subsequently served as the Governor-elect's transition manager.

Jose V. Monteiro, Jr.

Mr. Monteiro was appointed to the Board of Commissioners on May 7, 2004. He is Relationship Manager, Commercial Lending at Navigant Credit Union and prior to Navigant, Mr. Monteiro was Senior Vice President of Bank of America's Community Development Banking division. Prior to joining Bank of America's predecessor, Fleet Bank, in 1999, Mr. Monteiro was Vice President of BankBoston Development Co. He is a former Project Director for the Providence Plan's Enterprise Community program and held various executive positions with a number of commercial lending institutions. Mr. Monteiro is a graduate of Rhode Island College. His term expires on July 1, 2015.

Gina Raimondo.

Ms. Raimondo joined the Board on January 2, 2011, upon being sworn in as General Treasurer of the State of Rhode Island. Prior to becoming General Treasurer, she was a partner at Point Judith Capital, an investment firm she co-founded. Ms. Raimondo serves on the boards of Crossroads RI and Women and Infants Hospital. She is a graduate of Harvard University where she was recognized as the top economics student and awarded a Rhodes Scholarship to earn her doctorate at Oxford University. She also was graduated from Yale Law School.

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:

Richard Godfrey – Executive Director.
Mr. Godfrey has served as Executive Director of Rhode Island Housing since November 1, 1993. Prior to his appointment, he was a partner in the law firm of Hannoch Weisman from 1990 to 1993 and the law firm of Hawkins, Delafield & Wood from 1988 to 1990, specializing in financial and urban development matters. Mr. Godfrey served as the Deputy Treasurer and Executive Director of the Department of the Treasury of the State of New Jersey from 1986 to 1988, and held a number of positions at the New Jersey Housing and Mortgage Finance Agency from 1978 through 1986, including Acting Executive Director and Deputy Director. Mr. Godfrey holds a Bachelor of Arts in Architecture and Urban Planning from Princeton University and a Juris Doctor from Seton Hall University.

Gayle Corrigan – Deputy Director.
Ms. Corrigan joined Rhode Island Housing in 2013 from the City of Central Falls, where she served as Chief of Staff in the office of Receiver for two years. In that role, she successfully moved the City through receivership and returned the functions to the Mayor and City Council. She also worked closely with the Governor's office as well as community and non-profit organizations to help restore economic growth and affordable housing in Central Falls. Prior to Central Falls, Ms. Corrigan was the Vice President and Chief Financial Officer for Senesco Marine for six years. She began her career with Price Waterhouse Coopers and held Controller and Finance Director positions with several corporations in the US and Russia. Ms. Corrigan holds a Bachelor of Arts in Political Science and Russian from the University of Rochester, a MBA in Accounting from Boston University and completed Ph.D. course work in Political Science from Washington University, St. Louis.

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.

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 Bachelor of Science Degree in Accounting from Johnson & Wales University and is an Affiliate Member of the American Institute of Certified Public Accountants.

Richard G. Hartley – Treasurer.

Mr. Hartley joined Rhode Island Housing in November, 1995 as Assistant Treasurer. He was appointed Portfolio Manager in July, 2000 and Treasurer in April, 2005. From 1976 to 1995, Mr. Hartley held positions in the Commercial Lending, Finance and Treasurer's Groups at Old Stone Bank, Providence, Rhode Island. Since 1988 he served as Vice President and Manager of the Bank's Asset/Liability Department. Mr. Hartley received a Master of Business Administration degree and a Bachelor of Arts degree from the University of Rhode Island.

Carlos Hernandez – Director of Resident Services.

Mr. Hernandez joined Rhode Island Housing in 1987 as a loan servicer for the Homeownership Division. Mr. Hernandez was appointed Asset Manager in the Asset Management Division in 1990 and Manager of the Housing Choice Program in 1998. Mr. Hernandez was appointed Assistant Director of Loan Servicing in 2006 and Director of Resident Services in January, 2012. Mr. Hernandez holds the designation of Accredited Residential Manager from the Institute of Real Estate Management, Housing Credit Certified Professional with the National Association of Home Builders and is certified as a specialist in housing credit management with the National Affordable Housing Management Association. He is vice-president of the National Leased Housing Association and serves on the boards of the Housing Action Coalition, Opportunities Unlimited and Rhode Island Coalition for the Homeless. He received a Bachelor of Arts degree from Barrington College.

Kara L. Lachapelle – Chief Financial Officer and Director of Finance.

Ms. Lachapelle joined the Corporation 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.

Leslie McKnight – Director of Loan Servicing.

Ms. McKnight was appointed Director of Loan Servicing in September, 2003. 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.

Michael V. Milito – Deputy Assistant Director.

Mr. Milito joined Rhode Island Housing in July, 1998 as Corporation Counsel, and was appointed Deputy Assistant Director in July, 2000. Prior to joining Rhode Island Housing, Mr. Milito was a consultant engaged in affordable housing development from 1996 through 1998. From 1994 through 1996, Mr. Milito was the Community Reinvestment Manager for Citizens Bank of Rhode Island, a financial services company in Providence, Rhode Island. From 1989 through 1994, Mr. Milito was engaged in affordable housing development on behalf of nonprofit organizations in Rhode Island. Mr. Milito was a staff attorney in the housing unit with Rhode Island Legal Services from 1982 to 1989. Mr. Milito received a Bachelor of Arts degree from Le Moyne College and a Juris Doctor from Northeastern University School of Law.

Peter Walsh – Director of Homeownership and Customer Service. Mr. Walsh was appointed Director of Homeownership and Customer Service in August of 2013. He joined Rhode Island Housing in November of 2010 as Director of External Relations. Prior to joining Rhode Island Housing, Mr. Walsh had a 33 year career with Citizens Bank and Bank Rhode Island. Mr. Walsh received a Bachelor of Science in Accounting from Providence College, and a graduate degree in Banking from the ABA Stonier Graduate School of Banking at Rutgers University. Mr. Walsh serves on various local boards including Amos House, Neighborhood Health Plan of Rhode Island, and the Providence Revolving Fund.

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

Assistance to 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**" herein. 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. For fiscal year 2012, pursuant to the State's budget bill, Rhode Island Housing provided $1,500,000 in support of the Neighborhood Opportunities Program, which had previously been funded by the State. For fiscal years 2013 and 2014, Rhode Island Housing provided $65,000 and $260,000, respectively, in support of the Neighborhood Opportunities Program and expects to provide $390,000 in fiscal year 2015.

SOURCES AND USES OF FUNDS

The proceeds of the Series 65 Bonds will be used to refund certain outstanding Bonds. Capital contributions from Rhode Island Housing or other moneys available under the Bond Resolution will be used to pay certain costs of issuing the Series 65 Bonds.

The following are the expected sources and uses of funds with respect to the issuance of the Series 65 Bonds:

Sources of Funds	
Principal Amount of Bonds	$86,505,000.00
Original Issue Premium	199,150.00
Rhode Island Housing Contribution	587,965.67
Total Sources of Funds	$87,292,115.67
Uses of Funds	
Deposit to Optional Redemption Account	$86,505,000.00
Underwriters' Fees	597,115.67
Other Costs of Issuance	190,000.00
Total Uses of Funds	$87,292,115.67

Proceeds of the Series 65 Bonds deposited in the Redemption Account are expected to be applied to redeem the following series of Bonds (the "Refunded Bonds") on or about October 31, 2014:

Series	Principal Amount to be Redeemed
Series 49-A	$ 5,895,000
Series 49-B	26,005,000
Series 50-A	16,240,000
Series 50-B	38,365,000

As a result of the refunding of the Refunded Bonds, the Reallocated Series 65 Program Loans in the aggregate principal amount of approximately $71.2 million will be allocated to the Series 65 Bonds. See "**REALLOCATED SERIES 65 PROGRAM LOANS**." The maturities of the Series 65 Bonds have been established based on the consolidated scheduled payments of the Program Loans under the Bond Resolution.

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DESCRIPTION OF THE SERIES 65 BONDS

General

The Series 65 Bonds will mature on the dates and bear interest at the rates set forth on the inside cover page hereof. Interest on the Series 65 Bonds will be payable on each April 1 and October 1, commencing April 1, 2015, and at maturity.

Redemption Provisions

The Series 65 Bonds are subject to redemption as described below.

Optional Redemption. The Series 65 Bonds maturing on or after April 1, 2024 are subject to redemption, at the option of Rhode Island Housing, as a whole or in part on any date on or after October 1, 2023 in such amounts and maturities as Rhode Island Housing shall determine, at a redemption price equal to 100% of the principal amount of such Bonds to be redeemed, plus interest accrued to the date of redemption.

Special Redemption. The Series 65 Bonds are also subject to redemption, at the option of Rhode Island Housing, as a whole or in part at any time, in an amount not exceeding:

(a) any Recoveries of Principal from Program Obligations financed with any Series of Bonds to the extent not otherwise pledged or dedicated to the redemption of a particular Series of Bonds or maturity thereof. See "**— *Extraordinary Mandatory Redemption of PAC Bonds***."

(b) amounts on deposit in the Debt Service Reserve Account in excess of the Debt Service Reserve Account Requirement and amounts in any Revenue Account in excess of the amount required to meet accrued Debt Service requirements on all Outstanding Bonds.

Series 65 Bonds redeemed with moneys described in paragraphs (a) and (b) above shall be redeemed at a price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

In the event of any partial special redemption, Rhode Island Housing may direct the maturity or the maturities, and amounts of the Series 65 Bonds to be redeemed; provided, however, that, to the extent the Par PAC Bonds and the Premium PAC Bonds (collectively, the "PAC Bonds") are redeemed with moneys described in paragraphs (a) and (b) above, (i) the Par PAC Bonds and the Premium PAC Bonds will be redeemed on a pro rata basis and (ii) the Par PAC Bonds and the Premium PAC Bonds may not be so redeemed to the extent that such redemption will reduce the outstanding principal amount of the PAC Bonds to an amount less than the related Applicable Outstanding Amount shown under the heading "*–**Extraordinary Mandatory Redemption of PAC Bonds.***"

Moneys described in paragraphs (a) and (b) above may be used to redeem Bonds of other Series (or Subseries) issued under the Bond Resolution to the extent such moneys have not been dedicated to the redemption of Bonds of a particular Series and maturity and after applying any Recoveries of Principal allocable to the Series 65 Bonds in accordance with the provisions described below under the heading "–***Extraordinary Mandatory Redemption of PAC Bonds***." Repayments and prepayments of Program Loans may also be used to fund new Program Loans. See "**— Other Provisions Concerning Redemption**" herein.

Proceeds of the voluntary sale of Program Loans which are not in default are considered Recoveries of Principal. However, Recoveries of Principal resulting from the voluntary sale of Program Loans that are (a) not in default, (b) in compliance with Rhode Island Housing's Program requirements and (c) sold may only be used to redeem Series 65 Bonds as described herein under "**— *Optional Redemption***" above. Proceeds of the sale of defaulted Program Loans recovered in connection with the liquidation of such Program Loans are included within the definition of Recoveries of Principal and may be applied by Rhode Island Housing to the special redemption of Series 65 Bonds as described above.

Extraordinary Mandatory Redemption of PAC Bonds. The PAC Bonds are subject to mandatory redemption from Reallocated Series 65 Program Loan Receipts (as hereinafter defined) on one or more days during each semi-annual period ending on an April 1 or October 1, commencing with the period ending April 1, 2015 at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date to the extent that, after giving effect to such redemption, the aggregate principal amount of PAC Bonds outstanding on such redemption date is not less than the related Applicable Outstanding Amount of such PAC Bonds as set forth below (the "Applicable Outstanding Amount"). Reallocated Series 65 Program Loan Receipts will be so applied to the redemption of the Par PAC Bonds and the Premium PAC Bonds on a pro rata basis. In the event the Reallocated Series 65 Program Loan Receipts are insufficient in any semiannual period to call, PAC Bonds in the amount described above, the PAC Bonds would continue to be callable in future semiannual periods from Reallocated Series 65 Program Loan Receipts received in such future semiannual period as described above. In the event that there are excess Reallocated Series 65 Program Loan Receipts with respect to any semiannual periods, such excess may be applied for any purpose authorized under the Resolution, including without limitation, to the redemption of other Series 65 Bonds as described under the heading "***— Special Redemption***" above.

The Applicable Outstanding Amounts are derived from assumptions that include, among other assumptions, the receipt of principal repayments and the Recoveries of Principal on Reallocated Series 65 Program Loans, at 100% of the Securities Industry and Financial Markets Association, formerly known as the Public Securities Association, prepayment standard or model (commonly referred to as the "PSA Prepayment Model"). The PSA Prepayment Model is based on an assumed rate of prepayment each month of the then unpaid principal balance of the Mortgage Loans. The PSA Prepayment Model has an increasingly large percentage of the mortgages prepaying each month for the first thirty (30) months of the mortgages' life and then assumes a constant prepayment rate of six percent (6%) per annum of the unpaid principal balance for the remaining life of the mortgages.

Applicable Outstanding Amounts

	Applicable Outstanding Amount	
Semiannual Period Ending	Par PAC Bond Table	Premium PAC Bond Table
April 1, 2015	$11,700,000	$4,740,000
October 1, 2015	10,645,000	4,315,000
April 1, 2016	9,640,000	3,905,000
October 1, 2016	8,680,000	3,515,000
April 1, 2017	7,765,000	3,150,000
October 1, 2017	6,905,000	2,800,000
April 1, 2018	6,085,000	2,470,000
October 1, 2018	5,325,000	2,155,000
April 1, 2019	4,605,000	1,865,000
October 1, 2019	3,940,000	1,595,000
April 1, 2020	3,315,000	1,345,000
October 1, 2020	2,740,000	1,110,000
April 1, 2021	2,215,000	895,000
October 1, 2021	1,735,000	700,000
April 1, 2022	1,295,000	525,000
October 1, 2022	905,000	370,000
April 1, 2023	565,000	230,000
October 1, 2023 and thereafter	-	-

Except as described under "— ***Optional Redemption***" above, Rhode Island Housing may redeem PAC Bonds from sources other than principal repayments and Recoveries of Principal on Reallocated Series 65 Program Loans solely to the extent that such redemption will not reduce the outstanding principal amount of PAC Bonds to an amount less than the Applicable Outstanding Amounts shown in the table above.

As used in this Official Statement, the term "Reallocated Series 65 Program Loan Receipts" means, with respect to any redemption date, all principal repayments and Recoveries of Principal on Reallocated Series 65 Program Loans received and not otherwise required to pay debt service on Bonds or replenish the Debt Service Reserve Account. See "**DESCRIPTION OF THE SERIES 65 BONDS–Projected Weighted Average Lives of the PAC Bonds**" herein for certain information related to projected weighted average lives relating to the PAC Bonds, including a brief summary description of the computations of such projected lives and certain assumptions utilized in the preparation of the computations and a discussion of the hypothetical nature of such computations.

Sinking Fund Redemption. The Series 65 Bonds maturing October 1, 2029, October 1, 2034, and October 1, 2039 are subject to redemption, in part, by lot, at a redemption price equal to the principal amount thereof and interest accrued thereon, from mandatory Sinking Fund Payments which are required to be made to redeem such Series 65-T Bonds on the respective dates and in the respective principal amounts shown below:

Series 65 Term Bonds due October 1, 2029

Date	Amount	Date	Amount
April 1, 2026	$1,335,000	April 1, 2028	$1,475,000
October 1, 2026	1,370,000	October 1, 2028	1,515,000
April 1, 2027	1,405,000	April 1, 2029	1,555,000
October 1, 2027	1,445,000	October 1, 2029†	1,595,000

† Final Maturity.

Series 65 Term Bonds due October 1, 2034

Date	Amount	Date	Amount
April 1, 2030	$1,775,000	October 1, 2032	$2,000,000
October 1, 2030	1,815,000	April 1, 2033	2,035,000
April 1, 2031	1,855,000	October 1, 2033	2,065,000
October 1, 2031	1,905,000	April 1, 2034	2,110,000
April 1, 2032	1,940,000	October 1, 2034†	2,145,000

† Final Maturity.

Series 65 Term Bonds due October 1, 2039
and bearing interest at 2.913% (Par PAC Bonds)

Date	Amount	Date	Amount
April 1, 2035	$1,820,000	October 1, 2037	$870,000
October 1, 2035	1,835,000	April 1, 2038	865,000
April 1, 2036	1,840,000	October 1, 2038	865,000
October 1, 2036	1,580,000	April 1, 2039	845,000
April 1, 2037	980,000	October 1, 2039†	835,000

†Final Maturity.

Series 65 Term Bonds due October 1, 2039
and bearing interest at 4.00% (Premium PAC Bonds)

Date	Amount	Date	Amount
April 1, 2035	$740,000	October 1, 2037	$355,000
October 1, 2035	745,000	April 1, 2038	345,000
April 1, 2036	740,000	October 1, 2038	355,000
October 1, 2036	645,000	April 1, 2039	340,000
April 1, 2037	395,000	October 1, 2039†	340,000

†Final Maturity.

The amounts accumulated for each Sinking Fund Payment or which have been deposited in the Redemption Account may be applied by the Trustee, at the direction of Rhode Island Housing, prior to the forty–fifth day preceding the due date of the related Sinking Fund Payment, or prior to the call for such redemption, to the purchase of the Bonds to be redeemed from such Sinking Fund Payment, at prices (including any brokerage and other charges) not exceeding the applicable redemption price, plus accrued interest to the date of purchase.

Projected Weighted Average Lives of the PAC Bonds

The "projected weighted average life" of a security refers to the average amount of time that is projected to elapse from the date of delivery of such security to the date of projected payment to the investor of each dollar paid to reduce the principal of such security (assuming no losses). The projected weighted average life of a security is determined by (a) multiplying each projected reduction, if any, of the outstanding amount of such security by the number of years from the date of delivery of such security to the related redemption date or maturity dated, (b) adding the results and (c) dividing the sum by the initial outstanding amount of such security.

The calculation of the projected weighted average lives of the PAC Bonds requires the making of certain assumptions (collectively, the "Portfolio Assumptions") with respect, but not limited, to the future financing and prepayment of Program Loans as well as certain assumptions (collectively, the "Corporation Option Assumptions"), with respect, but not limited, to the future use by Rhode Island Housing of its options under the Resolution related to: (a) the scheduled principal repayments and Recoveries of Principal on the

Reallocated Series 65 Program Loans and excess revenues related to the Series 65 Bonds to: (i) the redemption of Series 65 Bonds, (ii) the financing of additional Program Loans, or (iii) the redemption of other Bonds; (b) the application of Recoveries of Principal and excess revenues related to other Series to the redemption of Series 65 Bonds; and (c) the optional redemption of all or a portion of the Series 65 Bonds on or after October 1, 2023 from any source.

Set forth in the table captioned "Projected Average Lives (in years)" below (the "Table") are projected weighted average lives for the PAC Bonds under a number of different scenarios, each such scenario representing a unique combination of assumptions, as described below. Both the Portfolio Assumptions and the Corporation Option Assumptions are hypothetical in nature and are provided only to give a general sense of how the weighted average lives for each of the PAC Bonds might behave as such assumptions are varied. The actual characteristics and the performance of the Program Loans (including, without limitation, prepayments thereof) will differ from the Portfolio Assumptions utilized in constructing the Table, and the actual use of options under the Resolution by Rhode Island Housing will differ from the Corporation Option Assumptions utilized in constructing the Table.

Any difference between such Portfolio Assumptions and the actual characteristics and performance of the Program Loans or between the Corporation Option Assumptions and the actual use of such options will cause the actual weighted average lives of the PAC Bonds to differ (which difference could be significant) from the projected weighted average lives in the Table. Accordingly, Rhode Island Housing makes no representation as to the reasonableness of any of such assumptions and makes no representation that the projected average lives set forth in the Table will reflect the actual course of events. The Corporation Option Assumptions are not necessarily consistent with the current or historical approach of Rhode Island Housing to recycling and selecting Bonds to be redeemed, and they are not binding upon or necessarily indicative of future actions of Rhode Island Housing with respect to the redemption of the Bonds.

All of the scenarios represented in the Table are based on the assumptions that Reallocated Series 65 Program Loans: (a) will consist of approximately $71.2 million of Program Loans originally financed by the Refunded Bonds, (b) will bear a weighted average interest rate to the borrower of approximately 5.00% and will have a weighted average maturity of approximately 282 months. See "**REALLOCATED SERIES 65 PROGRAM LOANS**" herein.

Each of the scenarios represented in the Table is based on an indicated prepayment assumption, in each case expressed as a percentage of the PSA Prepayment Model. As used in the Table, for example, (a) "0%" assumes no prepayments of the principal of the applicable Program Loans, (b) "50%" assumes the principal of the applicable Program Loans will prepay at a rate one-half times as fast as the prepayment rates for one hundred percent (100%) of the PSA Prepayment Model, (c) "200%" assumes the principal of the applicable Program Loans will prepay at a rate twice as fast as the prepayment rates for one hundred percent (100%) of the PSA Prepayment Model, and so on.

The computation of the weighted average life of the PAC Bonds under each of the scenarios represented in the Table is based on the assumption that, with respect to the fulfillment by Rhode Island Housing of its obligations pursuant to the redemption provisions described under "–***Extraordinary Mandatory Redemption of PAC Bonds***," Rhode Island Housing will redeem the PAC Bonds on each Interest Payment Date commencing on April 1, 2015. In addition, the Table is based on the assumption that Rhode Island Housing will not redeem the Series 65 Bonds from any other source.

The computation of the weighted average life of the PAC Bonds under each of the scenarios represented in the Table is based on one of two sets of indicated assumptions about the exercise of the Optional Redemption provisions under the Resolution:

(a) In the case of scenarios labeled "Optional Call Exercised", it is assumed that Rhode Island Housing will exercise its right to optionally redeem all then-eligible Outstanding Series 65 Bonds on October 1, 2023.

(b) In the case of scenarios labeled "Optional Call Not Exercised", it is assumed that Rhode Island Housing will not exercise its right to optionally redeem the Series 65 Bonds.

Investors owning less than all of the Par PAC Bonds or the Premium PAC Bonds may experience redemption at a rate that varies from the projected weighted average lives shown in the Table.

Projected Average Lives (in years)

	Par PAC Bonds		**Premium PAC Bonds**	
PSA	Optional Call not Exercised	Optional Call Exercised*	Optional Call not Exercised	Optional Call Exercised*
0	22.2	8.9	22.2	8.9
25	15.2	7.2	15.1	7.2
50	8.5	5.5	8.5	5.5
75	4.0	4.0	4.0	4.0
100	4.0	4.0	4.0	4.0
150	4.0	4.0	4.0	4.0
200	4.0	4.0	4.0	4.0
300	4.0	4.0	4.0	4.0
400	4.0	4.0	4.0	4.0
500	4.0	4.0	4.0	4.0

*Assumes October 1, 2023 Optional Call date

Cross Calling; Recycling

To the extent not required to pay debt service on the Bonds or otherwise directed to the redemption of a particular series or maturity of Bonds, Rhode Island Housing may use repayments and prepayments of principal to originate new Program Loans or to redeem Bonds. Rhode Island Housing's decision to recycle such repayments or prepayments or to redeem Bonds will depend on, among other things, the level of interest rates applicable to Rhode Island Housing's Bonds and the Mortgage Loans that could be originated.

As provided for in the Resolution and as specified in each series resolution, subject to certain restrictions all of Rhode Island Housing's outstanding Bonds are subject to redemption from repayments of principal and Recoveries of Principal allocable to any other series of Bonds. The use of repayments of principal and Recoveries of Principal allocable to one series of bonds to call bonds of another series is commonly referred to as "cross–calling" bonds. In circumstances where Rhode Island Housing has applied repayments to call bonds, Rhode Island Housing has often chosen to apply a portion of the Recoveries of Principal, excess Revenues and any other amounts available for the special redemption of Bonds to redemption of a Series of Bonds other than the series for which such Recoveries of Principal and Revenues are allocable. In such circumstances, Rhode Island Housing has generally chosen to redeem higher interest rate Bonds prior to lower interest rate Bonds. However, there can be no assurance that Rhode Island Housing will continue to do so or that in any particular case Rhode Island Housing will not choose or be required to redeem Bonds on some other basis. Various refinancing strategies, federal tax law and other considerations may lead Rhode Island Housing to redeem lower interest rate Bonds prior to redeeming higher interest rate Bonds outstanding under the Resolution.

A substantial portion of repayments of Mortgage Loans financed with federally tax-exempt Bonds are required to be applied to the Series of Bonds which financed or refinanced such Mortgage Loans. Subject to a *de minimis* exception and to the extent then required by the Internal Revenue Code of 1986, as amended (the "Code"), repayments and prepayments of principal of Mortgage Loans attributable to proceeds of most of Rhode Island Housing's federally tax-exempt Bonds, received more than 10 years after the original date of issuance of such federally tax-exempt Bonds (or the date of original issuance of the bonds refunded by such federally tax-exempt Bonds, directly or through a series of refundings) are required to be used by Rhode Island Housing not later than the close of the first semi–annual period beginning after the date of receipt of any such repayment or prepayment to redeem the related federally tax-exempt Bonds. Such restriction is referred to herein as the "10 Year Rule." See "**APPENDIX G — TEN YEAR RULE PERCENTAGES**" for a table setting forth, as of each December 31, the percentage of repayments and prepayments that are subject to this restriction for Mortgage Loans attributable to each Series of federally tax-exempt Bonds.

Other Provisions Concerning Redemption

Notice of redemption is to be given not less than 30 nor more than 60 days prior to the redemption date with respect to the Series 65 Bonds. Such notice shall specify the complete official name, the Series (and subseries, if applicable), the maturities, the interest rate, and the CUSIP numbers 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 fully registered Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amounts 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 registered 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. The Trustee shall also mail a copy of such notice, first class postage prepaid, not later than the last day upon which the redemption notice is to be published, as described above, 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, but mailing to all holders of Bonds to be redeemed shall not be a condition precedent to such redemption, and failure to mail any such notice to the holder of any particular Bond shall not affect the validity of the proceedings for the redemption of other Bonds. Notices to Bondholders of at least $1,000,000 of Bonds and national information services shall also be sent by certified mail, return receipt requested. Bondholders of at least $1,000,000 of Bonds may request that notices also be sent to an additional address. A copy of any notice sent as described above 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).

If less than all the Bonds of like subseries and maturity are to be redeemed, the particular Bonds or the respective portions thereof to be redeemed will be selected by lot by the Trustee in such manner as the Trustee in its discretion deems fair and appropriate.

The portion of any Bond of a denomination of larger than the minimum denomination of $5,000 principal amount may be redeemed in the principal amount of such minimum denomination or a multiple thereof, and for purposes of selection and redemption, any such Bond of a denomination larger than the minimum denomination shall be considered to be that number of separate Bonds of such minimum denomination which is obtained by dividing the principal amount of such Bond by such minimum denomination. If there shall be selected for redemption less than all of a Bond, Rhode Island Housing shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of like subseries, maturity and interest rate in any of the authorized denominations.

If, on the redemption date, moneys for the redemption of Bonds or portions thereof, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable.

Any notice of redemption may be conditioned upon the occurrence of certain events on or prior to the redemption date, and, in each such case, such redemption notice shall clearly state that such call for redemption is conditional.

Certain Assumptions with respect to the Series 65 Bonds

The maturities of the Series 65 Bonds have been established on the basis of the consolidated scheduled payments of the Program Loans under the Bond Resolution. The interest rates on the Program Loans acquired with moneys made available upon the issuance of Bonds are established, from time to time, so that payments of principal of and interest on the Program Loans outstanding under the Bond Resolution, and moneys on deposit in the various funds and accounts under the Bond Resolution (as well as income derived from investment thereof) are expected to generate sufficient revenues to pay on a timely basis the principal of and interest on all Bonds Outstanding under the Bond Resolution and certain other amounts required to be paid under the Bond Resolution.

From time to time when projecting available Revenues for various purposes, Rhode Island Housing makes assumptions regarding the range of variation in the generation of Revenues in order to determine the effect of such variation on the sufficiency of Revenues to pay debt service on the Bonds Outstanding under the Bond Resolution. Such projections may be made for a variety of purposes under the Bond Resolution as well as for Rhode Island Housing's planning purposes, including, but not limited to, in connection with the issuance of Bonds, the establishment of interest rates on Program Loans, the implementation of interest rate adjustment programs for existing Program Loans, the sale of Program Loans, the withdrawal from the Revenue Account of funds determined to be excess, and decisions by Rhode Island Housing whether, and when, to call particular Bonds with Program Loan prepayments or to purchase additional Program Loans with such prepayments.

Rhode Island Housing believes that the assumptions it uses and its procedures for reviewing such assumptions are reasonable, but cannot guarantee that actual results will not vary materially from those projected. In connection with the issuance of the Series 65 Bonds, Rhode Island Housing will cause cash flow analyses to be performed reflecting various prepayment speeds for such Program Loans. To the extent that (i) the interest rates, servicing expense, insurance premiums or other repayment terms on the Program Loans are different than assumed, (ii) Program Loans purchased by Rhode Island Housing are not paid on a timely basis in accordance with their terms, (iii) the rate of receipt of prepayments is either more rapid or less rapid than that projected, or (iv) actual investment income differs from that estimated by Rhode Island Housing, the moneys available under the Bond Resolution may be insufficient for the payment of debt service on the Bonds and operating expenses of the Program.

In the event that a mortgagor defaults on the payments on a Program Loan and foreclosure proceedings are instituted, there will be certain required time delays which, should they occur with respect to a sufficient number of Program Loans, could disrupt the flow of Revenues available for the payment of principal of and interest on the Bonds. These time delays derive from the procedures applicable to the collection of mortgage insurance or guarantees as well as those required under Rhode Island law for the enforcement of rights of mortgagees. Those procedures and their effect on Rhode Island Housing's ability to collect on defaulted Program Loans are described in **APPENDIX A**. Rhode Island Housing makes no representation regarding the financial condition of any private mortgage insurance company or its ability to make full and timely payment of claims on the Program Loans on which Rhode Island Housing may experience losses. Rhode Island Housing may suffer losses on defaults of Program Loans under the mortgage insurance and guaranty programs described in **APPENDIX A**.

Amounts received as a result of prepayment or termination of Program Loans constitute returns of principal which may be applied to the redemption of the Series 65 Bonds or any other series of Bonds under the Bond Resolution. See "**DESCRIPTION OF THE SERIES 65 BONDS—Redemption Provisions — *Special Redemption*** and ***—Extraordinary Mandatory Redemption of PAC Bonds***." Under the Bond Resolution and except as otherwise described herein, such amounts may be used to purchase new Program Loans, purchase or redeem Series 65 Bonds or other Bonds, or pay principal due on certain Bonds. See "**DESCRIPTION OF THE SERIES 65 BONDS—Cross Calling; Recycling**" herein. Pending such use, such amounts may be invested in Investment Securities. For a discussion of the current characteristics of the Mortgage Loan Portfolio, see "**MORTGAGE LOAN PORTFOLIO**" herein.

BOOK–ENTRY ONLY SYSTEM

Description of DTC and Book–Entry Only System

The information under this heading has been furnished by The Depository Trust Company ("DTC"), New York, New York. Neither Rhode Island Housing nor the Underwriters makes any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC will act as securities depository for the Series 65 Bonds. The Series 65 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 Offered Bond certificate will be issued for each maturity of the Series 65 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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 U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 65 Bonds under the DTC system must be made by or through Direct Participants which will receive a credit for the Series 65 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 65 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 65 Bonds, except in the event that use of the book-entry system for the Series 65 Bonds is discontinued.

To facilitate subsequent transfers, all the Series 65 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 the Series 65 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 65 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 65 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

Neither DTC nor Cede & Co.(nor such other DTC nominee) will consent or vote with respect to the Series 65 Bonds unless authorized by a Direct Participant in accordance with DTC's 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 65 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 65 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 on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or Rhode Island Housing subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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.

DTC may discontinue providing its services as securities depository with respect to the Series 65 Bonds at any time by giving reasonable notice to Rhode Island Housing or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

Rhode Island Housing may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

SECURITY FOR THE SERIES 65 BONDS

Pledge of the Bond Resolution

The Series 65 Bonds are special revenue obligations of Rhode Island Housing secured on a parity with all Bonds issued or to be issued under the Bond Resolution by a pledge of (a) all proceeds of Bonds deposited to the Loan Account and all investments thereof; (b) all Revenues derived by Rhode Island Housing from Program Obligations financed by Rhode Island Housing from the proceeds of Bonds including, but not limited to, scheduled payments of interest and principal on Program Obligations (but not including Escrow Payments, service charges, commitment fees or financing fees), and all Accounts established under the Resolution (except the Rebate Account), including investments thereof and the proceeds of such investments, in accordance with the terms and provisions of the Resolution; and (c) all Program Obligations financed by Rhode Island Housing from the proceeds of Bonds.

Excess earnings received from investments of proceeds of federally tax-exempt Bonds (other than proceeds used to finance Program Obligations) above the yield on such Bonds, with certain adjustments, will be rebated to the United States Government. The Bond Resolution requires such excess earnings to be deposited in the Rebate Account to be used for such purpose. The Rebate Account is not pledged to payment of the Bonds. See "**APPENDIX F—SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION**."

Rhode Island Housing is permitted to direct the transfer of amounts from the Revenue Account after the close of each such Fiscal Year to the Loan Account, Debt Service Reserve Account or Redemption Account or, if the assets to liabilities under the Bond Resolution is greater than 101%, then to Rhode Island Housing free and clear of the lien of the Bond Resolution to be applied to any lawful purpose.

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

Debt Service Reserve Account

The Bond Resolution provides that as of any particular date of calculation there shall be on deposit in the Debt Service Reserve Account an amount equal to the greater of (a) the aggregate of all amounts required to be deposited and maintained on deposit in such Account by each Supplemental Resolution authorizing a Series of Bonds, or (b) an amount equal to three percent (3%) of the sum of (i) the outstanding principal balance of all Program Loans (but not Program Securities) plus (ii) the amount on deposit to the credit of the Loan Account which is to be used to finance Program Loans and which has not been designated to provide for Costs of Issuance or capitalized interest (the "Debt Service Reserve Account Requirement"). As of June 30, 2014, the Debt Service Reserve Requirement was $23,635,955. On the date of issuance of the Series 65 Bonds the Debt Service Reserve Account will be fully funded in an amount equal to or greater than the Debt Service Reserve Account Requirement.

If Rhode Island Housing fails to make available to the Trustee sufficient funds to meet a required payment of principal or Redemption Price of, or interest on, Bonds when due, the Bond Resolution requires the Trustee, to the extent that amounts on deposit in all other Accounts (except the Rebate Account) are insufficient to make such payment, to apply moneys from the Debt Service Reserve Account to the extent necessary to make the required payments to Bondholders.

If necessary to restore the amount on deposit in the Debt Service Reserve Account to the Debt Service Reserve Account Requirement, the Trustee is required to withdraw moneys annually (to the extent moneys are available) from the Revenue Account for deposit to the credit of the Debt Service Reserve Account. There is no provision that withdrawals from the Debt Service Reserve Account be restored by Rhode Island Housing from its assets not pledged under the Bond Resolution or be replenished by the State. Moneys on deposit in the Debt Service Reserve Account in excess of the Debt Service Reserve Account Requirement shall be transferred by the Trustee, at the direction of an Authorized Officer of Rhode Island Housing, to the Loan Account, the Revenue Account, or the Redemption Account.

Pursuant to the Bond Resolution, Rhode Island Housing may elect, in a Supplemental Resolution authorizing the issuance of Additional Bonds, to fund the Debt Service Reserve Account Requirement with Cash Equivalents.

Additional Bonds

Additional Series of Bonds may be issued as provided in the Bond Resolution on a parity with the Bonds, entitled to the equal benefit, protection and security of the pledge, provisions, covenants and agreements of the Bond Resolution, 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 of such Bonds, the amount credited to the Debt Service Reserve Account will be less than the Debt Service Reserve Account Requirement, respectively. In addition, Rhode Island Housing may issue any obligations which are payable from or secured by a lien on the Revenues and other property pledged under the Bond Resolution so long as such lien and pledge shall be in all respects subordinate to the lien and pledge created by the Bond Resolution. See "**APPENDIX F—SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION—Provisions for Issuance of Bonds**."

REALLOCATED SERIES 65 PROGRAM LOANS

The Reallocated Series 65 Program Loans were originally financed by the Refunded Bonds and will be reallocated to the Series 65 Bonds upon the redemption of the Refunded Bonds. The anticipated Reallocated Series 65 Program Loans are described below.

Reallocated Series 65 Program Loans as of 6/30/2014

Permanent Interest Rate			Par	Weighted Average Coupon	Weighted Average Remaining Term (months)	1 Year PSA	Lifetime PSA
3.500	-	4.490%	$ 9,543,592	4.17%	292	74	14
4.500	-	4.990	10,514,427	4.83	285	199	79
5.000		5.490	47,172,560	5.16	281	169	100
5.500	-	5.990	3,057,179	5.59	269	110	161
6.000	-	6.490	362,251	6.00	258	84	196
		Total	**$70,650,010**	**5.00%**	**282**	**158**	**88**

Notes:

1 **Does not include approximately $200,000 of Reallocated Series 65 Program Loans that are Forgivable Loans and $400,000 of Reallocated Series 65 Program Loans that are Deferred Payment Loans as such terms are defined under the heading "MORTGAGE LOAN PORTFOLIO—Loan Modifications."**

2 **1 Year and Lifetime PSA speeds are based on Mortgage Loans held under the Bond Resolution of comparable coupon and year of origination. Such historical speeds are not necessarily indicative of future prepayment speeds of the Reallocated Series 65 Program Loans.**

In the case of the Reallocated Series 65 Program Loans and many Mortgage Loans financed with other Bond issues, certain Mortgage Loans were made in amounts not exceeding 100% of the Fair Market Value, provided that there was issued a Private Mortgage Insurance Policy by a Program Insurer or Rhode Island Housing, under which the insurer, upon foreclosure and conveyance of marketable title to the mortgaged property, is obligated to pay a claim including unpaid principal, accrued interest and certain expenses of foreclosure, or in lieu thereof may permit the mortgagee or its assignee to retain title and may pay an agreed percentage of the claim. See "**MORTGAGE LOAN PORTFOLIO—Mortgage Insurance**." See **APPENDIX A** for a brief description of private and federal insurance programs for Mortgage Loan insurance.

PROGRAM LOAN ORIGINATIONS GENERALLY

Under Rhode Island Housing's Mortgage Purchase Agreements with its participating Mortgage Lenders, the Mortgage Lenders agree to originate and/or sell and/or service qualified Mortgage Loans which meet the criteria set forth in the Program Guide, the Program Bulletins and the Rules and Regulations of Rhode Island Housing Applicable to Mortgage Finance Programs.

Under current market conditions Rhode Island Housing is funding Mortgage Loans being originated with moneys other than Bond proceeds. None of the proceeds of the Series 65 Bonds will be applied to fund Mortgage Loans.

Rhode Island Housing establishes the interest rates at which funds will be committed on an ongoing basis as Rhode Island Housing deems necessary and appropriate. Interest rates are determined by reference to conventional mortgage rates, availability of mortgage funding alternatives, historical interest rate patterns and Rhode Island Housing's cost of funds. Rhode Island Housing may change such terms as it deems necessary. For example, although Mortgage Loans generally have a fixed interest rate to maturity Rhode Island Housing has allowed certain borrowers to reduce the interest rate as an inducement to avoid a prepayment of their Program Loans. Rhode Island Housing has previously established stepped interest rate programs with respect to Mortgage Loans made to Very Low and Low Income Mortgagors and Targeted Very Low and Targeted Low Income Mortgagors. Under such stepped interest rate programs, the initial interest rate on a Mortgage Loan is less than the interest rate established for other Mortgage Loans with respect to the applicable Series. The interest rate increases in one or more "steps" during the first two to eight years subsequent to origination of such Mortgage Loan until the interest rate on such Mortgage Loan is consistent with the interest rate on the other Mortgage Loans originated with respect to the related Series. Rhode Island Housing is currently not offering stepped interest loans. From time to time Rhode Island Housing acquires 0% Mortgage Loans from local Habitat for Humanity affiliates. Such Mortgage Loans are generally purchased at a discount to the principal amount payable at maturity.

Rhode Island Housing established a program (the "Buy More Mortgage Program") permitting borrowers to obtain thirty–five year and forty year Mortgage Loans under which they pay interest only for the first five years. Under the Buy More Mortgage Program, principal is amortized on a fixed rate level debt basis over the final thirty or thirty-five years of the Mortgage Loan. The fixed rate on the Mortgage Loan was established when the Mortgage Loan was originated and applies during the entire term of the Mortgage Loan. As of June 30, 2013, Buy More Mortgage Loans accounted for approximately 30% of Rhode Island Housing's total mortgage portfolio. The Buy More Mortgage Program ended April 2008.

Rhode Island Housing offers Mortgage Loans through participating Mortgage Lenders, as well as through its own mortgage origination unit. Participating Mortgage Lenders are currently permitted to charge borrowers an origination fee of up to two percent (2%) of the principal amount of the Mortgage Loan. Borrowers receiving Mortgage Loans originated by Rhode Island Housing are currently offered standard rate choices with an origination fee of up to two percent (2%) of the principal amount of the Mortgage Loan. Rhode Island Housing compensates participating Mortgage Lenders by paying a premium based on the rate charged on each loan delivered to Rhode Island Housing. Each Mortgage Lender is also permitted to charge the borrower other reasonable and customary application and closing cost fees, but will not be allowed any other fees or remuneration in making new Program Loans unless specifically authorized by Rhode Island Housing.

Home Repair Loans. Home Repair Loans are made to eligible borrowers for the repair or improvement of residential housing with the objective of making such houses decent, safe and sanitary. Such Home Repair Loans are secured by first, second or third mortgage loans on the subject property which must be the borrower's principal residence.

Homeowners with incomes of up to $102,400 are eligible for Home Repair Loans. The maximum amount of a Home Repair Loan is $25,000 per residence or such greater amount as may be permitted by law. The interest rates on Home Repair Loans are established by Rhode Island Housing from time to time. The loan term of Home Repair Loans is from a minimum of one year to a maximum of 20 years.

The home repair program is administered by Rhode Island Housing and individual area housing offices (such as non–profit corporations and local governmental units) located throughout the State. Such area housing offices screen applications and oversee the contractors who perform the home repairs and improvements. Rhode Island Housing originates Home Repair Loans directly. As a consequence, administration of the home repair program is largely the responsibility of Rhode Island Housing in conjunction with the local area housing offices. Rhode Island Housing, in its discretion, may also use participating lenders to originate Home Repair Loans.

Affordability Loans; EquiSense Loans. Rhode Island Housing has established programs to assist Targeted Low Income Mortgagors, Very Low Income Mortgagors and Low Income Mortgagors in obtaining First Mortgage Loans, including, without limitation, mortgage loans to provide downpayment assistance ("Affordability Loans"), and home equity loans. Such Affordability Loans and EquiSense Loans are made in accordance with the guidelines of Rhode Island Housing.

Affordability Loans for downpayment assistance are made with moneys made available from the issuance of Bonds under the Resolution or from available funds of Rhode Island Housing.

Affordability Loans for downpayment assistance are available to Targeted Low Income Mortgagors, provided that the principal amount of an Affordability Loan for downpayment assistance may not exceed 15% of the purchase price of the residence. Principal and accrued interest payments on Affordability Loans for downpayment assistance are not payable on a current basis but are repaid upon the refinancing of the related Mortgage Loan or the sale or transfer of the related property.

EquiSense Loans are home equity loans made available by Rhode Island Housing to homeowners with existing First Mortgage Loans. Such home equity loans are secured by first, second or third mortgages. Substantially all of such loans are made to homeowners who have previously received mortgage loans financed under Rhode Island Housing's single–family mortgage programs.

Closing Cost Assistance Loans. Loans for closing cost assistance are made available by Rhode Island Housing to homebuyers. Such loans for closing cost assistance may be made in an amount equal to the lesser of (i) $6,500 ($7,500 for 2 or more unit homes) or (ii) five percent (5%) of the purchase price of the residence and have terms of between five (5) and fifteen (15) years. The repayment obligation with respect to a loan for closing cost assistance is secured by an unrecorded mortgage on the property.

Mortgage Lenders. Generally, Rhode Island Housing makes funds available for the purchase of Mortgage Loans through the issuance of its Bonds and commitments of funds to Mortgage Lenders or by the setting aside of specific pools of funds to be reserved for qualified borrowers or for loans in specially–designated areas in the State. In January, 1998 Rhode Island Housing initiated a program under which it directly originates a portion of its Mortgage Loan portfolio. Approximately 46% of the outstanding Mortgage Loans in the Resolution have been originated by Rhode Island Housing.

Each Mortgage Lender must make loans for single family dwellings in the regular, usual and normal course of business and must either be a Fannie Mae ("Fannie Mae") or Federal Home Loan Mortgage Corporation ("FHLMC") approved seller/servicer, or otherwise approved by Rhode Island Housing as having the capability and experience necessary to originate loans responsibly under the Program. Rhode Island Housing is a qualified Fannie Mae and FHLMC approved seller/servicer. Rhode Island Housing is a Federal Housing Administration ("FHA") approved delegated underwriter and a Ginnie Mae MBS Issuer.

Rhode Island Housing requires that Mortgage Lenders develop and implement mortgage counseling programs satisfactory to Rhode Island Housing, pursuant to which Mortgage Lenders are required to counsel the borrower of the Program Loan (the "Mortgagors") regarding any delinquencies on Mortgage Loans.

The Mortgage Lenders currently participating in the Program are set forth in **APPENDIX B** hereto.

Mortgage Purchase Agreements. Each Mortgage Lender must enter into a Mortgage Purchase Agreement with Rhode Island Housing, pursuant to which the Mortgage Lender will agree to deliver to Rhode Island Housing Program Loans meeting the requirements of Rhode Island Housing's Participating Lenders Manual, the Program Bulletins and the Rules.

Pursuant to existing Program requirements, those Mortgage Lenders retaining servicing establish a Mortgage Lender's Reserve Account which Rhode Island Housing has the right to draw upon to cover any deficiencies resulting from foreclosure on defaulted Mortgage Loans. There can be no assurance, however, that Rhode Island Housing will continue to require such Mortgage Lenders to deposit funds in a Mortgage Lender's Reserve Account. See "**HOMEOWNERSHIP OPPORTUNITY PROGRAM—Mortgage Lender's Reserve Account**."

Servicing Agreements. Rhode Island Housing currently is servicing approximately 98% of the Mortgage Loans outstanding under the Resolution. The remaining 2% of the Mortgage Loans are serviced by various Mortgage Lenders. Rhode Island Housing also may enter into Servicing Agreements with servicers who have not originated Mortgage Loans, but would otherwise qualify as Mortgage Lenders under the Program. The current servicers participating in the Program are noted in **APPENDIX B** hereto. Generally each Mortgage Lender which services Mortgage Loans must enter into a Servicing Agreement in which it shall undertake to service the Mortgage Loans being sold to Rhode Island Housing for a fee payable out of amounts paid as interest on the Mortgage Loans as and when paid by the Mortgagor. Mortgage Lenders are required to remit interest payments on the aggregate outstanding principal balance of Mortgage Loans which they service through foreclosure, notwithstanding any default in such payments by Mortgagors. The services to be provided by the Mortgage Lender, as servicer, include delivery of monthly statements to Rhode Island Housing concerning collection of Mortgage Loan payments, payment of taxes, insurance premiums and other escrow items, and reporting to Rhode Island Housing of any default, damage or other condition affecting the mortgaged premises. The obligations of the Mortgage Lenders under the Servicing Agreements are guaranteed pursuant to a surety bond.

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MORTGAGE LOAN PORTFOLIO

As of June 30, 2014, the aggregate principal balance of Mortgage Loans outstanding under the Program was approximately $790,316,322. The following charts describe the portfolio of Mortgage Loans under the Program as of June 30, 2014 (exclusive of Affordability Loans in the principal amount of $15,089,793, Forgivable Loans (hereinafter defined) in the principal amount of $1,189,492 and miscellaneous loans in the principal amount of $461,098). Totals may not add due to rounding.

Permanent Interest Rate	Outstanding Balance on June 30, 2014			
	Less than 30 Year Original Maturity	30 Year Original Maturity	Greater than 30 Year Original Maturity	Total
0.000 - 3.500	$1,678,946	$ 12,172,801	$ 6,800,244	$ 20,651,991
3.501 - 4.000	88,968	30,180,213	8,393,625	38,662,806
4.001 - 4.500	513,968	37,113,345	46,614,881	84,242,194
4.501 - 5.000	442,094	60,917,371	86,391,161	147,750,626
5.001 - 5.500	924,848	119,779,354	119,358,995	240,063,197
5.501 - 6.000	3,247,941	86,882,442	99,131,087	189,261,470
6.001 - 6.500	314,541	22,259,102	15,314,319	37,887,963
6.501 - 7.000	243,642	7,224,674	31,049	7,499,365
7.001 - 12.500	279,305	7,277,021	-	7,556,326
Total	**$7,734,253**	**$383,806,324**	**$382,035,362**	**$773,575,939**

Current WAC	5.16%
Permanent WAC	5.20%
Weighted Average Remaining Term	25.54 years

Notes:

1 "Less than 30 Years Original Maturity" includes certain Deferred Payment Loans, EquiSense™ Loans, Habitat Loans, Home Repair Loans and Cash Assistance Loans.
2 "Current WAC" is the average coupon for the portfolio using the current interest rate for each individual loan, weighted by the outstanding balance of the loan.
3 "Permanent WAC" is the average coupon for the portfolio using the final interest rate for each Step Rate loan and Deferred Payment Loan and the current interest rate for all other loans, weighted by the outstanding balance of the loan.
4 "Weighted Average Remaining Term" is the average time remaining from the date of the table to the stated maturity date of the loan, weighted by the outstanding balance of the loan.

Loan Type	June 30, 2014	
	Outstanding Balance	Percentage
Fixed Rate	$504,740,420	65.2%
Step Rate	18,982,353	2.5%
5 + 30 Year Buy More	171,435,167	22.2%
5 + 35 Year Buy More	67,724,419	8.8%
Deferred Payment Loans	4,167,401	0.5%
EquiSense Loans	3,487,880	0.5%
Habitat Loans	1,879,530	0.2%
Home Repair Loans	1,158,768	0.1%
Total	**$773,575,939**	**100.0%**

Notes:

1 "Fixed Rate" refers to loans with interest rates that are fixed for the remaining term of the loan and includes loans that were previously Step Rate loans but have reached their final Step Rate. Does not include other loans categorized below.
2 "Step Rate" refers to loans with interest rates that will increase in one or more "steps" during the first two to eight years of the loan and have not yet reached their final Step Rate.
3 "5 + 30 Year Buy More" refers to loans with interest only payments due for the first 5 years followed by level principal and interest payments for the succeeding 30 years. The combined original term for these loans is 35 years. All of the loans in this category commenced amortizing prior to June 30, 2014.
4 "5 + 35 Year Buy More" refers to loans with interest only payments due for the first 5 years followed by level principal and interest payments for the succeeding 35 years. The combined original term for these loans is 40 years. All of the loans in this category commenced amortizing prior to June 30, 2014.
5 "Deferred Payment Loans" refers to loans with no interest or principal payments due for the first 4 years followed by level principal and interest payments for the varying terms ranging from 17 to 30 years. See "**– Loan Modifications**" below.
6 "EquiSense Loans" refers to home equity loans with interest rates fixed for the remaining term of the loan.
7 "Habitat Loans" refers to 0% interest rate loans purchased from local Habitat for Humanity affiliates at a price of 70% of the par value.
8 "Home Repair Loans" refers to home repair loans with interest rates fixed for the remaining term of the loan.

As of June 30, 2014, there were 396 delinquent Mortgage Loans (60 days and over) aggregating \$46,938,540 principal amount*. A summary of the delinquent Mortgage Loans is reflected in the table below.

Delinquency Status	Number of Loans	% of Total Portfolio	Loan Amount	% of Loan Amount
60 days	84	1.00%	\$10,016,721	1.28%
90 days and over	312	3.71	36,921,819	4.70
Total	**396**	**4.71%**	**\$46,938,540**	**5.98%**

*Of these delinquent Mortgage Loans, 171 loans aggregating \$19,356,467 are in the process of foreclosure and are reflected in the above table. In addition, 113 properties aggregating approximately \$12,954,779 principal amount have been foreclosed and are not reflected in the above table.

Declining Markets

During the last several years, the residential mortgage loan market has experienced high levels of delinquencies, defaults and losses, and Rhode Island Housing cannot give any assurance that this will not continue. In addition, during this period housing prices and appraisal values in the State have declined or stopped appreciating, after extended periods of significant appreciation. This decline and flattening of values has resulted and may continue to result in additional increases in delinquencies, defaults and losses on residential mortgage loans generally, particularly with respect to residential mortgage loans whose aggregate loan amounts (including any subordinate liens) are close to or greater than the related property values. Upon a default on a Mortgage Loan, a decline in value will affect Rhode Island Housing's risk of loss. Rhode Island Housing can give no assurance that such decline or flattening will not have a material adverse effect on delinquencies and losses on Mortgage Loans or on the revenues available to pay debt service on the Bonds when due.

In response to increased delinquencies and losses with respect to mortgage loans, Fannie Mae, Freddie Mac and many other mortgage loan originators have implemented more conservative underwriting criteria for loans, particularly in the subprime, Alt-A and other nonprime sectors. This may result in reduced availability of financing alternatives for mortgagors seeking to refinance their mortgage loans. The reduced availability of refinancing options for a mortgagor may result in higher rates of delinquencies, defaults and losses on the mortgage loans, particularly mortgagors with adjustable rate mortgage loans or interest only mortgage loans that experience significant increases in their monthly payments following the adjustment date or the end of the interest only period, respectively.

The general market conditions discussed above may affect the performance of Rhode Island Housing's single-family loans and may adversely affect the revenues available to pay debt service when due.

Loan Modifications

In November of 2002, Rhode Island Housing initiated a rate modification program in order to discourage borrowers from prepaying their Program Loans. Since the inception of the program through June 30, 2014 the interest rates on approximately 2,115 Program Loans with an aggregate outstanding balance of approximately \$244,741,276 at the time of modification have been modified. The weighted average initial interest rate for such loans was 6.34% and the weighted average modified interest rate for such loans is 5.39%. The statistical information shown in "**MORTGAGE LOAN PORTFOLIO**" above reflects the modified interest rates for such loans.

Rhode Island Housing has a policy of exploring a variety of loss mitigation options as an alternative to foreclosure when it determines that such options are in its best interests to mitigate potential losses. In the case of delinquencies of Mortgage Loans insured or guaranteed by Veteran's Administration ("VA") or Rural

Development, Rhode Island Housing may modify the terms of such Mortgage Loans in accordance with the requirements of the mortgage insurer or guarantor. Such modifications may include the deferral of monthly payments of principal and interest, the extension of the maturity dates and re-amortization of the outstanding principal balances of the Mortgage Loans and the permanent reduction of the interest rate for the original or extended term of the Mortgage Loan.

In the case of delinquencies of Self-Insured Mortgage Loans and Mortgage Loans insured by any private insurance company (with the consent of such insurer), Rhode Island Housing may modify the terms of the Mortgage Loans generally in accordance with the guidelines applicable to the federal Home Affordable Modification Program (HAMP) or as otherwise determined by Rhode Island Housing to be in its best interests to mitigate any potential losses.

Beginning in April 2013, in the case of delinquencies of Self-Insured Mortgage Loans and Mortgage Loans insured by MGIC or Radian, Rhode Island Housing may modify such Mortgage Loans as follows: the principal balance and accrued and unpaid fees and advances associated with the Mortgage Loan may be split into up to three tranches. The first tranche is an amortizing loan sized to be affordable based on the Mortgagor's current income and payable over the remaining term of the original Mortgage Loan (the "Amortizing Loan"). The second tranche is a deferred loan that is equal to the difference between the then current balance on the Mortgage Loan (principal and accrued interest) and the principal amount of the Amortizing Loan (the "Deferred Payment Loan"). No payments will be due on the Deferred Payment Loan for up to forty-eight (48) months after the modification (the "Deferral Period"). No interest will accrue on the Deferred Payment Loan during the Deferral Period. The Deferred Payment Loan will convert to an amortizing mode on the first day of the month following the Deferral Period, with level monthly payments for the remaining term of the original Mortgage Loan. The third tranche, if any, will be equal to the then outstanding unpaid fees and advances associated with the Mortgage Loan (the "Forgivable Loan"). See "**MORTGAGE LOAN PORTFOLIO**" for certain information relating to modified Mortgage Loans. As of June 30, 2014, Rhode Island Housing held $1,189,492 principal amount of Forgivable Loans. As long as the Mortgagor is not in default under the Amortizing Loan, the Forgivable Loan will be forgiven on the first day of the month following the Deferral Period. When determined to be in its best interests to mitigate potential losses, Rhode Island Housing may agree to a permanent reduction in the interest rate on the Amortizing Tranche and the Deferred Payment Loan. Rhode Island Housing may make this loss mitigation option available on Mortgage Loans insured by any other private insurance company, with the consent of such insurer.

In the case of delinquencies of Mortgage Loans insured by FHA, Rhode Island Housing modifies the terms of such Mortgage Loans in accordance with FHA requirements, subject to the waiver described below. FHA issued its Mortgage Letter 2009-35 which, effective October 23, 2009, required lenders holding FHA insured mortgage loans in default to modify such mortgage loans by reducing the interest rates to current market rates and by extending the term to a full 30 years from the date of loan modification. Rhode Island Housing has obtained a waiver of such requirements from FHA. In connection with this waiver, Rhode Island Housing advised FHA that it intends to consider, on a case by case basis and as an adjunct to other forbearance options, loan modifications to borrowers under FHA-insured loan programs similar to the modifications described above, including the payment by FHA of partial insurance claims. When determined to be in its best interests to mitigate potential losses, Rhode Island Housing may agree to a permanent reduction in the interest rate..

Mortgage Insurance

The existing Mortgage Loans held under the Bond Resolution as of June 30, 2014 are insured as follows:

Private Mortgage Insurance		
General Electric Mortgage Insurance Corp.	11%	$ 83,675,027
Mortgage Guaranty Insurance Corp.	26	203,575,753
Radian Guaranty, Inc. (formerly Commonwealth)	5	38,839,338
PMI Mortgage Insurance Co.	9	67,877,886
Other	6	49,525,368
FHA Insurance	13	100,537,100
The United States Department of Agriculture, Rural Development ("USDA/RD") Guaranteed	1	11,531,557
VA Guaranteed	1	10,596,208
Uninsured[(1)]	28	218,982,802
	100%	$785,141,037[(2)]

(1) The uninsured Mortgage Loans have a principal balance not exceeding 80% of the Fair Market Value of the mortgaged property.
(2) Total excludes approximately $5,200,000 of Mortgage Loans which as of June 30, 2014 were in the process of being sold or were subject to foreclosure.

Many providers of private mortgage insurance, including the providers set forth above, are experiencing significant financial difficulties and have had their credit ratings downgraded or placed on watch for a future downgrade. Rhode Island Housing makes no representations about the financial condition of any of the private mortgage insurance companies or their ability to make full and timely payment to Rhode Island Housing of claims on the Mortgage Loans on which Rhode Island Housing may experience losses.

Geographic Concentration in Rhode Island

Different geographic regions of the United States from time to time will experience weaker regional economic conditions and housing markets, and, consequently, may experience higher rates of loss and delinquency on mortgage loans generally. Any concentration of the mortgage loans in a region may present risk considerations in addition to those generally present for similar securities without that concentration. If the mortgage loans are concentrated in one or more regions, a downturn in the economy in these regions of the country would more greatly affect the mortgage portfolio than if the mortgage portfolio were more diversified. In particular, all of the Mortgage Loans are secured by mortgaged properties in Rhode Island which has been severely affected by the national economic downturn.

Because of the geographic concentration of the mortgaged properties within Rhode Island, losses on the Mortgage Loans may be higher than would be the case if the mortgaged properties were more geographically diversified. For example, the economy of Rhode Island may be adversely affected to a greater degree than the economies of other areas of the country by certain regional developments. If the residential real estate markets in an area of concentration experience an overall decline in property values after the dates of origination of the respective mortgage loans, then the rates of delinquencies, foreclosures and losses on the mortgage loans may increase and the increase may be substantial.

Hardest Hit Fund Rhode Island

Rhode Island Housing has been awarded approximately $80,000,000 from the U.S. Treasury under the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (HFA Hardest Hit Fund) initiative pursuant to the Emergency Economic Stabilization Act of 2008 to support foreclosure prevention and housing market stabilization initiatives in Rhode Island. Rhode Island Housing is using these funds in accordance with the Hardest Hit Fund Rhode Island (HHFRI) Program. Under HHFRI, Rhode Island Housing provides assistance on behalf of eligible homeowners for the following purposes: (i) to facilitate mortgage modifications; (ii) to assist unemployed homeowners make mortgage payments; (iii) to provide immediate foreclosure prevention assistance to address acute crises; and (iv) to facilitate relocation, short sale or deed-in-lieu of foreclosure where a homeowner can no longer afford to stay in the home. Rhode Island Housing borrowers, including borrowers funded with Bond proceeds, are eligible for and, in some cases, have received HHFRI assistance, provided that they meet all programmatic requirements. As of the date of this Official Statement, approximately 98% of the award has been committed and/or disbursed. Approximately 996 Rhode Island Housing borrowers receiving mortgage loans funded with Bond proceeds have received Hardest Hit assistance totaling approximately $18.7 million.

INVESTMENTS AND INVESTMENT AGREEMENTS UNDER THE BOND RESOLUTION

The Series 65 Bonds are entitled to the equal benefit, protection and security provided by the investment of unexpended proceeds of Bonds issued under the Bond Resolution in various Investment Securities and investment agreements which qualify as Investment Securities as well as other assets under the Bond Resolution, Mortgage Loans, Loan Account, Debt Service Reserve Account, and Revenue Account. See "**APPENDIX F–SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION–Certain Definitions**" for a description of Investment Securities which may be acquired with amounts held under the Bond Resolution.

Funds on deposit in various Funds and Accounts under the Bond Resolution and allocated to the Series 65 Bonds are expected to be invested in investments which qualify as Investment Securities under the Bond Resolution.

Mortgage receipts are invested in Investment Securities until the semi–annual bond payment date.

Funds maintained in the Debt Service Reserve Account established for any Series of Bonds bear interest at fixed rates and are invested as set forth in the following table as of June 30, 2014. See "**SECURITY FOR THE SERIES 65 BONDS—Debt Service Reserve Account**."

Series of Bonds	Investment Securities or Investment Agreement Provider	Amount (as of June 30, 2014)	Maturity	Interest Rate
15–A	Bayerische Landesbank Girozentrale	$2,883,495.00	October 1, 2024	7.530%
53–A/53-B	Federal Farm Credit Bank	1,981,000.00	November 23, 2016	5.570
62	Federal National Mortgage Association ("FNMA")	3,590,828.46	October 1, 2042	3.000
General Reserve*	FNMA	4,225,113.75	August 1, 2042	3.500
General Reserve*	Government National Mortgage Association ("GNMA")	1,600,309.61	March 20, 2039	5.500
General Reserve*	GNMA	2,276,164.19	June 20, 2039	5.000
General Reserve*	GNMA	3,714,914.27	July 20, 2039	4.500

* Funded with available funds under the Resolution.

HOMEOWNERSHIP OPPORTUNITY PROGRAM

General

Under authority granted in the Act and the Bond Resolution, Rhode Island Housing has established the Program, pursuant to which it is permitted to finance Program Loans and Program Securities. Program Loans expected to be financed with the proceeds of the Bonds Outstanding under the Bond Resolution will consist of (a) mortgage loans, including qualified acquisition and/or rehabilitation loans ("Mortgage Loans") made to eligible borrowers to acquire or rehabilitate and refinance owner occupied housing, with respect to certain series of Bonds, (b) home repair loans ("Home Repair Loans") made to eligible borrowers to make repairs or improvements to their homes, (c) Affordability Loans made to provide downpayment assistance and (d) EquiSense Loans. Mortgage Loans are secured by mortgages ("Mortgages") on owner occupied housing consisting of one to four dwelling units or secured by a mortgage equivalent ("Mortgage Equivalent") such as a pledge or assignment of a leaseholder share in a cooperative housing corporation or similar entity and a proprietary lease related to the financed premises or a security interest in a modular or mobile housing unit which is permanently affixed to a foundation, with the largest portion of such Mortgage Loans being secured by first lien Mortgages on single family owner–occupied dwelling units. Affordability Loans are made only in conjunction with the origination of a Mortgage Loan and will be secured by subordinate mortgages on the related residences. EquiSense Loans are home equity loans secured by first, second or third mortgages. Rhode Island Housing expects that substantially all Program Loans will be Mortgage Loans secured by first mortgages. However, Rhode Island Housing has and expects to continue to acquire some Home Repair Loans, Affordability Loans and EquiSense Loans. See "**MORTGAGE LOAN PORTFOLIO**" for information relating to the portfolio of Mortgage Loans currently held by Rhode Island Housing under the Bond Resolution.

No more than one–third of Bond proceeds allocated for Mortgage Loans may be used to finance the acquisition of new one–family dwellings. In addition, no more than twenty–five percent (25%) of all Bond proceeds may be used to finance the purchase of single family residences in condominiums of more than fifty (50) units, and no more than fifty percent (50%) of the units in such condominiums can be financed with funds provided by Rhode Island Housing and, prior to any such financing, fifty percent (50%) of the dwelling units in any such condominium must be subject to agreements of sale or already be sold. There are no such restrictions, however, regarding condominiums of fifty (50) units or less.

Requirements of Bond Resolution

The Bond Resolution authorizes Bonds to be issued to provide funds to Rhode Island Housing to fund Program Obligations and to provide moneys for deposit into the various Accounts established under the Bond Resolution. The Bond Resolution requires that certain matters with respect to Program Loans (the "Series Program Determinations") be determined (or provisions for determining the Series Program Determinations at certain specified times in the future be set forth) in a Supplemental Resolution with respect to each Series of Bonds which will fund Program Loans. The Series Program Determinations include the following: (i) in the case of Mortgage Loans, the type of Mortgage or Mortgage Equivalent which will secure each Mortgage Loan and whether such Mortgage or Mortgage Equivalent shall be a first lien, a coordinate first lien, a second lien or a combination thereof; (ii) in the case of Home Repair Loans, the type of Mortgage which will secure each Home Repair Loan and whether such Mortgage shall be a first lien, a coordinate first lien, a second lien, a third lien or a combination thereof; (iii) in the case of Affordability Loans, the type of Mortgage which will secure each Affordability Loan, whether such Mortgage shall be a second lien, a third lien or unrecorded and the eligible recipients of such Affordability Loans; (iv) whether each Program Loan shall have approximately equal monthly payments or graduated payments or have a fixed or variable rate of interest; (v) the maximum term to maturity of each Program Loan; (vi) whether the property to be financed with each Program Loan shall be a principal residence; (vii) required primary mortgage insurance, if any, and the levels of coverage thereof; (viii) limitations, if any, applicable to purchases of Program Loans relating to planned unit developments, condominiums and/or cooperatives, geographic concentration and type of principal and interest characteristics; (ix) provisions relating to Recoveries of Principal, including application thereof for redemption or financing new Program Loans; (x) maximum Costs of Issuance and Program Expenses for such Series of Bonds to be paid for from amounts held under the Resolution; (xi) restrictions, if any, on the applications of the proceeds of the voluntary sale of Program Loans; (xii) the terms of investments of funds held in the Debt Service Reserve Account; and (xiii) any other provision deemed advisable by Rhode Island Housing not in conflict with the Bond Resolution; provided that Rhode Island Housing may permit any of the above determinations to be applied to any portion of the proceeds of a Series to be established by a Certificate of an authorized officer of Rhode Island Housing to be delivered to the Trustee prior to the date that such proceeds are applied to the financing of Program Obligations together with evidence that such determinations do not affect the then current rating on the Bonds. There is no requirement in the Bond Resolution that Program Loans be secured by first lien Mortgages.

Availability of Program Loans for Purchase

One of the principal factors in originating real estate loans is the availability of funds to make such loans at interest rates and on other terms that the prospective borrowers can afford. There are a number of ways in which mortgage loans could become available at rates competitive with those specified for Program Loans to be financed with Bond proceeds in the future. As of the date of this Official Statement, no Bond proceeds are available for such purpose. For example, prevailing interest rates for conventional mortgage loans and home improvement loans in the State could decrease or other funds to make real estate loans at rates and on other terms equivalent or more favorable than the rates and terms on the Program Loans could be made available by Rhode Island Housing, other governmental entities or other lenders. In the event that, prior to all Program Loans being originated by the Mortgage Lenders, funds to make mortgage loans were to become available in the State at rates and terms competitive with those specified for the Program Loans, the Mortgage Lenders might not be able to originate Program Loans, equal to the total available funds, with the result that there would be certain special or mandatory redemptions at par.

Mortgage Loan Servicing; Mortgage Lender's Reserve Account

Approximately 2% of all Mortgage Loans currently held by Rhode Island Housing are serviced by the Mortgage Lender which originated the Mortgage Loan. All remaining Mortgage Loans are serviced by Rhode Island Housing.

For Mortgage Loans originated after March 1, 1995, Rhode Island Housing permits Mortgage Lenders to elect to service the Mortgage Loans originated by them or to transfer servicing responsibility to Rhode Island Housing. In accordance with current Program requirements, each Mortgage Lender that retains the Mortgage Loan servicing function is required to deposit in a Mortgage Lender's Reserve Account in the name and under the control of Rhode Island Housing, an amount equal to 1–1/2% of the outstanding principal balance of the Mortgage Loans purchased from such Mortgage Lender. (This requirement does not apply to Home Repair Loans or Affordability Loans and may not apply to Mortgage Loans secured by Mortgage Equivalents.) Rhode Island Housing has the exclusive right to make withdrawals from such Account in the event that the proceeds realized by Rhode Island Housing upon the default and foreclosure of any Mortgage Loan purchased from such Mortgage Lender with the proceeds of Bonds are less than the amount due Rhode Island Housing or in the event of delinquent payments with respect to such Mortgage Loans. Such withdrawals are to be in the amount equal to such deficiency. Rhode Island Housing pays to the Mortgage Lender, at least annually, from such Mortgage Lender's Reserve Account the amount by which the moneys on deposit therein as of June 30 of each year exceeds 1–1/2% of the then outstanding principal balances of the Mortgage Loans purchased from such Mortgage Lender. No Mortgage Lenders Reserve Account deposit is required with respect to Mortgage Loans originated after March 1, 1995 which are serviced by Rhode Island Housing. Rhode Island Housing has also assumed servicing responsibility for some Mortgage Loans originated prior to March 1, 1995. For such Mortgage Loans, a Mortgage Lenders Reserve Account is no longer required.

Special Procedures for Compliance with Applicable Federal Tax Law

Most of the Program Loans held under the Bond Resolution have been financed with the proceeds of federally tax exempt bonds. Rhode Island Housing has established certain procedures for the purpose of certifying that the Program Loans financed in whole or in part with federally tax–exempt Bond proceeds satisfy the requirements of applicable federal tax law. Rhode Island Housing has covenanted that each Program Loan made for the acquisition of a residence and financed in whole or in part with federally tax–exempt Bonds will satisfy the requirements of the Code set forth below as of the date of purchase thereof. The purchase price and income limits and other requirements set forth below are current requirements and are subject to change and the Program Loans financed in whole or in part with federally tax–exempt Bond proceeds are subject to requirements existing at the time Program Loans are originated.

(1) Each Mortgagor shall certify that the proceeds of the Program Loan will be used only to acquire a one to four–family residence that will be owned by the Mortgagor and located in the State. Such residence shall include only such property that, under applicable local law, is a fixture to land or land appurtenant to the residence that is reasonably required to maintain its basic livability and that does not provide the Mortgagor with any source of income other than incidentally;

(2) Each Mortgagor shall certify that the proceeds of the Program Loan will not be used to acquire or replace an existing mortgage and that the Mortgagor has not had a previous mortgage (whether or not paid off) on the residence to be acquired (other than a construction period loan, bridge loan or similar temporary initial financing with a term of 24 months or less);

(3) Each Mortgagor shall certify with respect to the residence to be acquired that, on the date of execution of the Program Loan, the Mortgagor (i) is presently occupying such residence (or, in the case of a two to four–dwelling unit, a unit of such residence) as his principal residence, or intends to occupy such residence (or unit of such residence) as his principal residence within a reasonable time (e.g., 60 days) after the date of execution or assumption of the Program Loan, (ii) shall continue to maintain the residence (or unit of such residence) as his principal residence, and (iii) reasonably expects that such residence (or unit of such residence) will not be used in a trade or business, as an investment property or as a recreational home;

(4) The acquisition cost of each residence must comply with the purchase price limitations then in effect or such other acquisition cost limitations as are allowable under the Code. The determination under the preceding sentences shall be made as of the date on which the commitment to make the Program Loan is made (or, if earlier, the date of purchase of the residence);

(5) Maximum income limits equal to 115% (100% for families of less than three persons) or less of applicable median family income have been established for Mortgagors in connection with Program Loans to be made for residences located in Non–Targeted Areas. No income limits will be imposed on Mortgagors in connection with one–third (1/3) of the Program Loans for residences located in Targeted Areas. For the remaining two–thirds (2/3) of the Program Loans to be made to residences located in Targeted Areas, income limits equal to 140% (120% for families of less than three persons) of applicable median family income will be imposed;

(6) Except in the case of Program Loans for Targeted Area residences and qualified rehabilitation loans or home improvement loans, and to the limited extent provided in paragraph (2) above, each Mortgagor with respect to any Program Loan purchased in whole or in part with the proceeds of the Bonds shall (i) certify that such Mortgagor did not have a present ownership interest in a principal residence of such Mortgagor at any time during the three–year period ending on the date the Program Loan is executed or assumed, and (ii) submit, for each of the preceding three years, copies of such Mortgagor's federal income tax returns which were filed with the Internal Revenue Service (or for one or more of the years in question Rhode Island Housing shall obtain such returns or a letter from the Internal Revenue Service in accordance with Revenue Procedure 82–16, 1982–9 I.R.B. 29), which returns and/or letter shall indicate that the Mortgagor did not claim deductions for taxes or interest on indebtedness with respect to property constituting the principal residence of such Mortgagor or report capital gains with respect to the sale of such property. In lieu of such tax returns or letter, Rhode Island Housing may review the Mortgagor's credit report for evidence of prior home ownership or the Mortgagor may provide an affidavit affirming that such Mortgagor was not required to file a federal income tax return during one or all of such years in accordance with Section 6012 of the Code because the Mortgagor did not satisfy the minimum income requirements set forth in such Section;

(7) With respect to any Program Loan, the proceeds of which are to be used to acquire a two to four–unit residence, each Mortgagor shall certify, and Rhode Island Housing shall establish that such residence was first occupied as a residence at least five years before the date the Program Loan is executed or alternatively with respect to the acquisition of a two–unit residence, that such residence is located in a targeted area and the family income of the Mortgagor does not exceed 140% (120% for families of less than 3 persons) of the applicable median family income;

(8) The certifications required under this subheading shall be made in an affidavit executed by the Mortgagor on or before the date the Program Loan is executed and, if made before such date, shall be reaffirmed by the Mortgagor as true on and as of such Program Loan execution date; and

(9) Each Program Loan shall provide that it shall become immediately due and payable if Rhode Island Housing discovers that any certification is not true.

In the case of Program Loans for the rehabilitation of homes already owned by Mortgagors, Rhode Island Housing has also covenanted that such loans will, as of the date of purchase, satisfy all of the requirements set forth above in paragraphs (3), (5), (7) and (9). In the case of Program Loans made for the acquisition and rehabilitation of a residence or for the rehabilitation of a residence already owned by the Mortgagor, a period of at least 20 years must have elapsed between the date on which the residence was first used and the date rehabilitation commences. The expenditures for such rehabilitation must, moreover, equal or exceed 25% of the Mortgagor's adjusted basis in the rehabilitated residence determined as of the date the rehabilitation is completed or, if later, the date the residence is acquired. In the rehabilitation process, (x) at least 50% of the external walls of the residence must be retained in place as such; (y) at least 75% of the external walls of the building must be retained in place either as external or as internal walls; and (z) at least 75% of the existing internal structural framework of the building must be retained in place.

Rhode Island Housing shall maintain a staff of personnel experienced or trained in the evaluation of residential financing documentation who shall review the documentation of each Program Loan purchase application and each assuming Mortgagor's certifications to determine whether such documentation reflects compliance with the requirements of the applicable Series Program Determinations. In addition, such staff shall conduct such investigations with respect to Mortgagors and the residences financed by the proceeds of the Program Loans as are necessary to give Rhode Island Housing reasonable assurance that such certifications are true and that such requirements are met with respect to each Program Loan. Rhode Island Housing may enter into underwriting agreements with certain Mortgage Lenders pursuant to which the Mortgage Lenders would determine compliance of Mortgage Loans submitted for purchase with the underwriting criteria of Rhode Island Housing and applicable Federal tax laws and regulations.

In the event Rhode Island Housing discovers that any Mortgagor certifications required as described above were not, at the time they were made, true, or that the Program Loan does not meet all the requirements of the applicable Series Program Determinations, or that any applicable requirement of subsections (c), (d), (e), (f) or (i) of Section 143 of the Code is not met with respect to the Program Loan, Rhode Island Housing shall, within a reasonable time after such failure is first discovered, either (i) sell the Program Loan and deposit in the Loan Account an amount equal to the unpaid principal amount thereof, which amount shall be obtained from (A) the proceeds of sale of the Program Loan and (B) other available funds of Rhode Island Housing, or (ii) declare the Program Loan to be immediately due and payable and take all actions necessary to promptly recover from the Mortgagor all amounts due on the Program Loan.

Rhode Island Housing intends to inform Mortgagors that failure to occupy the residence financed by Program Loans for a period of 12 consecutive months may result in the inability of the Mortgagors to deduct interest payments made during such period of nonoccupancy for purposes of calculating federal taxable income.

Subject to certain exceptions, for at least one year after the date financing is first made available in any Targeted Area, at least 20% of the funds available in the Loan Account to finance Program Loans or 40%

of the average annual aggregate principal amount of mortgages executed during the immediately preceding three (3) calendar years for single family owner occupied residences in Targeted Areas, whichever is less, are required under Section 143 of the Code to be set aside to purchase Program Loans in Targeted Areas.

Sections 143(g) and 148 of the Code impose certain arbitrage requirements which must be satisfied to maintain the exclusion from gross income of interest on the Bonds of Rhode Island Housing. First, pursuant to Code Section 143(g), the yield on the Program Loans may not exceed the yield on the related Series of Bonds by more than one and one–eighth percentage points (1.125%). Second, Section 148(f) requires the amount earned on nonmortgage investments with a yield greater than the yield on the Series of Bonds, attributable to such nonmortgage investments, to be paid to the federal government. Pursuant to the Bond Resolution, Rhode Island Housing has established procedures to comply with these requirements.

For Mortgage Loans made after December 31, 1990, the Code requires a payment to the United States from certain mortgagors upon the sale of their homes (the "Recapture Provision"). The Recapture Provision requires that an amount determined to be the subsidy provided by a qualified mortgage be paid to the United States upon disposition of the home (but not in excess of 50% of the gain realized by the mortgagor). The recapture amount increases during the first 5 years of ownership, with full recapture occurring if the home is sold on or before the end of the fifth year. The recapture amount declines ratably to zero with respect to sales occurring in years 6 through 9. The Code excludes from recapture, however, part or all of the subsidy in the case of assisted individuals whose incomes are less than the prescribed amounts at the time of disposition.

Prepayments

Program Loans funded by Rhode Island Housing permit partial or complete prepayment without penalty. Such Program Loans may also be terminated prior to their respective final maturities as a result of such events as default, sale, condemnation or casualty loss. Experience indicates that some level of prepayments will occur in a portfolio of mortgage loans such as those to be held by Rhode Island Housing. A number of factors, including general economic conditions, the Recapture Provision, homeowner mobility and mortgage market interest rates, will affect the rate of actual prepayments for a particular portfolio of Program Loans. Because Program Loans under the Program may bear interest rates which are often lower than the then current market interest rates, it is difficult to predict prepayments for Rhode Island Housing portfolio from available data about other pools of mortgage loans. For a table showing recent prepayment experience for Program Loans allocable to each series of the Bonds, See "**APPENDIX H—ESTIMATED QUARTERLY OUTSTANDING MORTGAGE LOAN BALANCE AND PREPAYMENT AMOUNTS**." Such experience may not be an indicator of future prepayment experience generally or with respect to Program Loans allocable to any series of Bonds. Unless required to be applied to the redemption of Bonds as described under the heading "**DESCRIPTION OF THE SERIES 65 BONDS—Redemption Provisions–*Extraordinary Mandatory Redemption of PAC Bonds***" or otherwise restricted by the related Series Resolution, Rhode Island Housing may elect to apply prepayments to the redemption of Bonds or to the purchase of new Program Loans.

Commencing in late 2002, Rhode Island Housing has offered existing mortgagors who have rates above current market rates and have inquired of Rhode Island Housing whether it is possible to refinance Program Loans an opportunity to reduce the rate applicable to their Program Loan to a rate closer to existing market rates. It is the hope of Rhode Island Housing that this would reduce the number of prepayments that occur through refinancing from other sources. Rhode Island Housing is not able to predict the extent to which this program will affect prepayments within Rhode Island Housing's portfolio. Program Loans, other than Program Loans insured by FHA or guaranteed by VA, purchased with the proceeds of Bonds may not be assumed. Any Program Loan which is assumed must comply with all requirements of the Program at the time such Program Loan is assumed.

Changes in Federal or State Law or Regulations

Legislation or regulations affecting the Offered Bonds and Mortgage Loans may be considered and enacted by the United States Congress or 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 Offered Bonds or other risks to the Owners.

In particular, over the past year a number of financial institutions and related entities have announced large losses as a result of their mortgage activities and the increasing number of defaults and foreclosures on such mortgages. The United States Congress may pass consumer protection and bankruptcy legislation (including legislation that would allow bankruptcy courts to reduce or "cram down" the principal amounts and/or interest rates on mortgage loans on principal residences) as a result of the adverse effects of the mortgage situation on individuals and families in the United States. Likewise, the Rhode Island State legislature may enact consumer protection legislation relating to mortgage loan origination and servicing. Such legislation, if enacted, could have an adverse effect on the Program, including Rhode Island Housing's ability to originate new Mortgage Loans, to collect payments under Mortgage Loans and to foreclose on property securing Mortgage Loans which could adversely affect the revenues available to pay debt service on the Bonds when due.

A number of state regulatory authorities have recently taken action against certain loan originators and servicers for alleged violations of state laws. Certain of those actions prohibit those servicers from pursuing foreclosure actions. In addition, the State or federal regulatory bodies could enact legislation or implement regulatory requirements that impose limitations on the ability of mortgage loan servicers to take actions (such as pursuing foreclosures) that may be essential to service and preserve the value of the single-family loans or otherwise impact mortgage lending. Any such limitations that applied to Rhode Island Housing's single-family loans could adversely affect Rhode Island Housing's ability to collect amounts due on such loans and could impair the value of such loans which could adversely affect the revenues available to pay debt service on the Bonds when due.

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 Bond Resolution, nor are they payable from the assets or revenue sources pledged to the payment of the Bonds.

In 2009, Rhode Island Housing established a "New Issue Bond Program" ("NIBP") with the United States Treasury to make funds available to purchase mortgage loans to finance the ownership or improvement of single family housing within the State by eligible low and moderate income families. Following the establishment of such NIBP program until 2012, Rhode Island Housing funded single family mortgages under such program rather than through the issuance of additional Bonds under the Bond Resolution. Rhode Island Housing financed single family mortgage loans with proceeds of bonds issued under and secured by the Home Funding Bond resolution adopted in connection with such NIBP program, which mortgage loans have an outstanding aggregate principal amount of $59,088,278 as of June 30, 2014. Mortgage loans funded under the NIBP program are pledged as security only for the bonds issued under the Home Funding Bond resolution.

Rhode Island Housing has several programs to assist in making multifamily housing and health care facilities available for occupancy by persons and families of low and moderate income. As of June 30, 2014, Rhode Island Housing had multifamily mortgage loans outstanding with respect to multifamily projects financed with proceeds of bonds issued under and secured by other resolutions, which mortgage loans have an outstanding aggregate principal amount of $424,545,055 (the "Multifamily Loans"). Multifamily Loans financed with the proceeds of bonds issued under such resolutions are pledged as security only for the bonds issued under such resolutions.

Rhode Island Housing has funded all or a portion of the State's obligations under a state rental assistance program which provides 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 is subject to annual appropriation by the Rhode Island General Assembly. Since fiscal 1994 through fiscal 2014, Rhode Island Housing has made the annual payment on behalf of the State in amounts ranging from approximately $0.8 million to $4.2 million. Rental Subsidy Payments were determined pursuant to contracts that expired in 2012.

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 respect to certain Commission activities.

TRUSTEE

The Trustee for the Bonds is The Bank of New York Mellon Trust Company, N.A., Providence, Rhode Island, as successor Trustee. The Trustee also serves as bond trustee for other outstanding bonds of Rhode Island Housing. The Trustee also acts as Paying Agent for the Series 65 Bonds. Principal, premium, if any, and interest on the Series 65 Bonds will be payable at the Paying Agent's corporate trust office in Dallas, Texas.

Rhode Island Housing indemnifies and holds the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties under the Resolution, and which are not due to its negligence or willful misconduct. The Trustee may become the owner of Bonds, with the same rights as it would have as if it were not the Trustee. To the extent permitted by law, the Trustee may act as depository 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 Bond Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds outstanding.

The Bondholders of a certain percentage of the principal amount of the Outstanding Bonds may instruct the Trustee to act as further described in "**APPENDIX F—SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION–Remedies**." The Trustee is not 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 of the Resolution, 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 Holders 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 Holders 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 Holders, 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 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 under the Resolution 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 issuance of the Series 65 Bonds are subject to the approval of Kutak Rock LLP, Atlanta, Georgia, Bond Counsel, whose opinion, in substantially the form of **APPENDIX D** hereto will be delivered upon the issuance of the Series 65 Bonds.

Certain legal matters in connection with the issuance of the Series 65 Bonds are subject to the approval of Nixon Peabody LLP, Providence, Rhode Island, Special Counsel to Rhode Island Housing and to the approval of Hawkins Delafield & Wood LLP, New York, New York, Counsel to the Underwriters.

RATINGS

Standard & Poor's Ratings Services, a division of The McGraw–Hill Companies, Inc. ("S&P") and Moody's Investors Service ("Moody's") have assigned ratings on the Series 65 Bonds at the request of Rhode Island Housing. S&P and Moody's have assigned the ratings "AA+" and "Aa2," respectively, with respect to the Series 65 Bonds. Any explanation of the significance of such ratings should be obtained directly from S&P and Moody's, respectively. 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 65 Bonds.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, George K. Baum & Company, Janney Montgomery Scott, Oppenheimer & Co. Inc., RBC Capital

Markets, LLC, and Roosevelt & Cross, Inc. (collectively, the "Series 65 Bond Underwriters") have jointly and severally agreed, subject to certain conditions, to purchase the Series 65 Bonds from Rhode Island Housing at a purchase price of $86,704,150 representing the principal amount of the Series 65 Bonds plus original issue premium of $199,150. The Series 65 Bond Underwriters will be paid a fee in connection with the purchase of the Series 65 Bonds in an amount equal to $597,115.67. The Series 65 Bond Underwriters' obligations, are subject to certain conditions precedent, and they will be obligated to purchase all the Series 65 Bonds, if any such Series 65 Bonds are purchased.

J.P. Morgan Securities LLC ("JPMS"), one of the underwriters of the Series 65 Bonds, has entered into a negotiated dealer agreement (the "Dealer Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Series 65 Bonds, at the original issue prices. Pursuant to the Dealer Agreement, (if applicable to this transaction), CS&Co. will purchase Series 65 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 65 Bonds that CS&Co. sells.

Morgan Stanley & Co. LLC is providing the following language for inclusion in this Official Statement. Morgan Stanley, parent company of Morgan Stanley & Co. LLC., an underwriter of the Series 65 Bonds, 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 65 Bonds.

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. 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, 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. 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 65 Bonds and, as a result, may receive proceeds from such refunding.

TAX MATTERS

Certain Tax Matters with Respect to the Series 65 Bonds

The following is a summary of certain material federal income tax consequences of the purchase, ownership and disposition of the Series 65 Bonds for the investors described below and is based on the advice of Kutak Rock LLP. This summary is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change. The discussion does not deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules, including but not limited to, partnerships or entities treated as partnerships for federal income tax purposes, pension plans and foreign investors, except as otherwise indicated. In addition, this summary is generally limited to investors that are "U.S. holders" (as defined below) who will hold the Series 65 Bonds as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. Investors should consult their own tax advisors to determine the federal, state, local and other tax consequences of the purchase, ownership and disposition of Series 65 Bonds. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "IRS") with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of a Series 65 Bond. A "non U.S. holder" is a holder (or beneficial owner) of a Series 65 Bond that is not a U.S. person. For these purposes, a "U.S. Person" is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in the Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

General

Interest on the Series 65 Bonds (including original issue discount treated as interest) is not excludable from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Series 65 Bonds (including original issue discount treated as interest) will be fully subject to federal income taxation. Thus, owners of the Series 65 Bonds generally must include interest (including original issue discount treated as interest) on the Series 65 Bonds in gross income for federal income tax purposes.

Characterization of the Series 65 Bonds as Indebtedness

Rhode Island Housing intends for applicable tax purposes that the Series 65 Bonds will be indebtedness of Rhode Island Housing secured by the pledged Program Obligations and other assets. The owners of the Series 65 Bonds, by accepting such Series 65 Bonds, have agreed to treat the Series 65 Bonds as indebtedness of Rhode Island Housing for federal income tax purposes. Rhode Island Housing intends to treat this transaction as a financing reflecting the Series 65 Bonds as its indebtedness for tax and financial accounting purposes. Kutak Rock LLP is of the opinion that the Series 65 Bonds should be treated as indebtedness of Rhode Island Housing for federal income tax purposes.

In general, the characterization of a transaction as a sale of property rather than a secured loan, for federal income tax purposes, is a question of fact, the resolution of which is based upon the economic substance of the transaction, rather than its form or the manner in which it is characterized. While the IRS and the courts have set forth several factors to be taken into account in determining whether the substance of a transaction is a sale of property or a secured indebtedness, the primary factor in making this determination is whether the transferee has assumed the risk of loss or other economic burdens relating to the property and has obtained the benefits of ownership thereof. Notwithstanding the foregoing, in some instances, courts have held that a taxpayer is bound by the particular form it has chosen for a transaction, even if the substance of the transaction does not accord with its form. Rhode Island Housing believes that it has retained the preponderance of the benefits and burdens associated with the pledged Program Obligations and other assets. Therefore, Rhode Island Housing believes that it should be treated as the owner of the pledged Program Obligations and other assets for federal income tax purposes, and the Series 65 Bonds should be treated as its indebtedness for federal income tax purposes. If, however, the IRS were to successfully assert that this transaction should not be treated as a loan secured by the pledged Program Obligations and other assets, the IRS could further assert that the Resolutions created a separate entity for federal income tax purposes which would be the owner of the pledged Program Obligations and other assets and would be deemed engaged in a business. Such entity, the IRS could assert, should be characterized as an association or publicly traded partnership taxable as a corporation. In such event, the separate entity would be subject to corporate tax on income from the pledged Program Obligations and other assets, reduced by interest on the Series 65 Bonds. Any such tax could materially reduce cash available to make payment on the Series 65 Bonds.

Taxation of Interest Income of the Series 65 Bonds

Payments of interest with regard to the Series 65 Bonds will be includable as ordinary income when received or accrued by the holders thereof in accordance with their respective methods of accounting and applicable provisions of the Code. If the Series 65 Bonds are deemed to be issued with original issue discount, Section 1272 of the Code requires the current ratable inclusion in income of original issue discount greater than a specified de minimis amount using a constant yield method of accounting. In general, original issue discount is calculated, with regard to any accrual period, by applying the instrument's yield to its adjusted issue price at the beginning of the accrual period, reduced by any qualified stated interest (as defined in the Code) allocable to the period. The aggregate original issue discount allocable to an accrual period is allocated to each day included in such period. The holder of a debt instrument must include in income the sum of the daily portions of original issue discount attributable to the number of days he owned the instrument. Section 1272(a)(6) of the Code applies a specific method for accruing original issue discount on a debt instrument the principal payments of which may be accelerated by virtue of the prepayment of other debt instruments (such as the Series 65 Bonds which are subject to acceleration by virtue of prepayment of the Program Obligations). Holders of the Series 65 Bonds should consult their tax advisor as to the proper method of applying this provision of the Code for purposes of accruing original issue discount and the prepayment assumption to be applied to such calculation.

Payments of interest received with respect to the Series 65 Bonds will also constitute investment income for purposes of certain limitations of the Code concerning the deductibility of investment interest expense. Potential investors of the Series 65 Bonds should consult their own tax advisors concerning the treatment of interest payments with regard to the Series 65 Bonds.

Individuals, estates or trusts owning the Series 65 Bonds may be subject to the unearned income Medicare contribution tax under Section 1411 of the Code (the "Medicare Tax") with respect to interest received or accrued on the Series 65 Bonds, gain realized from a sale or other disposition of the Series 65 Bonds and other income realized from owning, holding or disposing of the Series 65 Bonds. The Medicare Tax is imposed on individuals beginning January 1, 2013. The Medicare Tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), (ii) the excess of "modified adjusted gross income" of the individual over $200,000 for unmarried individuals ($250,000 for married couples filing a joint return and a surviving spouse). Holders of the Series 65 Bonds should consult with their tax advisor concerning this Medicare Tax as it may apply to interest earned on the Series 65 Bonds as well as gain on the sale of a Series 65 Bond.

A purchaser (other than a person who purchases a Series 65 Bond upon issuance at the issue price) who buys a Series 65 Bond at a discount from its principal amount (or its adjusted issue price if issued with original issue discount greater than a specified de minimis amount) will be subject to the market discount rules of the Code. In general, the market discount rules of the Code treat principal payments and gain on disposition of a debt instrument as ordinary income to the extent of accrued market discount. Potential investors should consult their own tax advisor concerning the application of the market discount rules to the Series 65 Bonds.

Sale or Exchange of the Series 65 Bonds

If a holder sells a Series 65 Bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and the holder's basis in such Series 65 Bond. Ordinarily, such gain or loss will be treated as a capital gain or loss. However, if a Series 65 Bond was purchased at a market discount, a portion of such gain will be recharacterized as ordinary income.

If the terms of a Series 65 Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those which relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential holder of a

Series 65 Bond should consult its own tax advisor concerning the circumstances in which the Series 65 Bonds would be deemed reissued and the likely effects, if any, of such reissuance.

The legal defeasance of the Series 65 Bonds may result in a deemed sale or exchange of such Series 65 Bonds under certain circumstances. Holders of such Series 65 Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding

Certain purchasers may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Series 65 Bonds, if the purchasers, upon issuance, fail to supply the indenture trustee or their brokers with their taxpayer identification numbers, furnish incorrect taxpayer identification numbers, fail to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fail to provide the indenture trustee with a certified statement, under penalty of perjury, that they are not subject to backup withholding.

Tax Treatment of Bond Premium

Series 65 Bonds that have an original yield (or are subsequently purchased at a price that yields) below their interest rate constitute "Premium Obligations". An amount equal to the excess of the purchase price of a Premium Obligation over its stated redemption price at maturity constitutes premium on such Premium Obligation. A purchaser of such Premium Obligation has the option to amortize any premium over such Premium Obligation's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, it is treated as an offset to the interest paid on the Series 65 Bond that otherwise would have been included in the bondholder's gross income for federal income tax purposes, offsets the interest allocable to the corresponding payment period and the purchaser's basis in such Premium Obligation is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Obligation prior to its maturity. Purchasers of Premium Obligations should consult with their own tax advisors with respect to the election to amortize Series 65 Bond premium and the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning such Premium Obligations.

Tax-Exempt Investors

In general, an entity which is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business which is not substantially related to the purpose which forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation which gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any holder of a Series 65 Bond incurs acquisition indebtedness with respect to a Series 65 Bond, interest paid or accrued with respect to such holder may be excluded by such tax exempt holder from the calculation of unrelated business taxable income. Each potential tax exempt holder of a Series 65 Bond is urged to consult its own tax advisor regarding the application of these provisions.

Certain ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Series 65 Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Series 65 Bonds could be viewed as violating those prohibitions. In addition, Code Section 4975 prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Code Section 503 includes similar restrictions with respect to governmental and church plans. In this regard, Rhode Island Housing or an Underwriter of the Series 65 Bonds might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Code Sections 4975 or 503. Prohibited transactions within the meaning of ERISA and the Code may arise if the Series 65 Bonds are acquired by such plans or arrangements with respect to which Rhode Island Housing or any of the Underwriters is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above Code sections, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series 65 Bonds. The sale of the Series 65 Bonds to a plan is in no respect a representation by Rhode Island Housing or the Underwriters that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. **Any plan proposing to invest in the Series 65 Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.**

UNDERTAKING TO PROVIDE ONGOING DISCLOSURE

Rhode Island Housing has agreed in the Continuing Disclosure Agreement to be entered into with the Trustee (the "Disclosure Agreements") for the benefit of the beneficial owners of the Series 65 Bonds pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2–12 (17 CFR Part 240, §240.15c2–12) (the "Rule") to provide the following:

(a) To the Municipal Securities Rulemaking Board (the "MSRB"), on or before 180 days following the end of each fiscal year of Rhode Island Housing, commencing with the fiscal year ending on June 30, 2014, financial information and operating data of the type included under the headings "**MORTGAGE LOAN PORTFOLIO," "INVESTMENTS AND INVESTMENT AGREEMENTS UNDER THE BOND RESOLUTION," APPENDIX E, APPENDIX G** and **APPENDIX H** (the "Annual Financial Information") together with the annual financial statements of Rhode Island Housing prepared in accordance with GAAP, except as may be otherwise noted in the financial statements, and audited by an independent firm of certified public accountants (the "Audited Financial Statements"); provided, however, that (i) Rhode Island Housing may modify the basis upon which the financial statements are prepared if required by federal or state law and (ii) Rhode Island Housing may provide unaudited financial statements by such date in the event the Audited Financial Statements are not available, provided that such Audited Financial Statements are provided to the MSRB when they become available; and

(b) To the MSRB and the Trustee, in a timely manner, notice of any of the following events, not in excess of ten (10) business days after the occurrence of such event, with respect to the Series 65

Bonds whether relating to Rhode Island Housing or otherwise: (1) principal and interest payment delinquencies; (2) non–payment 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 Series 65 Bonds, or other material events affecting the tax status of the Series 65 Bonds; (7) modifications to rights of the holders of the Series 65 Bonds, 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 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; and (14) the appointment of a successor or additional trustee, or the change in the name of a trustee, if material.

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 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.

The Disclosure Agreement may be amended without the consent of the holders of the Offered Bonds (except to the extent required under clause (4)(ii) below) if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of Rhode Island Housing or the type of business conducted thereby, (2) such Disclosure Agreement as so amended would have complied with the requirements of the Rule applicable to such Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) Rhode Island Housing shall have delivered to the Trustee an opinion of nationally recognized counsel expert in federal securities laws ("Securities Counsel"), addressed to Rhode Island Housing and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) Rhode Island Housing shall have delivered to the Trustee an opinion of Securities Counsel, addressed to Rhode Island Housing and the Trustee, to the effect that, or the Trustee shall have concluded that, the amendment does not materially impair the interests of the holders of the Series 65 Bonds or (ii) the holders of the Series 65 Bonds shall have consented to the amendment to the related Disclosure Agreement pursuant to the same procedures as are required under the Resolution for amendment to the Resolution with consent of the holders of the Bonds and (5) Rhode Island Housing shall have delivered copies of such opinion(s) and amendment to the MSRB.

In addition, Rhode Island Housing and the Trustee may amend the Disclosure Agreement, and any provision of the Disclosure Agreement may be waived, if the Trustee shall have received an opinion of Securities Counsel, addressed to Rhode Island Housing and the Trustee, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings contained in such Disclosure Agreement to violate the Rule, taking into account any subsequent change in or official interpretation of the Rule.

Rhode Island Housing's obligations under the Disclosure Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Series 65 Bonds. In addition, the Disclosure Agreement, or any provision thereof, shall be null and void in the event that Rhode Island Housing (1) delivers to the Trustee an opinion of nationally recognized bond counsel or Securities Counsel, addressed to Rhode Island Housing and Trustee, to the effect that those portions of the Rule which require the provisions of such Disclosure Agreement, or any of such provisions, do not or no longer apply to the Series 65 Bonds whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

The provisions of the Disclosure Agreement inure solely to the benefit of the Trustee and the holders and beneficial owners from time to time of the Series 65 Bonds.

The obligations of Rhode Island Housing to comply with the provisions of the Disclosure Agreement shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, Annual Financial Information and notices, by any beneficial owner of Outstanding Series 65 Bonds, or by the Trustee on behalf of the holders of Outstanding Series 65 Bonds, or (ii) in the case of challenges to the adequacy of the financial statements or Annual Financial Information so provided, by the Trustee on behalf of the holders of Series 65 Bonds; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the holders of not less than 25% in aggregate principal amount of the Series 65 Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. The beneficial owners' and Trustee's rights to enforce the provisions of the Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of Rhode Island Housing's obligations under such Disclosure Agreement and Rhode Island Housing, its directors, officers and employees shall incur no liability under the Disclosure Agreement by reason of any act or failure to act thereunder. Without limiting the generality of the foregoing and except as otherwise provided in the Bond Resolution with respect to the Trustee, neither the commencement nor the successful completion of an action to compel performance under the Disclosure Agreement shall entitle the Trustee or any other person to attorneys' fees, financial damages of any sort or any other relief other than an order or injunction compelling performance.

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.

Rhode Island Housing failed to make timely filings in 2008, 2009, 2010 and 2011 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 November 13, 2013 with respect to such bonds (to the extent they were then still outstanding) to include such information and is now in compliance, in all material respects, with its existing continuing disclosure obligations. Other than as described in the previous two sentences, Rhode Island Housing has not failed during the previous five years to comply in all material respects with any previous continuing disclosure undertaking under the Rule.

FINANCIAL STATEMENTS OF RHODE ISLAND HOUSING

The financial statements of Rhode Island Housing as of and for the years ended June 30, 2014 (2014) and 2013 (2013) are included in **APPENDIX C** hereto. The 2014 and 2013 financial statements have been audited by LGC&D LLP, Providence, Rhode Island, independent certified public accountants, to the extent indicated in their report thereon. LGC&D LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the 2014 and 2013 financial statements addressed in that report, nor has LGC&D LLP audited or reviewed 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, 2014. Also, LGC&D LLP has not performed any procedures relating to this official statement.

MISCELLANEOUS

The references herein to the Act, the Bond Resolution and the Series 65 Resolution are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference is made to the Act, the Bond Resolution and the Series 65 Resolution for full and complete statements of provisions. The agreements of Rhode Island Housing with the holders of the Series 65 Bonds are fully set forth in the Bond Resolution and the Series 65 Resolution and this Official Statement is not to be construed as a contract with the purchasers of the Series 65 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 Bond Resolution and the Series 65 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

/s/ Richard G. Hartley
Treasurer

APPENDIX A

DESCRIPTION OF CERTAIN PRIMARY MORTGAGE INSURANCE, FEDERAL HOUSING PROGRAMS AND RHODE ISLAND MORTGAGE FORECLOSURE PROCEDURES

Private Mortgage Insurance

Each Mortgage Purchase Agreement requires that any private mortgage insurer of a Program Loan must be qualified to insure mortgages purchased by the Federal Home Loan Mortgage Corporation ("FHLMC") or Fannie Mae ("Fannie Mae") and must be authorized to do business in the State. (Primary insurance coverage is not a requirement for mortgages with a loan to value ratio of seventy–eight percent (78%) or less).

In general, FHLMC eligibility requirements for approval of private mortgage insurers presently include certain basic criteria relating to the types of property securing insured mortgages, the risk/surplus ratio in areas of concentration, such as developments, and the geographic distribution of mortgages subject to policies issued by the insurer. The FHLMC has certain minimum financial standards for mortgage insurers, including requirements as to certain surplus and loss reserve accounts, types of assets held by the insurer, and the insurer's general risk/surplus ratio.

Fannie Mae determines on an individual basis whether a private mortgage insurer is qualified for purposes of purchase of mortgages by Fannie Mae, weighing such general favors as the financial strength, expertise and experience of the insurer, the type of mortgages insured, the total liability of the insurer, and the types of benefits paid under each insurer's policy. Fannie Mae also requires, before purchasing mortgages, that the insurer be authorized to transact insurance in the state where the property securing the mortgage is located.

Private insurers generally require an insured lender to give notice not later than ten (10) days after a borrower has failed to pay four (4) monthly installments on his loan. Before presenting a claim, the insured mortgagee must acquire title to the property. When a claim (consisting of unpaid principal amount of the loan, accumulated interest through the date of the tender of conveyance of title to the mortgaged premises, real estate taxes, and hazard insurance premiums necessarily advanced by the insured and other necessary expenses including attorneys' fees not exceeding three percent (3%) of principal and interest due) is presented, the insurer generally has the option of (i) paying a percentage of such claim, ranging from six percent (6%) to twenty percent (20%), depending upon the premium plan and coverage selected when the loan is originated, and allowing the mortgagee to retain title to the property or (ii) upon conveyance of marketable title to the property to the insurer, paying the claim in full.

Private mortgage insurance policies generally require that any physical damage or loss to the property be repaired or restored by the insured lender prior to the payment of a claim under such policy.

Privately insured mortgage loans purchased prior to May 25, 1995 were insured pursuant to coinsurance agreements (the "Insurance Agreements") between Rhode Island Housing and Genworth, Mortgage Guaranty Insurance Corporation ("MGIC"), Commonwealth Mortgage Assurance Corporation ("CMAC"), PMI Mortgage Insurance Co. ("PMI") and United Guaranty Insurance Company ("UGI"), respectively, pursuant to which Rhode Island Housing agreed to share the financial risk under the primary mortgage insurance policies provided by Genworth, MGIC, CMAC, PMI and UGI, respectively, to the extent set forth in the Insurance Agreements. Such obligations of Rhode Island Housing represent general obligations of Rhode Island Housing, and shall not be paid from the funds held under the Resolution. Notwithstanding the provisions of the Insurance Agreements, each such mortgage insurer shall at all times remain liable for all obligations under primary mortgage insurance policies issued by such mortgage insurer.

Many providers of private mortgage insurance, including the providers set forth above, are experiencing significant financial difficulties and have had their credit ratings downgraded or placed on watch for a future downgrade. Rhode Island Housing makes no representations about the financial condition of any of the private mortgage insurance companies or their ability to make full and timely payment to Rhode Island Housing of claims on the Mortgage Loans on which Rhode Island Housing may experience losses.

Federal Housing Administration Insurance Program

Mortgages may be insured by the Federal Housing Administration ("FHA") of the U.S. Department of Housing and Urban Development ("HUD") pursuant to Section 203(b) of the National Housing Act of 1937, as amended, and the regulations promulgated thereunder at 24 C.F.R. Part 203. Such regulations provide that insurance benefits are payable only upon foreclosure (or other acquisition of possession and title) and conveyance of title to the mortgaged premises to the Secretary of Housing and Urban Development ("Secretary"). Assignment of a defaulted loan to FHA is no longer permitted, other than for those requests made prior to April 26, 1996. However, recently enacted loss mitigation options allow partial claim as a homeowner retention tool.

Home buyers under the Section 203(b) Program are required to pay an up–front mortgage insurance premium of 1.75% and annual premiums of up to 1.25%. The National Housing Act also requires that the principal amount of the mortgage loan not be in excess of 96.5% of the appraised value of the residence, plus the amount of the mortgage insurance premium paid at the time the mortgage is insured.

The National Housing Act regulations promulgated thereunder give discretionary authority to the Secretary to settle claims for insurance benefits in cash, in debentures or in a combination of both. The current FHA policy, subject to change at any time, is to make insurance payments in cash unless the mortgagee specifically requests payment in debentures. Debentures issued in satisfaction of an insurance claim have a term of 20 years, and bear interest at the HUD debenture interest rate in effect under the regulations as of the date of issuance of the insurance commitment, or of the initial endorsement of the mortgage note for insurance, whichever rate is higher.

When entitlement to insurance benefits results from foreclosure or other acquisition of possession and conveyance of title to FHA, the insurance payment is computed as of the date of default by the mortgagor, and the mortgagee is compensated for the unpaid principal balance of the loan but generally not for mortgage interest accrued and unpaid prior to that date. The "date of default" is defined as 30 days after the first failure to make a monthly payment which has not been paid subsequently. Since monthly payments are regularly made 30 days in arrears, the mortgagee in collecting insurance benefits can expect to lose sixty days' interest at the mortgage rate. Insurance benefits include interest at the debenture interest rate then in effect covering the period from default to the date of payment; thus, assuming the mortgage interest rate is greater, the mortgagee can also expect to lose the difference between the mortgage interest rate and the debenture interest rate during such period. If insurance benefits are paid in debentures rather than cash, the mortgagee could expect to lose such interest differential over a longer period of time. In addition, in the event the debentures are sold prior to the maturity date thereof, it is likely that the mortgagee could expect to lose a substantial portion of the principal amount thereof. Finally, the mortgagee can expect to lose certain out–of–pocket expenses of securing the property and certain of its foreclosure expenses.

When any property to be conveyed to the Secretary has been damaged by fire, earthquake, flood or tornado, it is required, as a condition to payment of an insurance claim, that such property be repaired prior to such conveyance. Property hazard insurance will be relied upon to protect Rhode Island Housing from such potential loss.

Summary of Title I Property Improvement Loan Insurance Program

Title I of the National Housing Act, as amended, provides a program in which financial institutions, the building and allied industries, and the Federal Government combine in assisting borrowers to make eligible improvements to their property. Under Title I the Assistant Secretary – FHA Commissioner of the U.S. Department of Housing and Urban Development (the "Commissioner") is authorized and empowered to enter into a Contract of Insurance with banks, trust companies, personal finance companies, credit unions, mortgage companies, savings and loan associations, installment lending companies, and such other lending institutions which he finds to be qualified as eligible for credit insurance, against losses which they may sustain as a result of defaults on home improvement loans. The Commissioner is further authorized to establish certain qualifications for lending institutions which include, among others, any federal, state, or municipal governmental agency that is empowered to conduct an installment lending operation.

For each insured loan there is maintained a general insurance reserve equal to ten percent (10%) of the aggregate amount advanced on all Loans originated or purchased by such insured. The amount of the general insurance reserve to the credit of each insured loan is adjusted on October 1 of each year by deducting therefrom an amount equivalent to ten percent (10%) of the amount of such insurance reserve on the records of the Commissioner as of the date of such adjustment, provided that no such adjustment shall reduce the insurance reserve of any insured to an amount less than $15,000. However, no such adjustment may take place prior to five (5) years after the issuance of a Contract of Insurance to the insured. With respect to insurance claims each insured is reimbursed for its losses on loans up to the amount of its reserve. Such reimbursement equals the sum of (a) ninety percent (90%) of the uncollected interest earned up to the date of default plus ninety percent (90%) of the interest computed at seven percent (7%) per annum of the outstanding balance from the date of default; (b) uncollected court costs; and (c) attorneys fees up to twenty–five percent (25%) of the amount collected, or $50 or fifteen percent (15%), whichever is less, of the balance due on the note if judgment is secured by suit.

A Contract of Insurance may be terminated with respect to any future business at any time upon five (5) days' notice from the Commissioner, or an insured may request termination at any time. Insurance reserves remain to the credit of the insured until liquidation of the portfolio. However, the cancellation of a Contract of Insurance in no way adversely affects the insurance reserve on loans already accepted for insurance recordation.

Title I regulations set forth certain eligible and ineligible improvements to properties. Loans to be insured under Title I are divided into two classes: Class 1 loans are those applicable to existing structures with Class 1(a) loans pertaining to one unit and 1(b) loans pertaining to two or more units; Class 2 loans are applicable to new structures which are to be erected on improved properties. Examples of new structures are garages, barns and service buildings. Maximum loan amounts are $17,500 for a single family home and $8,750 for each unit in a home with more than one unit up to a maximum of $43,750. The maximum term of any loan is fifteen (15) years. In accordance with Title I regulations a loan need not be secured by a mortgage except for principal amounts in excess of $2,500, in which case a recorded lien in the form of a mortgage is required on the property being improved.

Prior to making a loan the insured must obtain a dated credit application on a form approved by the Commissioner. The credit information must clearly show the borrower to be solvent with reasonable ability to pay. If, after the loan is made, a lending institution which acted in good faith discovers any misstatement or misuse of the loan proceeds, the eligibility of the loan for insurance will not be affected.

A claim for loss on a defaulted loan may be filed with the Commissioner by the insured after default, provided written demand has previously been made on the borrower for the full unpaid balance of the loan. For the purposes of determining the date of default, any payments received on an account, including payment on judgments predicated thereon, are applied to the earlier unpaid installment. The allowable claim period runs to nine (9) months after the date of default. In the event a security device has been used to secure payment of a loan, the insured may elect whether to proceed against such security or make claim, but may not take both actions. If the insured elects to file a claim, the loan and any security held or judgment taken must be assigned in its entirety to the United States of America.

The insurance charge on any loan will be an annual amount equal to one–half of one percent (½ of 1%) of the original proceeds of the loan. Insured lending institutions are billed directly for the insurance charge.

United States Department of Agriculture/Rural Development Guaranteed Rural Housing Loan Program

The Cranston–Gonzalez National Affordable Housing Act of 1990 revised and expanded the interest assistance program of the Farmers Home Administration (currently United States Department of Agriculture/Rural Development "USDA/RD") for guaranteed loans under Section 502 of Title V of the Housing Act of 1949, as amended, by creating the Guaranteed Rural Housing Loan Program. Households with an Annual Income of one hundred and fifteen percent (115%) of the area median income or less qualify.

The Guaranteed Rural Housing Loan Program is limited to certain rural areas of the State. The USDA/RD Program Loans will conform to the same maximum annual income limits and purchase price limits as all other Mortgage Loans purchased with the proceeds of Bonds.

The USDA/RD guaranty covers the lesser of (a) any loss equal to 90% of the original principal amount of the loan or (b) any loss in full up to 35% of the original principal amount of the loan plus any additional loss on the remaining 65% to be shared approximately 85% by USDA/RD and approximately 15% by Rhode Island Housing.

VA Guarantee

The Servicemen's Readjustment Act of 1944, as amended, permits a veteran (or in certain instances the spouse and certain qualifying reservists) to obtain a mortgage loan guarantee from the Department of Veterans' Administration ("VA") covering mortgage financing of the purchase of a one–to–four family dwelling unit at interest rates not in excess of the maximum rates established by VA. The program has no mortgage loan limits, requires no down payment from the purchaser and permits the guarantee of mortgage loans of up to 30 years' duration. The maximum VA mortgage loan guaranty under this program is the lesser of the veteran's available entitlement or the maximum guaranty specified in the Servicemen's Readjustment Act of 1944, as amended based on the type of housing unit and loan amount. The liability on the guarantee is reduced or increased pro rata with any reduction or increase in the amount of indebtedness, but in no event will the amount payable on the guarantee exceed the amount of the original guarantee. Notwithstanding the dollar and percentage limitations of the guarantee, a mortgage holder will ordinarily suffer a monetary loss only when the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of a mortgaged premises is greater than the original guarantee as adjusted. VA may, at its option and without regard to the guarantee, make full payment to a mortgage holder of unsatisfied indebtedness on a mortgage upon its assignment to VA. Under the Homeownership Opportunity Program, a VA guaranteed Mortgage Loan must be guaranteed in an amount which, together with the down payment by the Mortgagor, will at least equal 30% of the lesser of the sales price or the appraised value of the property. Regulations recently adopted by the VA permit mortgage loans to be guaranteed by the VA even though they contain due on sale clauses enforceable in the event that such mortgage loan is assumed by a person who is not an eligible borrower. See "**HOMEOWNERSHIP OPPORTUNITY PROGRAM"** herein.

RHODE ISLAND MORTGAGE FORECLOSURE PROCEDURES

All Mortgage Lenders originating Program Loans secured by mortgages will use a form of note and mortgage prescribed by Rhode Island Housing. Upon the occurrence of a default and no less than forty-five (45) days prior to initiating a sale of real estate under a power of sale mortgage, as set forth in section 34-27-4 of the General Laws of Rhode Island, 1956 as amended (1995 Reenactment), the servicing Mortgage Lender must mail to the mortgagor written notice of default and the Mortgage Lender's right to foreclose. Additionally, such notice must advise the mortgagor of the availability of HUD-approved mortgage counseling services in Rhode Island.

If the breach is not cured within such period, the Mortgage Lender may invoke the statutory power of sale, which is defined in Section 34–11–22 of the General Laws of Rhode Island, 1956 as amended (1995 Reenactment). Under the statutory power of sale, the Mortgage Lender is authorized to conduct a public sale of the mortgaged property at the time and place stated in a notice of sale if the breach is not cured prior to the date specified in the notice. The notice must be published in a public daily newspaper in the city where the property is located once a week for three (3) successive weeks with the first publication being at least twenty-one (21) days before the sale. In addition, such notice of sale must be delivered to the mortgagor at his or her last known address by certified mail, return receipt requested, no less than thirty (30) days before the date of first publication.

At the sale, the Mortgage Lender may bid on its own account in the same manner as any other person.

Although Rhode Island statutes do not prescribe the terms of sale, the successful bidder in a residential foreclosure is typically required to put between 5 and 10% down at the time of the auction and pay the balance of the purchase price within thirty (30) days. If the successful bidder defaults, the Mortgage Lender could sue for specific performance, however, the Mortgage Lender usually keeps the down payment as proceeds of foreclosure activity to be applied towards satisfaction of the total debt and advertises again for another sale. At the auction, a memorandum setting forth such terms of sale is read prior thereto and signed by the successful bidder.

While it is theoretically possible to complete a foreclosure sale within approximately fourteen (14) weeks after the Mortgage Lender first notifies the borrower of any event of default, a variety of factors will likely cause such time period to be extended. These factors include requirements under applicable mortgage insurance policies, the internal practices and policies of the Mortgage Lender relating to residential foreclosures, any attempts by the borrower to block the foreclosure sale, statutory or constitutionally required administrative procedures and the time given by the Mortgage Lender to a successful bidder to consummate the foreclosure.

The foregoing description of certain programs is only a brief outline and does not purport to summarize or describe all of the provisions of these programs, reference is made to the provisions of the contracts embodied in the regulations of the FHA and the VA, respectively, and of the regulations, master insurance contracts and other information concerning various private mortgage insurers.

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APPENDIX B

PARTICIPATING MORTGAGE LENDERS[*]

AAA Southern New England
Anchor Financial Mortgage, Inc.
BankNewport[**]
Bank Rhode Island
Bristol County Savings Bank
Citizens Bank
Coastway Community Bank
Coventry Credit Union
Eastern Bank
Family Financial Group Inc.
First Home Mortgage Corporation
Greenwood Credit Union
Guaranteed Rate, Inc.
Home Loan Investment Bank
Homestar Mortgage, Inc.
Majestic Mortgage Corporation
Mortgage Master Inc.
NE Moves Mortgage, LLC
Primary Residential Mortgage, Inc.
Prospect Mortgage, LLC
Province Mortgage Associates, Inc.
Residential Mortgage Services, Inc.
Santander Bank
Savings Institute Bank & Trust
Semper Home Loans, Inc.
Shamrock Financial Corporation
Stonegate Mortgage Corporation
The Mortgage Corner of New England
The Washington Trust Company[**]
Union Federal Savings Bank
Webster Bank
Weichert Financial Services

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[*] Certain mortgage lenders and servicers may use their affiliates to originate or service Program Obligations under the Homeownership Opportunity Program. Rhode Island Housing may include additional financial institutions as mortgage lenders and servicers under such program. Rhode Island Housing currently is servicing approximately 98% of the Mortgage Loans under the Homeownership Opportunity Program.

[**] Also acting as a Servicer under the Homeownership Opportunity Program.

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APPENDIX C

AUDITED FINANCIAL STATEMENTS OF RHODE ISLAND HOUSING FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013

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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, 2014 and 2013

LGC+D
CPAs/Business Advisors

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, 2014 and 2013

LGCD
CPAs/ Business Advisors

Independent Auditors' Report

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 years ended June 30, 2014 and 2013, 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.

Auditors' Responsibility

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

Independent Auditors' Report

Board of Commissioners
Rhode Island Housing and Mortgage
Finance Corporation

Auditors' Responsibility (Continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Rhode Island Housing as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2014, Rhode Island Housing adopted new accounting guidance affecting the accounting for bond issuance costs and loan origination fees and costs, and the reporting of deferred inflows and outflows. Due to the adoption of this guidance, the Authority restated its 2013 financial statements, resulting in a decrease in net position of $5,918,173 at June 30, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis presented on pages 4 through 10 and the Schedule of Funding Progress presented on page 56 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 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.

Board of Commissioners
Rhode Island Housing and Mortgage
Finance Corporation

Other Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rhode Island Housing's basic financial statements. The combining information on pages 57 through 66 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 combining information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

LGC&D LLP

Providence, Rhode Island
September 30, 2014

Management's Discussion and Analysis

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

This section of Rhode Island Housing's financial statements presents Rhode Island Housing's management's discussion and analysis of the Corporation's financial position and performance as of June 30, 2014 and 2013 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, 2014 and 2013 increased (decreased) from the previous year as follows:

	2014		2013 (Restated)	
	$	%	$	%
Mortgage loans, gross	(60.1)	(3.5)	(16.6)	(1.0)
Investments	(13.4)	(4.9)	0.1	-
Cash and cash equivalents	(25.1)	(10.8)	15.3	7.1
Total assets	(99.6)	(4.5)	(7.2)	(0.3)
Bonds and notes payable	(117.7)	(7.5)	(36.6)	(2.3)
Total net position	5.6	2.0	(5.2)	(1.8)
Total revenues	4.5	4.9	(15.2)	(14.3)
Total expenses	(6.4)	(6.6)	(1.8)	(1.9)
Operating income	10.8	208.9	(13.4)	(163.4)

Mortgage loans comprise the largest segment of the Corporation's asset base. Single-family new loan production increased over last year, which adds to the Corporation's loan servicing portfolio; 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 $78.8 million. Multi-family new loan production increased by $2.2 million and Operating fund loans increased $16.5 million due mainly to an increase in loans held in warehouse prior to them being sold and Hardest Hit Loans.

Bonds and notes payable, the largest component of liabilities, decreased by approximately $118 million in 2014. This decrease is directly related to current year maturities and pay-offs of bonds with mortgage prepayments.

Overview of the Financial Statements

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

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

Effective for the fiscal year ended June 30, 2014, the Corporation adopted the provisions of Statement No. 65 of the Governmental Accounting Standards Board, *Items Previously Reported as Assets and Liabilities* (GASB 65). GASB 65 requires that certain items no longer be reported in the statements of net position since they do not meet the definition of assets, liabilities, deferred outflows of resources, or deferred inflows of resources. In addition, GASB 65 requires that certain items previously reported as assets or liabilities be reported as deferred inflows or outflows of resources. As required by GASB 65, effective July 1, 2013, bond issuance costs are expensed as incurred and loan origination fees and costs, except those associated with points, are recognized as income and expenses when received. Previously, bond issuance costs were deferred and amortized using a method that approximated the interest method over the life of the related bonds, and loan origination fees and costs were deferred and amortized over the estimated average life of the related loans. The adoption of GASB 65 resulted in a $5,774,099 decrease in net position at July 1, 2012. The Corporation has restated its 2013 financial statements, resulting in a $5,918,173 decrease in net position at June 30, 2013. The restatement resulted in a $12,283,200 decrease in assets, a $6,365,027 decrease in liabilities, an increase in fee revenue of $340,650, and a decrease in operating expenses of $1,960,416.

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, 2014 and 2013 (in thousands)

	2014	2013	% Change
Revenues:		(Restated)	
Interest income on loans	$ 74,735	$ 78,940	(5.3)%
Earnings on investments	7,791	9,554	(18.4)
Gain on sale of loans	4,044	175	2,213.8
Other	8,491	8,115	4.6
Total revenues	95,061	96,784	(1.8)
Expenses:			
Interest expense	53,025	58,640	(9.6)
Provision for loan losses	9,456	9,590	(1.4)
REO expenditures	2,718	4,210	(35.4)
Bond issuance costs	1,067	2,445	(56.4)
Other operating expenses	17,253	18,915	(8.8)
Other	6,618	2,705	144.7
Total expenses	90,137	96,505	(6.6)
Operating income, before adjusting investments to fair value	$ 4,924	$ 279	1,664.9%

For the Years Ended June 30, 2013 and 2012 (in thousands)

	2013	2012	% Change
Revenues:	(Restated)	(Restated)	
Interest income on loans	$ 78,940	$ 83,502	(5.5)%
Earnings on investments	9,554	8,727	9.5
Gain on sale of loans	175	-	100.0
Other	8,115	8,268	1.9
Total revenues	96,784	100,497	(3.7)
Expenses:			
Interest expense	58,640	63,150	(7.1)
Provision for loan losses	9,590	2,457	290.3
REO expenditures	4,210	3,162	33.1
Bond issuance costs	2,445	937	160.9
Other operating expenses	18,915	20,224	(6.5)
Other	2,705	8,402	(67.8)
Total expenses	96,505	98,332	(2.7)
Operating income, before adjusting investments to fair value	$ 279	$ 2,165	(87.1)%

Operating income (loss), after adjusting investments to fair value, was $5.6 million for the year ended June 30, 2014 (2014), $(5.2) million (as restated) for the year ended June 30, 2013 (2013), and $8.2 million (as restated) for the year ended June 30, 2012 (2012). GASB Statement No. 31, which requires investments to be recorded at fair value, caused an increase in operating income of $720 thousand in 2014 compared to a decrease of $5.5 million in 2013 and an increase of $5.5 million in 2012. Operating income, excluding the unrealized gains and losses on investments, increased 1,664.9% in 2014 to $4.9 million from $279 thousand in 2013, which had decreased 87.1% from $2.2 million in 2012. The fluctuations are primarily due to changes in interest expense, program expenses and administrative expenses.

Other revenue, which has been 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 $17.3 million in 2014, a decrease of 12.6% from $19.7 million (as restated) in 2013, which had decreased 6.5% from $20.2 million (as restated) in 2012.

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 decreased 35.4% to $2.7 million in 2014 from $4.2 million in 2013, which had increased 33.3% from $3.2 million in 2012 due to a decrease in the amount of time between foreclosure and sale of the REO properties.

Net interest income (interest on loans and earnings on investments less interest expense) is the largest component of the Corporation's operating income. Net interest income decreased from $29.9 million in 2013 to $29.5 million in 2014. Interest income on loans decreased $4.2 million in 2014 compared to a decrease of $4.6 million in 2013. Earnings on investments decreased $1.8 million in 2014 after an increase of $828 thousand in 2013. Net interest income as a percentage of average bonds and notes payable was 1.96% in 2014 and 1.88% in 2013, respectively. Interest income on loans as a percentage of total loans decreased from 4.60% in 2013 to 4.46% in 2014, due to a reduction in mortgage rates, while interest expense on bonds and notes decreased from 3.70% to 3.52%, primarily due to bond refundings, resulting in a net increase in the spread margin (i.e., differential between loans and bonds) from 0.90% in 2013 to 0.94% in 2014.

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 $9.5 million from $9.6 million 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.

In December 2009, the Corporation issued bonds under two indentures following the announcement by the United States Treasury Department of its intent to purchase bonds from state and local housing finance agencies. This program is part of a federal plan to help stabilize the United States housing market and provide families with access to affordable rental housing and homeownership. The Treasury Department agreed to purchase from the Corporation up to $128 million of single-family bonds under the Home Funding Bonds indenture, and up to $65.1 million of rental housing bonds under the Multi-Family Funding Bonds indenture. As of June 30, 2013, all available bonds had been issued under this program.

Financial Analysis of the Corporation

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

June 30, 2014 and 2013 (in millions)

	2014	2013 (Restated)	% Change
Loans receivable, net	$ 1,617	$ 1,678	(3.6)%
Investments	257	271	(4.9)
Cash and cash equivalents	207	232	(10.8)
Other assets	44	44	-
Total assets	2,125	2,225	(4.5)
Deferred outflows of resources	1	-	100.0
Bonds and notes payable	1,449	1,566	(7.5)
Total liabilities	1,835	1,939	(5.4)
Net position:			
Net investment in capital assets	8	8	-
Restricted	211	210	0.7
Unrestricted	72	68	6.7

June 30, 2013 and 2012 (in millions)

	2013 (Restated)	2012 (Restated)	% Change
Loans receivable, net	$ 1,678	$ 1,694	(1.0)%
Investments	271	271	0.0
Cash and cash equivalents	232	217	7.1
Other assets	44	50	(12.0)
Total assets	2,225	2,232	(0.8)
Bonds and notes payable	1,566	1,603	(2.3)
Total liabilities	1,939	1,941	(0.1)
Net position:			
Net investment in capital assets	8	8	0.0
Restricted	210	231	(9.1)
Unrestricted	68	52	30.8

At June 30, 2014, total assets of the Corporation decreased 4.5% from 2013, as compared to a 0.8% decrease from 2012 to 2013. Net loans receivable decreased $61 million, or 3.6%, from the previous year to $1.6 billion. Bonds and notes payable totaled $1.4 billion as of June 30, 2014, a decrease of $117 million, or 7.5%, from June 30, 2013, which had decreased $37 million, or 2.3%, from June 30, 2012. During 2014, new bond issuance consisted of $84.2 million to refund existing single-family bonds and $29.2 million to refund existing multi-family bonds, as well as $18.5 million to fund new multi-family loans. In addition, $81.3 million of single-family bonds and $8.9 million of multi-family bonds were redeemed prior to maturity under provisions in the bond resolutions that allow mortgage prepayments to be used for such purpose.

As of June 30, 2014 and June 30, 2013, the equity-to-asset ratio was 13.7 and 12.9, respectively, and the loan-to-asset ratio was 76.1% and 75.4%, 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, 2014 and 2013, single-family residential mortgages in bond resolutions totaled $849 million and $928 million, respectively, and multi-family loans in bond resolutions totaled $423 million and $421 million, respectively.

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

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

External Influences

With very few exceptions, most states are contending with the negative ramifications of the economic downturn occurring nationally. The most pronounced implication of the downturn is a high level of unemployment across the country. Rhode Island's unemployment rate is presently 7.9% while the national rate is 6.1%. The soft economy and the high level of unemployment produce an adverse effect for any lending institution. Notwithstanding the fact that households historically place a very high priority on making their mortgage payments to their mortgage lenders, there is an unavoidable ripple effect produced in a lending institution's delinquency statistics. High unemployment also negatively affects the resale value and the market equity in houses, since there are fewer households financially able to upgrade their housing burden in an economic downturn. The Corporation's loans (1) do not include sub-prime loans, (2) are conservatively underwritten and (3) represent financing of the borrower's first home; however, the Corporation's delinquency experience is directly impacted by the high unemployment and economic burdens of the State's residents.

In February 2011, the U.S. Department of the Treasury established the Hardest Hit Fund to provide targeted aid to families in states hit hard by the economic and housing market downturn. Rhode Island has been chosen to receive assistance as one of the states struggling with unemployment rates at or above the national average or steep home price declines greater than 20 percent since the housing market downturn. The Corporation is helping our borrowers, through the application process, to obtain federal aid available in the Hardest Hit Fund to provide funds for mortgage payment assistance for unemployed or underemployed homeowners, funds for principal reduction and loan modification to help homeowners get into more affordable mortgages and funds for homeowners transitioning out of their homes. As of January 31, 2013, the Corporation stopped accepting applications.

As of October 1, 2011, the U.S. Department of Housing and Urban Development (HUD) made changes to its Project Based Section 8 Contract Administration Program. Under the new Annual Contributions Contract, HUD has reduced the number of tasks to be performed and has reduced the associated administrative fees earned by the Corporation. The current contract has been extended by HUD through December 31, 2014. On August 6, 2013, HUD issued a Notice of Funding Availability to award the contract from January 1, 2014 until December 31, 2015; however, this continues to be under appeal.

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, 2014 and 2013

	Operating Fund		Single-Family Fund	
	2014	2013 (Restated)	2014	2013 (Restated)
Assets				
Loans receivable	$ 373,542,913	$ 356,999,826	$ 849,404,600	$ 928,237,061
Less allowance for loan losses	(15,200,000)	(12,001,033)	(13,900,000)	(16,360,570)
Loans receivable, net	358,342,913	344,998,793	835,504,600	911,876,491
Investments	99,597,624	101,067,501	125,800,698	132,034,561
Accrued interest-loans	380,222	601,461	3,034,722	3,536,559
Accrued interest-investments	22,760	25,495	442,643	475,470
Cash and cash equivalents	59,869,424	66,238,858	88,481,782	116,714,910
Accounts receivable	13,449,097	11,840,832	-	-
Other assets, net	9,407,026	10,278,316	14,946,554	14,912,261
Interfund receivable (payable)	(7,532,050)	(18,597)	131,801	18,597
Total assets	**533,537,016**	**535,032,659**	**1,068,342,800**	**1,179,568,849**
Deferred Outflows of Resources				
Loan origination costs	923	-	5,529	-
Hedging instruments	1,035,362	-	-	-
Total deferred outflows of resources	**1,036,285**	**-**	**5,529**	**-**
Combined Assets and Deferred Outflows of Resources	**$ 534,573,301**	**$ 535,032,659**	**$ 1,068,348,329**	**$ 1,179,568,849**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 84,903,882	$ 96,291,718	$ 930,510,093	$ 1,040,399,496
Accrued interest payable on bonds and notes	118,852	194,549	8,925,885	10,458,734
Accounts payable and accrued liabilities	8,310,199	5,777,350	245,801	297,492
Fees, net	981,650	1,571,391	247,865	276,017
Escrow deposits	352,601,913	345,594,853	-	-
Total liabilities	**446,916,496**	**449,429,861**	**939,929,644**	**1,051,431,739**
Net Position				
Net investment in capital assets	7,963,845	8,346,553	-	-
Restricted by bond resolutions	7,266,003	9,406,445	128,418,685	128,137,110
Unrestricted	72,426,957	67,849,800	-	-
Total net position	**87,656,805**	**85,602,798**	**128,418,685**	**128,137,110**
Total Liabilities and Net Position	**$ 534,573,301**	**$ 535,032,659**	**$ 1,068,348,329**	**$ 1,179,568,849**

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position
June 30, 2014 and 2013

	Multi-Family Fund		Total	
	2014	2013 (Restated)	2014	2013 (Restated)
Assets				
Loans receivable	$ 423,445,056	$ 421,238,197	$ 1,646,392,569	$ 1,706,475,084
Less allowance for loan losses	-	-	(29,100,000)	(28,361,603)
Loans receivable, net	423,445,056	421,238,197	1,617,292,569	1,678,113,481
Investments	32,028,871	37,729,305	257,427,193	270,831,367
Accrued interest-loans	2,079,430	2,107,630	5,494,374	6,245,650
Accrued interest-investments	154,558	317,459	619,961	818,424
Cash and cash equivalents	58,350,099	48,894,252	206,701,305	231,848,020
Accounts receivable	-	-	13,449,097	11,840,832
Other assets, net	-	-	24,353,580	25,190,577
Interfund receivable (payable)	7,400,249	-	-	-
Total assets	**523,458,263**	**510,286,843**	**2,125,338,079**	**2,224,888,351**
Deferred Outflows of Resources				
Loan origination costs	-	-	6,452	-
Hedging instruments	-	-	1,035,362	-
Total deferred outflows of resources	**-**	**-**	**1,041,814**	**-**
Combined Assets and Deferred Outflows of Resources	**$ 523,458,263**	**$ 510,286,843**	**$ 2,126,379,893**	**$ 2,224,888,351**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 433,145,028	$ 429,522,632	$ 1,448,559,003	$ 1,566,213,846
Accrued interest payable on bonds and notes	3,364,199	3,783,595	12,408,936	14,436,878
Accounts payable and accrued liabilities	1,018,920	1,402,569	9,574,920	7,477,411
Fees, net	-	-	1,229,515	1,847,408
Escrow deposits	10,402,939	3,359,723	363,004,852	348,954,576
Total liabilities	**447,931,086**	**438,068,519**	**1,834,777,226**	**1,938,930,119**
Net Position				
Net investment in capital assets	-	-	7,963,845	8,346,553
Restricted by bond resolutions	75,527,177	72,218,324	211,211,865	209,761,879
Unrestricted	-	-	72,426,957	67,849,800
Total net position	**75,527,177**	**72,218,324**	**291,602,667**	**285,958,232**
Total Liabilities and Net Position	**$ 523,458,263**	**$ 510,286,843**	**$ 2,126,379,893**	**$ 2,224,888,351**

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, 2014 and 2013

	Operating Fund		Single-Family Fund	
	2014	**2013**	**2014**	**2013**
		(Restated)		**(Restated)**
Operating revenues:				
Interest income on loans	$ 6,182,599	$ 6,170,336	$ 41,699,400	$ 47,172,174
Interest income attributable to internal servicing activities	2,578,259	2,650,349	-	-
Total interest income on loans	8,760,858	8,820,685	41,699,400	47,172,174
Income on investments:				
Earnings on investments	388,044	365,159	5,227,301	4,939,659
Net increase (decrease) in fair value of investments	(109,109)	(34,948)	1,248,768	(2,819,459)
Fees	7,331,521	7,557,114	-	-
Servicing fee income	1,157,849	557,206	-	-
Miscellaneous income	1,242	1,002	-	-
Gain on sale of loans	4,044,477	174,800	-	-
Total operating revenues	**21,574,882**	**17,441,018**	**48,175,469**	**49,292,374**
Operating expenses:				
Interest expense	1,637,166	1,766,552	38,032,797	43,045,292
Personnel services	11,882,528	12,616,768	-	-
Other administrative expenses	4,183,990	5,180,333	-	20,750
Housing initiatives	4,884,587	1,175,184	22,567	29,091
Provision for loan losses (recoveries)	2,105,826	2,945	7,350,000	9,587,008
REO expenditures	2,320,002	3,378,630	397,772	831,139
Arbitrage rebate	-	-	(51,694)	28,876
Bond issuance costs	-	119,401	649,290	1,944,116
Depreciation and amortization of other assets	1,053,432	949,415	6,624	-
Loan costs	411,807	211,483	87,220	310,775
State Rental Subsidy Program	862,680	1,377,136	-	-
Total operating expenses	**29,342,018**	**26,777,847**	**46,494,576**	**55,797,047**
Operating income (loss)	**(7,767,136)**	**(9,336,829)**	**1,680,893**	**(6,504,673)**
Transfers in (out)	9,821,143	19,580,305	(1,399,318)	(6,015,225)
Total change in net position	**2,054,007**	**10,243,476**	**281,575**	**(12,519,898)**
Net position, beginning of year:				
As originally reported	85,602,798	69,903,176	128,137,110	151,747,682
Restatement	-	5,456,146	-	(11,090,674)
As restated	85,602,798	75,359,322	128,137,110	140,657,008
Net position, end of year	$ 87,656,805	$ 85,602,798	$ 128,418,685	$ 128,137,110

(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, 2014 and 2013

	Multi-Family Fund		Total	
	2014	2013	2014	2013
		(Restated)		(Restated)
Operating revenues:				
Interest income on loans	$ 24,274,999	$ 22,947,591	$ 72,156,998	$ 76,290,101
Interest income attributable to internal servicing activities	-	-	2,578,259	2,650,349
Total interest income on loans	24,274,999	22,947,591	74,735,257	78,940,450
Income on investments:				
Earnings on investments	2,175,674	4,248,689	7,791,019	9,553,507
Net increase (decrease) in fair value of investments	(419,857)	(2,609,728)	719,802	(5,464,135)
Fees	-	-	7,331,521	7,557,114
Servicing fee income	-	-	1,157,849	557,206
Miscellaneous income	-	-	1,242	1,002
Gain on sale of loans	-	-	4,044,477	174,800
Total operating revenues	**26,030,816**	**24,586,552**	**95,781,167**	**91,319,944**
Operating expenses:				
Interest expense	13,355,288	13,828,427	53,025,251	58,640,271
Personnel services	-	-	11,882,528	12,616,768
Other administrative expenses	126,600	146,630	4,310,590	5,347,713
Housing initiatives	-	-	4,907,154	1,204,275
Provision for loan losses (recoveries)	-	-	9,455,826	9,589,953
REO expenditures	-	-	2,717,774	4,209,769
Arbitrage rebate	(383,648)	(1,175,280)	(435,342)	(1,146,404)
Bond issuance costs	417,952	381,623	1,067,242	2,445,140
Depreciation and amortization of other assets	-	-	1,060,056	949,415
Loan costs	783,946	748,222	1,282,973	1,270,480
State Rental Subsidy Program	-	-	862,680	1,377,136
Total operating expenses	**14,300,138**	**13,929,622**	**90,136,732**	**96,504,516**
Operating income (loss)	**11,730,678**	**10,656,930**	**5,644,435**	**(5,184,572)**
Transfers in (out)	(8,421,825)	(13,565,080)	-	-
Total change in net position	**3,308,853**	**(2,908,150)**	**5,644,435**	**(5,184,572)**
Net position, beginning of year:				
As originally reported	72,218,324	75,266,045	285,958,232	296,916,903
Restatement	-	(139,571)	-	(5,774,099)
As restated	72,218,324	75,126,474	285,958,232	291,142,804
Net position, end of year	$ 75,527,177	$ 72,218,324	$ 291,602,667	$ 285,958,232

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, 2014 and 2013

	Operating Fund		Single-Family Fund	
	2014	2013 (Restated)	2014	2013 (Restated)
Cash Flows from Operating Activities				
Interest on loans receivable	$ 8,982,098	$ 8,968,628	$ 42,201,238	$ 47,504,225
Repayment of loans receivable	83,211,315	65,514,875	122,015,981	153,925,919
Fees collected	7,899,629	8,952,038	(28,153)	(25,969)
Other receipts (disbursements), net	7,008,302	37,042,408	-	-
Loans disbursed	(99,754,402)	(105,975,763)	(43,183,520)	(68,420,940)
Accounts receivable, net	(1,608,264)	446,811	-	-
Loss on loans receivable	1,093,141	(6,401,912)	(9,810,570)	(3,426,437)
Loss on REO properties	(2,320,002)	(3,378,630)	(397,772)	(831,140)
Bond issuance costs	20,922	(119,400)	(649,290)	(1,944,117)
Personnel services	(11,882,529)	(12,616,768)	-	-
Other administrative expenses	(4,204,913)	(5,180,333)	-	(96,761)
Housing initiative expenses	(4,884,587)	(1,175,184)	(22,567)	(29,091)
Other assets	(182,141)	3,062,426	(40,914)	935,665
Arbitrage rebate	-	-	51,694	(28,876)
Accounts payable and accrued liabilities	2,532,846	(1,889,511)	(51,694)	(82,464)
Gain on sale of loans	2,596,386	-	(92,748)	-
State Rental Subsidy Program	(862,680)	(1,377,136)	-	-
Transfers from (to) other programs	17,334,596	19,579,033	(1,512,522)	(6,013,952)
Net cash provided by (used for) operating activities	**4,979,717**	**5,451,582**	**108,479,163**	**121,466,062**
Cash Flows from Noncapital Financing Activities:				
Proceeds from sale of bonds and notes	293,225,000	334,000,000	84,203,811	225,207,803
Payment of bond and note principal	(304,612,837)	(336,594,266)	(194,093,214)	(287,944,809)
Interest paid on bonds and notes	(1,712,861)	(1,765,597)	(39,565,645)	(43,685,405)
Net cash provided by (used for) noncapital financing activities	**(13,100,698)**	**(4,359,863)**	**(149,455,048)**	**(106,422,411)**
Cash Flows from Investing Activities:				
Redemption of investments	26,751,527	1,746,928	10,042,971	58,502,714
Earnings on investments	390,779	367,814	5,260,127	4,932,783
Purchase of investments	(25,390,759)	(291,463)	(2,560,341)	(82,335,586)
Net cash provided by (used for) investing activities	**1,751,547**	**1,823,279**	**12,742,757**	**(18,900,089)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(6,369,434)**	**2,914,998**	**(28,233,128)**	**(3,856,438)**
Cash and Cash Equivalents, beginning of year	66,238,858	63,323,860	116,714,910	120,571,348
Cash and Cash Equivalents, end of year	$ 59,869,424	$ 66,238,858	$ 88,481,782	$ 116,714,910

(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, 2014 and 2013

	Multi-Family Fund		Total	
	2014	2013 (Restated)	2014	2013 (Restated)
Cash Flows from Operating Activities				
Interest on loans receivable	$ 25,405,633	$ 21,995,846	$ 76,588,969	$ 78,468,699
Repayment of loans receivable	5,181,355	(16,976,054)	210,408,651	202,464,740
Fees collected	-	-	7,871,476	8,926,069
Other receipts (disbursements), net	7,043,215	1,024,201	14,051,517	38,066,609
Loans disbursed	(8,488,212)	(11,515,897)	(151,426,134)	(185,912,600)
Accounts receivable, net	-	-	(1,608,264)	446,811
Loss on loans receivable	-	-	(8,717,429)	(9,828,349)
Loss on REO properties	-	-	(2,717,774)	(4,209,770)
Bond issuance costs	(417,952)	(350,855)	(1,046,320)	(2,414,372)
Personnel services	-	-	(11,882,529)	(12,616,768)
Other administrative expenses	(126,600)	(177,397)	(4,331,513)	(5,454,491)
Housing initiative expenses	-	-	(4,907,154)	(1,204,275)
Other assets	-	-	(223,055)	3,998,091
Arbitrage rebate	383,648	1,175,280	435,342	1,146,404
Accounts payable and accrued liabilities	(383,648)	(2,031,786)	2,097,504	(4,003,761)
Gain on sale of loans	(783,947)	-	1,719,691	-
State Rental Subsidy Program	-	-	(862,680)	(1,377,136)
Transfers from (to) other programs	(15,822,074)	(13,565,081)	-	-
Net cash provided by (used for) operating activities	**11,991,418**	**(20,421,743)**	**125,450,298**	**106,495,901**
Cash Flows from Noncapital Financing Activities:				
Proceeds from sale of bonds and notes	47,291,378	99,396,267	424,720,189	658,604,070
Payment of bond and note principal	(43,668,980)	(70,639,437)	(542,375,031)	(695,178,512)
Interest paid on bonds and notes	(13,777,120)	(13,507,193)	(55,055,626)	(58,958,195)
Net cash provided by (used for) noncapital financing activities	**(10,154,722)**	**15,249,637**	**(172,710,468)**	**(95,532,637)**
Cash Flows from Investing Activities:				
Redemption of investments	6,924,640	17,971,539	43,719,138	78,221,181
Earnings on investments	2,338,574	4,596,672	7,989,480	9,897,269
Purchase of investments	(1,644,063)	(1,123,908)	(29,595,163)	(83,750,957)
Net cash provided by (used for) investing activities	**7,619,151**	**21,444,303**	**22,113,455**	**4,367,493**
Net Increase (Decrease) in Cash and Cash Equivalents	**9,455,847**	**16,272,197**	**(25,146,715)**	**15,330,757**
Cash and Cash Equivalents, beginning of year	48,894,252	32,622,055	231,848,020	216,517,263
Cash and Cash Equivalents, end of year	$ 58,350,099	$ 48,894,252	$ 206,701,305	$ 231,848,020

(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, 2014 and 2013

	Operating Fund		Single-Family Fund	
	2014	2013 (Restated)	2014	2013 (Restated)
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	**$ (7,767,136)**	**$ (9,336,829)**	**$ 1,680,893**	**$ (6,504,673)**
Adjustments:				
Earnings on investments	(390,779)	(367,814)	(5,260,127)	(4,932,783)
Net (increase) decrease in fair value of investments	109,109	34,948	(1,248,768)	2,819,459
Interest paid on bonds and notes	1,712,861	1,765,597	39,565,645	43,685,405
Transfer of investments and/or net position	9,821,143	19,580,305	(1,399,318)	(6,015,225)
(Increase) decrease in assets:				
Loans receivable/loss allowance	(13,344,120)	(46,859,855)	76,371,891	91,665,548
Accrued interest-loans	221,240	87,297	501,838	332,054
Accrued interest-investments	2,735	2,656	32,827	(6,875)
Accounts receivable	(1,608,265)	446,812	-	-
Other assets	871,290	4,147,604	(34,293)	1,170,428
Interfund receivable (payable)	7,513,453	(1,272)	(113,204)	1,272
Deferred outflows	(1,036,285)	-	(5,529)	-
Increase (decrease) in liabilities:				
Accrued interest-bonds and notes	(75,697)	956	(1,532,849)	(640,113)
Accounts payable/accrued liabilities	2,532,849	(1,889,511)	(51,691)	(82,466)
Fees, net	(589,741)	974,082	(28,152)	(25,969)
Escrow deposits	7,007,060	36,866,606	-	-
Total adjustments	**12,746,853**	**14,788,411**	**106,798,270**	**127,970,735**
Net cash provided by (used for) operating activities	**$ 4,979,717**	**$ 5,451,582**	**$ 108,479,163**	**$ 121,466,062**

(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, 2014 and 2013

	Multi-Family Fund		Total	
	2014	2013 (Restated)	2014	2013 (Restated)
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	**$ 11,730,678**	**$ 10,656,930**	**$ 5,644,435**	**$ (5,184,572)**
Adjustments:				
Earnings on investments	(2,338,574)	(4,596,672)	(7,989,480)	(9,897,269)
Net (increase) decrease in fair value of investments	419,857	2,609,728	(719,802)	5,464,135
Interest paid on bonds and notes	13,777,120	13,507,193	55,055,626	58,958,195
Transfer of investments and/or net position	(8,421,825)	(13,565,080)	-	-
(Increase) decrease in assets:				
Loans receivable/loss allowance	(2,206,859)	(28,491,950)	60,820,912	16,313,743
Accrued interest-loans	28,198	(203,523)	751,276	215,828
Accrued interest-investments	162,901	347,983	198,463	343,764
Accounts receivable	-	-	(1,608,265)	446,812
Other assets	-	-	836,997	5,318,032
Interfund receivable (payable)	(7,400,249)	-	-	-
Deferred outflows	-	-	(1,041,814)	-
Increase (decrease) in liabilities:				
Accrued interest-bonds and notes	(419,396)	321,233	(2,027,942)	(317,924)
Accounts payable/accrued liabilities	(383,649)	(2,031,785)	2,097,509	(4,003,762)
Fees, net	-	-	(617,893)	948,113
Escrow deposits	7,043,216	1,024,200	14,050,276	37,890,806
Total adjustments	**260,740**	**(31,078,673)**	**119,805,863**	**111,680,473**
Net cash provided by (used for) operating activities	**$ 11,991,418**	**$ (20,421,743)**	**$ 125,450,298**	**$ 106,495,901**

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, 2014 and 2013

	2014	2013 (Restated)
Assets		
Loans receivable	$ 59,625,045	$ 56,861,368
Less allowance for loan losses	(3,507,441)	(3,300,000)
Loans receivable, net	56,117,604	53,561,368
Investments	64,772	144,710
Accrued interest-loans	191,581	181,084
Accrued interest-investments	380	549
Cash and cash equivalents	15,484,102	16,284,025
Accounts receivable	1,167,297	326,767
Other assets, net	2,355,764	2,362,920
Total Assets	**$ 75,381,500**	**$ 72,861,423**
Liabilities and Net Position		
Liabilities		
Accounts payable and accrued liabilities	$ 45,138	$ 17,955
Total liabilities	**45,138**	**17,955**
Net Position		
Held in trust	75,336,362	72,843,468
Total Liabilities and Net Position	**$ 75,381,500**	**$ 72,861,423**

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, 2014 and 2013

	2014	2013 (Restated)
Revenues:		
Interest income on loans	$ 2,432,404	$ 1,851,882
Earnings on investments:		
Interest on investments	7,801	34,594
Net increase (decrease) in fair value of investments	(3,299)	9,238
Trust receipts	310,066	1,631,315
Fees	-	186,300
Total revenues	**2,746,972**	**3,713,329**
Expenses:		
Amortization of other assets	-	186,300
Other administrative expenses	45,137	36,362
Provision for loan losses (recoveries)	208,941	(322,763)
Total expenses	**254,078**	**(100,101)**
Total change in net position	**2,492,894**	**3,813,430**
Net position, beginning of year:		
As originally reported	72,843,468	66,904,500
Restatement		2,125,538
As restated	72,843,468	69,030,038
Net position, end of year	$ 75,336,362	$ 72,843,468

1. Organization and Summary of Significant Accounting Policies

a. Organization and Description of Financial Reporting Entity

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

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

The Corporation is exempt from federal and state income taxes.

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

b. Affordability Housing Trust

The Affordability Housing Trust (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 interfund activity has been eliminated from the combining totals in the accompanying financial statements.

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

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

The Corporation and the Trust use the economic resources measurement focus and accrual basis of accounting. The accompanying financial statements have been prepared in conformance with generally accepted 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 according to contractual terms. Accrual of income is suspended when a loan is delinquent for ninety days or more; all interest accrued for nonaccrual status loans is reversed against interest income and subsequently recognized as income when received. Loans are returned to accrual status when all amounts contractually due are brought current or the loans have been restructured and future payments are reasonably assured. Interest on loans which is deferred and payable by borrowers only from available cash flow or other specified sources is recorded as income when received.

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

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

e. Cash and Cash Equivalents

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

f. Investments

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

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

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

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

In accordance with GASB 65 (see Note 1m), 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 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 prepaid 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 of the balance of these assets through such insurance and from proceeds from the sale of the underlying properties. The Corporation holds such properties for subsequent sale in a manner that will allow maximization of value. Carrying costs relating to other real estate owned are recorded in the Operating Fund.

i. Deferred Inflows and Outflows of Resources

Deferred outflows of resources represent the consumption of net assets that is applicable to a future reporting period. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period. At June 30, 2014, the Corporation's deferred outflows consist of the change in fair value of derivatives, and loan origination costs, as described below. The Corporation had no deferred outflows of resources at June 30, 2013 and no deferred inflows of resources at June 30, 2014 and 2013.

Fair values of both hedging derivatives and investment derivatives (if any) are presented on the combining statement of net position either as a derivative liability (negative fair value) or as a derivative asset (positive fair value). The change in the total fair value of derivatives that are determined to be effective hedges is recorded as a deferred inflow or outflow of resources on the Corporation's combining statement of net position. The Corporation's derivative instruments consist of mortgage-backed security forward contracts.

The application of GASB 65 (see Note 1m) resulted in a change to the method in which the Corporation records its loan origination fees. Loan origination fees, net of direct costs, are to be recognized as revenue or expense in the period incurred; previously, such costs were deferred and amortized over the life of the loans. Loan origination fees on loans which are held for sale are deferred until such time that the loans are sold. Loan origination fees, net of direct costs, on loans held for sale are reported as deferred outflows of resources in the Corporation's combining statement of net position.

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, 2014 and 2013 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 programs.

At June 30, 2014 and 2013, 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 $7,266,003 and $9,406,445, 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 a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and disclosure of contingent assets and liabilities when preparing the financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates. In 2013, the Corporation revised estimates relating to contract obligations for housing initiative programs. The effect of the change was a reduction to the Housing Initiatives expense in the Operating Fund of $2,500,000 for the year ended June 30, 2013.

m. Recent Accounting Pronouncement

Effective for the fiscal year ended June 30, 2014, Rhode Island Housing adopted the provisions of Statement No. 65 of the Governmental Accounting Standards Board, *Items Previously Reported as Assets and Liabilities* (GASB 65). GASB 65 requires that certain items no longer be reported in statements of net position since they do not meet the definition of assets, liabilities, deferred outflows of resources or deferred inflows of resources. In addition, GASB 65 requires that certain items previously reported as assets or liabilities be reported as deferred inflows or outflows of resources. As required by GASB 65, effective July 1, 2013, bond issuance costs are expensed as incurred and loan origination fees and costs, except those associated with points, are recognized as income and expenses when received. Previously, bond issuance costs were deferred and amortized using a method that approximated the interest method over the life of the related bonds, and loan origination fees and costs were deferred and amortized over the estimated average life of the related loans. Due to the adoption of GASB 65, Rhode

Island Housing has restated its 2013 financial statements, resulting in an increase (decrease) in net position of $5,456,146, ($11,090,674), ($139,571), and $2,125,538 in the Operating Fund, Single-Family Fund, Multi-Family Fund, and Trust, respectively, at July 1, 2012. The restatement resulted in the following increases (decreases) to the 2013 financial statements:

	Operating Fund	Single-Family Fund	Multi-Family Fund	Trust
Combining statement of net position:				
Bond issuance costs, net	$ (126,898)	$ (8,964,265)	$ (403,278)	$ -
Other assets, net	(202,600)	(2,586,159)	-	-
Fees, net	(6,298,277)	-	(66,750)	(1,983,906)
Ending net position	5,968,779	(11,550,424)	(336,528)	1,983,906
Combining statement of revenues, expenses, and changes in net position:				
Fees	340,650	-		-
Bond issuance costs	96,908	1,281,589	335,143	-
Early retirement of debt	-	(533,135)	(107,418)	-
Other administrative expense	-	(76,009)	(30,768)	-
Depreciation and amortization of other assets	(404,655)	(523,470)	-	141,632
Loan costs	135,764	310,775	-	-
Change in net position	512,633	(459,750)	(196,957)	(141,632)

n. Reclassifications

Certain amounts in the accompanying 2013 financial statements have been reclassified to conform to the current year presentation.

2. Restricted Assets

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

At June 30, 2014 and 2013, all assets in the Corporation's Single-Family and Multi-Family Funds; and $158,011,849 and $165,807,933, respectively, of investments and cash and cash equivalents and $216,018,851 and $205,869,621, 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 of Rhode Island. The mortgage loans are generally required to be insured through the Federal Housing Administration (FHA), guaranteed by the Department of Veterans Administration (VA) or USDA Rural Development, or conventionally financed with traditional primary mortgage insurance. Under the single-family program guidelines, conventionally financed single-family mortgage loans with an initial loan-to-value ratio of greater than 80% are insured by private mortgage insurance carriers. As these loans amortize and the loan-to-value ratio falls below 80%, the private mortgage insurance coverage may be terminated.

At June 30, 2014 and 2013, the single-family mortgage loan balances in the Single-Family Fund are insured, subject to maximum insurable limits, as described below:

	2014	2013
Private Mortgage Insurance	$ 448,509,945	$ 503,032,230
FHA Insurance	156,665,983	166,361,262
VA Guaranteed	10,968,873	13,084,957
USDA/RD Guaranteed	14,081,308	14,006,543
Uninsured	219,178,491	231,752,069
Total	$ 849,404,600	$ 928,237,061

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

The Corporation has entered into a risk-sharing agreement with HUD whereby HUD will provide partial mortgage insurance on affordable multifamily housing developments financed by the Corporation. The risk of loss to the Corporation varies from 50% to 90% depending on the level of participation by HUD. In the Multi-Family Fund and Operating Fund, loan balances at June 30, 2014 of $287,446,591 and $8,026,378, respectively, and, at June 30, 2013, of $270,438,422 and $11,697,585, respectively, are insured under such agreements subject to maximum participation limits. At June 30, 2014 and 2013, loan balances of $18,750,343 and $11,140,796, respectively, in the Affordability Housing Trust are also insured under such agreements.

In May of 2012, Rhode Island Housing entered into an agreement with the Federal National Mortgage Association (FNMA) whereby single-family mortgage loans originated under Rhode Island Housing's program guidelines may be sold directly to FNMA or pooled into a mortgage-backed security that will be guaranteed by FNMA. As of June 30, 2014, two hundred and five loans had been sold directly to FNMA and seven mortgage-backed securities had been issued. As of June 30, 2013, twenty-two loans had been sold directly to FNMA and seven mortgage-backed securities had been issued.

In the Single-Family Fund, 97% and 98% respectively, of the loan portfolio is in first lien position for the fiscal years ending June 30, 2014 and 2013. In the Multi-Family Fund, 98% of the loan portfolio is in first lien position for the fiscal years ending June 30, 2014 and 2013. For the years ended June 30, 2014 and 2013, 30% and 31%, respectively, of the Operating Fund's loan portfolio is in first loan position, while 53% and 56%, 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, 2014 and 2013, interest received under such deferred loan arrangements was $672,249 and $753,327 in the Operating Fund and $95,417 and $115,907 in the Single-Family Fund, respectively. 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 $207,024,216 and $195,638,808 at June 30, 2014 and 2013, respectively.

At June 30, 2014 and 2013, principal outstanding under such deferred and noninterest-bearing loan arrangements is as follows:

	2014	2013
Operating Fund:		
Single-family loans	$ 89,459,369	$ 74,949,585
Multi-family loans	180,648,351	182,197,398
Subtotal	270,107,720	257,146,983
Single-Family Fund:		
Single-family loans	16,312,096	10,293,636
Total	$ 286,419,816	$ 267,440,619

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, 2014 and 2013, principal outstanding under such non-accrual status loans is as follows:

	2014	2013
Operating Fund:		
Single-family loans	$ 2,619,355	$ 3,426,968
Multi-family loans	3,535,621	3,564,926
Subtotal	6,154,976	6,991,894
Single-Family Fund:		
Single-family loans	44,181,309	65,567,286
Total	$ 50,336,285	$ 72,559,180

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

	2014	2013
Balance at beginning of year	$ 28,361,603	$ 28,600,000
Loans charged off, net of recoveries	(4,390,320)	(4,223,467)
Write-down of REO properties	(4,327,109)	(5,604,883)
Provision for loan losses	9,455,826	9,589,953
Balance at end of year	$ 29,100,000	$ 28,361,603

In addition to the allowance for loan losses, the Corporation maintains an escrow account funded by certain mortgage lenders (the "Mortgage Lenders 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, 2014 and 2013, the Mortgage Lenders Reserve Account totaled $562,007 and $881,596, respectively.

4. Cash and Cash Equivalents and Investments

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

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

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

Cash and cash equivalents of Rhode Island Housing were exposed to custodial credit risk at June 30, 2014 and 2013 as follows:

	June 30, 2014			
	Category			Total Bank
	A	C	Insured	Balance
Operating Fund	$ 2,480,697	$ 42,218,705	$ 1,101,557	$ 45,800,959
Single-Family Fund	87,321,178	-	-	87,321,178
Multi-Family Fund	58,172,606	-	-	58,172,606
Trust	10,695,158	4,538,406	250,000	15,483,564
Subtotal	158,669,639	46,757,111	1,351,557	206,778,307
Escrows	-	19,750,804	-	19,750,804
Total	$ 158,669,639	$ 66,507,915	$ 1,351,557	$ 226,529,111

	June 30, 2013			
	Category			Total Bank
	A	C	Insured	Balance
Operating Fund	$ 2,632,468	$ 35,669,283	$ 1,187,957	$ 39,489,708
Single-Family Fund	115,429,308	-	-	115,429,308
Multi-Family Fund	48,849,919	-	-	48,849,919
Trust	10,695,158	5,204,246	250,000	16,149,404
Subtotal	177,606,853	40,873,529	1,437,957	219,918,339
Escrows	-	33,373,798	-	33,373,798
Total	$ 177,606,853	$ 74,247,327	$ 1,437,957	$ 253,292,137

All cash and cash equivalents in the Single-Family Fund and Multi-Family Fund are 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.

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

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

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

At June 30, 2014 and 2013, the Operating Fund holds one investment with a maturity of greater than 5 years. This investment is a marketable security that is 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. Although Rhode Island Housing generally will limit maturities to less than five years in all funds, sometimes it is necessary to invest in longer term securities in revenue and debt service accounts to better match the long-term fixed-rate bond liabilities.

Rhode Island Housing and Mortgage Finance Corporation
(A Component Unit of the State of Rhode Island)
Notes to Financial Statements
June 30, 2014 and 2013

At June 30, 2014 and 2013, the distribution of investments by remaining or re-pricing maturity is as follows:

	June 30, 2014			
	1 year or less	>1 to 5 Years	>5 Years	Total
Operating Fund:				
U.S. Government Obligations	$ 11,773,615	$ -	$ 1,946,988	$ 13,720,603
Single-Family Fund:				
U.S. Government Obligations	-	-	97,865,905	97,865,905
U.S. Agency Obligations	-	2,201,842	22,849,456	25,051,298
Guaranteed Investment Contracts	-	-	2,883,495	2,883,495
Total Single-Family Fund	-	2,201,842	123,598,856	125,800,698
Multi-Family Fund:				
U.S. Government Obligations	-	39,277	-	39,277
U.S. Agency Obligations	-	5,889,803	6,591,753	12,481,556
Guaranteed Investment Contracts	-	19,508,038	-	19,508,038
Total Multi-Family Fund	-	25,437,118	6,591,753	32,028,871
Escrows*	-	85,877,021	-	85,877,021
Subtotal	11,773,615	113,515,981	132,137,597	257,427,193
Trust:				
U.S. Agency Obligations	64,772	-	-	64,772
Total	$ 11,838,387	$113,515,981	$ 132,137,597	$ 257,491,965

	June 30, 2013			
	1 year or less	>1 to 5 Years	>5 Years	Total
Operating Fund:				
U.S. Government Obligations	$ 13,030,030	$ -	$ 2,546,030	$ 15,576,060
Single-Family Fund:				
U.S. Government Obligations	-	-	103,256,214	103,256,214
U.S. Agency Obligations	-	2,270,860	23,623,992	25,894,852
Guaranteed Investment Contracts	-	-	2,883,495	2,883,495
Total Single-Family Fund	-	2,270,860	129,763,701	132,034,561
Multi-Family Fund:				
U.S. Government Obligations	-	39,277	-	39,277
U.S. Agency Obligations	-	1,101,780	13,813,686	14,915,466
Guaranteed Investment Contracts	-	22,774,562	-	22,774,562
Total Multi-Family Fund	-	23,915,619	13,813,686	37,729,305
Escrows*	-	85,491,441	-	85,491,441
Subtotal	13,030,030	111,677,920	146,123,417	270,831,367
Trust:				
U.S. Agency Obligations	144,710	-	-	144,710
Total	$ 13,174,740	$111,677,920	$ 146,123,417	$ 270,976,077

* 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 United States Government Obligations and United States Agency obligations are mortgage-backed securities backed by government-insured single-family mortgage loans originated under Rhode Island Housing's program guidelines. These securities are pass-through securities which require monthly payments by an FHA-approved or Fannie Mae-approved lender and are guaranteed by either the Government National Mortgage Association (GNMA) or Fannie Mae (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 $122,662,349 and $129,426,235 at June 30, 2014 and 2013, respectively.

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

At June 30, 2014 and 2013, 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, 2014	
Rating Investment	AA+/Aaa U.S. Agencies	Unrated GICS
Operating Fund	$ -	$ -
Single-Family Fund	25,051,298	2,883,495
Multi-Family Fund	12,481,555	19,508,038
Trust	64,772	-

	June 30, 2013	
Rating Investment	AA+/Aaa U.S. Agencies	Unrated GICS
Operating Fund	$ -	$ -
Single-Family Fund	25,894,852	2,883,495
Multi-Family Fund	14,915,466	22,774,562
Trust	144,710	-

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, 2014 and 2013, all Operating Fund investments were invested in U.S. Government 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, 2014 and 2013, 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, 2014		
Issuer	Single-Family Fund	Multi-Family Fund	Trust
Federal Farm Credit Bank	$ -	$ 6,281,190	$ -
Federal Home Loan Bank	-	5,152,420	-
HSBC Bank	-	19,508,034	-
Federal National Mtg. Assoc.	22,849,456	-	64,772

	June 30, 2013		
Issuer	Single-Family Fund	Multi-Family Fund	Trust
Federal Farm Credit Bank	$ -	$ 8,945,477	$ -
Federal Home Loan Bank	-	4,868,209	-
HSBC Bank	-	22,774,562	-
Federal National Mtg. Assoc.	23,623,991	-	70,478
FHLMC (Freddie Mac)	-	-	74,231

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, 2014 and 2013, 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, 2014 and 2013, there were no investments in any of the Other Funds subject to custodial credit risk.

As established in the Board-approved investment policy, the Corporation has the ability to enter into interest rate swap agreements and other similar interest rate-related derivative instruments to reduce interest rate mismatches between its loan and investment assets and its bond and note liabilities. These types of derivative instruments expose the Corporation to certain risks including credit risk, interest rate risk, and counterparty risk. At June 30, 2014 and 2013, the Corporation was not party to any derivative instruments and has no intention to enter into any such agreements in the near future. During fiscal year 2014, the Corporation 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 consist of the following at June 30:

	2014	2013
Real estate owned	$ 15,077,469	$ 15,380,083
Capital assets, net	7,963,846	8,346,553
Purchased mortgage servicing rights and excess servicing, net	1,291,427	1,448,041
Other assets and control accounts	20,838	15,900
Total	$ 24,353,580	$ 25,190,577

Depreciation expense related to capital assets for the years ended June 30, 2014 and 2013 was $608,364 and $759,096, respectively.

Amortization expense related to purchased mortgage servicing rights for the years ended June 30, 2014 and 2013 was $451,692 and $190,319, respectively.

Other assets of the Trust consist of federal program properties totaling $2,355,764 and $2,362,920 at June 30, 2014 and June 30, 2013, 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 are secured by the related revenues and assets of the respective programs in which the related bonds and lines of credit unsecured are reported.

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

Principal on substantially all bonds is payable semi-annually. Interest on substantially all bonds is payable semi-annually. Term bonds require the Corporation to establish a sinking fund in the year preceding any term bond mandatory redemption.

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

Bonds and notes payable at June 30, 2014 and 2013 are as follows:

	2014	2013
Operating Fund Bonds and Notes:		
Federal Home Loan Bank		
Due 2014 to 2020, interest from .23% to 2.47%	$ 14,000,000	$ 16,500,000
General Obligation Bonds Series 2013:		
Mandatory tender bonds, due 2032, interest at 2.49%	5,000,000	5,000,000
Note Payable, due 2027 to 2043, interest from 5.275% to 6.25%	7,903,882	6,791,718
Lines of Credit, payable on demand, interest from 1.22% to 1.95%	58,000,000	68,000,000
Total Operating Fund	84,903,882	96,291,718
Single-Family Fund:		
Homeownership Opportunity Bonds and Notes:		
Series 10-A:		
Term bonds, due 2022 to 2027, interest at 6.50%	1,000,000	2,000,000
Series 15-A:		
Term bonds, due 2024, interest at 6.85%	500,000	2,000,000
Series 46-A:		
Serial bonds, due 2013 to 2014, interest from 3.75% to 3.85%	-	1,355,000
Term bonds, due 2019 to 2034, interest from 4.25% to 4.60%	-	30,115,000
	-	31,470,000
Series 46-T:		
Term bonds, due 2034, interest at variable rate	15,000,000	15,000,000

Series 47-A:		
Serial bonds, due 2013 to 2015, interest from 3.90% to 4.10%	-	2,705,000
Term bonds, due 2017, interest at 4.30%	-	1,670,000
	-	4,375,000
Series 47-B:		
Term bonds, due 2025 to 2033, interest from 5.00% to 5.15%	-	27,470,000
Series 48-A:		
Serial bonds, due 2013 to 2017, interest from 3.65% to 4.10%	-	4,105,000
Series 48-B:		
Term bonds, due 2025 to 2035, interest from 4.70% to 4.85%	-	19,770,000
Series 48-T:		
Term bonds, due 2034, interest at variable rate	15,000,000	15,000,000
Series 49-A:		
Serial bonds, due 2014 to 2015, interest from 4.00% to 4.10%	2,685,000	4,475,000
Term bonds, due 2017 to 2034, interest from 4.20% to 4.75%	4,105,000	4,105,000
	6,790,000	8,580,000
Series 49-B:		
Term bonds, due 2020 to 2035, interest from 4.40% to 4.80%	26,315,000	27,420,000
Series 50-A:		
Serial bonds, due 2014, interest at 3.85%	1,495,000	4,525,000
Term bonds, due 2017 to 2034, interest from 4.00% to 4.65%	16,240,000	17,270,000
	17,735,000	21,795,000
Series 50-B:		
Term bonds, due 2035, interest at 4.60%	38,365,000	38,365,000
Series 51-A:		
Serial bonds, due 2014 to 2017, interest from 3.95% to 4.125%	6,310,000	8,110,000
Term bonds, due 2026 to 2033, interest from 4.65% to 4.85%	26,420,000	29,215,000
	32,730,000	37,325,000
Series 51-B:		
Term bonds, due 2036, interest at 5.00%	2,030,000	2,975,000
Series 52-A:		
Serial bonds, due 2014 to 2018, interest from 4.05% to 4.30%	4,815,000	6,270,000
Term bonds, due 2021 to 2033, interest from 4.50% to 4.80%	10,250,000	11,740,000
	15,065,000	18,010,000

Series 52-B:		
Term bonds, due 2028 to 2036, interest from 4.90% to 5.00%	23,475,000	24,055,000
Series 53-A:		
Serial bonds, due 2014 to 2017, interest from 3.90% to 4.05%	7,570,000	10,220,000
Term bonds, due 2034, interest at 4.60%	3,150,000	3,150,000
	10,720,000	13,370,000
Series 53-B:		
Term bonds, due 2021 to 2046, interest from 4.70% to 5.00%	38,435,000	41,070,000
Series 54:		
Term bonds, due 2026 to 2046, interest from 4.65% to 4.90%	56,970,000	60,675,000
Series 55-A:		
Serial bonds, due 2014 to 2017, interest from 3.80% to 3.95%	6,435,000	8,345,000
Term bonds, due 2034, interest at 4.50%	2,280,000	2,280,000
	8,715,000	10,625,000
Series 55-B:		
Serial bonds, due 2017, interest at 4.375%	1,110,000	1,150,000
Term bonds, due 2022 to 2047, interest from 4.55% to 4.85%	53,570,000	56,360,000
	54,680,000	57,510,000
Series 56-A:		
Serial bonds, due 2014 to 2015, interest from 4.55% to 4.65%	1,425,000	2,310,000
Term bonds, due 2017 to 2047, interest from 4.75% to 5.20%	56,130,000	57,500,000
	57,555,000	59,810,000
Series 56-B1-T:		
Term bonds, due 2047, interest at 6.074%	2,265,000	3,555,000
Series 57-A:		
Serial bonds, due 2014 to 2017, interest from 4.00% to 4.25%	5,075,000	6,705,000
Term bonds, due 2034, interest at 5.00%	475,000	475,000
	5,550,000	7,180,000
Series 57-B:		
Term bonds, due 2022 to 2027, interest from 5.15% to 5.25%	19,095,000	41,415,000
Series 58-A:		
Term bonds, due 2023 to 2037, interest from 5.05% to 5.50%	28,655,000	40,815,000
Series 58-T:		
Term bonds, due 2013, interest at 4.98%	-	1,150,000

Series 59-A:		
Serial bonds, due 2014 to 2017, interest from 3.625% to 4.125%	7,580,000	10,170,000
Term bonds, due 2034, interest at 5.15%	3,155,000	3,215,000
	10,735,000	13,385,000
Series 60-A1:		
Serial bonds, due 2014 to 2017, interest from 3.875% to 4.30%	4,860,000	6,870,000
Series 60-B1:		
Serial bonds, due 2017 to 2018, interest from 5.00% to 5.150%	-	1,840,000
Series 61-A:		
Serial bonds, due 2014 to 2023, interest from .75% to 3.05%	14,725,000	15,000,000
Series 61-B:		
Term bonds, due 2026 to 2042, interest from 3.45% to 4.15%	8,730,000	9,290,000
Series 61-C:		
Serial bonds, due 2015 to 2020, interest from 1.65% to 3.00%	25,730,000	27,220,000
Term bonds, due 2034, interest at 4.00%	5,245,000	7,890,000
	30,975,000	35,110,000
Series 62-A:		
Serial bonds, due 2014 to 2021, interest from .95% to 3.125%	8,500,000	9,445,000
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 2023 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 2014 to 2022, interest from 1.70% to 3.875%	19,665,000	21,915,000
Term bonds, due 2022 to 2028, interest from 3.875% to 4.50%	35,915,000	36,505,000
	55,580,000	58,420,000
Series 63-A:		
Term bonds, due 2027 to 2040, interest from 3.50% to 4.00%	17,265,000	19,205,000
Series 63-B:		
Term bonds, due 2032 to 2042, interest from 3.80% to 4.125%	3,385,000	3,815,000
Series 63-C:		
Serial bonds, due 2014 to 2022, interest from 1.20% to 3.50%	11,245,000	12,290,000
Term bonds, due 2025, interest at 3.75%	3,680,000	3,680,000
	14,925,000	15,970,000

Series 63-T:		
Term bonds, due 2042, interest at variable rate	24,385,000	24,820,000
Series 64-T:		
Serial bonds, due 2014 to 2018, interest from .40% to 2.58%	26,200,000	
Term bonds, due 2023 to 2034, interest from 3.00% to 5.00%	55,050,000	-
	81,250,000	
Unamortized bond premium (discount)	1,364,007	1,508,709
Subtotal	768,324,007	866,568,709
Home Funding Bonds and Notes:		
Series 1-A:		
Serial bonds, due 2014 to 2021, interest from 2.375% to 4.125%	8,930,000	10,680,000
Term bonds, due 2024 to 2027, interest from 4.250% to 4.625%	9,505,000	10,250,000
	18,435,000	20,930,000
Series 2:		
Term bonds, due 2041, interest at variable rate	-	31,980,000
Series 2, Subseries 2A:		
Term bonds, due 2041, interest at 3.16%	26,750,000	28,535,000
Series 2, Subseries 2B:		
Term bonds, due 2041, interest at 2.63%	20,650,000	20,820,000
Series 2, Subseries 2C:		
Term bonds, due 2041, interest at 2.73%	31,420,000	-
Series 3:		
Serial bonds, due 2014 to 2020, interest from 1.60% to 3.20%	6,585,000	7,565,000
Term bonds, due 2025 to 2028, interest from 4.00% to 4.10%	10,210,000	10,400,000
	16,795,000	17,965,000
Series 4:		
Serial bonds, due 2014 to 2022, interest from 1.25% to 3.50%	6,410,000	7,090,000
Term bonds, due 2026 to 2028, interest from 4.05% to 4.20%	5,930,000	5,985,000
	12,340,000	13,075,000
Series 5:		
Term bonds, due 2028 to 2040, interest from 2.75% to 3.45%	35,145,000	39,840,000
Unamortized bond premium (discount)	651,086	685,787
Subtotal	162,186,086	173,830,787
Total Single-Family Fund	930,510,093	1,040,399,496

Multi-Family Fund:		
Multi-Family Housing Bonds:		
1995 Series A:		
Term bonds, due 2017, interest at 6.15%	520,000	630,000
1998 Series A:		
Term bonds, due 2018, interest at 5.375%	565,000	660,000
Subtotal	1,085,000	1,290,000
Housing Bonds:		
2001 Series A:		
Serial bonds, due 2014, interest at 5.15%		235,000
Term bonds, due 2015, interest at 5.30%	1,490,000	1,490,000
	1,490,000	1,725,000
2001 Series B-2T:		
Term bonds, due 2031, interest at variable rate	3,540,000	3,635,000
2003 Series A-2T:		
Term bonds, due 2034, interest at variable rate	20,155,000	20,600,000
2003 Series B-2T:		
Term bonds, due 2035, interest at variable rate	8,720,000	8,815,000
2004 Series A-1A:		
Serial bonds, due 2013 to 2016, interest from 4.125% to 4.50%	-	615,000
Term bonds, due 2025 to 2033, interest from 5.00% to 5.10%	-	6,335,000
	-	6,950,000
2004 Series A-1B:		
Term bonds, due 2016 to 2045, interest from 4.50% to 5.35%	-	3,120,000
2004 Series B-1A:		
Serial bonds, due 2013 to 2015, interest from 3.50% to 3.70%	-	40,000
Term bonds, due 2025 to 2045, interest from 4.55% to 4.85%	-	1,890,000
	-	1,930,000
2004 Series B-1B-1:		
Serial bonds, due 2014 to 2015, interest from 4.90% to 4.10%	-	400,000
Term bonds, due 2045, interest at 4.90%	-	12,875,000
	-	13,275,000
2004 Series B-1B-2:		
Serial bonds, due 2013 to 2015, interest from 3.90% to 4.10%	-	75,000
Term bonds, due 2025 to 2035, interest from 4.65% to 4.90%	-	860,000
	-	935,000
2004 Series B-2T:		

Term bonds, due 2015 to 2030, interest from 4.85% to 5.57%	-	3,315,000
2005 Series A-1A:		
Serial bonds, due 2014 to 2015, interest from 4.15% to 4.25%	840,000	1,225,000
Term bonds, due 2025 to 2035, interest from 4.75% to 4.875%	17,230,000	17,230,000
	18,070,000	18,455,000
2005 Series A-1B:		
Term bonds, due 2035, interest at 4.90%	270,000	270,000
2005 Series A-2T:		
Term bonds, due 2015 to 2018, interest from 5.14% to 5.29%	915,000	1,065,000
2006 Series A-1:		
Serial bonds, due 2014 to 2016, interest from 3.95% to 4.05%	800,000	1,050,000
Term bonds, due 2022 to 2043, interest from 4.50% to 4.75%	19,680,000	19,680,000
	20,480,000	20,730,000
2007 Series A-1:		
Serial bonds, due 2014 to 2017, interest from 4.15% to 4.35%	1,295,000	1,575,000
Term bonds, due 2027 to 2048, interest from 4.80% to 5.00%	29,680,000	29,680,000
	30,975,000	31,255,000
2007 Series A-2T:		
Term bonds, due 2027, interest at 5.608%	1,140,000	1,210,000
2007 Series B-1A/B:		
Serial bonds, due 2014 to 2017, interest from 4.20% to 4.50%	830,000	1,090,000
Term bonds, due 2022 to 2049, interest from 5.00% to 5.50%	24,405,000	24,405,000
	25,235,000	25,495,000
Unamortized bond premium (discount)	(104,442)	160,211
Subtotal	130,885,558	162,940,211
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 2014 to 2021, interest from 2.00% to 4.00%	4,545,000	5,005,000
Term bonds, due 2025 to 2035, interest from 4.625% to 5.25%	15,550,000	15,550,000
	20,095,000	20,555,000
2011 Series A:		
Serial bonds, due 2014 to 2017, interest from 1.40% to 2.50%	585,000	715,000

Term bonds, due 2021 to 2032, interest from 3.125% to 4.625%	4,310,000	4,310,000
	4,895,000	5,025,000
Subtotal	90,090,000	90,680,000
Multi-Family Development Bonds:		
2010 Series 1:		
Serial bonds, due 2014 to 2021, interest from 2.00% to 4.25%	510,000	560,000
Term bonds, due 2025 to 2051, interest from 4.75% to 5.875%	8,285,000	8,285,000
	8,795,000	8,845,000
2013 Series 1-AB:		
Serial bonds, due 2014 to 2023, interest from .55% to 2.85%	4,195,000	4,245,000
Term bonds, due 2014 to 2048, interest from .85% to 4.125%	33,205,000	39,275,000
	37,400,000	43,520,000
2013 Series 2-T:		
Serial bonds, due 2014 to 2023, interest from .768% to 3.218%	17,375,000	19,035,000
Term bonds, due 2027 to 2036, interest from 3.768% to 4.606%	36,725,000	36,725,000
	54,100,000	55,760,000
Series 2013 Series 3-A:		
Term bonds, due 2014 to 2016, interest from 0.30% to .85%	3,450,000	-
2013 Series 3-B:		
Serial bonds, due 2015 to 2024, interest from .60% to 3.85%	305,000	-
Term bonds, due 2028 to 2048, interest from 4.375% to 5.20%	2,195,000	-
	2,500,000	
Series 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 2016 to 2024, interest from 1.20% to 4.35%	1,780,000	-
Term bonds, due 2017 to 2028, interest from 1.85% to 4.80%	14,980,000	-
	16,760,000	
2013 Series 4-T:		
Serial bonds, due 2014 to 2018, interest from .626% to 2.774%	4,400,000	-
Term bonds, due 2023 to 2030, interest from 4.207% to 5.257%	3,970,000	-
	8,370,000	
Unamortized bond premium (discount)	(45,530)	(47,579)
Subtotal	140,124,470	108,077,421

Multi-Family Mortgage Revenue Bonds:		
1998 Series A:		
Term bonds, due 2028, interest at variable rate	-	1,885,000
Series 2006 (University Heights Project):		
Term bonds, due 2039, interest at variable rate	26,700,000	26,700,000
Series 2013 (Grace Church):		
Term bonds, due 2015, interest at variable rate	7,410,000	-
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	29,850,000	30,950,000
Subtotal	70,960,000	66,535,000
Total Multi-Family Fund	433,145,028	429,522,632
Total Bonds and Notes Payable	$ 1,448,559,003	$ 1,566,213,846

On December 19, 2013, the Corporation refunded $84,195,000 of certain Homeownership Opportunity Bonds with an average interest rate of 4.63% by the issuance of $84,195,000 Homeownership Opportunity Bonds Series 64-T dated December 19, 2013 with an average interest rate of 3.44%.

The Corporation refunded the following debt to reduce its total debt service payments over the next eleven years by $6,084,794 and to obtain an economic gain (difference between present values of the debt service payments on the old and new debt) of $4,225,522.

Homeownership Opportunity Bonds Payable	Date of Issue	Outstanding Principal Balance
Series 46-A	03/18/2004	$ 31,025,000
Series 47-A	08/12/2004	3,570,000
Series 47-B	08/12/2004	26,145,000
Series 48-A	12/09/2004	3,685,000
Series 48-B	12/09/2004	19,770,000
		$ 84,195,000

On December 24, 2013, the Corporation refunded $28,785,000 of certain Housing Bond Program bonds with an average interest rate of 5.14% by the issuance of $33,925,000 Multi-Family Development Bonds Series 2013-3CD and 4T dated December 24, 2013 with an average interest rate of 4.19%. Of the total amount, $28,785,000 was used for refunding and $5,140,000 was for new lending.

The Corporation refunded the following debt to reduce its total debt service payments over the next seventeen years by $14,923,820 and to obtain an economic gain of $3,198,634.

Housing Bond Program Bonds Payable	**Date of Issue**		**Outstanding Principal Balance**
Series 2004 A-1A	06/17/2004	$	6,875,000
Series 2004 A-1B	06/17/2004		2,820,000
Series 2004 B-1A	12/29/2004		1,920,000
Series 2004 B-1B-1	12/29/2004		13,025,000
Series 2004 B-1B-2	12/29/2004		915,000
Series 2004 B-2T	12/29/2004		3,230,000
		$	28,785,000

On July 3, 2012, the Corporation refunded $70,615,000 of certain Homeownership Opportunity Bonds with an average interest rate of 4.95% by the issuance of $85,615,000 Homeownership Opportunity Bonds Series 62-ABC dated July 3, 2012 with an average interest rate of 3.84%.

The Corporation refunded the following debt to reduce its total debt service payments over the next twenty-one years by $13,231,966 and to obtain an economic gain (difference between present values of the debt service payments on the old and new debt) of $6,192,188.

Homeownership Opportunity Bonds Payable	**Date of Issue**		**Outstanding Principal Balance**
Series 26-B	03/31/1998	$	6,395,000
Series 29-A	12/23/1998		24,590,000
Series 37-B	08/08/2001		145,000
Series 40-A	09/26/2002		29,225,000
Series 43-A	06/01/2003		10,260,000
		$	70,615,000

On October 25, 2012, the Corporation refunded $36,595,000 of certain Homeownership Opportunity Bonds with an average interest rate of 4.69% by the issuance of $39,950,000 Homeownership Opportunity Bonds Series 63-ABC dated October 25, 2012 with an average interest rate of 3.16%.

The Corporation refunded the following debt to reduce its total debt service payments over the next seventeen years by $867,981 and to obtain an economic gain of $2,765,339.

Homeownership Opportunity Bonds Payable	Date of Issue	Outstanding Principal Balance
Series 44-A	09/24/2003	$ 13,225,000
Series 45-A	11/20/2003	7,075,000
Series 45-B	11/20/2003	16,295,000
		$ 36,595,000

On October 31, 2012, the Corporation refunded $25,000,000 of Homeownership Opportunity Bonds Series 59-C (AMT) with a variable average interest rate by the issuance of $25,000,000 Homeownership Opportunity Bonds Series 63-T dated October 31, 2012 with a variable interest rate.

Homeownership Opportunity Bonds Payable	Date of Issue	Outstanding Principal Balance
Series 59-C	03/30/2008	$ 25,000,000
		$ 25,000,000

On December 20, 2012, the Corporation refunded $40,550,000 of Home Funding Bonds Series 1-B with an average interest rate of 3.96% by the issuance of $71,840,000 Home Funding Bonds Series 5 dated December 20, 2012 with an average interest rate of 2.85%.

The Corporation refunded the following debt to reduce its total debt service payments over the next twenty-seven years by $7,869,518 and to obtain an economic gain of $3,760,049.

Home Funding Bonds Payable	Date of Issue	Outstanding Principal Balance
Series 1-B	12/23/2009	$ 40,550,000
		$ 40,550,000

On February 20, 2013, the Corporation refunded $45,550,000 of certain Housing Bond Program bonds with an average interest rate of 5.33% by the issuance of $55,760,000 Multifamily Development Bonds Series 2013-2T dated February 20, 2013 with an average interest rate of 4.00%.

The Corporation refunded the following debt to reduce its total debt service payments over the next twenty-four years by $5,951,587 and to obtain an economic gain of $5,585,930.

Housing Bond Program Bonds Payable	Date of Issue	Outstanding Principal Balance
Series 2001B-1B	12/13/2001	$ 5,215,000
Series 2002A	05/01/2002	7,365,000
Series 2003A-1	02/01/2003	6,475,000
Series 2003B-1-A	08/20/2003	8,445,000
Series 2003B-1-B	08/20/2003	2,605,000
Series 2003C-1A	12/23/2003	14,045,000
Series 2003C-1B	12/23/2003	1,400,000
		$ 45,550,000

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, 2014, the Corporation may borrow up to a maximum of $90,000,000 under various revolving loan agreements expiring between July 2014 and August 2015. Borrowings under the lines of credit are payable on demand and are unsecured.

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, 2014 (dollars in thousands):

	Operating Fund Bonds/Notes		Single-Family Fund Bonds/Notes		Multi-Family Fund Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 65,133	$ 995	$ 46,970	$ 34,587	$ 17,280	$ 13,372
2016	140	705	36,580	33,621	7,965	13,056
2017	149	696	35,265	32,549	9,720	12,866
2018	3,657	686	36,245	31,420	7,510	12,665
2019	5,166	536	33,180	30,331	7,755	12,457
2020-2024	4,479	1,969	183,325	131,289	43,645	58,271
2025-2029	1,759	1,509	191,585	91,335	58,835	48,985
2030-2034	3,912	542	183,750	54,294	63,520	36,631
2035-2039	252	58	130,275	20,368	76,540	26,043
2040-2044	257	18	43,320	4,789	80,545	16,626
2045-2049	-	-	8,000	675	45,740	6,826
2050-2054	-	-	-	-	14,240	486
	$ 84,904	$ 7,714	$ 928,495	$ 465,258	$ 433,295	$ 258,284

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 a taxable rate established monthly or quarterly, which ranges from .46%-1.15% at June 30, 2014. Certain Multi-Family Mortgage Revenue Bonds bear interest at a tax-exempt rate established weekly, which range from .06% - .09% at June 30, 2014. Other Multi-Family Mortgage Revenue Bonds bear interest at a tax-exempt rate established monthly; the monthly rate was 1.70% as of June 30, 2014.

Bonds and notes payable activity for the year ended June 30, 2014 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bonds and notes payable:				
General obligation bonds	$ 5,000,000	$ 5,000,000	$ (5,000,000)	$ 5,000,000
Unsecured notes	74,791,719	274,225,000	(283,112,837)	65,903,882
Secured notes	16,500,000	7,000,000	(9,500,000)	14,000,000
Revenue bonds	1,469,922,127	124,070,000	(230,337,006)	1,363,655,121
	$ 1,566,213,846	$ 410,295,000	$(527,949,843)	$ 1,448,559,003

Bonds and notes payable activity for the year ended June 30, 2013 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bonds and notes payable:				
General obligation bonds	$ 5,000,000	$ -	$ -	$ 5,000,000
Unsecured notes	74,885,984	275,000,000	(275,094,265)	74,791,719
Secured notes	19,000,000	44,000,000	(46,500,000)	16,500,000
Revenue bonds	1,503,902,303	297,900,128	(331,880,304)	1,469,922,127
	$ 1,602,788,287	$ 616,900,128	$(653,474,570)	$ 1,566,213,846

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 2014 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 June 30, 2014 is as follows:

Fund	**Commitments**
Operating Fund	$ 31,896,682
Single-Family Fund	5,922,646
Multi-Family Fund	3,113,971
Trust	4,979,949
Total	$ 45,913,248

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

The Corporation has entered into contracts with multiple developments under the Neighborhoods Opportunity Program to fund projects over the next nine years for a total of $2,600,000, subject to the availability of funds. As of June 30, 2014, $65,000 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, 2014 because Rhode Island Housing officials are of the opinion that, based on prior experience, any 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 Fannie Mae and Ginnie Mae 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 bare; 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, 2014, TBA Mortgage-Backed Securities Contracts with a total notional amount of \$16,500,000 and fair values totaling \$665,050 were outstanding. TBA Mortgage-Backed Security contracts are included in the 2014 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 \$9,750,000 and fair values totaling \$370,312. These amounts are included in the 2014 combining statement of net position as deferred outflows of resources.

9. Employee Benefits

Employee Benefit Plan

The Corporation maintains 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, 2014 and 2013 totaled $788,326 and $845,311, 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.

Postemployment 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, 2014, the plan included 16 retirees, 13 of which are receiving benefits, and 151 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 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. For the years ended June 30, 2014 and 2013, plan members receiving benefits contributed $10,863 and $6,081, respectively, as their required contribution.

The annual OPEB cost and related information for the fiscal years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Annual required contribution (ARC)	$ 364,344	$ 364,344
Interest on OPEB obligation	154,936	139,116
Adjustments to ARC	(579,751)	(128,888)
Annual OPEB cost	(60,471)	374,572
Net estimated employer contributions	(30,495)	(22,958)
Increase (decrease) in net OPEB obligation	(90,966)	351,614
Net OPEB obligation, beginning of year	3,443,051	3,091,437
Net OPEB obligation, end of year	$ 3,352,085	$ 3,443,051
Percent of annual OPEB cost contributed	(50.4%)	6.1%

Several factors contributed to the decrease in cost experienced during the fiscal year ended June 30, 2014: reduction in number of employees, reduction in number of claims filed and increase in retirement age.

The Net OPEB obligation is included in accounts payable and accrued liabilities in the accompanying statements of net position. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2014 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, 2012	362,844	27,001	7.4%	3,091,437
June 30, 2013	374,572	22,958	6.1%	3,443,051
June 30, 2014	(60,471)	30,495	(50.4%)	3,352,085

Funded Status and Funding Progress
Under the reporting parameters, the Corporation's retiree healthcare plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by $3,352,085 as of June 30, 2014, the most recent actuarial valuation date. As of June 30, 2014, the unfunded accrued liability, as a percentage of covered payroll of $8,033,831, was approximately 42%.

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

Projections of health benefits are based on the plan as understood by the Corporation and include types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Corporation and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions included a 3.00% inflation rate, an investment rate of return of 4.50%, payroll growth of 3.00% and a 30 year open amortization period. The initial annual healthcare cost trend rate is 7.50%, declining to an ultimate rate of 4.50% after 12 years.

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
July 1, 2014	Homeownership Opportunity Bonds	$	20,230,000
July 1, 2014	Multi-Family Mortgage Revenue Bonds	$	100,000
September 2, 2014	Multi-Family Mortgage Revenue Bonds	$	100,000
October 1, 2014	Homeownership Opportunity Bonds	$	18,060,000
October 1, 2014	Home Funding Bonds	$	3,930,000
October 1, 2014	Multi-Family Development Bonds	$	2,300,000

Required Supplementary Information
Retiree Healthcare Benefit Plan
Schedule of Funding Progress
Year Ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2008	-	$ 1,882,457	$ 1,882,457	0%	$ 8,596,893	21.9%
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%

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, 2014 and 2013

	Homeownership Opportunity Bond Program		Home Funding Bond Program	
	2014	**2013 (Restated)**	**2014**	**2013 (Restated)**
Assets				
Loans receivable	$ 790,316,322	$ 867,979,787	$ 59,088,278	$ 60,257,274
Less allowance for loan losses	(13,907,498)	(16,368,068)	7,498	7,498
Loans receivable, net	776,408,824	851,611,719	59,095,776	60,264,772
Investments	21,413,503	23,608,033	104,387,195	108,426,528
Accrued interest-loans	2,844,389	3,338,766	190,333	197,793
Accrued interest-investments	115,937	126,276	326,706	349,194
Cash and cash equivalents	76,404,208	100,077,210	12,077,574	16,637,700
Other assets, net	13,700,137	14,385,086	1,246,417	527,175
Interfund receivable	113,204	-	18,597	18,597
Total assets	**891,000,202**	**993,147,090**	**177,342,598**	**186,421,759**
Deferred Outflows of Resources				
Loan origination costs	5,529	-	-	-
Total deferred outflows of resources	**5,529**	**-**	**-**	**-**
Combined Assets and Deferred Outflows of Resources	**$ 891,005,731**	**$ 993,147,090**	**$ 177,342,598**	**$ 186,421,759**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 768,324,007	$ 866,568,709	$ 162,186,086	$ 173,830,787
Accrued interest payable on bonds and notes	7,640,747	9,084,262	1,285,138	1,374,472
Accounts payable and accrued liabilities	245,801	297,492	-	-
Fees, net	247,865	276,017	-	-
Total liabilities	**776,458,420**	**876,226,480**	**163,471,224**	**175,205,259**
Net Position				
Net position, restricted	114,547,311	116,920,610	13,871,374	11,216,500
Total Liabilities and Net Position	**$ 891,005,731**	**$ 993,147,090**	**$ 177,342,598**	**$ 186,421,759**

(Continued)

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, 2014 and 2013

	Single-Family Fund Totals	
	2014	**2013 (Restated)**
Assets		
Loans receivable	$ 849,404,600	$ 928,237,061
Less allowance for loan losses	(13,900,000)	(16,360,570)
Loans receivable, net	835,504,600	911,876,491
Investments	125,800,698	132,034,561
Accrued interest-loans	3,034,722	3,536,559
Accrued interest-investments	442,643	475,470
Cash and cash equivalents	88,481,782	116,714,910
Other assets, net	14,946,554	14,912,261
Interfund receivable	131,801	18,597
Total assets	**1,068,342,800**	**1,179,568,849**
Deferred Outflows of Resources		
Loan origination costs	5,529	-
Total deferred outflows of resources	**5,529**	**-**
Combined Assets and Deferred Outflows of Resources	**$ 1,068,348,329**	**$ 1,179,568,849**
Liabilities and Net Position		
Liabilities		
Bonds and notes payable	$ 930,510,093	$ 1,040,399,496
Accrued interest payable on bonds and notes	8,925,885	10,458,734
Accounts payable and accrued liabilities	245,801	297,492
Fees, net	247,865	276,017
Total liabilities	**939,929,644**	**1,051,431,739**
Net Position		
Net position, restricted	128,418,685	128,137,110
Total Liabilities and Net Position	**$ 1,068,348,329**	**$ 1,179,568,849**

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, 2014 and 2013

	Homeownership Opportunity Bond Program		Home Funding Bond Program	
	2014	2013 (Restated)	2014	2013 (Restated)
Operating revenues:				
Interest income on loans	$ 39,315,343	$ 44,494,992	$ 2,384,057	$ 2,677,182
Earnings on investments:				
Interest on investments	985,189	1,131,488	4,242,112	3,808,171
Net increase (decrease) in fair value of investments	53,049	(688,264)	1,195,719	(2,131,195)
Total operating revenues	**40,353,581**	**44,938,216**	**7,821,888**	**4,354,158**
Operating expenses:				
Interest expense	32,868,216	37,774,501	5,164,581	5,270,791
Other administrative expenses	-	20,750	-	-
Housing initiatives	22,567	29,091	-	-
Provision for loan losses	7,350,000	9,587,008	-	-
REO expenditures	401,427	830,982	(3,655)	157
Arbitrage rebate	(51,694)	28,876	-	-
Bond issuance costs	649,290	1,428,551	-	515,565
Depreciation and amortization of other assets	2,040	-	4,584	-
Loan costs	85,716	275,458	1,504	35,317
Total operating expenses	**41,327,562**	**49,975,217**	**5,167,014**	**5,821,830**
Operating income (loss)	**(973,981)**	**(5,037,001)**	**2,654,874**	**(1,467,672)**
Transfers in (out)	(1,399,318)	(5,267,958)	-	(747,267)
Total change in net position	**(2,373,299)**	**(10,304,959)**	**2,654,874**	**(2,214,939)**
Net position, beginning of year:				
As originally reported	116,920,610	136,821,599	11,216,500	14,926,083
Restatement	-	(9,596,030)	-	(1,494,644)
As restated	116,920,610	127,225,569	11,216,500	13,431,439
Net position, end of year	$ 114,547,311	$ 116,920,610	$ 13,871,374	$ 11,216,500

(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, 2014 and 2013

	Single-Family Fund Total	
	2014	**2013**
		(Restated)
Operating revenues:		
Interest income on loans	$ 41,699,400	$ 47,172,174
Earnings on investments:		
Interest on investments	5,227,301	4,939,659
Net increase (decrease) in fair value of investments	1,248,768	(2,819,459)
Total operating revenues	**48,175,469**	**49,292,374**
Operating expenses:		
Interest expense	38,032,797	43,045,292
Other administrative expenses	-	20,750
Housing initiatives	22,567	29,091
Provision for loan losses	7,350,000	9,587,008
REO expenditures	397,772	831,139
Arbitrage rebate	(51,694)	28,876
Bond issuance costs	649,290	1,944,116
Depreciation and amortization of other assets	6,624	-
Loan costs	87,220	310,775
Total operating expenses	**46,494,576**	**55,797,047**
Operating income (loss)	**1,680,893**	**(6,504,673)**
Transfers in (out)	(1,399,318)	(6,015,225)
Total change in net position	**281,575**	**(12,519,898)**
Net position, beginning of year:		
As originally reported	128,137,110	151,747,682
Restatement	-	(11,090,674)
As restated	128,137,110	140,657,008
Net position, end of year	$ 128,418,685	$ 128,137,110

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, 2014 and 2014

	Multi-Family Housing Bond Program		Housing Bond Program	
	2014	2013 (Restated)	2014	2013 (Restated)
Assets				
Loans receivable	$ 912,281	$ 932,884	$ 142,460,859	$ 157,862,614
Less allowance for loan losses	-	-	-	-
Loans receivable, net	912,281	932,884	142,460,859	157,862,614
Investments	17,859,655	21,177,114	12,971,832	16,552,191
Accrued interest-loans	5,854	5,986	886,257	978,937
Accrued interest-investments	21,091	202,748	128,771	114,711
Cash and cash equivalents	767,163	766,968	12,950,210	10,666,227
Interfund receivable (payable)	-	-	-	-
Total assets	**19,566,044**	**23,085,700**	**169,397,929**	**186,174,680**
Deferred Outflows of Resources				
Loan origination costs	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Combined Assets and Deferred Outflows of Resources	**$ 19,566,044**	**$ 23,085,700**	**$ 169,397,929**	**$ 186,174,680**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 1,085,000	$ 1,290,000	$ 130,885,558	$ 162,940,211
Accrued interest payable on bonds and notes	31,175	37,110	1,275,559	1,662,604
Accounts payable and accrued liabilities	117,161	108,585	893,390	1,293,984
Escrow deposits	-	-	1,247,726	1,247,725
Total liabilities	**1,233,336**	**1,435,695**	**134,302,233**	**167,144,524**
Net Position				
Net position, restricted	18,332,708	21,650,005	35,095,696	19,030,156
Total Liabilities and Net Position	**$ 19,566,044**	**$ 23,085,700**	**$ 169,397,929**	**$ 186,174,680**

(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, 2014 and 2013

	Multi-Family Mortgage Revenue Bond Program		Multi-Family Funding Bond Program	
	2014	**2013 (Restated)**	**2014**	**2013 (Restated)**
Assets				
Loans receivable	$ 70,452,267	$ 66,535,000	$ 90,127,315	$ 90,724,607
Less allowance for loan losses	-	-	-	-
Loans receivable, net	70,452,267	66,535,000	90,127,315	90,724,607
Investments	-	-	-	-
Accrued interest-loans	31,281	21,671	479,764	482,945
Accrued interest-investments	-	-	-	-
Cash and cash equivalents	9,656,874	2,105,926	7,568,891	9,772,371
Interfund receivable (payable)	-	-	-	-
Total assets	**80,140,422**	**68,662,597**	**98,175,970**	**100,979,923**
Deferred Outflows of Resources				
Loan origination costs	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Combined Assets and Deferred Outflows of Resources	**$ 80,140,422**	**$ 68,662,597**	**$ 98,175,970**	**$ 100,979,923**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 70,960,000	$ 66,535,000	$ 90,090,000	$ 90,680,000
Accrued interest payable on bonds and notes	19,001	6,006	745,738	748,052
Accounts payable and accrued liabilities	-	-	-	-
Escrow deposits	9,155,213	2,111,998	-	-
Total liabilities	**80,134,214**	**68,653,004**	**90,835,738**	**91,428,052**
Net Position				
Net position, restricted	6,208	9,593	7,340,232	9,551,871
Total Liabilities and Net Position	**$ 80,140,422**	**$ 68,662,597**	**$ 98,175,970**	**$ 100,979,923**

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position
June 30, 2014 and 2013

	Multi-Family Development Bonds		Multi-Family Fund Total	
	2014	2013 (Restated)	2014	2013 (Restated)
Assets				
Loans receivable	$ 119,492,334	$ 105,183,092	$ 423,445,056	$ 421,238,197
Less allowance for loan losses	-	-	-	-
Loans receivable, net	119,492,334	105,183,092	423,445,056	421,238,197
Investments	1,197,384	-	32,028,871	37,729,305
Accrued interest-loans	676,274	618,091	2,079,430	2,107,630
Accrued interest-investments	4,696	-	154,558	317,459
Cash and cash equivalents	27,406,961	25,582,760	58,350,099	48,894,252
Interfund receivable (payable)	7,400,249	-	7,400,249	-
Total assets	**156,177,898**	**131,383,943**	**523,458,263**	**510,286,843**
Deferred Outflows of Resources				
Loan origination costs	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Combined Assets and Deferred Outflows of Resources	**$ 156,177,898**	**$ 131,383,943**	**$ 523,458,263**	**$ 510,286,843**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 140,124,470	$ 108,077,421	$ 433,145,028	$ 429,522,632
Accrued interest payable on bonds and notes	1,292,726	1,329,823	3,364,199	3,783,595
Accounts payable and accrued liabilities	8,369	-	1,018,920	1,402,569
Escrow deposits	-	-	10,402,939	3,359,723
Total liabilities	**141,425,565**	**109,407,244**	**447,931,086**	**438,068,519**
Net Position				
Net position, restricted	14,752,333	21,976,699	75,527,177	72,218,324
Total Liabilities and Net Position	**$ 156,177,898**	**$ 131,383,943**	**$ 523,458,263**	**$ 510,286,843**

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, 2014 and 2013

	Multi-Family Housing Bond Program		Housing Bond Program	
	2014	2013 (Restated)	2014	2013 (Restated)
Operating revenues:				
Interest income on loans	$ 70,983	$ 184,138	$ 10,448,023	$ 13,342,914
Earnings on investments:				
Interest on investments	1,183,457	1,629,784	945,252	2,611,181
Net increase (decrease) in fair value of investments	-	-	(586,896)	(2,609,728)
Total operating revenues	**1,254,440**	**1,813,922**	**10,806,379**	**13,344,367**
Operating expenses:				
Interest expense	62,349	180,187	5,645,429	8,775,710
Other administrative expenses	811	4,071	125,789	142,559
Arbitrage rebate	8,577	(137,945)	(400,594)	(1,000,210)
Bond issuance costs	-	-	-	-
Loan costs	32,597	28,081	543,985	564,417
Total operating expenses	**104,334**	**74,394**	**5,914,609**	**8,482,476**
Operating income	**1,150,106**	**1,739,528**	**4,891,770**	**4,861,891**
Transfers in (out)	(4,467,403)	(11,971,919)	11,173,770	(14,399,352)
Total change in net position	**(3,317,297)**	**(10,232,391)**	**16,065,540**	**(9,537,461)**
Net position, beginning of year:				
As originally reported	21,650,005	31,943,996	19,030,156	28,624,529
Restatement	-	(61,600)	-	(56,912)
As restated	21,650,005	31,882,396	19,030,156	28,567,617
Net position, end of year	$ 18,332,708	$ 21,650,005	$ 35,095,696	$ 19,030,156

(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 Revenues, Expenses and Changes in Net Position - Multi-Family Fund
For the Years Ended June 30, 2014 and 2013

	Multi-Family Mortgage Revenue Bond Program		Multi-Family Funding Bond Program	
	2014	2013 (Restated)	2014	2013 (Restated)
Operating revenues:				
Interest income on loans	$ 322,954	$ 450,123	$ 5,774,864	$ 5,809,787
Earnings on investments:				
Interest on investments	-	-	3,897	3,971
Net increase (decrease) in fair value of investments	-	-	-	-
Total operating revenues	**322,954**	**450,123**	**5,778,761**	**5,813,758**
Operating expenses:				
Interest expense	121,928	127,172	2,990,400	2,997,538
Other administrative expenses	-	-	-	-
Arbitrage rebate	-	-	-	-
Bond issuance costs	-	-	-	-
Loan costs	-	-	152,281	136,767
Total operating expenses	**121,928**	**127,172**	**3,142,681**	**3,134,305**
Operating income	**201,026**	**322,951**	**2,636,080**	**2,679,453**
Transfers in (out)	(204,411)	(330,887)	(4,847,719)	136,767
Total change in net position	**(3,385)**	**(7,936)**	**(2,211,639)**	**2,816,220**
Net position, beginning of year:				
As originally reported	9,593	(49,221)	9,551,871	6,789,359
Restatement	-	66,750	-	(53,708)
As restated	9,593	17,529	9,551,871	6,735,651
Net position, end of year	$ 6,208	$ 9,593	$ 7,340,232	$ 9,551,871

(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, 2014 and 2013

	Multi-Family Development Bonds		Multi-Family Total	
	2014	**2013**	**2014**	**2013**
		(Restated)		**(Restated)**
Operating revenues:				
Interest income on loans	$ 7,658,175	$ 3,160,629	$ 24,274,999	$ 22,947,591
Earnings on investments:				
Interest on investments	43,068	3,753	2,175,674	4,248,689
Net increase (decrease) in fair value of investments	167,039	-	(419,857)	(2,609,728)
Total operating revenues	**7,868,282**	**3,164,382**	**26,030,816**	**24,586,552**
Operating expenses:				
Interest expense	4,535,182	1,747,820	13,355,288	13,828,427
Other administrative expenses	-	-	126,600	146,630
Arbitrage rebate	8,369	(37,125)	(383,648)	(1,175,280)
Bond issuance costs	417,952	381,623	417,952	381,623
Loan costs	55,083	18,957	783,946	748,222
Total operating expenses	**5,016,586**	**2,111,275**	**14,300,138**	**13,929,622**
Operating income	**2,851,696**	**1,053,107**	**11,730,678**	**10,656,930**
Transfers in (out)	(10,076,062)	13,000,311	(8,421,825)	(13,565,080)
Total change in net position	**(7,224,366)**	**14,053,418**	**3,308,853**	**(2,908,150)**
Net position, beginning of year:				
As originally reported	21,976,699	7,957,382	72,218,324	75,266,045
Restatement	-	(34,101)	-	(139,571)
As restated	21,976,699	7,923,281	72,218,324	75,126,474
Net position, end of year	$ 14,752,333	$ 21,976,699	$ 75,527,177	$ 72,218,324

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL WITH RESPECT TO THE ISSUANCE OF THE SERIES 65 BONDS

October 30, 2014

Rhode Island Housing and Mortgage
Finance Corporation
44 Washington Street
Providence, RI 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 (a) $86,505,000 principal amount of Homeownership Opportunity Bonds, Series 65-T (the "Series 65 Obligations") of the Rhode Island Housing and Mortgage Finance Corporation (the "Corporation"), 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 Series 65 Obligations are issued pursuant to the Act and a resolution adopted by Rhode Island Housing on October 19, 1988, entitled "General Homeownership Opportunity Program Bond Resolution" (the "General Resolution") as supplemented by a resolution adopted by Rhode Island Housing on August 28, 2014 (the "Series 65 Supplemental Resolution") and a Series Certificate of Rhode Island Housing delivered pursuant thereto relating to the Series 65 Obligations (the "Series 65 Series Certificate"). The General Resolution, the Series 65 Supplemental Resolution and the Series 65 Series Certificate are referred to herein, collectively, as the "Resolution." The Series 65 Obligations and any other bonds which have been or may be issued under the General Resolution are herein called the "Bonds."

The Series 65 Obligations are dated, will mature on the dates and in the respective principal amounts, bear interest, if any, at the rates, are subject to redemption prior to maturity and are otherwise as described in the Resolution.

The Series 65 Obligations are issued for the purpose of providing funds to refund Bonds currently outstanding under the General Resolution. Rhode Island Housing is authorized to issue Bonds, in addition to the Series 65 Obligations, upon the terms and conditions as set forth in the General Resolution, and such Bonds, when issued, shall, with the Series 65 Obligations and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution.

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 (as such term is defined in the Resolution), to provide sufficient funds

therefor by the adoption of the Resolution and the issuance and sale of the Series 65 Obligations, 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 Series 65 Obligations 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 Series 65 Obligations are secured by a pledge in the manner and to the extent set forth in the Resolution. The Resolution creates the valid pledge of and lien on the Revenues and all the Accounts established by the Resolution (except the Rebate Account) (as such terms are defined in the Resolution), which the Resolution purports to create, subject only to the provisions of the Resolution permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

5. The State is not liable on the Series 65 Obligations, and the Series 65 Obligations 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, and interest on the Series 65 Obligations.

6. Interest on the Series 65 Obligations is not excludable from gross income of the holders thereof for federal income tax purposes.

7. Under the Act, income on the Series 65 Obligations (including profit on the sale thereof) is free from Rhode Island personal income taxes.

In rendering this opinion, we are advising you that the enforceability of the Series 65 Obligations and the Resolution may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to general principal of equity or at law.

We have examined an executed Series 65 Obligation and, in our opinion, the forms of such bonds and their execution are regular and proper.

Very truly yours,

APPENDIX E

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 June 30, 2014:

	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	500,000
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 49-A	03/23/2005	10,415,000	6,790,000
Series 49-B	03/23/2005	44,585,000	26,315,000
Series 50-A	07/28/2005	43,135,000	17,735,000
Series 50-B	07/28/2005	38,365,000	38,365,000
Series 51-A	01/19/2006	47,165,000	32,730,000
Series 51-B	01/19/2006	7,605,000	2,030,000
Series 52-A	06/15/2006	25,000,000	15,065,000
Series 52-B	06/15/2006	25,000,000	23,475,000
Series 53-A	09/13/2006	21,310,000	10,720,000
Series 53-B	09/13/2006	48,690,000	38,435,000
Series 54	11/14/2006	68,085,000	56,970,000
Series 55-A	03/01/2007	10,625,000	8,715,000
Series 55-B	03/01/2007	69,375,000	54,680,000
Series 56-A	06/21/2007	65,000,000	57,555,000
Series 56-B1-T	06/21/2007	11,000,000	2,265,000
Series 57-A	09/13/2007	13,410,000	5,550,000
Series 57-B	09/13/2007	56,590,000	19,095,000
Series 58-A	11/15/2007	62,620,000	28,655,000
Series 59-A	03/20/2008	23,285,000	10,735,000
Series 60-A1	08/26/2008	16,220,000	4,860,000
Series 61-A	06/06/2012	15,000,000	14,725,000
Series 61-B	06/06/2012	10,000,000	8,730,000
Series 61-C	06/06/2012	37,900,000	30,975,000
Series 62-A	07/03/2012	10,260,000	8,500,000
Series 62-B	07/03/2012	15,000,000	15,000,000
Series 62-C	07/03/2012	60,355,000	55,580,000
Series 63-A	10/25/2012	19,655,000	17,265,000
Series 63-B	10/25/2012	4,000,000	3,385,000
Series 63-C	10/25/2012	16,295,000	14,925,000
Series 63-T	10/31/2012	25,000,000	24,385,000
Series 64-T	12/19/2013	84,195,000	81,250,000
Unamortized bond premium			1,364,007
		$ 1,239,410,000	$ 768,324,007

	Dated	Original Amount	Outstanding Amount
Home Funding Bonds and Notes:			
Series 1-A	12/23/2009	$ 30,000,000	$ 18,435,000
Series 2, Subseries 2A	12/21/2009	30,000,000	26,750,000
Series 2, Subseries 2B	12/21/2009	21,000,000	20,650,000
Series 2, Subseries 2C	12/21/2009	32,000,000	31,420,000
Series 3	11/04/2010	20,000,000	16,795,000
Series 4	09/29/2011	14,000,000	12,340,000
Series 5	12/20/2012	39,840,000	35,145,000
Unamortized bond premium			651,086
		$ 186,840,000	$ 162,186,086
Multi-Family Housing Bonds			
1995 Series A	05/15/1995	$ 147,535,000	$ 520,000
1998 Series A	04/01/1998	4,510,000	565,000
		$ 152,045,000	$ 1,085,000
Housing Bonds			
2001 Series A	12/01/2000	$ 3,800,000	$ 1,490,000
2001 Series B-2T	12/13/2001	18,605,000	3,540,000
2003 Series A-2T	03/12/2003	26,660,000	20,155,000
2003 Series B-2T	08/20/2003	16,435,000	8,720,000
2005 Series A-1A	10/20/2005	21,180,000	18,070,000
2005 Series A-1B	10/20/2005	5,235,000	270,000
2005 Series A-2T	10/20/2005	7,845,000	915,000
2006 Series A-1	12/21/2006	26,785,000	20,480,000
2007 Series A-1	05/10/2007	35,775,000	30,975,000
2007 Series A-2T	05/10/2007	7,265,000	1,140,000
2007 Series B-1A/B	12/20/2007	45,560,000	25,235,000
Unamortized bond discount			(104,442)
		$ 215,145,000	$ 130,885,558
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	20,095,000
Series 2011A	12/08/2011	5,040,000	4,895,000
		$ 142,450,000	$ 90,090,000
Multi-Family Development Bonds			
2010 Series 1	12/22/2010	$ 11,235,000	$ 8,795,000
2013 Series 1-AB	02/20/2013	43,520,000	37,400,000
2013 Series 2-T	02/20/2013	55,760,000	54,100,000
2013 Series 3-A-D	12/24/2013	31,505,000	31,505,000
2013 Series 4-T	12/24/2013	8,370,000	8,370,000
Unamortized bond discount			(45,530)
		$ 110,515,000	$ 140,124,470

	Dated	Original Amount	Outstanding Amount
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	29,850,000
2013 Series (Grace Church)		7,410,000	7,410,000
		$ 76,110,000	$ 70,960,000
General Obligation Bonds Series 2013	11/1/2013	$ 5,000,000	$ 5,000,000
Total		**$1,939,650,000**	**$1,368,655,121**

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APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The Bond Resolution contains various definitions, covenants and security provisions certain of which are summarized below. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Bond Resolution, to which reference is hereby made and copies of which are available from Rhode Island Housing or the Trustee.

Certain Definitions

In the Bond Resolution and this Official Statement, unless the context otherwise requires, the following words and terms have the following meanings:

"Account" means one or more, as the case may be, of the special accounts created and established pursuant to the Bond 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 audit the books and accounts of Rhode Island Housing.

"Act" means Chapter 55 of Title 42 of the General Laws of Rhode Island, 1956, (98 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 of 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 Newspapers" means not less than two newspapers or financial journals, printed in the English language and customarily published (except in the case of legal holidays) at least once a day for at least five days in each calendar week, one of which is of general circulation in the City of Providence and the other of which is of general circulation in the Borough of Manhattan, City and State of New York.

"Authorized Officer" means the Chairman, Executive Director and Chief Financial Officer 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 Bond Resolution, including any additional or Refunding Bonds issued thereunder.

"Bond Counsel" means 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 Depository" means a Bondholder acting as a central securities depository as provided in the Bond 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.

"Business Day" means any day of the week other than (i) a Saturday or Sunday or (ii) a day which shall be in the State a legal holiday or a day on which banking institutions in the State are authorized or obligated by law or executive order to close.

"Cash Equivalent" means a letter of credit, insurance policy, surety, guarantee or other security arrangement (as defined and provided for in a Supplemental Resolution), provided by an institution which has received a rating of its claims paying ability from each Rating Agency which would not impair the then existing rating on the Bonds or whose unsecured debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short–term obligations if the Cash Equivalent has a term of less than twelve months) by each Rating Agency.

"Certificate" means (i) 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 Bond Resolution or (ii) the report of an accountant as to audit or other procedures called for by the Bond Resolution.

"Compounded Amount" means as of any particular date of calculation with reference to any Appreciation Bond, either (i) 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 Bond Resolution, or (ii) 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 Issue Amount had been invested at the Internal Rate of Return for such Bond on the date of delivery of such Bond pursuant to the Bond 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.

"Corporation" means the Rhode Island Housing and Mortgage Finance Corporation, a public corporation and governmental instrumentality created and established 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.

"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 and 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, accrued interest in connection with the financing of any Program Obligation and any other cost, charge or fee in connection with the original issuance of Bonds.

"Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys selected by Rhode Island Housing and may include an individual in the regular employ of Rhode Island Housing.

"Covenant Default" means a default of the type specified in paragraph (c) under "**SUMMARY OF CERTAIN PROVISION OF THE BOND RESOLUTION—Events of Default**."

"Current Interest Bonds" means Bonds which provide for the payment of interest other than at maturity and which is not an Appreciation Bond.

"Debt Service" means, with respect to any particular Fiscal Year and any particular Series of Bonds, an amount equal to the sum of (i) all interest payable on such Bonds during such Fiscal Year, plus (ii) any Principal Installment of such Bonds during such Fiscal Year.

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

"Debt Service Reserve Account Requirement" means, as of any date of calculation, the greater of (a) an amount equal to the aggregate of the respective amounts for each Series established in the Supplemental Resolution authorizing such Series or (b) an amount equal to 3% of the then current principal balance of all Program Loans (but not Program Securities) plus any other amount on deposit in the Loan Account which has not been designated to provide for Costs of Issuance or capitalized interest provided in the Bond Resolution. In evaluating compliance with the Debt Service Reserve Account 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 Loan Account.

"Depository" means any bank or trust company or national banking association selected by Rhode Island Housing or the Trustee as a depository of moneys or securities held under the provisions of the Bond Resolution and may include the Trustee or any Paying Agent.

"Event of Default" means any of the events of default specified in the Bond Resolution and described under "**SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION—Events of Default**."

"Federal Mortgage Agency" means the Government National Mortgage Association, Fannie Mae and the Federal Home Loan Mortgage Corporation.

"Fiduciary" means the Trustee and any Paying Agent, or any or all of them.

"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.

"Government Obligations" means obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America (including obligations issued or held in book–entry form on the books of the U.S. Department of the Treasury).

"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 Bond Resolution and compounded semi–annually or as otherwise provided in a Supplemental Resolution 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:

(1) either Government Obligations or obligations, rated by each Rating Agency in highest rating category, of any state of the United States of America or any political subdivision of such a state, payment of which is secured by an irrevocable pledge of such Government Obligations;

(2) (A) bonds, debentures or other obligations issued by Student Loan Marketing Association, Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan

Banks, Tennessee Valley Authority, the United States Postal Service, Federal Farm Credit System Obligations, Export Import Bank, World Bank, International Bank for Reconstruction and Development and Inter–American Development Bank; or (B) bonds, debentures or other obligations issued by any Federal Mortgage Agency (excluding Program Securities which are valued greater than par on the portion of unpaid principal or Program Securities which represent payments of principal only or interest only with respect to the underlying Mortgage loans);

(3) any obligations of an agency controlled or supervised by or acting as an instrumentality of the United States Government pursuant to authority granted by the Congress of the United States;

(4) time deposits, certificates of deposit or any other deposit with a bank, trust company, national banking association, savings bank, federal mutual savings bank, savings and loan association, federal savings and loan association or any other institution chartered or licensed by any state or the U.S. Comptroller of the Currency to accept deposits in such state (as used herein, "deposits" shall mean obligations evidencing deposit liability which rank at least on a parity with the claims of general creditors in liquidation), which are (a) fully secured, to the extent not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, by any of the obligations described in (1) above having a market value (exclusive of accrued interest) not less than the uninsured amount of such deposit or (b) (1) unsecured or (2) secured to the extent, if any, required by Rhode Island Housing and in either case made with an institution whose unsecured debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short–term obligations if the investment is a short–term obligation) by each Rating Agency;

(5) repurchase agreements with any institution whose unsecured debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short–term obligations if the investment is a short–term obligation) by each Rating Agency and (A) backed by or related to obligations described in (1), (2) or (3) above or (B) having a term not exceeding three years and entered into with such party or parties and on such terms and conditions as shall not impair the then existing rating on the Bonds by each Rating Agency;

(6) investment agreements, (A) with any institution whose debt securities are rated at least the then existing rating on the Bonds (or the highest rating of short–term obligations if the investment is a short–term obligation) by each Rating Agency and secured or unsecured as required by Rhode Island Housing, or (B) fully secured by obligations described in (1), (2) or (3) above having a term not exceeding three years and entered into with such party or parties and on such terms and conditions as shall not impair the then existing rating on the Bonds by each Rating Agency;

(7) direct and general obligations of or obligations unconditionally guaranteed by the State, the payment of the principal of and interest on which the full faith and credit of the State is pledged, and certificates of participation in obligations of the State which obligation may be subject to annual appropriations, which obligations are rated at least the then existing rating on the Bonds by each Rating Agency;

(8) direct and general obligations of or obligations guaranteed by any state, municipality or political subdivision or agency thereof, which obligations are rated in either of the two highest rating categories of each Rating Agency;

(9) bonds, debentures, or other obligations issued by any bank, trust company, national banking association, insurance company, corporation, government or governmental entity (foreign or domestic), provided, that such bonds, debentures or other obligations are (a) payable in any coin or currency of the United States of America which at the time of payment will be legal tender for the payment of public and private debts, and (b) rated in either of the two highest rating categories of each Rating Agency;

(10) commercial paper (having original maturities of not more than 365 days) rated in the highest category of each Rating Agency;

(11) money market funds which invest in Government Obligations and obligations of agencies of the United States of America and which funds have been rated in either of the two highest rating categories by each Rating Agency; or

(12) 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 the Bond Resolution by a Supplemental Resolution, thus permitting investments with different characteristics from those permitted which the Board of Commissioners of 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 assigned to them by each Rating Agency.

For purposes of this definition, (i) "institution" means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency, instrumentality, program, account, fund, political subdivision or corporation thereof and (ii) "short term" refers to an obligation having a term of twelve months or less.

"Issuance Amount" means, with respect to any particular Bond, the price, exclusive of accrued interest (if any) payable within the next twelve months, at which such 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 of the Series which such Bond is a part of pursuant to the Bond Resolution, which shall be set forth in a Supplemental Resolution or Series Certificate and shall be exclusive of underwriter's compensation, commissions, placement agent's fees, concessions, Costs of Issuance or similar costs.

"Loan Account" means the Loan Account established in the Bond Resolution.

"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 Revenues" means all payments, proceeds, rents, premiums, penalties, charges and other cash income received by Rhode Island Housing from or on account of any Program Obligation (including scheduled, delinquent and advance payments of, and any net insurance or guaranty proceeds with respect to, principal and interest on any Program Obligation or the net operating income or net proceeds of sale of any property acquired thereunder) but excludes (i) any amount retained by a servicer (other than Rhode Island Housing) of any Program Obligation as compensation for services rendered in connection with such Program Obligation, (ii) any payments for the guaranty or insurance of any Program Obligation, (iii) any payments of taxes, assessments or similar charges or premiums or other charges for fire or other hazard insurance (and any escrow payments in connection therewith) called for by any Program Obligation, (iv) amounts payable with respect to a Program Loan which represent a return on amounts financed by Rhode Island Housing or by other persons pursuant to a participation, forbearance or other arrangement from sources other than proceeds of Bonds or other amounts held under the Bond Resolution and (v) to the extent such items do not exceed the income derived therefrom payments or charges constituting expenses of managing and maintaining property acquired pursuant to a Program Obligation.

"Non–Mortgage Receipts" means all interest earned or gain realized in excess of losses as a result of the investment of the amount in any Account (except the Rebate Account), but does not include Mortgage Revenues.

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

(1) any Bond cancelled by Rhode Island Housing or delivered to Rhode Island Housing for cancellation at or prior to such date;

(2) 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 under the Bond Resolution either:

(a) moneys in an amount sufficient to effect payment of the principal or applicable Redemption Price thereof, together with accrued interest on such Bond to the Redemption Date;

(b) Investment Securities, as specified in the Bond Resolution and described under "**SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION—Defeasance**," 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, together with accrued interest on such Bond to the Redemption Date; or

(c) any combination of (a) and (b) above;

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

(4) any Bond deemed to have been paid as provided in the Bond Resolution and described under "**SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION—Defeasance**."

"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 provided in the Bond Resolution.

"Permitted Encumbrances" means (i) 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, (ii) ad valorem property taxes ratably accrued but not yet due and payable, (iii) interests, owned by others, which are of a kind customary with respect to residential housing in the area in which the premises are located and (iv) such other liens, encumbrances, reservations and other clouds on title as Rhode Island Housing shall determine do not impair the use or value of the premises.

"Principal Installment" means, as of any date of calculation, (i) 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 Bond Resolution of Sinking Fund Payments payable before such future date plus (ii) the unsatisfied balance, determined as provided in the Bond 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 residential housing (including land or improvements being financed for residential housing purposes generally) established by Rhode Island Housing pursuant to the Act, as the same may be amended from time to time consistent with the Bond 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 Bond Resolution.

"Program Expenses" means, except as limited pursuant to a Supplemental Resolution, all of Rhode Island Housing's expenses in carrying out and administering its Program and servicing Program Obligations under the Bond Resolution and shall include, without limiting the generality of the foregoing, salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, telephone, insurance premiums, legal, accounting, management, consulting and banking services and expenses (including remarketing services with respect to the Bonds), fees and expenses of the Fiduciaries, Costs of Issuance not paid from the proceeds of Bonds, travel, payments for pension, retirement, health and hospitalization, life and disability insurance benefits, and payments for insurance against losses on the pool of Program Obligations, 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 and a reasonable reserve for losses and expenses estimated to be incurred by Rhode Island Housing and amounts appropriate to reimburse Rhode Island Housing for Program Expenses paid from other sources.

"Program Loan" means a loan for Residential Housing secured (i) by a first lien, coordinate lien or second lien on real property (including such interests therein as are permitted pursuant to the Bond Resolution); (ii) by a pledge of a leaseholder's share in a cooperative housing corporation and an assignment of the proprietary lease appurtenant thereto; or (iii) in the case of a loan for home improvements which is insured under Title I of the National Housing Act or under a program of self insurance established by Rhode Island Housing, by a third lien.

"Program Obligation" means any Program Loan or Program Security acquired by Rhode Island Housing by the expenditure of amounts in the Loan Account.

"Program Security" means an obligation representing an undivided interest in a pool of loans, to the extent the payments to be made on such obligation are guaranteed by a Federal Mortgage Agency.

"Rating Agency" means, to the extent that such entity maintains a current rating on the Bonds, Standard & Poor's Corporation and Moody's Investors Service.

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

"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 Program Loan including any premium or penalty with respect thereto, on account of (i) the advance payment of amounts to become due pursuant to such Program Obligation, (ii) the sale, assignment, endorsement or other disposition thereof including repurchase by the originating lender, (iii) the acceleration of payments due thereunder or other remedial proceedings taken in the event of the default thereon, (iv) proceeds of federal mortgage insurance, (v) the net proceeds of hazard or title insurance or of condemnation of the subject property or (vi) any other payment with respect to a Program Obligation which has been designated as a Recovery of Principal in a Series Certificate.

"Redemption Account" means the Redemption Account which is established and created in the Revenue Account pursuant to the Bond Resolution.

"Redemption Date" means the date upon which Bonds are to be called for redemption pursuant to the Bond 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 Bond Resolution, the proceeds of which are used to pay Principal Installments and/or the principal portion of the Redemption Price of Bonds or Bonds thereafter authenticated and delivered in lieu of or in substitution for any such Bond pursuant to the Bond Resolution.

"Residential Housing" means Residential Housing as defined in the Act.

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

"Revenues" means, upon receipt thereof by Rhode Island Housing, all Mortgage Revenues and Non–Mortgage Receipts.

"Security Instrument" means an instrument securing a Program Loan, including, without limitations, a mortgage deed, pledge, security agreement or assignment of real or personal property, including shares of stock or membership certificates in a cooperative or similar entity and proprietary or other leases.

"Series" means all of the 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 for (but not to refund) such Bonds as provided in the Bond Resolution.

"Series Certificate" means a Certificate relating to the funding or investment of Accounts or any Series Program Determinations in connection with a Series of Bonds and shall include a statement that the matters provided therein have been reviewed with each Rating Agency and will not result in a reduction in the then current rating on the Bonds.

"Series Program Determinations" means determinations by Rhode Island Housing relating to Program Loans and certain other matters in connection with a Series of Bonds under the Program to be set forth (or provision to be determined at certain specified times in the future) in a Supplemental Resolution and shall include the following: (i) the type of Security Instrument which will secure each Program Loan and whether such Security Instrument shall be a first lien, coordinate first lien, second lien or third lien or a combination thereof; (ii) whether each Program Loan shall have approximately equal monthly payments or shall be a graduated payment loan or have a fixed or variable rate of interest; (iii) the maximum term to maturity of each Program Loan; (iv) whether the property to be financed with each Program Loan shall be a principal residence and any limitations with respect to newly constructed residences; (v) required credit standards and other terms of primary mortgage insurance, if any, and the levels of coverage thereof, and applicable loan to value ratios, if appropriate; (vi) limitations, if any, applicable to purchases of Mortgage Loans relating to condominiums and/or cooperatives, geographic concentration, and type of principal and interest characteristics; (vii) provisions relating to Supplemental Mortgage Coverage, if appropriate; (viii) provisions, relating to Recoveries of Principal, including application thereof for redemption or financing new Program Loans; (ix) terms of investment, if any, with respect to the Debt Service Reserve Account; (x) maximum Costs of Issuance and Program Expenses for such Series to be paid for from amounts held under the Bond Resolution; (xi) restrictions, if any, on the applications of the proceeds of the voluntary sale of Program Loans; and (xii) any other provision deemed advisable by Rhode Island Housing not in conflict with the Bond Resolution; provided that Rhode Island Housing may permit any of the above determinations to be applied to any portion of the proceeds of a Series to be established by a Certificate of an Authorized Officer to be delivered to the Trustee prior to the date that such proceeds are applied to the financing of Program Obligations, together with evidence that such determinations do not affect the then current rating on the Bonds.

"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 certain 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 Mortgage Coverage” means the coverage, if any, whether in the form of insurance, Cash Equivalents or additional pledged funds of loss from Mortgage Loan defaults provided in a Series Resolution which supplements any primary mortgage insurance. Rhode Island Housing does not currently require any Supplemental Mortgage Coverage for Mortgage Loans and does not expect to specify any Supplemental Mortgage Coverage requirement for future series of Bonds.

“Supplemental Resolution” means any resolution supplemental to or amendatory of the Bond Resolution, adopted by Rhode Island Housing and effective in accordance with the Bond Resolution, and includes any Series Certificate delivered pursuant thereto.

“Trustee” means Citizens Bank of Rhode Island, Providence, Rhode Island, and its successor or successors and any other person at any time substituted in its place pursuant to the Bond Resolution.

Contract with Bondholders

The Bond 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.

Provisions for Issuance of Bonds

The Bond Resolution authorizes Bonds to be issued from time to time in accordance with its terms without limitation as to amount except as provided by law. The Bonds of a Series may be authenticated and delivered only upon receipt by the Trustee of, among other things:

(1) An opinion of Bond Counsel 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 Bond Resolution;

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

(3) Except in the case of the Series 1 Bonds and any refunding issue, a Certificate of an Authorized Officer stating that the conditions for the issuance of additional obligations have been met; and

(4) Except in the case of an issue consisting entirely of Refunding Bonds, a Certificate stating that Rhode Island Housing’s expectations with respect to the application and use of the proceeds of such Series are consistent with Rhode Island Housing’s covenant regarding the sufficiency of Revenues and other funds to provide for the payment of Debt Service and Program Expenses, as of the date of such delivery, and any information required to be filed with the Trustee upon deposit of amounts in the Loan Account pursuant to the Bond Resolution.

Provisions for Refunding Issues

One or more Series of Refunding Bonds may be issued to refund any Outstanding Bonds. Refunding Bonds may be authenticated only upon receipt by the Trustee of, among other things, irrevocable instructions to give notice of the payment or redemption of all the Bonds to be refunded and the payment or redemption dates, if any, and if the Bonds to be refunded are to be redeemed subsequent to the next succeeding forty–five days, irrevocable instructions to give published notice of the call for redemption of such Bonds and either

(i) moneys sufficient to effect payment or redemption at the applicable Redemption Price of the Bonds to be refunded, together with interest accrued to the due date or the Redemption Date, or (ii) Investment Securities, the principal of and interest on which when due (without reinvestment thereof), together with the moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued), if any, contemporaneously deposited with the Trustee, will be sufficient to pay when due 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 Bond Resolution.

Application of Bond Proceeds

As soon as practicable upon the delivery of each Series of Bonds, other than Refunding Bonds, the amounts, if any, necessary to cause the amount on deposit in the Debt Service Reserve Account to equal the Debt Service Reserve Account Requirement, together with such additional amount, if any, as may be 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 Loan Account.

Deposits and Investments

All amounts held by the Trustee or under its control pursuant to the Bond Resolution may be deposited or invested in Investment Securities. 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 semi–annually and at any other time amounts on deposit in any Account are required to be determined under the Bond 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 Bond Resolution establishes the following Accounts which are to be held by the Trustee:

(1) Loan Account.

(2) Revenue Account.

(3) Redemption Account.

(4) Debt Service Reserve Account.

(5) Rebate Account.

Loan Account

Proceeds of a Series of Bonds are required to be deposited in the Loan Account established for such Series. Amounts in the Loan Account may be expended only to pay the cost of financing Program Obligations, to pay Costs of Issuance, to make deposits in the Revenue Account representing capitalized interest, to redeem Bonds, to provide for the payment of accrued interest with respect to Program Obligations to be financed under the Bond Resolution and to make deposits in the Revenue Account upon delivery to the Trustee of a Certificate of an Authorized Officer.

No amount in the Loan Account shall be expended or applied for the purpose of financing Program Obligations except upon compliance with the provisions of the Bond Resolution.

No Program Security shall be financed unless the Program Security is registered in the name of the Trustee or is registered in the name of Rhode Island Housing and delivered to the Trustee with a written assignment thereof to the Trustee pursuant to the Bond Resolution from and after the date such Program Security is financed under the Bond Resolution. In addition, no Program Security shall be financed unless such Program Security represents a pass through or participation interest in a pool of Program Securities and provides for a guaranty of any payments to be made to Rhode Island Housing thereunder by a Federal Mortgage Agency.

No Program Loan shall be financed unless a promissory note shall have been executed to evidence the Program Loan and a Security Instrument securing such Program Loan shall have been executed and recorded, filed or otherwise perfected in accordance with the requirements of existing laws and (except to the extent that a variance is permitted by Rhode Island Housing or required or permitted by any agency or instrumentality of the United States of America insuring or guaranteeing the payment of a Program Loan):

(1) the Security Instrument shall constitute and create a first lien, coordinate first lien, second lien, or third lien, subject only to Permitted Encumbrances, and such lien shall have the priority provided for in the appropriate Series Program Determination;

(2) the borrower shall have warranted generally the title to the property securing the Program Loan, subject to Permitted Encumbrances, and will execute such further assurances as may be required by Rhode Island Housing;

(3) provision has been made for the benefit of the mortgagee (or its assigns) that there shall be paid or escrowed all taxes, assessments, water rates, sewer rents and municipal and other charges and fees and any prior liens now or hereafter assessed or liens on or levied against the premises or any part thereof, and in the case of default in the payment thereof when the same shall be due and payable, it shall be lawful for the mortgagee (or its assigns) without notice to or demand of the borrower, to pay the same or any of them and that the moneys paid by the mortgagee (or its assigns) in discharge of taxes, assessments, water rates, sewer rents and municipal, other charges and fees and prior liens shall be a lien on the premises added to the amount of the Program Loan secured by the Security Instrument and payable on demand with interest (at the rate applicable under the Program Loan), from the time of payment of the same;

(4) the borrower shall have covenanted and represented that the proceeds of the Program Loan will be used solely to pay the reasonable and necessary costs of the residential housing to be financed by such Program Loan;

(5) the borrower shall have covenanted that it will keep or cause to be kept any building on the premises insured against loss by fire and other hazards as required by Rhode Island Housing to protect its interest with losses payable to Rhode Island Housing as its interest may appear and that the borrower will reimburse the mortgagee (or its assigns) for any insurance premiums paid by the mortgagee (or its assigns) on the borrower's default in so insuring the building or causing the building to be insured;

(6) the borrower shall have covenanted that it will maintain or cause to be maintained the premises in good condition and repair, will not commit or suffer any waste of the premises, and will comply with, or cause to be complied with, all statutes, ordinances and requirements of any governmental authority relating to the premises;

(7) except as provided in paragraph (7–a) below, the borrower shall have delivered to the mortgagee (or its assigns) a policy of title insurance (in standard American Land Title Association form as then in effect in the State) issued by a title insurance company qualified to do business in the State and acceptable to Rhode Island Housing insuring the mortgagee (or its assigns) that the Security Instrument is valid and enforceable and in an amount at least equal to the outstanding principal balance of the Program Loan, including, when applicable, any increases in the amount thereof;

(7–a) in the case of a loan solely for improvements to or repair of Residential Housing, Rhode Island Housing shall have received assurances regarding the borrower's title to the subject property sufficient, in the judgment of Rhode Island Housing, to protect Rhode Island Housing's interests;

(8) the Program Loan must either:

(a) have been insured or guaranteed by the Federal Housing Administration, the United States Department of Agriculture/Rural Development (successor to the Farmers Home Administration) Farmers Home Administration, the Veteran's Administration, or another agency or instrumentality of the United States or the State to which the powers of any of them have been transferred, or which is exercising similar powers with reference to the insurance or guaranty of Program Loans; or

(b) have a loan–to–value ratio as provided in the appropriate Series Program Determination; or

(c) be a loan for the repair or improvement of Residential Housing which is insured under Title I of the National Housing Act or insured under a program of self insurance established by Rhode Island Housing; or

(d) be made in any amount not exceeding the value, as determined in an appraisal by or acceptable to Rhode Island Housing, or purchase price of the property securing the Program Loan, whichever is less, but only if (i) Rhode Island Housing either (a) has provided for self insurance of the Program Loan in such manner as does not impair the then existing rating on the Bonds by each Rating Agency or (b) is issued a mortgage insurance policy by a private mortgage insurance company, qualified to do business in the State, under which the insurer, upon foreclosure of the property securing the Program Loan, must pay the holder of the Program Loan the unrecovered balance of a claim including unpaid principal, accrued interest, taxes, insurance premiums, and expenses of foreclosure, if any, or in lieu thereof may permit the holder of the Program Loan to retain title and may pay an agreed insured percentage of such claim; and (ii) the insured percentage of the Program Loan equals the amount provided for in the appropriate Series Program Determination; and

(9) such other additional requirements as Rhode Island Housing may determine to be necessary to protect Rhode Island Housing's interest in the security of the Program Loan shall have been met.

In permitting any variance or waiver from the above requirements, Rhode Island Housing shall make a written determination that the mortgagee (or its assigns) of the Program Loan has the benefit of arrangements which provide substantially equivalent protection to the material interests of Rhode Island Housing and the Trustee.

Revenue Account

All Mortgage Revenues and Non–Mortgage 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 Agents 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 to the Paying Agents the amounts required for the payment of accrued interest on Outstanding Bonds to be redeemed or purchased for retirement, unless the payment of such accrued interest has been otherwise provided for.

The amount accumulated in the Revenue Account for each Sinking Fund Payment may be applied either (i) 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 (ii) 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.

Rhode Island Housing is permitted to direct the transfer of amounts from the Revenue Account at any time within ninety days after the close of each such Fiscal Year to the Loan Account, Debt Service Reserve Account or Redemption Account or if the assets to liabilities under the Bond Resolution is greater than 101%, then to Rhode Island Housing free and clear of the lien of the Bond Resolution to be applied to any lawful purpose.

The Trustee may at any time, upon the written direction of an Authorized Officer, make transfers from the Revenue Account to the Loan Account, the Debt Service Reserve Account or the Redemption Account for the purposes thereof or make a transfer to the general operating funds of Rhode Island Housing for the purpose of paying Program Expenses for the then current Fiscal Year. No such transfer is permitted, however, unless there is on deposit in the Revenue Account after such transfer an amount equal to the principal and interest accrued on all Outstanding Bonds as of the date of such payment and to become due through the next Interest Payment Date.

Redemption Account

There are to be deposited in the Redemption Account any amounts required by the Bond Resolution 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. Except as otherwise provided in connection with the issuance of Refunding Bonds, 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 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 highest 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 Bond 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 on any Interest Payment Date or Redemption Date the Principal Installments and interest due on the Outstanding Bonds. 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 Loan Account, Revenue Account or Redemption 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 are to be transferred to the Debt Service Reserve Account. Prior to said transfer, all investments held in the Revenue Account are to be liquidated and any Bonds constituting a part of such 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 to any lawful purpose of Rhode Island Housing consistent with the tax covenants of Rhode Island Housing.

Payment of Bonds

Rhode Island Housing covenants that it will duly and punctually pay or cause to be paid the principal and Redemption Price 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 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, for purposes of direct federal income taxation, will be excludable from the gross income of the recipients thereof and exempt from such taxation. 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 Bond Resolution and sound lending 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 Program Obligations pursuant to the Act and the Bond Resolution, to do all such acts and things as shall be necessary to receive and collect Mortgage Revenues and Non–Mortgage Receipts (including diligent enforcement of the prompt collection of all arrears on Program Obligations) sufficient to pay the Debt Service and Program Expenses, 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 Program Obligations and to enforce all terms, covenants and conditions of the Program Obligations including the collection, custody and prompt application of all escrow payments required by the terms of the Program Obligations for the purposes for which they were made.

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 Program Obligation 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 premises covered by any such Program Obligation at any foreclosure sale thereof or may otherwise take possession of or acquire such property.

Rhode Island Housing may at any time sell, assign or otherwise dispose of a Program Obligation (or the premises to which such Program Obligation relates):

(1) in the event that payment under such Program Obligation is delinquent more than ninety days or, at any time, in order to realize the benefits of insurance with respect to such Program Obligation or property;

(2) in order to obtain funds to provide for the redemption or purchase of an amount of Bonds having a value corresponding to the value of such Program Obligation; or

(3) in the event that a Certificate has been filed with the Trustee which gives effect to the proposed sale thereof and states that it complies with conditions set forth in the Bond Resolution.

Rhode Island Housing will not redeem or purchase Bonds from amounts on deposit in any account under the Bond Resolution (including proceeds of Refunding Bonds held in the Redemption Account) if such redemption or purchase would have a material adverse effect on the ability of Rhode Island Housing to pay the Principal Installment and interest on the remaining Outstanding Bonds.

Rhode Island Housing shall apply the proceeds of the Bonds and use or direct the use of Revenues and other amounts held under the Bond Resolution so as to ensure that the Revenues and other funds estimated by Rhode Island Housing to be available at all times under the Bond Resolution will be sufficient to provide for the payment of Debt Service on the Bonds when due and reasonable and necessary Program Expenses.

Rhode Island Housing will not cause Bonds to be purchased or redeemed at any time, if such purchase or redemption would have a material adverse effect on the ability of Rhode Island Housing to pay the Debt Service on the Bonds when due and reasonable and necessary Program Expenses.

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 Program

Obligations and all Accounts established by the Bond 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 90 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 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, a statement of Rhode Island Housing's revenues and expenses for its operating and program purposes and showing the revenues and expenses of the Program and a statement of changes in financial position.

If at any time during any Fiscal Year there shall have occurred an Event of Default, then Rhode Island Housing shall file with the Trustee, within forty–five 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 Bond Resolution.

Budgets

Rhode Island Housing must adopt an annual budget covering its fiscal operations for the succeeding Fiscal Year not later than the first day of each such Fiscal Year, and file the same with the Trustee. The annual budget shall set forth for such Fiscal Year the estimated Mortgage 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 Bond 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 Bond Resolution or 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 Bond Resolution (a) of the holders of at least two–thirds in principal amount of the Outstanding Bonds, or (b) in case less than all of the several Series of Bonds then Outstanding 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. If any such modification or amendment will 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) payment of the principal or Redemption Price of any Bonds is not made 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 thirty days after becoming due; or (c) Rhode Island Housing fails or refuses to comply with the provisions of the Bond 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 ninety days after written notice thereof expressly stating that it is a notice of default, by the Trustee or 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 provisions of the Bond 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 Mortgage Revenues and Non–Mortgage Receipts and to carry out the covenants and agreements as to the Program Obligations 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 cured, 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 Program Obligations and Investment Securities.

Priority of Payments After Default

In the event that upon the happening and continuance of any Event of Default, the funds held by the Trustee and Paying Agents are insufficient for the payment of principal or Redemption Price, if any, and interest then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds 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 Bond Resolution, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the holders of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under the Bond Resolution, are to be applied as follows:

(1) Unless the principal of all of the Bonds has become or been declared due and payable:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available 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.

(2) If the principal of all of the Bonds has become or been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or

priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Compensation of Trustee

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

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 Bond Resolution, then the pledge or assignment of any revenues and assets thereby pledged and all other rights granted thereby will be discharged and satisfied.

Defeasance

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. All Outstanding Bonds of any Series 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 publish, as provided in the Bond 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 obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America (including obligations issued or held in book–entry form on the books of the U.S. Department of Treasury), or obligations secured by such obligations through an irrevocable trust, 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 any, 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.

APPENDIX G

TEN YEAR RULE PERCENTAGES

Homeownership Opportunity Bond Series	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
Retired	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 10-A	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 15-A	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 46-T	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 48-T	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 49-AB*	64%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 50-AB*	53%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 51-AB	86%	86%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 52-AB	50%	50%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 53-AB	75%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 54	0%	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 55-AB	58%	58%	59%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 56-A	40%	40%	40%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 57-AB	43%	44%	44%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 58-A	0%	0%	0%	100%	100%	100%	100%	100%	100%	100%	100%
HOB 59-ABC	83%	94%	94%	95%	100%	100%	100%	100%	100%	100%	100%
HOB 60-AB	54%	55%	57%	58%	100%	100%	100%	100%	100%	100%	100%
HOB 61-ABC	84%	84%	84%	84%	84%	84%	84%	84%	100%	100%	100%
HOB 62-ABC	83%	83%	83%	83%	83%	83%	83%	83%	100%	100%	100%
HOB 63-ABC	90%	90%	90%	90%	90%	90%	90%	90%	100%	100%	100%
HOB 63-T	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HOB 64-T	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Note: The above percentages represent estimates based upon information currently available and are not guaranteed. There can be no assurance that federal tax law, rules or regulations enacted or proposed and the interpretation thereof will not alter the above percentages.

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* Series expected to be fully redeemed with the proceeds of the Series 65-T Bonds.

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APPENDIX H

ESTIMATED QUARTERLY OUTSTANDING MORTGAGE LOAN BALANCE AND PREPAYMENT AMOUNTS

Homeownership Opportunity Bond Series	Outstanding Balance 06/30/13	Prepayments 07/01/13-09/30/13	Outstanding Balance 09/30/13	Prepayments 10/01/13-12/31/13	Outstanding Balance 12/31/13	Prepayments 01/01/14-03/31/14	Outstanding Balance 03/31/14	Prepayments 04/01/14-06/30/14	Outstanding Balance 06/30/14
Retired	$ 96,373,671	$ 3,126,897	$ 96,741,783	$ 2,228,921	$ 97,249,794	$ 1,261,041	$ 96,043,225	$ 1,864,612	$ 94,197,110
HOB 10-A	24,803,708	1,071,247	23,536,865	290,814	23,117,015	491,883	22,530,208	299,011	22,146,045
HOB 15-A	2,018,085	1,728	2,003,017	34,634	1,988,276	36,783	1,939,725	186,488	1,741,397
HOB 46-AB*	20,056,961	176,611	19,741,196	1,504	-	-	-	-	-
HOB 46-T	7,044,801	368,294	6,622,692	151,193	6,416,586	2,795	6,370,996	4,467	6,321,447
HOB 47-AB*	20,329,680	578,058	19,654,266	1,828	-	-	-	-	-
HOB 48-AB*	17,224,271	344,579	16,800,267	52,867	-	-	-	-	-
HOB 48-T	5,588,871	86,309	5,441,553	216,170	5,146,286	10,540	5,087,015	167,773	4,866,158
HOB 49-AB**	33,584,124	1,291,490	32,110,951	1,231,070	30,676,526	677,430	29,913,765	891,280	28,861,285
HOB 50-AB**	51,200,398	1,289,595	49,695,675	790,836	48,736,065	1,135,617	47,274,373	1,151,133	45,815,437
HOB 51-AB	38,115,301	906,111	37,045,653	651,733	36,239,566	739,832	35,455,192	835,814	34,471,594
HOB 52-AB	33,582,391	1,382,275	31,920,971	530,751	31,288,878	354,533	30,834,015	291,971	30,402,349
HOB 53-AB	46,368,458	747,094	45,448,580	685,799	44,699,989	706,841	43,844,523	547,738	43,144,060
HOB 54	51,502,281	1,461,298	49,791,590	784,892	49,251,085	1,113,376	48,267,345	622,127	47,482,977
HOB 55-AB	58,197,303	1,173,197	56,875,781	1,298,241	55,418,123	544,884	54,713,568	645,468	53,987,123
HOB 56A	54,493,794	1,581,011	52,762,953	1,459,638	51,271,926	887,801	50,465,604	824,884	49,552,399
HOB 56B1-T	4,806,174	143,259	4,649,956	132,261	4,515,472	80,439	4,443,056	72,861	4,362,839
HOB 57-AB	51,350,100	909,803	50,260,698	937,688	49,282,651	834,257	48,325,771	942,851	47,349,908
HOB 58-A	46,591,496	384,293	46,075,434	968,803	45,049,867	303,619	44,662,912	905,039	43,678,889
HOB 58-T	6,634,492	54,722	6,561,006	137,955	6,414,968	43,235	6,359,867	128,875	6,219,745
HOB 59-ABC	30,453,093	732,260	29,601,485	827,355	28,743,915	547,899	28,091,015	326,858	27,719,959
HOB 60-ABC	36,177,984	1,446,681	34,595,725	738,494	33,680,532	744,189	32,817,053	872,934	31,830,051
HOB 61-ABC	51,069,156	1,186,091	49,547,158	620,820	48,591,110	763,415	47,463,990	760,375	46,392,776
HOB 62-ABC	37,184,414	979,767	35,915,227	838,863	34,804,756	258,057	34,297,120	398,368	33,681,776
HOB 63-ABC	38,348,886	1,185,313	36,987,599	465,852	36,303,487	990,633	35,093,242	818,725	34,046,274
HOB 63-T	22,893,762	1,000,951	21,960,139	392,452	21,483,754	337,676	21,129,510	726,969	20,331,309
HOB 64-T	-	-	-	493,397	52,849,432	275,248	51,859,133	624,736	50,239,137
Total	**$885,993,655**	**$ 23,608,932**	**$ 862,348,219**	**$ 16,964,831**	**$ 843,220,060**	**$ 13,142,022**	**$ 827,282,222**	**$ 14,911,356**	**$ 808,842,043**

Note: The figures above are based on information currently available and are not guaranteed. Prepayment amounts include loan payoffs, dispositions of real estate owned and principal curtailments in excess of the computed scheduled principal amounts. Balances include real estate owned. Loans securitized into Mortgage Backed Securities, Affordability Loans and other miscellaneous loans are not included in these amounts. Rhode Island Housing and Mortgage Finance Corporation reserves the right to transfer loans between bond series subject to limitations under the Resolution and applicable federal tax law. Changes in outstanding loan balances from quarter to quarter may result from payments of scheduled principal, new originations or recycling, transfers between series, sales of mortgage loans, write-downs, losses and other miscellaneous adjustments, in addition to loan payoffs and principal installments.

* Series was fully redeemed with the proceeds of the Series 64-T Bonds.
** Series expected to be fully redeemed with the proceeds of the Series 65-T Bonds.

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RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION • HOMEOWNERSHIP OPPORTUNITY BONDS, SERIES 65-T (FEDERALLY TAXABLE)

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