MISSISSIPPI HOME CORPORATION

Audited Financial Statements
Years Ended June 30, 2011 and 2010

CONTENTS

HORNE
CPAs & Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mississippi Home Corporation

We have audited the accompanying combined statements of net assets of Mississippi Home Corporation (the "Corporation") (an instrumentality of the State of Mississippi) as of June 30, 2011 and 2010, and the related combined statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These combined financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2011 on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis on pages 3 through 8 is not a required part of the basic combined financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplementary schedules presented on pages 28 through 51 are presented for purposes of additional analysis and are not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

As further discussed in Note 1, the Corporation adopted Governmental Accounting Standards Board Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board and American Institute of Certified Public Accountants Pronouncements*, effective July 1, 2010.

Horne LLP

Ridgeland, Mississippi
October 3, 2011

This Management's Discussion and Analysis ("MD&A") seeks to provide readers with a narrative overview of Mississippi Home Corporation's (the "Corporation") financial activities for the fiscal years ended June 30, 2011 and 2010. This MD&A should be read in conjunction with the included basic combined financial statements and notes thereto, as well as our independent auditor's report thereon.

Required Basic Financial Statements

The basic combined financial statements of the Corporation report information about the Corporation using accounting methods similar to those used by private sector companies. These statements offer information about the Corporation's activities. The combined statements of net assets include all of the Corporation's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the Corporation's creditors (liabilities). The assets are presented in order of liquidity, and liabilities are presented in order of nearness to payment.

All of the reporting period's revenues and expenses are accounted for in the combined statements of revenues, expenses and changes in net assets. These statements measure the activities of the Corporation's operations over the past two years and can be used to determine whether the Corporation has successfully recovered all its costs through its services provided.

The final required financial statement is the combined statements of cash flows. The primary purpose of these statements is to provide information about the Corporation's cash receipts and cash payments during the reporting period. The statements report cash receipts, cash payments and net changes in cash resulting from operating, investing, non-capital financing and financing activities and provide information regarding the sources and uses of cash and the change in the cash balance during the reporting period.

Financial Highlights – 2011

- Total assets decreased $96.5 million or 9.7 percent
- Total liabilities decreased $93.7 million or 10.9 percent
- Cash and investments decreased $58.5 million or 34.5 percent
- Bonds payable decreased $105.1 million or 12.9 percent
- Notes payable decreased $7.7 million or 60.5 percent
- Total net assets decreased $2.8 million or 2.1 percent, including a $4.6 million decrease in the fair value of investments
- Total operating revenues (excluding fair value adjustments) increased $20.6 million or 27.7 percent
- Total operating expenses increased $18.0 million or 23.9 percent
- Low income housing tax credits revenues increased $0.4 million or 28.9 percent
- Interest income decreased $7.7 million or 16.8 percent
- Interest expense decreased $7.0 million or 17.6 percent
- Grant fund revenues increased $26 million
- Operating income (loss) (excluding fair value adjustments) increased $2.6 million or 350.0 percent

The following table summarizes the changes in the Corporation's assets and liabilities that occurred during the fiscal year ended June 30, 2011:

	2011	2010	Change Dollars	Change %
Cash and cash equivalents	$ 111,304,981	$ 169,831,048	$ (58,526,067)	-34.5%
Investments, at fair value	732,243,777	786,029,300	(53,785,523)	-6.8%
Mortgage loans, net	34,832,702	17,933,331	16,899,371	94.2%
Unamortized bond issuance costs	6,814,983	7,353,429	(538,446)	-7.3%
Other assets	8,589,701	9,173,432	(583,731)	-6.4%
Total assets	$ 893,786,144	$ 990,320,540	$ (96,534,396)	-9.7%
Bonds payable, net	$ 709,382,170	$ 814,470,411	$ (105,088,241)	-12.9%
Notes payable	5,041,318	12,766,441	(7,725,123)	-60.5%
Low income housing tax credit program deferred revenues	19,688,538	19,456,014	232,524	1.2%
Grant fund deferred revenues	24,256,435	4,834,664	19,421,771	401.7%
All other liabilities	4,915,043	5,478,880	(563,837)	-10.3%
Total liabilities	$ 763,283,504	$ 857,006,410	$ (93,722,906)	-10.9%
Restricted net assets	$ 88,873,566	$ 94,849,572	$ (5,976,006)	-6.3%
Unrestricted net assets	41,629,074	38,464,558	3,164,516	8.2%
Total net assets	$ 130,502,640	$ 133,314,130	$ (2,811,490)	-2.1%

The following table summarizes the changes in the Corporation's operating revenues and expenses, before fair value adjustments, for the fiscal year ended June 30, 2011:

	2011	2010	Change Dollars	Change %
Interest on cash and investments	$ 2,398,409	$ 3,893,954	$ (1,495,545)	-38.4%
Interest on mortgage-backed securities	35,157,581	41,306,111	(6,148,530)	-14.9%
Interest on mortgage loans	561,245	598,068	(36,823)	-6.2%
Low income housing tax credits	1,976,947	1,533,874	443,073	28.9%
Gain on sale of mortgage-backed securities	1,813,878	—	1,813,878	NM
Grant fund revenues	52,213,529	26,291,770	25,921,759	98.6%
All other revenues	1,013,380	891,875	121,505	13.6%
Total operating revenues	95,134,969	74,515,652	20,619,317	27.7%
Interest expense	32,786,186	39,789,957	(7,003,771)	-17.6%
Amortization of bond issuance costs	1,582,307	1,985,779	(403,472)	-20.3%
MRB down payment assistance	1,060,624	1,001,013	59,611	6.0%
Loss on early extinguishment of debt	—	217,562	(217,562)	NM
Salaries and benefits	3,546,144	3,284,404	261,740	8.0%
Grant fund expenses	51,887,513	26,020,045	25,867,468	99.4%
All other expenses	2,382,775	2,972,804	(590,029)	-19.8%
Total operating expenses	93,245,549	75,271,564	17,973,985	23.9%
Operating income (loss) before fair value adjustments	$ 1,889,420	$ (755,912)	$ 2,645,332	350.0%

The Corporation reported total assets of $893.8 million at June 30, 2011. This represented a decrease of $96.5 million compared to June 30, 2010. Total liabilities for the same period decreased $93.7 million while total net assets decreased $2.8 million.

Cash and cash equivalents decreased $58.5 million to $111.3 million at June 30, 2011 compared to June 30, 2010. The decrease was due primarily to bond principal repayments net of new issuance of bonds.

Investments decreased $53.8 million to $732.2 million at June 30, 2011 compared to June 30, 2010. The decrease was the result of three offsetting factors:

- Scheduled payments and prepayments of mortgage-backed securities in the mortgage revenue bond program as a result of homeowners refinancing their mortgages as well as loans being purchased out of the mortgage-backed securities due to loan restructurings;
- The sale of $19.2 million of mortgage-backed securities under the 1997G, 1998B, 1998C, 1999A, 1999B, 1999C and 2000A issues; and
- The purchase of $96.4 million in mortgage-backed securities under the New Issue Bond Program ("NIBP"). NIBP is a federal program designed to provide housing finance agencies with financing to issue new mortgage revenue bonds at a competitive interest rate.

The decrease in total liabilities of $93.7 million in 2011 was attributable primarily to:

- A decrease in bonds payable of $105.1 million resulting from the following factors:
  - Calls resulting from the mortgage-backed securities prepayments described in the preceding paragraph;
  - Redemption of $17.4 million of bonds associated with the sale of mortgage-backed securities described in the preceding paragraph; and
- An increase in grant fund deferred revenue of $19.4 million comprised primarily of Tax Credit Assistance Program ("TCAP") funds.

Total operating revenues before fair value adjustments for fiscal year 2011 were $95.1 million compared to $74.5 million for fiscal year 2010. The increase in operating revenues was attributable primarily to two offsetting factors:

- Increased "flow-through" revenues from the Corporation's management of federal grant programs; and
- A decrease in interest income of $7.7 million which resulted from an overall lower level of earning assets, as well as the effect of terminating certain guaranteed investment contracts in the mortgage revenue bond program.

Total operating expenses were $93.2 million in fiscal year 2011, up from $75.3 million in fiscal year 2010. The increase in operating expenses was attributable primarily to two offsetting factors:

- Increased "flow-through" expenses from the Corporation's management of federal grant programs; and
- A decrease in interest expense of $7.0 million which resulted from a lower level of bonds payable.

As a result of the above factors, operating income (loss) before fair value adjustments was $1.9 million compared to $(0.8) million in 2010.

Financial Highlights – 2010

- Total assets increased $18.1 million or 1.9 percent
- Total liabilities decreased $10.9 million or 1.3 percent
- Cash and investments increased $14.3 million or 1.5 percent
- Bonds payable decreased $27.7 million or 3.3 percent
- Notes payable increased $12.5 million
- Total net assets increased $29.1 million or 27.9 percent, including a $29.8 million increase in the fair value of investments
- Total operating revenues (excluding fair value adjustments) increased $14.6 million or 24.4 percent
- Total operating expenses increased $19.0 million or 33.8 percent
- Low income housing tax credits revenues decreased $0.2 million or 9.8 percent
- Interest income decreased $8.6 million or 15.7 percent
- Interest expense decreased $6.5 million or 14.0 percent
- Grant fund revenues increased $23 million
- Operating income (loss) (excluding fair value adjustments) decreased $4.4 million or 120.9 percent

The following table summarizes the changes in the Corporation's assets and liabilities that occurred during the fiscal year ended June 30, 2010:

	2010	2009	Change Dollars	Change %
Cash and cash equivalents	$ 169,831,048	$ 53,660,812	$ 116,170,236	216.5%
Investments, at fair value	786,029,300	887,895,901	(101,866,601)	-11.5%
Mortgage loans, net	17,933,331	12,757,221	5,176,110	40.6%
Unamortized bond issuance costs	7,353,429	8,444,931	(1,091,502)	-12.9%
Other assets	9,173,432	9,434,742	(261,310)	-2.8%
Total assets	$ 990,320,540	$ 972,193,607	$ 18,126,933	1.9%
Bonds payable, net	$ 814,470,411	$ 842,156,550	$ (27,686,139)	-3.3%
Notes payable	12,766,441	254,000	12,512,441	NM
Low income housing tax credit program deferred revenues	19,456,014	19,793,773	(337,759)	-l.7%
All other liabilities	10,313,544	5,733,536	4,580,008	79.9%
Total liabilities	$ 857,006,410	$ 867,937,859	$ (10,931,449)	-1.3%
Restricted net assets	$ 94,849,572	$ 67,077,261	$ 27,772,311	41.4%
Unrestricted net assets	38,464,558	37,178,487	1,286,071	3.5%
Total net assets	$ 133,314,130	$ 104,255,748	$ 29,058,382	27.9%

The following table summarizes the changes in the Corporation's operating revenues and expenses, before fair value adjustments, for the fiscal year ended June 30, 2010:

			Change	
	2010	**2009**	**Dollars**	**%**
Interest on cash and investments	$ 3,893,954	$ 4,737,535	$ (843,581)	-17.8%
Interest on mortgage-backed securities	41,306,111	49,167,550	(7,861,439)	-16.0%
Interest on mortgage loans	598,068	446,110	151,958	34.1%
Low income housing tax credits	1,533,874	1,701,122	(167,248)	-9.8%
Grant fund revenues	26,291,770	2,937,955	23,353,815	794.9%
All other revenues	891,875	886,472	5,403	0.6%
Total operating revenues	74,515,652	59,876,744	14,638,908	24.4%
Interest expense	39,789,957	46,288,650	(6,498,693)	-14.0%
Amortization of bond issuance costs	1,985,779	1,228,771	757,008	61.6%
MRB down payment assistance	1,001,013	175,854	825,159	469.2%
Loss on early extinguishment of debt	217,562	—	217,562	NM
Salaries and benefits	3,284,404	3,094,485	189,919	6.1%
Grant fund expenses	26,020,045	2,892,588	23,127,457	799.5%
All other expenses	2,972,804	2,575,896	396,908	15.4%
Total operating expenses	75,271,564	56,256,244	19,015,320	33.8%
Operating income (loss) before fair value adjustments	$ (755,912)	$ 3,620,500	$ (4,376,412)	-120.9%

The Corporation reported total assets of $990.3 million at June 30, 2010. This represented an increase of $18.1 million compared to June 30, 2009. Total liabilities for the same period decreased $10.9 million while total net assets increased $29.1 million.

Cash and cash equivalents increased $116.2 million to $169.8 million at June 30, 2010 compared to June 30, 2009. The increase was attributable to the issuance of $120.0 million in short-term bonds related to the Corporation's participation in the NIBP.

Investments decreased $101.9 million to $786.0 million at June 30, 2010 compared to June 30, 2009. The decrease was driven primarily by prepayments of mortgage-backed securities in the mortgage revenue bond program. These prepayments occurred as a result of homeowners refinancing their mortgages as well as loans being purchased out of the mortgage-backed securities due to increased delinquencies and loan modifications.

The decrease in total liabilities in 2010 was attributable primarily to a decrease of $27.7 million in bonds payable. This decrease was the result of two offsetting factors:

- Bond calls resulting from the mortgage-backed securities prepayments described in the preceding paragraph, and
- The issuance of $120.0 million in short-term bonds under the NIBP.

Total operating revenues before fair market value adjustments for fiscal year 2010 were $74.5 million compared to $59.9 million for fiscal year 2009. The increase in operating revenues was attributable primarily to two factors:

- Increased "flow-through" revenues from the Corporation's management of federal grant programs; and
- A decrease in interest income of $8.6 million which resulted primarily from an overall lower level of earning assets.

Total operating expenses were $75.3 million in fiscal year 2010, up from $56.3 million in fiscal year 2009. The increase in operating expenses was attributable primarily to three factors:

- Increased "flow-through" expenses from the Corporation's management of federal grant programs;
- A decrease in interest expense of $6.5 million which resulted from a lower level of bonds outstanding; and
- Recognition of down payment assistance expense of $1.0 million related to funding the 3 percent cash advance for loans to be purchased by the first NIBP issue.

As a result of the above factors, operating income (loss) before fair value adjustments was $(0.8) million compared to $3.6 million in 2009.

Debt Administration

The Corporation sells bonds to investors in order to raise capital. These bonds are marketable securities backed by mortgage loans on residential properties. The Corporation's bond issues require cash reserves along with mortgage insurance and other safeguards in addition to the mortgage on the property being financed, all of which gives the investor or bondholder additional assurance that the issuer, in this case the Corporation, will repay the bonds.

Economic Factors

The primary business activity of the Corporation is funding the purchase of single-family home mortgages. The Corporation's mortgage financing activities are sensitive to the level of interest rates, the spread between the rate available on the Corporation's loans and the rates available in the conventional mortgage markets and the availability of affordable housing. The availability of long-term tax-exempt financing on favorable terms is a key element in providing the funding necessary for the Corporation to continue its mortgage financing activities.

Contact Information

This financial report is designed to provide a general overview of the Corporation's finances for all those with interest. Questions concerning any of the information contained in this report or requests for any additional information should be addressed to the Chief Financial Officer at Mississippi Home Corporation, 735 Riverside Drive, Jackson, MS 39202 or via our website at www.mshomecorp.com.

MISSISSIPPI HOME CORPORATION
Combined Statements of Net Assets
June 30, 2011 and 2010

	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents		
Cash	$ 3,079,301	$ 634,730
Restricted cash	24,625,833	14,897,594
Cash equivalents	2,466,028	3,051,569
Restricted cash equivalents	81,133,819	151,247,155
Total cash and cash equivalents	111,304,981	169,831,048
Accrued interest receivable	3,221,884	3,632,501
Total current assets	114,526,865	173,463,549
Noncurrent assets:		
Investments, at fair value	732,243,777	786,029,300
Mortgage loans receivable, net of allowance for loan losses (2011 - $2,681,575; 2010 - $2,544,663)	34,832,702	17,933,331
Unamortized bond issuance costs	6,814,983	7,353,429
Other assets	5,367,817	5,540,931
Total noncurrent assets	779,259,279	816,856,991
Total assets	$ 893,786,144	$ 990,320,540
LIABILITIES AND NET ASSETS		
Current liabilities:		
Bonds payable, net	$ 75,065,401	$ 125,860,401
Notes payable	4,189,568	12,512,441
Accrued interest payable	2,697,090	3,037,580
Total current liabilities	81,952,059	141,410,422
Noncurrent liabilities:		
Bonds payable, net of premium or discount and current portion	634,316,769	688,610,010
Notes payable	851,750	254,000
Low income housing tax credit program deferred revenues	19,688,538	19,456,014
Grant fund deferred revenues	24,256,435	4,834,664
Other liabilities and accrued expenses	2,217,953	2,441,300
Total noncurrent liabilities	681,331,445	715,595,988
Total liabilities	$ 763,283,504	$ 857,006,410
Net assets:		
Restricted	$ 88,873,566	$ 94,849,572
Unrestricted	41,629,074	38,464,558
Total net assets	$ 130,502,640	$ 133,314,130

See accompanying notes to combined financial statements.

MISSISSIPPI HOME CORPORATION

Combined Statements of Revenues, Expenses and Changes in Net Assets

For the Years Ended June 30, 2011 and 2010

	2011	2010
Operating revenues:		
Interest income:		
Cash and cash equivalents	$ 738,880	$ 1,870,148
Mortgage-backed securities	35,157,581	41,306,111
Other investments	1,659,529	2,023,806
Mortgage loans	561,245	598,068
Total interest income	38,117,235	45,798,133
Net (decrease) increase in fair value of investments	(4,626,015)	29,814,294
Low income housing tax credit program	1,976,947	1,533,874
Gain on sale of mortgage-backed securities	1,813,878	—
Grant fund revenues	52,213,529	26,291,770
Reservation fees	203,795	288,902
Other income	809,585	602,973
Total operating revenues	90,508,954	104,329,946
Operating expenses:		
Interest expense	32,786,186	39,789,957
Amortization of bond issuance costs	1,582,307	1,985,779
MRB Down Payment Assistance	1,060,624	1,001,013
Loss on early extinguishment of debt	—	217,562
Salaries and related benefits	3,546,144	3,284,404
Grant fund expenses	51,887,513	26,020,045
Losses on mortgage loans	307,771	516,912
Other	2,075,004	2,455,892
Total operating expenses	93,245,549	75,271,564
Operating income (loss)	(2,736,595)	29,058,382
Net assets, beginning of year	133,314,130	104,255,748
Capital withdrawal	(74,895)	—
Net assets, end of year	$ 130,502,640	$ 133,314,130

See accompanying notes to combined financial statements.

MISSISSIPPI HOME CORPORATION
Combined Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Loan principal payments received	$ 1,732,084	$ 1,618,851
Loan interest payments received	582,895	503,230
Loan disbursements	(1,659,662)	(7,234,909)
Payments to employees	(3,516,721)	(3,265,533)
MRB down payment assistance disbursements	(1,060,624)	(1,001,013)
Grant funds expended	(51,887,513)	(25,977,092)
Payments to vendors	(1,801,441)	(2,256,473)
Fee income received	4,622,957	6,055,701
Grant funds received	52,213,529	25,790,798
Other income received	801,892	1,098,455
Net cash provided by (used in) operating activities	27,396	(4,667,985)
Cash flows from noncapital financing activities:		
Proceeds from issuance of bonds	50,000,000	152,455,000
Proceeds from issuance of notes	98,069,250	14,107,899
Principal repayment of bonds	(154,749,745)	(179,904,004)
Premium paid on early redemptions	—	(259,950)
Principal repayment of notes	(105,794,373)	(1,595,458)
Interest paid	(33,225,028)	(40,492,400)
Bond issuance costs paid	(1,213,472)	(958,547)
Net cash used in noncapital financing activities	(146,913,368)	(56,647,460)
Cash flows from capital and related financing activities:		
Property and equipment additions	(244,945)	(143,351)
Net cash used in capital and related financing activities	(244,945)	(143,351)
Cash flows from investing activities:		
Purchase of investments	(164,917,466)	(69,631,433)
Redemption of investments	194,277,164	201,330,559
Proceeds from sale of mortgage-backed securities	20,977,600	—
Interest received on investments	38,267,552	45,929,906
Net cash provided by investing activities	88,604,850	177,629,032
Net (decrease) increase in cash and cash equivalents	(58,526,067)	116,170,236
Cash and cash equivalents, beginning of year	169,831,048	53,660,812
Cash and cash equivalents, end of year	$ 111,304,981	$ 169,831,048
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	$ (2,736,595)	$ 29,058,382
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Interest paid	33,225,028	40,492,400
Amortization of bond issuance costs	1,582,307	1,985,779
Amortization of bond premium	(103,694)	(179,440)
Accretion of bond discount	5,341	48,967
Amortization of investment premium	364,134	172,287
Net decrease (increase) in fair value of investments	4,626,015	(29,814,294)
Realized (gain) loss on investments	(1,160)	16,414
Loss on early extinguishment of debt	—	217,562
Gain on sale of mortgage-backed securities	(1,813,878)	—
Interest received on investments	(38,267,552)	(45,929,906)
Changes in assets and liabilities:		
Increase in mortgage loans receivable, net	(16,899,371)	(5,176,110)
Decrease in accrued interest receivable	410,617	626,115
Decrease (increase) in other assets	545,746	(428,390)
Decrease in accrued interest payable	(340,490)	(594,624)
Increase (decrease) in low income housing tax credit deferred revenues	232,524	(337,759)
Increase in grant fund deferred revenues	19,421,771	4,560,745
Decrease in deferred gains	(53,200)	(53,200)
Increase (decrease) in other liabilities and accrued expenses	(170,147)	667,087
Total adjustments	2,763,991	(33,726,367)
Net cash provided by (used in) operating activities	$ 27,396	$ (4,667,985)

See accompanying notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

Mississippi Home Corporation (the "Corporation"), formerly known as Mississippi Housing Finance Corporation, is a governmental instrumentality of the State of Mississippi (the "State") created under the Mississippi Home Corporation Act of 1989 (the "Act"). Pursuant to the Act, the Corporation is authorized and empowered, among other things, to issue bonds to provide monies for financing residential housing and provide other services in regard to housing for persons and families of low and moderate income in the State. Bonds and other obligations issued by the Corporation are not a debt or liability of the State, but are secured solely by assets of the individual mortgage purchase programs. The reporting entity includes the Corporation (the primary government entity) and the Mississippi Affordable Housing Development Program (see Note 7) for which the Corporation is accountable.

Members of the Board of Directors of the Corporation (the "Board") are appointed by the Governor and the Lieutenant Governor of the State. The appointed members serve six-year staggered terms and cannot be removed without cause. The Board controls the appointment of the Executive Director, who is responsible for the staffing of the Corporation. The State assumes no responsibility for the Corporation's day-to-day operations. The Board is solely responsible for reviewing, approving and revising the Corporation's budget. The State is not responsible for financing any Corporation deficit or operating deficiencies. The Corporation controls the use of surplus funds.

Effective July 1, 2010, the Corporation elected to adopt Governmental Accounting Standards Board ("GASB") Standard No. 62 ("GASB 62"), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and American Institute of Certified Public Accountants ("AICPA") Pronouncements*. This standard codifies existing GASB standards and FASB and AICPA standards issued prior to November 30, 1989 into a single document, the Accounting Standards Codification ("ASC"). GASB 62 incorporates the ASC as the sole source of authoritative governmental accounting standards generally accepted in the United States and is effective for periods beginning after December 15, 2011. Early adoption of the standard is encouraged.

Prior to adoption of GASB 62, the Corporation had elected to follow the accounting and disclosure requirements of all GASB and FASB standards as permitted by GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. Consequently, the Corporation has revised certain disclosures in these financial statements to reflect the requirements of GASB 62. Adoption of this standard had no impact on net assets or operating income as previously reported.

The significant accounting policies used by the Corporation in preparing and presenting its financial statements follow:

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Accounting Method

The Corporation's accounts are organized as a separate set of self-balancing accounts that comprise the assets, liabilities, net assets, revenues and expenses of the individual mortgage purchase programs, the Down Payment Assistance Program, the Mississippi Affordable Housing Development Program, the House Bill 530 Program and the general corporate account (each of the programs are further described in the accompanying notes). The measurement focus is on determining operating income and capital maintenance.

The accompanying financial statements present the activities of the individual mortgage purchase programs, the Down Payment Assistance Program, the Mississippi Affordable Housing Development Program, the House Bill 530 Program and the general corporate account. Since the assets and net assets of each program are generally restricted, aggregating the accounts of the separate programs does not indicate that the assets and net assets are available in any manner other than that provided for in the bond resolutions or other agreements of the separate programs. All material inter-fund balances and transactions have been eliminated in the combined financial statements.

Net Assets

The restricted net assets in the individual mortgage programs are restricted pursuant to the Corporation's agreements with bondholders as determined in each bond resolution. The restricted net assets of the Mississippi Affordable Housing Development Program are restricted in accordance with the Corporation's agreement with the State (see Note 7).

Classification of Revenues

The Corporation recognizes revenues as follows:

Interest income is calculated based on the individual investment class and recognized when earned.

Net increase (decrease) in fair value of investments represents the difference between the market value and net book value of the investments.

Grant fund revenues represent the various state and federal funds received for the reimbursement of costs incurred. Certain federal and state grants are for the purchase of goods and services, and therefore are deemed to be exchange transactions. Accordingly, such grant revenues are recognized as goods are provided or services are rendered.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

Cash and cash equivalents include general corporate account cash, general corporate account investments with original maturities of less than three months at date of purchase and unrestricted cash in certain other funds.

Restricted cash consists of cash which is restricted as to its use and is held primarily by the Mississippi Affordable Housing Development Program, the House Bill 530 Program, the Bond Program and the general corporate account.

Restricted cash equivalents consist substantially of: proceeds from the sales of bonds pending the purchase of Government National Mortgage Association ("GNMA") mortgage-backed securities ("GNMA securities" or "GNMA certificates"), Federal National Mortgage Association mortgage-backed securities ("Fannie Mae Securities") and Federal Home Loan Corporation participation certificates (collectively, "Mortgage-Backed Securities"); proceeds from the issuance of notes payable; and principal and interest payments of the Mortgage-Backed Securities. These funds are primarily held in guaranteed investment contracts, U.S. Treasury Bills and money market accounts. The indentures of the respective mortgage purchase programs stipulate that these funds may be used only for the acquisition of Mortgage-Backed Securities or the early redemption of the respective mortgage revenue program bonds outstanding. These instruments are considered cash equivalents because they have no stated maturity and are readily convertible to cash at the discretion of the Corporation.

Mortgage Loans Receivable, Morgtage-Backed Securities and Investments

A portion of the mortgage loans in the general corporate account are secured by first liens on multi-family residential properties, while the remainder is secured by first liens on single family residential properties. Mortgage loans in the Down Payment Assistance Program are secured by second liens on single-family residential properties. A portion of the mortgage loans in the Mississippi Affordable Housing Development Program is secured by second liens on single family residential properties, while the remainder is secured by first liens on multi-family residential properties. Mortgage loans in the House Bill 530 Program are secured by first liens on single-family residential properties. Proceeds from bond issues are invested principally in Mortgage-Backed Securities, representing pools of mortgage loans originated under the respective programs.

Allowance for Losses on Mortgage Loans

Losses incurred on mortgage loans are charged to the allowance for losses on mortgage loans (the "allowance"). The allowance is established with a corresponding amount charged to expense when, in management's opinion, the realization of all or a portion of the loans or recovery on properties owned is doubtful.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

In evaluating the allowance, management considers the age of the various loans, the relationship of the allowances to outstanding mortgage loans, collateral values, insurance claims and economic conditions.

Management believes that the allowance is adequate. While management uses available information to recognize losses on mortgage loans, future additions to the allowance may be necessary based on changes in economic conditions. Losses on mortgage loans totaled $307,771 and $516,912 in 2011 and 2010, respectively.

Unamortized Bond Issuance Costs, Discounts and Premiums

Costs related to the issuance of bonds are capitalized in the respective bond issues and amortized over the term of the bonds using the effective interest method. During the years ended June 30, 2011 and 2010, $1,213,472 and $958,549 of issuance costs were capitalized, respectively. In addition, discounts and premiums on the sale of bonds are deferred and amortized over the life of the bonds. Prepayments of principal are not anticipated in amortizing bond issuance costs, bond discounts or bond premiums.

Grant Fund Deferred Revenues

Certain mortgage loans were originated from federal grant funds awarded to the Corporation. Loan payments received by the Corporation are required to be expended pursuant to the underlying grant agreements and are recorded as grant fund deferred revenues until the earnings process is completed.

Reservation Fees

Reservation fees are those fees paid to the Corporation by mortgage lenders within the State to reserve their respective allocation of bond proceeds or down payment assistance money for the purpose of having the right to originate mortgage loans under the program. These reservation fees are recognized as income when received.

Income Taxes

As a tax-exempt, quasi-governmental organization created by legislative statute, the Corporation is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been included in the combined financial statements.

Fair Value of Financial Instruments

GASB ASC Section I50.105, *Investments*, defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Loans and bonds are valued at their carrying amounts, which approximate fair value, due to the structured financing characteristics of the

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Corporation's bond issues. Mortgage rates on loans originated, and subsequently securitized into Mortgage-Backed Securities from bond proceeds, are based directly on the bond rates established at the time of issuance. For bonds issued through June 30, 2011, Mortgage-Backed Securities are specifically identified with a particular bond issue and pledged under the applicable trust indenture. The Corporation is restricted under various trust indentures from selling Mortgage-Backed Securities at a value which would impair its ability to service the bonds to which those certificates are specifically pledged.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Cash Equivalents and Investments

The Corporation is authorized by Mississippi statute, subject to any agreement with bondholders or noteholders, to invest in the following:

- Direct obligations of or obligations guaranteed by the United States;
- Bonds, debentures, notes or other evidence of indebtedness issued by U.S. Government agencies;
- Direct and general obligations of the State;
- Repurchase agreements secured by collateral;
- Investment contracts or agreements with entities rated "A" or better by a nationally recognized rating agency; and
- Certificates of deposit or time deposits of qualified depositories and money market funds.

GASB ASC Section I50.105, requires that certain investments be reported at fair value in the financial statements, with unrealized gains or losses being reported in the earnings of the current period. Money market investments, guaranteed investment contracts and other highly liquid investments with no stated maturity are considered cash equivalents and are reported at amortized cost.

At June 30, 2011, the carrying amount of the Corporation's cash and cash equivalents was $111,304,981 and the bank balance was $111,461,831. The differences between the carrying amount and bank balance were the result of transactions in transit. Of the $111,461,831 bank balance, $7,234,916 was either insured by federal regulatory authorities or collateralized with securities held by the Corporation or by its agent in the Corporation's name. Of the remaining bank balance of $104,226,915, $73,789,830 was invested in U.S. Treasury Bills related to the

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Continued

New Issue Bond Program and $30,437,085 was uncollateralized balances primarily invested in money market accounts.

Similarly, at June 30, 2010, the carrying amount of the Corporation's cash and cash equivalents was $169,831,048 and the bank balance was $170,057,284. The differences between the carrying amount and bank balance were the result of transactions in transit. Of the $170,057,284 bank balance, $4,280,335 was either insured by federal regulatory authorities or collateralized with securities held by the Corporation or by its agent in the Corporation's name. Of the remaining bank balance of $165,776,949, $120,057,969 was invested in U.S. Treasury Bills related to the New Issue Bond Program and $45,718,980 was uncollateralized balances primarily invested in guaranteed investment contracts with various insurance companies.

A summary of the estimated fair value and amortized cost of investments as of June 30, 2011 and 2010 follows:

	2011		2010	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
U. S. Government agency securities	$ 19,884,918	$ 19,638,376	$ 16,269,356	$ 16,115,281
Corporate debt securities	4,390,347	4,210,193	4,971,800	4,944,490
Municipal debt securities	2,402,995	2,353,778	1,997,476	1,941,515
Mortgage-Backed Securities	695,249,820	641,501,893	753,762,259	695,106,060
Collateralized mortgage obligations	3,441,016	3,405,573	2,304,448	2,214,269
Other asset-backed securities	854,620	843,350	980,382	961,303
Commercial agreements	6,020,061	6,024,583	5,743,579	5,748,906
	$ 732,243,777	$ 677,977,746	$ 786,029,300	$ 727,031,824

At June 30, 2011, the Corporation's securities had scheduled maturities as follows:

		Investment Maturities			
	Estimated Fair Value	Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years
U. S. Government agency securities	$ 19,884,918	$ —	$ 6,419,753	$ 13,465,165	$ —
Corporate debt securities	4,390,347	762,880	1,062,097	2,565,370	—
Municipal debt securities	2,402,995	—	2,144,155	258,840	—
Mortgage-Backed Securities	695,249,820	—	717,915	430,885	694,101,020
Collateralized mortgage obligations	3,441,016	556,169	176,949	2,315,066	392,832
Other asset-backed securities	854,620	—	—	—	854,620
Commercial agreements	6,020,061	525,341	5,494,720	—	—
	$ 732,243,777	$ 1,844,390	$ 16,015,589	$ 19,035,326	$ 695,348,472

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Continued

Interest Rate Risk

In general, the Corporation's investment strategy is designed to match the life of the asset with the maturity date of its related liability. With this strategy, investments would be expected to reach maturity with limited realized gains or losses. Most of the Corporation's investments are in mortgage-backed securities, which are subject to prepayment risk as market interest rates change.

Credit Risk

Investments for each bond issue are those permitted by the various bond indentures and bond resolutions adopted by the Corporation. As of June 30, 2011, the Corporation's investments in certain Commercial Agreements, U.S. Government Obligations and Mortgage-Backed Securities were unrated. The Corporation's remaining investments are rated by Moody's Investor Service or Standard and Poor's as follows:

Investment Type	Rating	June 30, 2011 Balance
U.S. Government agency securities	Aaa	$ 18,951,867
Corporate debt securities	A	3,150,324
Corporate debt securities	Baa	525,855
Corporate debt securities	B	714,168
Municipal debt securities	Aa	2,402,995
Mortgage-backed securities	Aaa	7,244,644
Collateralized mortgage obligations	Aaa	3,059,979
Collateralized mortgage obligations	Aa	381,037
Other asset-backed securities	Aaa	470,279
Other asset-backed securities	Ba	13,664
		$ 36,914,812

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation would not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Substantially all of the Corporation's investments are held in the Corporation's name by its trustee.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Continued

Concentration of Credit Risk

The Corporation's investment policy places no limits on the amount the Corporation may invest in any one issuer. As of June 30, 2011, the Corporation held GNMA investments with a fair value of $558,121,586 and FNMA investments with a fair value of $136,800,308, which represent approximately 95 percent of the Corporation's total investment holdings.

Note 3. Mortgage Loans Receivable and Allowance for Loan Losses

Mortgage loans receivable is comprised of real estate mortgage loans and real estate construction loans. Real estate mortgage loans are secured by personal residences and payable in periodic installments. As of June 30, 2011 and 2010, $8,474,518 and $8,968,198, respectively, of real estate mortgage loans were outstanding. Real estate construction loans are made for the purpose of real estate construction and land development. As of June 30, 2011 and 2010, $29,039,759 and $11,509,796, respectively, of real estate construction loans were outstanding.

All real estate securing the mortgage loans is located in the State.

Note 4. Bonds and Notes Payable

The following table summarizes the debt activity for the Corporation's bonds and notes payable:

	Mortgage Revenue Bonds, net	Notes Payable
Balance at June 30, 2009	$ 842,156,550	$ 254,000
Proceeds from issuance	152,455,000	14,107,899
Principal repayments	(179,904,004)	(1,595,458)
Accretion	48,967	—
Defeased bond premium	(106,662)	—
Premium amortization	(179,440)	—
Balance at June 30, 2010	814,470,411	12,766,441
Proceeds from issuance	50,000,000	98,069,250
Principal repayments	(154,749,745)	(105,794,373)
Accretion	5,341	—
Redeemed bond premium	(240,143)	—
Premium amortization	(103,694)	—
Balance at June 30, 2011	$ 709,382,170	$ 5,041,318

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

The Corporation has the option to redeem bonds after they have been outstanding for 10 years at initial prices ranging from 100 percent to 105 percent of par and subsequently at prices declining to par. Certain extraordinary redemptions, as governed by the bond resolutions, are permitted prior to the foregoing redemption dates.

The bonds are secured, as described in the applicable bond resolution, by a pledge of the revenues, monies, investments, mortgage loans and other assets of the applicable programs. Management believes that, for the years ended June 30, 2011 and 2010, the Corporation has complied with all bond covenants.

Bonds and notes payable for the mortgage purchase programs follow:

	June 30,	
Bonds Description	**2011**	**2010**
1995CD series bonds – 6.520 percent interest payable semi-annually, principal due through November 1, 2027	$ 785,000	$ 1,100,000
1995J series bonds – 5.900 percent interest payable semi-annually, principal due through June 1, 2017	90,000	140,000
1995J series bonds – 6.125 percent interest payable semi-annually, principal due through June 1, 2027	1,045,000	1,520,000
1997G series bonds – 6.700 percent to 6.930 percent interest payable semi-annually, principal due through November 1, 2029	—	1,951,775
1998B series bonds – 5.420 percent to 6.200 percent interest payable semi-annually, principal due through June 1, 2030	—	2,718,646
1998C series bonds – 6.250 percent to 6.350 percent interest payable semi-annually, principal due through December 1, 2030	—	2,710,144
1999A series bonds – 6.300 percent to 6.630 percent interest payable semi-annually, principal due through June 1, 2031	—	4,623,981
1999B series accretion bonds – effective interest rate 5.800 percent, principal due through December 1, 2030	—	2,205,000
1999C series bonds – 6.070 percent interest payable semi-annually, principal due through June 1, 2031	—	1,440,000
2000A series bonds – 6.950 percent interest payable semi-annually, principal due through December 1, 2031	—	3,911,644
2001A series bonds – 6.500 percent interest payable semi-annually, principal due through June 1, 2032	6,745,815	8,611,713
2001B series bonds – 6.375 percent, interest payable semi-annually, principal due through December 1, 2032	3,428,892	4,143,058

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

Bonds Description	June 30, 2011	June 30, 2010
2001D series bonds – 6.250 percent interest payable semi-annually, principal due through December 1, 2032	$ 4,388,071	$ 5,221,325
2002A series bonds – 6.100 percent interest payable semi-annually, principal due through June 1, 2034	6,025,041	7,244,653
2002B series bonds – 6.450 percent interest payable semi-annually, principal due through December 1, 2033	4,598,809	5,873,298
2002 lease purchase series bonds, interest at prime-rate plus 2.00 percent, 10.250 percent at June 30, 2007, principal due through October 1, 2007 (see Note 10)	600,401	600,401
2002C series bonds – 2.750 percent to 5.800 percent, interest payable semi-annually, principal due through June 1, 2034	8,722,060	10,230,999
2003A series bonds – 2.500 percent to 5.800 percent, interest payable semi-annually, principal due through July 1, 2034	4,278,081	4,980,608
2004A series bonds – 3.150 percent to 5.000 percent, interest payable semi-annually, principal due through December 1, 2034	5,875,000	7,055,000
2004B series bonds – 2.700 percent to 5.700 percent, interest payable semi-annually, principal due through December 1, 2035	4,565,000	5,815,000
2004C series bonds – 2.550 percent to 5.950 percent, interest payable semi-annually, principal due through December 1, 2035	6,605,000	7,795,000
2004D series bonds – 2.350 percent to 4.850 percent, interest payable semi-annually, principal due through December 1, 2035	7,975,000	9,580,000
2005A series bonds – 2.750 percent to 4.850 percent, interest payable semi-annually, principal due through December 1, 2036	11,745,000	14,460,000
2005B series bonds – 2.900 percent to 5.500 percent, interest payable semi-annually, principal due through December 1, 2036	18,775,000	22,460,000
2005C series bonds – 4.880 percent, interest payable semi-annually, principal due through December 1, 2037	19,835,000	23,880,000
2006A series bonds – 4.650 percent to 4.750 percent, interest payable semi-annually, principal due through December 1, 2038	44,015,000	53,260,000
2006B series bonds – 4.850 percent to 4.900 percent, interest payable semi-annually, principal due through December 1, 2038	23,745,000	28,515,000
2006C series bonds – 4.800 percent to 4.900 percent, interest payable semi-annually, principal due through December 1, 2038	40,940,000	52,415,000

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

Bonds Description	June 30, 2011	June 30, 2010
2006D series bonds – 5.000 percent, interest payable semi-annually, principal due through December 1, 2038	$ 41,465,000	$ 51,220,000
2006E series bonds – 4.500 percent, interest payable semi-annually, principal due through June 1, 2039	12,620,000	15,045,000
2007A series bonds – 3.600 percent to 5.500 percent, interest payable semi-annually, principal due through December 1, 2038	28,210,000	37,470,000
2007B series bonds – 3.550 percent to 5.375 percent, interest payable semi-annually, principal due through December 1, 2038	55,200,000	67,240,000
2007C series bonds – 3.600 percent to 5.600 percent, interest payable semi-annually, principal due through December 1, 2038	41,075,000	53,410,000
2007D series bonds – 3.850 percent to 6.100 percent, interest payable semi-annually, principal due through December 1, 2038	30,045,000	41,970,000
2007E series bonds – 3.750 percent to 5.850 percent, interest payable semi-annually, principal due through December 1, 2038	33,300,000	44,515,000
2008A series bonds – 2.550 percent to 5.625 percent, interest payable semi-annually, principal due through December 1, 2039	24,565,000	31,805,000
2008B series bonds – 2.850 percent to 6.750 percent, interest payable semi-annually, principal due through December 1, 2039	20,920,000	27,935,000
2009 Resolution:		
2009A series bonds – 1.000 percent to 5.400 percent, interest payable semi-annually, principal due through December 1, 2040	27,650,000	30,910,000
2009 NIBP Resolution:		
2009B series bonds – variable*, interest payable upon release date, principal due December 31, 2010	—	120,000,000
2009B series bonds – variable*, interest payable upon release date, principal due December 31, 2011	70,000,000	—
2009B-1 series bonds – 3.060 percent, interest payable semi-annually, principal due through December 1, 2041	49,685,000	—
2010A series bonds – 0.700 percent to 4.550 percent, interest payable semi-annually, principal due through December 1, 2031	49,865,000	—
	709,382,170	815,982,245
Net unaccreted discount	—	(1,511,834)
Total bonds payable, net	$ 709,382,170	$ 814,470,411

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

*The interest rate on the 2009B series bonds is tied to the investment rate on proceeds of the bonds. Proceeds are required to be invested in U.S. Treasury securities maturing in 28 days or less.

Notes Payable Description	June 30, 2011	June 30, 2010
FHLB note, 0.220 to 0.240 percent, interest payable monthly, final maturity of July 19, 2010	$ —	$ 5,111,440
FHLB note, 0.310 percent, interest payable monthly, final maturity of October 20, 2010	—	7,401,001
FHLB note, 0.15 to 0.19 percent, interest payable monthly, final maturity of September 22, 2011	4,189,568	—
USDA Rural Development note, 1.000 percent, interest only payable annually through January 1, 2012, principal and interest payable annually thereafter, final maturity of May 5, 2038	851,750	254,000
	$ 5,041,318	$ 12,766,441

A summary of debt service requirements through 2016 and in five-year increments thereafter is as follows:

Year Ending June 30,	Principal	Interest
2012	$ 79,254,969	$ 31,052,064
2013	4,475,000	30,866,685
2014	3,830,000	30,742,296
2015	3,230,000	30,636,057
2016	3,285,000	30,533,732

Five-Year Increments Ending June 30,	Principal	Interest
2017 – 2021	$ 23,430,000	$ 150,115,628
2022 – 2026	36,275,000	144,488,276
2027 – 2031	24,450,000	136,683,854
2032 – 2036	109,956,769	117,411,075
2037 – 2041	376,551,750	52,526,438
2042 – 2046	49,685,000	760,181

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 5. Excess Earnings

For all of the Mortgage Revenue Bond issues, federal tax regulations limit the interest margin that the Corporation (as a tax-exempt entity) may earn. These regulations require that earnings on the investment of bond proceeds which exceed interest paid on the bonds by a predetermined amount (defined in the regulations and subject to certain adjustments) must be rebated or remitted to the Internal Revenue Service (the "IRS"). The Corporation determined that the rebate liability due to the IRS (recorded in other liabilities and accrued expenses) was approximately $462,000 in 2011 and $614,000 in 2010, if the Corporation does not meet its spending requirement over the life of the issuances. The Corporation expects to meet the spending requirements on the majority of the outstanding issues.

Note 6. Mortgage Revenue Bond Program

The Corporation's Mortgage Revenue Bond Program provides loans to qualified borrowers for purchases of the borrower's primary residence. Borrowers may also receive a three percent cash advance to be used for down payment assistance and allowable loan closing costs. To qualify, borrowers must meet county income limits, and their homes must meet purchase price limits, both set by Congress. These loans have 30-year terms, have market rates of interest, are secured by first mortgages on the residences, and are pooled into Mortgage-Backed Securities that are held in the respective bond issue's trust account. As the Mortgage-Backed Securities pay down, the Bond Trustee calls the bonds.

Note 7. Mississippi Affordable Housing Development Program

The Corporation is responsible for management of the Mississippi Affordable Housing Development Program, which is a blended component unit of the Corporation. The program was established by the State as a housing development revolving loan fund to provide resources for loans for the construction or repair of housing for persons or families of low to moderate income in the state using $1,997,952 in proceeds received from the Mississippi Development Authority in 1995 and $5,991,893 in proceeds obtained directly from the state in 1996. The Corporation is responsible for all aspects of the program, including developing lending criteria, establishing interest rates and loan approval, servicing and reporting. Principal, interest and late fee payments are required to be returned to the program for use in granting new loans. Costs incurred by the Corporation for administering the program are not reimbursed to the Corporation.

Note 8. Low Income Housing Tax Credit Program

The Corporation has been designated as the allocating agency for the Low Income Housing Tax Credit Program (the "Tax Credit Program"). The U.S. Congress created the Tax Credit Program in 1986 to encourage investment in the construction and rehabilitation of housing units for low

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 8. Continued

income individuals and families. The Corporation has adopted a Low Income Housing Tax Credit Program Qualified Allocation Plan (the "Plan"), which provides for an application process, project evaluation selection criteria and compliance requirements. Receipts under the Tax Credit Program represent fees earned for administering the Tax Credit Program and are not restricted under the terms of the Plan or the Tax Credit Program. A portion of the fees received is deferred and recognized over the life of the program.

Note 9. Down Payment Assistance Program

The Corporation's Down Payment Assistance Program provides loans to qualified borrowers for down payments and allowable loan closing costs on purchases of the borrower's primary residence. The qualification requirements are generally the same as those of the respective mortgage loan programs under which the primary mortgage loans are made. The down payment assistance loans generally have 10-year terms, have rates that are set by management, are secured by second mortgages on the residences, and the maximum amount is three percent of the loan amount.

Note 10. Lease Purchase Revenue Bond Program

During the year ended June 30, 2007, management elected to terminate the Corporation's Lease Purchase Revenue Bond Program after the bonds matured on October 1, 2007. At June 30, 2011 and 2010, $600,401 in bonds payable were outstanding under this program (see Note 4).

Note 11. Bond Defeasances

The Corporation defeases various bond issues by creating separate irrevocable trust funds. New debt is issued and the proceeds are used to purchase U.S. Government securities that are placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Corporation's combined statements of net assets. The accretion bonds that have been defeased totaled approximately $287,992,142 and $265,356,522 at June 30, 2011 and 2010, respectively.

Note 12. Defined Benefit Pension Plan

The Corporation contributes to the Public Employees' Retirement System of Mississippi ("PERS"), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 12. Continued

only by the state legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. This information may be obtained by contacting PERS by mail at 429 Mississippi Street, Jackson, MS 39201 or by phone at 1-800-444-7377. PERS members are required to contribute 9.00 percent of their annual covered salary and the Corporation is required to contribute at an actuarially determined rate. The current rate contributed by the Corporation is 12.00 percent of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State Legislature. The Corporation's contribution requirement for the year ended June 30, 2011 was approximately $567,000 which consisted of $324,000 from the Corporation and $243,000 from employees. The Corporation's contribution requirement for the year ended June 30, 2010 was approximately $482,000, which consisted of $301,000 from the Corporation and $181,000 from employees.

The Corporation's 53 participating employees are an insignificant portion of PERS' approximately 373,000 participants.

Note 13. Deferred Compensation Plan

The State offers its employees a multiple-employer, deferred compensation plan created in accordance with Internal Revenue Code Section 457. The term "employee" means any person, whether appointed, elected or under contract, providing services for the State, state agencies, counties, municipalities or other political subdivisions, for which compensation is paid. The Plan permits employees of the Corporation to defer a portion of their income until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employer (without being restricted to the provisions of benefits under the plan), subject only to the claims of the general creditors of those entities which employ deferred compensation participants. Participants' rights under the plan are the same as those of general creditors in an amount equal to the fair market value of the deferred account for each participant. The Corporation believes that it has no liabilities with respect to the State's plan.

Note 14. Conduit Issues

The Corporation has issued certain conduit multi-family housing revenue bonds, the proceeds of which were made available to various developers for rental housing. As of June 30, 2011 and 2010, $196,891,045 and $201,862,907 respectively, of these bonds were outstanding. The bonds are payable solely from amounts received by the trustees from the revenue earned by the developers.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 14. Continued

Loan and corresponding debt service payments are guaranteed by irrevocable direct-pay letters of credit. The faith and credit of the Corporation is not pledged for the payment of the principal or interest on the bonds. Accordingly, these obligations are excluded from the Corporation's financial statements.

Mississippi Home Corporation
Combining Schedule of Net Assets
June 30, 2011

	1995CD Program	1995IJ Program	1997D Program	1997G Program	1997H Program	1998A Program	1998B Program	1998C Program	1999A Program
ASSETS									
Current assets:									
Cash and cash equivalents:									
Cash	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted cash	1,118	34,701	653	—	255	413	—	—	—
Cash equivalents	—	—	—	—	—	—	—	—	—
Restricted cash equivalents	69,879	6,217	—	—	—	—	—	—	—
Total cash and cash equivalents	70,997	40,918	653	—	255	413	—	—	—
Accrued interest receivable	8,710	10,223	—	—	—	—	—	—	—
Total current assets	79,707	51,141	653	—	255	413	—	—	—
Noncurrent assets:									
Investments, at fair value	1,519,287	1,918,306	—	—	—	—	—	—	—
Mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
Unamortized bond issuance costs	5,422	7,346	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—	—
Due (to) from other funds	—	—	—	—	—	—	—	—	—
Total noncurrent assets	1,524,709	1,925,652	—	—	—	—	—	—	—
Total assets	$ 1,604,416	$ 1,976,793	$ 653	$ —	$ 255	$ 413	$ —	$ —	$ —
LIABILITIES AND NET ASSETS									
Current liabilities:									
Bonds payable, net	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Notes payable	—	—	—	—	—	—	—	—	—
Accrued interest payable	8,530	5,778	—	—	—	—	—	—	—
Total current liabilities	8,530	5,778	—	—	—	—	—	—	—
Noncurrent liabilities:									
Bonds payable, net of premium or discount and current portion	785,000	1,135,000	—	—	—	—	—	—	—
Notes payable	—	—	—	—	—	—	—	—	—
Low income housing tax credit program deferred revenues	—	—	—	—	—	—	—	—	—
Grant fund deferred revenues	—	—	—	—	—	—	—	—	—
Other liabilities and accrued expenses	3,268	4,266	—	—	—	—	—	—	—
Total noncurrent liabilities	788,268	1,139,266	—	—	—	—	—	—	—
Total liabilities	$ 796,798	$ 1,145,044	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net assets:									
Restricted	$ 807,618	$ 831,749	$ 653	$ —	$ 255	$ 413	$ —	$ —	$ —
Unrestricted	—	—	—	—	—	—	—	—	—
Total net assets	$ 807,618	$ 831,749	$ 653	$ —	$ 255	$ 413	$ —	$ —	$ —

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Net Assets
June 30, 2011

	1999B Program	1999C Program	2000A Program	2001A Program	2001B Program	2001D Program	2002A Program	2002B Program	2002C Program
ASSETS									
Current assets:									
Cash and cash equivalents:									
Cash	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted cash	—	—	—	672	172,561	116,356	45,229	81,349	160,773
Cash equivalents	—	—	—	—	—	—	—	—	—
Restricted cash equivalents	—	—	—	394,016	30,194	254,878	93,559	89,738	310,791
Total cash and cash equivalents	—	—	—	394,688	202,755	371,234	138,788	171,087	471,564
Accrued interest receivable	—	—	—	40,866	18,453	25,041	30,739	25,664	41,492
Total current assets	—	—	—	435,554	221,208	396,275	169,527	196,751	513,056
Noncurrent assets:									
Investments, at fair value	—	—	—	8,397,116	3,881,346	5,188,778	6,563,753	5,201,551	9,353,739
Mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
Unamortized bond issuance costs	—	—	—	75,049	41,103	48,794	68,731	51,607	101,292
Other assets	—	—	—	—	—	—	—	—	—
Due (to) from other funds	—	—	—	—	—	—	—	—	—
Total noncurrent assets	—	—	—	8,472,165	3,922,449	5,237,572	6,632,484	5,253,158	9,455,031
Total assets	$ —	$ —	$ —	$ 8,907,719	$ 4,143,657	$ 5,633,847	$ 6,802,011	$ 5,449,909	$ 9,968,087
LIABILITIES AND NET ASSETS									
Current liabilities:									
Bonds payable, net	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Notes payable	—	—	—	—	—	—	—	—	—
Accrued interest payable	—	—	—	35,588	17,744	22,552	30,297	24,456	41,832
Total current liabilities	—	—	—	35,588	17,744	22,552	30,297	24,456	41,832
Noncurrent liabilities:									
Bonds payable, net of premium or discount and current portion	—	—	—	6,745,815	3,428,892	4,388,071	6,025,041	4,598,809	8,722,060
Notes payable	—	—	—	—	—	—	—	—	—
Low income housing tax credit program deferred revenues	—	—	—	—	—	—	—	—	—
Grant fund deferred revenues	—	—	—	—	—	—	—	—	—
Other liabilities and accrued expenses	—	—	—	2,010	2,010	2,010	2,010	2,010	2,010
Total noncurrent liabilities	—	—	—	6,747,825	3,430,902	4,390,081	6,027,051	4,600,819	8,724,070
Total liabilities	$ —	$ —	$ —	$ 6,783,413	$ 3,448,646	$ 4,412,633	$ 6,057,348	$ 4,625,275	$ 8,765,902
Net assets:									
Restricted	$ —	$ —	$ —	$ 2,124,306	$ 695,011	$ 1,221,214	$ 744,663	$ 824,634	$ 1,202,185
Unrestricted	—	—	—	—	—	—	—	—	—
Total net assets	$ —	$ —	$ —	$ 2,124,306	$ 695,011	$ 1,221,214	$ 744,663	$ 824,634	$ 1,202,185

Mississippi Home Corporation
Combining Schedule of Net Assets
June 30, 2011

	2002 Lease Purchase Program	2003A Program	2004A Program	2004B Program	2004C Program	2004D Program	2005A Program	2005B Program	2005C Program
ASSETS									
Current assets:									
Cash and cash equivalents:									
Cash	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted cash	552,120	—	75,684	1,160	245,165	257,067	85,460	653,497	882,744
Cash equivalents	—	—	—	—	—	—	—	—	—
Restricted cash equivalents	—	160,354	92,902	51,072	—	—	578,788	—	—
Total cash and cash equivalents	552,120	160,354	168,586	52,232	245,165	257,067	664,248	653,497	882,744
Accrued interest receivable	—	21,149	29,966	22,941	32,034	37,189	55,954	82,570	82,148
Total current assets	552,120	181,503	198,552	75,173	277,199	294,256	720,202	736,067	964,892
Noncurrent assets:									
Investments, at fair value	—	4,688,808	7,073,924	5,297,104	7,486,242	9,124,804	12,799,148	20,406,200	20,881,931
Mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
Unamortized bond issuance costs	—	36,386	59,692	42,795	62,322	76,765	101,750	182,632	176,182
Other assets	—	—	—	—	—	—	—	—	—
Due (to) from other funds	—	—	—	—	—	—	—	—	—
Total noncurrent assets	—	4,725,194	7,133,616	5,339,899	7,548,564	9,201,569	12,900,898	20,588,832	21,058,113
Total assets	$ 552,120	$ 4,906,697	$ 7,332,168	$ 5,415,072	$ 7,825,763	$ 9,495,825	$ 13,621,100	$ 21,324,899	$ 22,023,005
LIABILITIES AND NET ASSETS									
Current liabilities:									
Bonds payable, net	$ 600,401	$ 60,000	$ —	$ —	$ —	$ —	$ 235,000	$ 390,000	$ —
Notes payable	—	—	—	—	—	—	—	—	—
Accrued interest payable	—	20,138	24,077	20,505	29,068	31,173	51,106	75,486	80,662
Total current liabilities	600,401	80,138	24,077	20,505	29,068	31,173	286,106	465,486	80,662
Noncurrent liabilities:									
Bonds payable, net of premium or discount and current portion	—	4,218,081	5,875,000	4,565,000	6,605,000	7,975,000	11,510,000	18,385,000	19,835,000
Notes payable	—	—	—	—	—	—	—	—	—
Low income housing tax credit program deferred revenues	—	—	—	—	—	—	—	—	—
Grant fund deferred revenues	—	—	—	—	—	—	—	—	—
Other liabilities and accrued expenses	449,612	2,010	2,010	2,010	2,010	2,010	2,010	3,010	2,010
Total noncurrent liabilities	449,612	4,220,091	5,877,010	4,567,010	6,607,010	7,977,010	11,512,010	18,388,010	19,837,010
Total liabilities	$ 1,050,013	$ 4,300,229	$ 5,901,087	$ 4,587,515	$ 6,636,078	$ 8,008,183	$ 11,798,116	$ 18,853,496	$ 19,917,672
Net assets:									
Restricted	$ (497,893)	$ 606,468	$ 1,431,081	$ 827,557	$ 1,189,685	$ 1,487,642	$ 1,822,984	$ 2,471,403	$ 2,105,333
Unrestricted	—	—	—	—	—	—	—	—	—
Total net assets	$ (497,893)	$ 606,468	$ 1,431,081	$ 827,557	$ 1,189,685	$ 1,487,642	$ 1,822,984	$ 2,471,403	$ 2,105,333

Mississippi Home Corporation
Combining Schedule of Net Assets
June 30, 2011

	2006A Program	2006B Program	2006C Program	2006D Program	2006E Program	2007A Program	2007B Program	2007C Program	2007D Program
ASSETS									
Current assets:									
Cash and cash equivalents:									
Cash	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted cash	1,399,583	819,121	990,025	745,008	457,539	883,510	4,464,938	1,789,125	301,384
Cash equivalents	—	—	—	—	—	—	—	—	—
Restricted cash equivalents	—	—	—	—	—	—	—	—	1,802,704
Total cash and cash equivalents	1,399,583	819,121	990,025	745,008	457,539	883,510	4,464,938	1,789,125	2,104,088
Accrued interest receivable	180,775	99,032	180,410	189,885	51,782	123,700	249,847	181,415	148,027
Total current assets	1,580,358	918,153	1,170,435	934,893	509,321	1,007,210	4,714,785	1,970,540	2,252,115
Noncurrent assets:									
Investments, at fair value	46,398,979	25,267,630	44,296,277	45,183,081	13,360,904	30,302,325	59,983,382	43,683,711	31,844,360
Mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
Unamortized bond issuance costs	384,077	213,125	348,020	359,617	117,137	289,889	443,854	440,088	226,741
Other assets	5,606	3,081	5,314	5,358	—	3,625	7,096	5,227	3,895
Due (to) from other funds	—	—	—	—	—	—	—	—	—
Total noncurrent assets	46,788,662	25,483,836	44,649,611	45,548,056	13,478,041	30,595,839	60,434,332	44,129,026	32,074,996
Total assets	$ 48,369,020	$ 26,401,989	$ 45,820,046	$ 46,482,949	$ 13,987,362	$ 31,603,049	$ 65,149,117	$ 46,099,566	$ 34,327,111
LIABILITIES AND NET ASSETS									
Current liabilities:									
Bonds payable, net	$ —	$ —	$ —	$ —	$ —	$ 290,000	$ 1,180,000	$ 525,000	$ 220,000
Notes payable	—	—	—	—	—	—	—	—	—
Accrued interest payable	171,556	96,069	166,344	172,771	47,325	117,943	225,221	174,421	137,713
Total current liabilities	171,556	96,069	166,344	172,771	47,325	407,943	1,405,221	699,421	357,713
Noncurrent liabilities:									
Bonds payable, net of premium or discount and current portion	44,015,000	23,745,000	40,940,000	41,465,000	12,620,000	27,920,000	54,020,000	40,550,000	29,825,000
Notes payable	—	—	—	—	—	—	—	—	—
Low income housing tax credit program deferred revenues	—	—	—	—	—	—	—	—	—
Grant fund deferred revenues	—	—	—	—	—	—	—	—	—
Other liabilities and accrued expenses	14,179	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010
Total noncurrent liabilities	44,029,179	23,747,010	40,942,010	41,467,010	12,622,010	27,922,010	54,022,010	40,552,010	29,827,010
Total liabilities	$ 44,200,735	$ 23,843,079	$ 41,108,354	$ 41,639,781	$ 12,669,335	$ 28,329,953	$ 55,427,231	$ 41,251,431	$ 30,184,723
Net assets:									
Restricted	$ 4,168,285	$ 2,558,910	$ 4,711,692	$ 4,843,168	$ 1,318,027	$ 3,273,096	$ 9,721,886	$ 4,848,135	$ 4,142,388
Unrestricted	—	—	—	—	—	—	—	—	—
Total net assets	$ 4,168,285	$ 2,558,910	$ 4,711,692	$ 4,843,168	$ 1,318,027	$ 3,273,096	$ 9,721,886	$ 4,848,135	$ 4,142,388

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Net Assets
June 30, 2011

	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
ASSETS					
Current assets:					
Cash and cash equivalents:					
Cash	$ —	$ —	$ —	$ —	$ —
Restricted cash	2,168,661	893,188	1,580,845	693,172	66,800
Cash equivalents	—	—	—	—	—
Restricted cash equivalents	—	—	—	—	75,111,554
Total cash and cash equivalents	2,168,661	893,188	1,580,845	693,172	75,178,354
Accrued interest receivable	162,973	112,030	104,829	134,041	350,481
Total current assets	2,331,634	1,005,218	1,685,674	827,213	75,528,835
Noncurrent assets:					
Investments, at fair value	35,649,663	26,552,136	22,331,923	31,097,837	97,830,037
Mortgage loans receivable, net	—	—	—	—	—
Unamortized bond issuance costs	323,165	252,042	275,573	506,730	1,497,057
Other assets	4,324	3,179	2,745	3,516	12,462
Due (to) from other funds	—	—	—	—	(91,680)
Total noncurrent assets	35,977,152	26,807,357	22,610,241	31,608,083	99,247,876
Total assets	$ 38,308,786	$ 27,812,575	$ 24,295,915	$ 32,435,296	$ 174,776,711
LIABILITIES AND NET ASSETS					
Current liabilities:					
Bonds payable, net	$ 90,000	$ 220,000	$ 390,000	$ 360,000	$ 70,505,000
Notes payable	—	—	—	—	—
Accrued interest payable	153,975	106,666	100,774	111,576	393,001
Total current liabilities	243,975	326,666	490,774	471,576	70,898,001
Noncurrent liabilities:					
Bonds payable, net of premium or discount and current portion	33,210,000	24,345,000	20,530,000	27,290,000	99,045,000
Notes payable	—	—	—	—	—
Low income housing tax credit program deferred revenues	—	—	—	—	—
Grant fund deferred revenues	—	—	—	—	—
Other liabilities and accrued expenses	2,010	2,010	2,010	2,010	21,797
Total noncurrent liabilities	33,212,010	24,347,010	20,532,010	27,292,010	99,066,797
Total liabilities	$ 33,455,985	$ 24,673,676	$ 21,022,784	$ 27,763,586	$ 169,964,798
Net assets:					
Restricted	$ 4,852,801	$ 3,138,899	$ 3,273,131	$ 4,671,710	$ 4,811,913
Unrestricted	—	—	—	—	—
Total net assets	$ 4,852,801	$ 3,138,899	$ 3,273,131	$ 4,671,710	$ 4,811,913

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Net Assets
June 30, 2011

	Total Bond Program	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
ASSETS						
Current assets:						
Cash and cash equivalents:						
Cash	$ —	$ —	$ 307,563	$ 2,771,738	$ —	$ 3,079,301
Restricted cash	20,619,876	1,173,020	—	1,524,013	1,308,924	24,625,833
Cash equivalents	—	—	—	2,466,028	—	2,466,028
Restricted cash equivalents	79,046,646	—	—	2,087,173	—	81,133,819
Total cash and cash equivalents	99,666,522	1,173,020	307,563	8,848,952	1,308,924	111,304,981
Accrued interest receivable	2,834,366	—	8,705	357,520	21,293	3,221,884
Total current assets	102,500,888	1,173,020	316,268	9,206,472	1,330,217	114,526,865
Noncurrent assets:						
Investments, at fair value	683,564,282	—	—	48,679,495	—	732,243,777
Mortgage loans receivable, net	—	—	1,155,988	28,994,524	4,682,190	34,832,702
Unamortized bond issuance costs	6,814,983	—	—	—	—	6,814,983
Other assets	65,428	11,065	—	2,863,914	2,427,410	5,367,817
Due (to) from other funds	(91,680)	42,356	—	49,598	(274)	—
Total noncurrent assets	690,353,013	53,421	1,155,988	80,587,531	7,109,326	779,259,279
Total assets	$ 792,853,901	$ 1,226,441	$ 1,472,256	$ 89,794,003	$ 8,439,543	$ 893,786,144
LIABILITIES AND NET ASSETS						
Current liabilities:						
Bonds payable, net	$ 75,065,401	$ —	$ —	$ —	$ —	$ 75,065,401
Notes payable	—	—	—	4,189,568	—	4,189,568
Accrued interest payable	2,694,347	—	—	2,743	—	2,697,090
Total current liabilities	77,759,748	—	—	4,192,311	—	81,952,059
Noncurrent liabilities:						
Bonds payable, net of premium or discount and current portion	634,316,769	—	—	—	—	634,316,769
Notes payable	—	—	—	851,750	—	851,750
Low income housing tax credit program deferred revenues	—	—	—	19,688,538	—	19,688,538
Grant fund deferred revenues	—	—	—	24,256,435	—	24,256,435
Other liabilities and accrued expenses	546,382	1,013,143	2,010	646,141	10,277	2,217,953
Total noncurrent liabilities	634,863,151	1,013,143	2,010	45,442,864	10,277	681,331,445
Total liabilities	$ 712,622,899	$ 1,013,143	$ 2,010	$ 49,635,175	$ 10,277	$ 763,283,504
Net assets:						
Restricted	$ 80,231,002	$ 213,298	$ —	$ —	$ 8,429,266	$ 88,873,566
Unrestricted	—	—	1,470,246	40,158,828	—	41,629,074
Total net assets	$ 80,231,002	$ 213,298	$ 1,470,246	$ 40,158,828	$ 8,429,266	$ 130,502,640

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2011

	1995CD Program	1995IJ Program	1997D Program	1997G Program	1997H Program	1998A Program	1998B Program	1998C Program	1999A Program
Operating revenues:									
Interest income:									
Cash and cash equivalents	$ 5,429	$ 368	$ —	$ 3,547	$ —	$ —	$ 5,039	$ 3,132	$ 9,476
Mortgage-backed securities	99,369	111,752	—	45,941	—	—	55,698	57,007	92,031
Other investments	—	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—	—
Total interest income	104,798	112,120	—	49,488	—	—	60,737	60,139	101,507
Net increase (decrease) in fair value of investments	(4,300)	8,091	—	(253,063)	—	—	(380,641)	(385,467)	(648,275)
Low income housing tax credit program	—	—	—	—	—	—	—	—	—
Gain on sale of mortgage-backed securities	—	—	—	193,787	—	—	307,376	255,087	456,777
Grant fund revenues	—	—	—	—	—	—	—	—	—
Reservation fees	—	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—	—
Total operating revenues	100,498	120,211	—	(9,788)	—	—	(12,528)	(70,241)	(89,991)
Operating expenses:									
Interest expense	63,325	84,244	—	41,045	—	—	52,853	53,347	91,766
Amortization of bond issuance costs	2,656	4,020	—	1,159	—	—	420	816	611
MRB Down Payment Assistance	—	—	—	—	—	—	—	—	—
Salaries and related benefits	—	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—	—
Losses on mortgage loans	—	—	—	—	—	—	—	—	—
Other	6,010	3,760	—	3,510	—	—	3,177	3,177	3,177
Total operating expenses	71,991	92,024	—	45,714	—	—	56,450	57,340	95,554
Operating income (loss)	28,507	28,187	—	(55,502)	—	—	(68,978)	(127,581)	(185,545)
Transfers in (out)	2,329	91	2,548	(365,919)	1,893	1,886	(609,410)	(550,765)	(883,974)
Net assets, beginning of year	776,782	803,471	(1,895)	421,421	(1,638)	(1,473)	678,388	678,346	1,069,519
Capital withdrawal	—	—	—	—	—	—	—	—	—
Net assets, end of year	$ 807,618	$ 831,749	$ 653	$ —	$ 255	$ 413	$ —	$ —	$ —

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2011

	1999B Program	1999C Program	2000A Program	2001A Program	2001B Program	2001D Program	2002A Program	2002B Program	2002C Program
Operating revenues:									
Interest income:									
Cash and cash equivalents	$ 120	$ 10	$ 11,174	$ 33,269	$ 1,922	$ 12,364	$ 14,791	$ 14,050	$ 16,451
Mortgage-backed securities	16,724	30,078	99,659	518,193	245,138	310,170	388,473	331,114	522,897
Other investments	—	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—	—
Total interest income	16,844	30,088	110,833	551,462	247,060	322,534	403,264	345,164	539,348
Net increase (decrease) in fair value of investments	(82,753)	(145,895)	(560,880)	(183,093)	(86,306)	(65,372)	(83,995)	(110,252)	(84,179)
Low income housing tax credit program	—	—	—	—	—	—	—	—	—
Gain on sale of mortgage-backed securities	41,449	110,875	448,527	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—	—	—	—
Reservation fees	—	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—	—
Total operating revenues	(24,460)	(4,932)	(1,520)	368,369	160,754	257,162	319,269	234,912	455,169
Operating expenses:									
Interest expense	5,342	28,165	83,881	469,636	228,780	286,459	383,184	317,551	518,649
Amortization of bond issuance costs	1,174	194	2,361	24,995	11,000	11,950	17,501	17,231	22,734
MRB Down Payment Assistance	—	—	—	—	—	—	—	—	—
Salaries and related benefits	—	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—	—
Losses on mortgage loans	—	—	—	—	—	—	—	—	—
Other	3,177	3,177	4,427	6,123	5,760	5,760	6,030	6,010	6,140
Total operating expenses	9,693	31,536	90,669	500,754	245,540	304,169	406,715	340,792	547,523
Operating income (loss)	(34,153)	(36,468)	(92,189)	(132,385)	(84,786)	(47,007)	(87,446)	(105,880)	(92,354)
Transfers in (out)	(350,455)	(372,952)	(1,615,754)	(13,884)	(5,338)	(5,620)	(11,302)	(3,051)	(6,539)
Net assets, beginning of year	384,608	409,420	1,707,943	2,270,575	785,135	1,273,841	843,411	933,565	1,301,078
Capital withdrawal	—	—	—	—	—	—	—	—	—
Net assets, end of year	$ —	$ —	$ —	$ 2,124,306	$ 695,011	$ 1,221,214	$ 744,663	$ 824,634	$ 1,202,185

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2011

	2002 Lease Purchase Program	2003A Program	2004A Program	2004B Program	2004C Program	2004D Program	2005A Program	2005B Program	2005C Program
Operating revenues:									
Interest income:									
Cash and cash equivalents	$ 64	$ 7,581	$ 11,239	$ 9,769	$ 2,555	$ 3,925	$ 28,465	$ 8,122	$ 9,150
Mortgage-backed securities	—	269,141	356,608	280,824	412,638	468,756	711,321	1,058,621	1,073,090
Other investments	—	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—	—
Total interest income	64	276,722	367,847	290,593	415,193	472,681	739,786	1,066,743	1,082,240
Net increase (decrease) in fair value of investments	—	(40,157)	20,295	(41,198)	(42,891)	(6,930)	(122,926)	(102,535)	(59,601)
Low income housing tax credit program	—	—	—	—	—	—	—	—	—
Gain on sale of mortgage-backed securities	—	—	—	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—	—	—	—
Reservation fees	—	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—	—
Total operating revenues	64	236,565	388,142	249,395	372,302	465,751	616,860	964,208	1,022,639
Operating expenses:									
Interest expense	—	254,052	313,077	273,452	380,992	408,648	679,174	979,041	1,051,945
Amortization of bond issuance costs	—	8,991	17,183	13,469	14,757	18,720	31,407	42,647	43,959
MRB Down Payment Assistance	—	—	—	—	—	—	—	—	—
Salaries and related benefits	—	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—	—
Losses on mortgage loans	—	—	—	—	—	—	—	—	—
Other	—	5,760	6,013	5,760	7,093	7,307	6,949	9,034	9,488
Total operating expenses	—	268,803	336,273	292,681	402,842	434,675	717,530	1,030,722	1,105,392
Operating income (loss)	64	(32,238)	51,869	(43,286)	(30,540)	31,076	(100,670)	(66,514)	(82,753)
Transfers in (out)	1,932	(2,308)	(12,340)	(3,244)	(2,488)	(22,795)	(10,877)	(2,201)	6,165
Net assets, beginning of year	(499,889)	641,014	1,391,552	874,087	1,222,713	1,479,361	1,934,531	2,540,118	2,181,921
Capital withdrawal	—	—	—	—	—	—	—	—	—
Net assets, end of year	$ (497,893)	$ 606,468	$ 1,431,081	$ 827,557	$ 1,189,685	$ 1,487,642	$ 1,822,984	$ 2,471,403	$ 2,105,333

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2011

	2006A Program	2006B Program	2006C Program	2006D Program	2006E Program	2007A Program	2007B Program	2007C Program	2007D Program
Operating revenues:									
Interest income:									
Cash and cash equivalents	$ 24,199	$ 12,928	$ 28,153	$ 22,444	$ 5,101	$ 26,580	$ 63,096	$ 33,721	$ 121,648
Mortgage-backed securities	2,343,053	1,290,173	2,355,073	2,451,597	680,244	1,599,010	3,220,538	2,382,681	1,938,983
Other investments	—	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—	—
Total interest income	2,367,252	1,303,101	2,383,226	2,474,041	685,345	1,625,590	3,283,634	2,416,402	2,060,631
Net increase (decrease) in fair value of investments	(575,846)	(51,324)	(364,058)	(336,920)	(32,579)	(196,369)	(93,239)	(394,479)	(538,856)
Low income housing tax credit program	—	—	—	—	—	—	—	—	—
Gain on sale of mortgage-backed securities	—	—	—	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—	—	—	—
Reservation fees	—	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—	—
Total operating revenues	1,791,406	1,251,777	2,019,168	2,137,121	652,766	1,429,221	3,190,395	2,021,923	1,521,775
Operating expenses:									
Interest expense	2,259,167	1,265,246	2,234,682	2,297,188	630,450	1,578,520	2,933,761	2,335,753	1,910,647
Amortization of bond issuance costs	97,854	52,305	116,473	100,245	26,806	99,371	111,896	137,948	99,002
MRB Down Payment Assistance	—	—	—	—	—	—	—	—	—
Salaries and related benefits	—	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—	—
Losses on mortgage loans	—	—	—	—	—	—	—	—	—
Other	21,937	14,682	21,449	21,543	10,445	16,787	25,870	21,734	17,285
Total operating expenses	2,378,958	1,332,233	2,372,604	2,418,976	667,701	1,694,678	3,071,527	2,495,435	2,026,934
Operating income (loss)	(587,552)	(80,456)	(353,436)	(281,855)	(14,935)	(265,457)	118,868	(473,512)	(505,159)
Transfers in (out)	(114,032)	(58,791)	(182,288)	(201,192)	(63,526)	32,207	(211,152)	(131,306)	(98,804)
Net assets, beginning of year	4,869,869	2,698,157	5,247,416	5,326,215	1,396,488	3,506,346	9,814,170	5,452,953	4,746,351
Capital withdrawal	—	—	—	—	—	—	—	—	—
Net assets, end of year	$ 4,168,285	$ 2,558,910	$ 4,711,692	$ 4,843,168	$ 1,318,027	$ 3,273,096	$ 9,721,886	$ 4,848,135	$ 4,142,388

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2011

	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
Operating revenues:					
Interest income:					
Cash and cash equivalents	$ 28,573	$ 16,831	$ 19,364	$ 121	$ 118,193
Mortgage-backed securities	2,216,230	1,482,578	1,426,180	1,681,416	1,787,825
Other investments	—	—	—	—	—
Mortgage loans	—	—	—	—	—
Total interest income	2,244,803	1,499,409	1,445,544	1,681,537	1,906,018
Net increase (decrease) in fair value of investments	(260,600)	(204,091)	(359,649)	203,964	(714,602)
Low income housing tax credit program	—	—	—	—	—
Gain on sale of mortgage-backed securities	—	—	—	—	—
Grant fund revenues	—	—	—	—	—
Reservation fees	—	—	—	—	—
Other income	—	—	—	—	—
Total operating revenues	1,984,203	1,295,318	1,085,895	1,885,501	1,191,416
Operating expenses:					
Interest expense	2,114,064	1,453,200	1,387,094	1,415,389	1,870,462
Amortization of bond issuance costs	124,119	85,383	107,191	76,461	37,298
MRB Down Payment Assistance	—	—	—	—	—
Salaries and related benefits	—	—	—	—	—
Grant fund expenses	—	—	—	—	—
Losses on mortgage loans	—	—	—	—	—
Other	19,101	15,480	14,421	13,314	66,052
Total operating expenses	2,257,284	1,554,063	1,508,706	1,505,164	1,973,812
Operating income (loss)	(273,081)	(258,745)	(422,811)	380,337	(782,396)
Transfers in (out)	(126,968)	(29,151)	(41,503)	41,181	5,263,892
Net assets, beginning of year	5,252,850	3,426,795	3,737,445	4,250,192	330,417
Capital withdrawal	—	—	—	—	—
Net assets, end of year	$ 4,852,801	$ 3,138,899	$ 3,273,131	$ 4,671,710	$ 4,811,913

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2011

	Total Bond Program	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Operating revenues:						
Interest income:						
Cash and cash equivalents	$ 732,964	$ —	$ 195	$ 4,673	$ 1,048	$ 738,880
Mortgage-backed securities	34,410,824	—	—	746,757	—	35,157,581
Other investments	—	—	—	1,659,529	—	1,659,529
Mortgage loans	—		95,135	195,497	270,613	561,245
Total interest income	35,143,788	—	95,330	2,606,456	271,661	38,117,235
Net increase (decrease) in fair value of investments	(7,380,971)	—	—	2,754,956	—	(4,626,015)
Low income housing tax credit program	—	—	—	1,976,947	—	1,976,947
Gain on sale of mortgage-backed securities	1,813,878	—	—	—	—	1,813,878
Grant fund revenues	—	—	—	52,213,529	—	52,213,529
Reservation fees	—	—	—	203,795	—	203,795
Other income	—	—	3,220	795,977	10,388	809,585
Total operating revenues	29,576,695	—	98,550	60,551,660	282,049	90,508,954
Operating expenses:						
Interest expense	32,734,231	—	—	51,955	—	32,786,186
Amortization of bond issuance costs	1,582,307	—	—	—	—	1,582,307
MRB Down Payment Assistance	—	—	—	1,060,624	—	1,060,624
Salaries and related benefits	—	—	—	3,546,144	—	3,546,144
Grant fund expenses	—	—	—	51,887,513	—	51,887,513
Losses on mortgage loans	—	—	77,838	5	229,928	307,771
Other	426,919	4,221	10,924	1,602,632	30,308	2,075,004
Total operating expenses	34,743,457	4,221	88,762	58,148,873	260,236	93,245,549
Operating income (loss)	(5,166,762)	(4,221)	9,788	2,402,787	21,813	(2,736,595)
Transfers in (out)	(755,805)	1,932	1,932	750,009	1,932	—
Net assets, beginning of year	86,153,569	215,587	1,458,526	37,006,032	8,480,416	133,314,130
Capital withdrawal	—	—	—	—	(74,895)	(74,895)
Net assets, end of year	$ 80,231,002	$ 213,298	$ 1,470,246	$ 40,158,828	$ 8,429,266	$ 130,502,640

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2011

	1995CD Program	1995IJ Program	1997D Program	1997G Program	1997H Program	1998A Program	1998B Program	1998C Program	1999A Program
Cash flows from operating activities:									
Loan principal payments received	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loan interest payments received	—	—	—	—	—	—	—	—	—
Loan disbursements	—	—	—	—	—	—	—	—	—
Payments to employees	—	—	—	—	—	—	—	—	—
MRB down payment assistance disbursements	—	—	—	—	—	—	—	—	—
Grant funds expended	—	—	—	—	—	—	—	—	—
Payments to vendors	(18,443)	(25,150)	(2,682)	(2,293)	(1,932)	(1,932)	(5,109)	(5,109)	(5,109)
Fee income received	—	—	—	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—	—	—	—
Other income received	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) operating activities	(18,443)	(25,150)	(2,682)	(2,293)	(1,932)	(1,932)	(5,109)	(5,109)	(5,109)
Cash flows from noncapital financing activities:									
Proceeds from issuance of bonds	—	—	—	—	—	—	—	—	—
Proceeds from issuance of notes	—	—	—	—	—	—	—	—	—
Principal repayment of bonds	(315,000)	(525,000)	—	(1,946,237)	—	—	(2,665,000)	(2,690,000)	(4,550,000)
Principal repayment of notes	—	—	—	—	—	—	—	—	—
Interest paid	(66,748)	(86,913)	—	(61,007)	—	—	(67,010)	(68,334)	(116,252)
Bond issuance costs paid	—	—	—	—	—	—	—	—	—
Due (from) to other programs	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	(381,748)	(611,913)	—	(2,007,244)	—	—	(2,732,010)	(2,758,334)	(4,666,252)
Cash flows from capital and related financing activities:									
Property and equipment additions	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—	—	—	—
Cash flows from investing activities:									
Purchase of investments	—	—	—	—	—	—	—	—	—
Redemption of investments	288,811	374,807	—	169,073	—	—	60,062	66,939	312,696
Proceeds from sale of mortgage-backed securities	—	—	—	2,120,739	—	—	3,102,592	3,115,997	5,059,231
Interest received on investments	119,291	135,918	—	58,681	—	—	76,517	76,030	128,400
Net cash provided by (used in) investing activities	408,102	510,725	—	2,348,493	—	—	3,239,171	3,258,966	5,500,327
Transfers	2,329	91	2,548	(365,919)	1,893	1,886	(609,410)	(550,765)	(883,974)
Net increase (decrease) in cash and cash equivalents	10,240	(126,247)	(134)	(26,963)	(39)	(46)	(107,358)	(55,242)	(55,008)
Cash and cash equivalents, beginning of year	60,757	167,165	787	26,963	294	459	107,358	55,242	55,008
Cash and cash equivalents, end of year	$ 70,997	$ 40,918	$ 653	$ —	$ 255	$ 413	$ —	$ —	$ —

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2011

	1999B Program	1999C Program	2000A Program	2001A Program	2001B Program	2001D Program	2002A Program	2002B Program	2002C Program
Cash flows from operating activities:									
Loan principal payments received	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loan interest payments received	—	—	—	—	—	—	—	—	—
Loan disbursements	—	—	—	—	—	—	—	—	—
Payments to employees	—	—	—	—	—	—	—	—	—
MRB down payment assistance disbursements	—	—	—	—	—	—	—	—	—
Grant funds expended	—	—	—	—	—	—	—	—	—
Payments to vendors	(5,109)	(5,109)	(36,238)	(6,045)	(5,682)	(5,682)	(5,952)	(5,932)	(6,063)
Fee income received	—	—	—	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—	—	—	—
Other income received	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) operating activities	(5,109)	(5,109)	(36,238)	(6,045)	(5,682)	(5,682)	(5,952)	(5,932)	(6,063)
Cash flows from noncapital financing activities:									
Proceeds from issuance of bonds	—	—	—	—	—	—	—	—	—
Proceeds from issuance of notes	—	—	—	—	—	—	—	—	—
Principal repayment of bonds	(698,508)	(1,440,000)	(3,820,000)	(1,845,000)	(705,000)	(820,000)	(1,205,000)	(1,260,000)	(1,490,000)
Principal repayment of notes	—	—	—	—	—	—	—	—	—
Interest paid	—	(35,449)	(107,957)	(500,527)	(241,692)	(303,984)	(403,921)	(338,813)	(544,789)
Bond issuance costs paid	—	—	—	—	—	—	—	—	—
Due (from) to other programs	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	(698,508)	(1,475,449)	(3,927,957)	(2,345,527)	(946,692)	(1,123,984)	(1,608,921)	(1,598,813)	(2,034,789)
Cash flows from capital and related financing activities:									
Property and equipment additions	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—	—	—	—
Cash flows from investing activities:									
Purchase of investments	—	—	—	—	—	—	—	—	—
Redemption of investments	104,836	190,885	174,415	1,678,613	836,183	799,739	1,074,431	1,015,416	1,377,502
Proceeds from sale of mortgage-backed securities	910,146	1,596,895	5,072,000	—	—	—	—	—	—
Interest received on investments	23,790	42,953	135,858	560,489	251,511	326,784	409,171	350,938	546,074
Net cash provided by (used in) investing activities	1,038,772	1,830,733	5,382,273	2,239,102	1,087,694	1,126,523	1,483,602	1,366,354	1,923,576
Transfers	(350,455)	(372,952)	(1,615,754)	(13,884)	(5,338)	(5,620)	(11,302)	(3,051)	(6,539)
Net increase (decrease) in cash and cash equivalents	(15,300)	(22,777)	(197,676)	(126,354)	129,982	(8,763)	(142,573)	(241,442)	(123,815)
Cash and cash equivalents, beginning of year	15,300	22,777	197,676	521,042	72,773	379,997	281,361	412,529	595,379
Cash and cash equivalents, end of year	$ —	$ —	$ —	$ 394,688	$ 202,755	$ 371,234	$ 138,788	$ 171,087	$ 471,564

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2011

	2002 Lease Purchase Program	2003A Program	2004A Program	2004B Program	2004C Program	2004D Program	2005A Program	2005B Program	2005C Program
Cash flows from operating activities:									
Loan principal payments received	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loan interest payments received	—	—	—	—	—	—	—	—	—
Loan disbursements	—	—	—	—	—	—	—	—	—
Payments to employees	—	—	—	—	—	—	—	—	—
MRB down payment assistance disbursements	—	—	—	—	—	—	—	—	—
Grant funds expended	—	—	—	—	—	—	—	—	—
Payments to vendors	(1,933)	(5,682)	(5,935)	(5,682)	(7,016)	(7,229)	(6,871)	(8,956)	(9,410)
Fee income received	—	—	—	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—	—	—	—
Other income received	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) operating activities	(1,933)	(5,682)	(5,935)	(5,682)	(7,016)	(7,229)	(6,871)	(8,956)	(9,410)
Cash flows from noncapital financing activities:									
Proceeds from issuance of bonds	—	—	—	—	—	—	—	—	—
Proceeds from issuance of notes	—	—	—	—	—	—	—	—	—
Principal repayment of bonds	—	(695,000)	(1,180,000)	(1,250,000)	(1,190,000)	(1,605,000)	(2,715,000)	(3,685,000)	(4,045,000)
Principal repayment of notes	—	—	—	—	—	—	—	—	—
Interest paid	—	(265,012)	(317,885)	(278,999)	(386,344)	(414,755)	(691,058)	(994,018)	(1,068,395)
Bond issuance costs paid	—	—	—	—	—	—	—	—	—
Due (from) to other programs	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	—	(960,012)	(1,497,885)	(1,528,999)	(1,576,344)	(2,019,755)	(3,406,058)	(4,679,018)	(5,113,395)
Cash flows from capital and related financing activities:									
Property and equipment additions	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—	—	—	—
Cash flows from investing activities:									
Purchase of investments	—	—	—	—	—	—	—	—	—
Redemption of investments	—	654,662	1,031,193	1,019,384	1,180,726	1,489,967	2,670,655	3,528,242	3,778,240
Proceeds from sale of mortgage-backed securities	—	—	—	—	—	—	—	—	—
Interest received on investments	64	280,130	388,044	306,591	421,517	490,583	751,906	1,084,219	1,101,264
Net cash provided by (used in) investing activities	64	934,792	1,419,237	1,325,975	1,602,243	1,980,550	3,422,561	4,612,461	4,879,504
Transfers	1,932	(2,308)	(12,340)	(3,244)	(2,488)	(22,795)	(10,877)	(2,201)	6,165
Net increase (decrease) in cash and cash equivalents	63	(33,210)	(96,923)	(211,950)	16,395	(69,229)	(1,245)	(77,714)	(237,136)
Cash and cash equivalents, beginning of year	552,057	193,564	265,509	264,182	228,770	326,296	665,493	731,211	1,119,880
Cash and cash equivalents, end of year	$ 552,120	$ 160,354	$ 168,586	$ 52,232	$ 245,165	$ 257,067	$ 664,248	$ 653,497	$ 882,744

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2011

	2006A Program	2006B Program	2006C Program	2006D Program	2006E Program	2007A Program	2007B Program	2007C Program	2007D Program
Cash flows from operating activities:									
Loan principal payments received	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loan interest payments received	—	—	—	—	—	—	—	—	—
Loan disbursements	—	—	—	—	—	—	—	—	—
Payments to employees	—	—	—	—	—	—	—	—	—
MRB down payment assistance disbursements	—	—	—	—	—	—	—	—	—
Grant funds expended	—	—	—	—	—	—	—	—	—
Payments to vendors	(130,109)	(13,980)	(19,824)	(19,932)	(10,367)	(15,505)	(24,026)	(19,898)	(15,534)
Fee income received	—	—	—	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—	—	—	—
Other income received	—	—	—	—	—		—	—	—
Net cash provided by (used in) operating activities	(130,109)	(13,980)	(19,824)	(19,932)	(10,367)	(15,505)	(24,026)	(19,898)	(15,534)
Cash flows from noncapital financing activities:									
Proceeds from issuance of bonds	—	—	—	—	—	—	—	—	—
Proceeds from issuance of notes	—	—	—	—	—	—	—	—	—
Principal repayment of bonds	(9,245,000)	(4,770,000)	(11,475,000)	(9,755,000)	(2,425,000)	(9,260,000)	(12,040,000)	(12,335,000)	(11,925,000)
Principal repayment of notes	—	—	—	—	—	—	—	—	—
Interest paid	(2,295,202)	(1,284,545)	(2,281,316)	(2,337,833)	(639,544)	(1,615,644)	(2,981,928)	(2,386,201)	(1,964,691)
Bond issuance costs paid	—	—	—	—	—	—	—	—	—
Due (from) to other programs	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	(11,540,202)	(6,054,545)	(13,756,316)	(12,092,833)	(3,064,544)	(10,875,644)	(15,021,928)	(14,721,201)	(13,889,691)
Cash flows from capital and related financing activities:									
Property and equipment additions	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—	—	—	—
Cash flows from investing activities:									
Purchase of investments	—	—	—	—	—	—	—	—	—
Redemption of investments	8,748,602	4,233,360	9,335,173	8,217,403	2,524,804	6,412,620	9,881,136	10,226,250	9,794,192
Proceeds from sale of mortgage-backed securities	—	—	—	—	—	—	—	—	—
Interest received on investments	2,397,822	1,322,939	2,430,664	2,516,463	696,814	1,658,662	3,342,750	2,469,210	2,111,868
Net cash provided by (used in) investing activities	11,146,424	5,556,299	11,765,837	10,733,866	3,221,618	8,071,282	13,223,886	12,695,460	11,906,060
Transfers	(114,032)	(58,791)	(182,288)	(201,192)	(63,526)	32,207	(211,152)	(131,306)	(98,804)
Net increase (decrease) in cash and cash equivalents	(637,919)	(571,017)	(2,192,591)	(1,580,091)	83,181	(2,787,660)	(2,033,220)	(2,176,945)	(2,097,969)
Cash and cash equivalents, beginning of year	2,037,502	1,390,138	3,182,616	2,325,099	374,358	3,671,170	6,498,158	3,966,070	4,202,057
Cash and cash equivalents, end of year	$ 1,399,583	$ 819,121	$ 990,025	$ 745,008	$ 457,539	$ 883,510	$ 4,464,938	$ 1,789,125	$ 2,104,088

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2011

	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
Cash flows from operating activities:					
Loan principal payments received	$ —	$ —	$ —	$ —	$ —
Loan interest payments received	—	—	—	—	—
Loan disbursements	—	—	—	—	—
Payments to employees	—	—	—	—	—
MRB down payment assistance disbursements	—	—	—	—	—
Grant funds expended	—	—	—	—	—
Payments to vendors	(17,533)	(14,454)	(13,364)	(11,781)	(55,184)
Fee income received	—	—	—	—	—
Grant funds received	—	—	—	—	—
Other income received	—	—	—	—	—
Net cash provided by (used in) operating activities	(17,533)	(14,454)	(13,364)	(11,781)	(55,184)
Cash flows from noncapital financing activities:					
Proceeds from issuance of bonds	—	—	—	—	50,000,000
Proceeds from issuance of notes	—	—	—	—	—
Principal repayment of bonds	(11,215,000)	(7,240,000)	(7,015,000)	(3,260,000)	(450,000)
Principal repayment of notes	—	—	—	—	—
Interest paid	(2,165,742)	(1,484,157)	(1,419,834)	(1,427,463)	(1,529,119)
Bond issuance costs paid	—	—	—	—	(1,213,472)
Due (from) to other programs	—	—	—	—	91,680
Net cash provided by (used in) noncapital financing activities	(13,380,742)	(8,724,157)	(8,434,834)	(4,687,463)	46,899,089
Cash flows from capital and related financing activities:					
Property and equipment additions	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—
Cash flows from investing activities:					
Purchase of investments	—	—	—	(110,728)	(99,644,020)
Redemption of investments	9,706,305	6,387,857	6,818,682	3,256,322	1,099,381
Proceeds from sale of mortgage-backed securities	—	—	—	—	—
Interest received on investments	2,302,702	1,532,668	1,485,520	1,696,890	1,557,227
Net cash provided by (used in) investing activities	12,009,007	7,920,525	8,304,202	4,842,484	(96,987,412)
Transfers	(126,968)	(29,151)	(41,503)	41,181	5,263,892
Net increase (decrease) in cash and cash equivalents	(1,516,236)	(847,237)	(185,499)	184,421	(44,879,615)
Cash and cash equivalents, beginning of year	3,684,897	1,740,425	1,766,344	508,751	120,057,969
Cash and cash equivalents, end of year	$ 2,168,661	$ 893,188	$ 1,580,845	$ 693,172	$ 75,178,354

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2011

	Total Bond Program	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Cash flows from operating activities:						
Loan principal payments received	$ —	$ —	$ 242,411	$ 476,484	$ 1,013,189	$ 1,732,084
Loan interest payments received	—	—	96,455	211,302	275,138	582,895
Loan disbursements	—	—	(92,457)	(1,053,266)	(513,939)	(1,659,662)
Payments to employees	—	—	—	(3,516,721)	—	(3,516,721)
MRB down payment assistance disbursements	—	—	—	(1,060,624)	—	(1,060,624)
Grant funds expended		—	—	(51,887,513)	—	(51,887,513)
Payments to vendors	(589,776)	(6,354)	(11,336)	(1,153,416)	(40,559)	(1,801,441)
Fee income received	—	—	3,220	4,609,348	10,389	4,622,957
Grant funds received		—	—	52,213,529	—	52,213,529
Other income received	—	—	195	800,649	1,048	801,892
Net cash provided by (used in) operating activities	(589,776)	(6,354)	238,488	(360,228)	745,266	27,396
Cash flows from noncapital financing activities:						
Proceeds from issuance of bonds	50,000,000	—	—	—	—	50,000,000
Proceeds from issuance of notes	—	—	—	98,069,250	—	98,069,250
Principal repayment of bonds	(154,749,745)	—	—	—	—	(154,749,745)
Principal repayment of notes	—	—	—	(105,794,373)	—	(105,794,373)
Interest paid	(33,173,081)	—	—	(51,947)	—	(33,225,028)
Bond issuance costs paid	(1,213,472)	—	—	—	—	(1,213,472)
Due (from) to other programs	91,680	—	—	(91,954)	274	—
Net cash provided by (used in) noncapital financing activities	(139,044,618)	—	—	(7,869,024)	274	(146,913,368)
Cash flows from capital and related financing activities:						
Property and equipment additions	—	—	—	(244,945)	—	(244,945)
Net cash provided by (used in) capital and related financing activities	—	—	—	(244,945)	—	(244,945)
Cash flows from investing activities:						
Purchase of investments	(99,754,748)	—	—	(64,533,465)	(629,253)	(164,917,466)
Redemption of investments	120,519,564	—	—	73,330,934	426,666	194,277,164
Proceeds from sale of mortgage-backed securities	20,977,600	—	—	—	—	20,977,600
Interest received on investments	35,588,922	—	—	2,678,630	—	38,267,552
Net cash provided by (used in) investing activities	77,331,338	—	—	11,476,099	(202,587)	88,604,850
Transfers	(755,805)	1,932	1,932	750,009	1,932	—
Net increase (decrease) in cash and cash equivalents	(63,058,861)	(4,422)	240,420	3,751,911	544,885	(58,526,067)
Cash and cash equivalents, beginning of year	162,725,383	1,177,442	67,143	5,097,041	764,039	169,831,048
Cash and cash equivalents, end of year	$ 99,666,522	$ 1,173,020	$ 307,563	$ 8,848,952	$ 1,308,924	$ 111,304,981

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2011

	1995CD Program	1995IJ Program	1997D Program	1997G Program	1997H Program	1998A Program	1998B Program	1998C Program	1999A Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:									
Operating income (loss)	$ 28,507	$ 28,187	$ —	$ (55,502)	$ —	$ —	$ (68,978)	$ (127,581)	$ (185,545)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Interest paid	66,748	86,913	—	61,007	—	—	67,010	68,334	116,252
Amortization of bond issuance costs	2,656	4,020	—	1,159	—	—	420	816	611
Amortization of bond discount (premium)	—	—	—	(1,120)	—	—	(388)	(753)	(599)
Accretion of bond discount	—	—	—	—	—	—	—	—	—
Amortization of investment (discount) premium	—	—	—	—	—	—	—	—	—
Net (increase) decrease in fair value of investments	4,300	(8,091)	—	253,063	—	—	380,641	385,467	648,275
Realized (gain) loss on investments	—	—	—	—	—	—	—	—	—
Gain on sale of mortgage-backed securities	—	—	—	(193,787)	—	—	(307,376)	(255,087)	(456,777)
Interest received on investments	(119,291)	(135,918)	—	(58,681)	—	—	(76,517)	(76,030)	(128,400)
Changes in assets and liabilities									
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	1,982	2,329	—	12,342	—	—	15,780	15,892	26,894
(Increase) decrease in other assets	—	—	—	—	—	—	—	—	—
Increase (decrease) in accrued interest payable	(3,423)	(2,668)	—	(18,842)	—	—	(13,769)	(14,235)	(23,888)
Increase (decrease) in low income housing tax credit program deferred revenues	—	—	—	—	—	—	—	—	—
Increase (decrease) in grant fund deferred revenues	—	—	—	—	—	—	—	—	—
Increase (decrease) in deferred gains	—	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	78	78	(2,682)	(1,932)	(1,932)	(1,932)	(1,932)	(1,932)	(1,932)
Total adjustments	(46,950)	(53,337)	(2,682)	53,209	(1,932)	(1,932)	63,869	122,472	180,436
Net cash provided by (used in) operating activities	$ (18,443)	$ (25,150)	$ (2,682)	$ (2,293)	$ (1,932)	$ (1,932)	$ (5,109)	$ (5,109)	$ (5,109)

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2011

	1999B Program	1999C Program	2000A Program	2001A Program	2001B Program	2001D Program	2002A Program	2002B Program	2002C Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:									
Operating income (loss)	$ (34,153)	$ (36,468)	$ (92,189)	$ (132,385)	$ (84,786)	$ (47,007)	$ (87,446)	$ (105,880)	$ (92,354)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Interest paid	—	35,449	107,957	500,527	241,692	303,984	403,921	338,813	544,789
Amortization of bond issuance costs	1,174	194	2,361	24,995	11,000	11,950	17,501	17,231	22,734
Amortization of bond discount (premium)	—	—	(1,951)	(20,897)	(9,166)	(13,254)	(14,611)	(14,489)	(18,939)
Accretion of bond discount	5,341	—	—	—	—	—	—	—	—
Amortization of investment (discount) premium	1,537	3,211	—	—	—	—	—	—	—
Net (increase) decrease in fair value of investments	82,753	145,895	560,880	183,093	86,306	65,372	83,995	110,252	84,179
Realized (gain) loss on investments	—	—	—	—	—	—	—	—	—
Gain on sale of mortgage-backed securities	(41,449)	(110,875)	(448,527)	—	—	—	—	—	—
Interest received on investments	(23,790)	(42,953)	(135,858)	(560,489)	(251,511)	(326,784)	(409,171)	(350,938)	(546,074)
Changes in assets and liabilities									
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	5,410	9,654	27,993	9,027	4,450	4,250	5,906	5,774	6,726
(Increase) decrease in other assets	—	—	—	—	—	—	—	—	—
Increase (decrease) in accrued interest payable	—	(7,284)	(22,124)	(9,994)	(3,745)	(4,271)	(6,125)	(6,773)	(7,202)
Increase (decrease) in low income housing tax credit program deferred revenues	—	—	—	—	—	—	—	—	—
Increase (decrease) in grant fund deferred revenues	—	—	—	—	—	—	—	—	—
Increase (decrease) in deferred gains	—	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	(1,932)	(1,932)	(34,780)	78	78	78	78	78	78
Total adjustments	29,044	31,359	55,951	126,340	79,104	41,325	81,494	99,948	86,291
Net cash provided by (used in) operating activities	$ (5,109)	$ (5,109)	$ (36,238)	$ (6,045)	$ (5,682)	$ (5,682)	$ (5,952)	$ (5,932)	$ (6,063)

See independent auditors' report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2011

	2002 Lease Purchase Program	2003A Program	2004A Program	2004B Program	2004C Program	2004D Program	2005A Program	2005B Program	2005C Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:									
Operating income (loss)	$ 64	$ (32,238)	$ 51,869	$ (43,286)	$ (30,540)	$ 31,076	$ (100,670)	$ (66,514)	$ (82,753)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Interest paid	—	265,012	317,885	278,999	386,344	414,755	691,058	994,018	1,068,395
Amortization of bond issuance costs	—	8,991	17,183	13,469	14,757	18,720	31,407	42,647	43,959
Amortization of bond discount (premium)	—	(7,527)	—	—	—	—	—	—	—
Accretion of bond discount	—	—	—	—	—	—	—	—	—
Amortization of investment (discount) premium	—	—	15,413	10,845	—	10,380	—	—	—
Net (increase) decrease in fair value of investments	—	40,157	(20,295)	41,198	42,891	6,930	122,926	102,535	59,601
Realized (gain) loss on investments	—	—	—	—	—	—	—	—	—
Gain on sale of mortgage-backed securities		—	—	—	—	—	—	—	—
Interest received on investments	(64)	(280,130)	(388,044)	(306,591)	(421,517)	(490,583)	(751,906)	(1,084,219)	(1,101,264)
Changes in assets and liabilities									
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	—	3,408	4,784	5,153	6,323	7,522	12,120	17,477	19,024
(Increase) decrease in other assets	—	—	—	—	—	—	—	—	—
Increase (decrease) in accrued interest payable		(3,433)	(4,808)	(5,547)	(5,352)	(6,107)	(11,884)	(14,978)	(16,450)
Increase (decrease) in low income housing tax credit program deferred revenues	—	—	—	—	—	—	—	—	—
Increase (decrease) in grant fund deferred revenues	—	—	—	—	—	—	—	—	—
Increase (decrease) in deferred gains	—	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	(1,933)	78	78	78	78	78	78	78	78
Total adjustments	(1,997)	26,556	(57,804)	37,604	23,524	(38,305)	93,799	57,558	73,343
Net cash provided by (used in) operating activities	$ (1,933)	$ (5,682)	$ (5,935)	$ (5,682)	$ (7,016)	$ (7,229)	$ (6,871)	$ (8,956)	$ (9,410)

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2011

	2006A Program	2006B Program	2006C Program	2006D Program	2006E Program	2007A Program	2007B Program	2007C Program	2007D Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:									
Operating income (loss)	$ (587,552)	$ (80,456)	$ (353,436)	$ (281,855)	$ (14,935)	$ (265,457)	$ 118,868	$ (473,512)	$ (505,159)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Interest paid	2,295,202	1,284,545	2,281,316	2,337,833	639,544	1,615,644	2,981,928	2,386,201	1,964,691
Amortization of bond issuance costs	97,854	52,305	116,473	100,245	26,806	99,371	111,896	137,948	99,002
Amortization of bond discount (premium)	—	—	—	—	—	—	—	—	—
Accretion of bond discount	—	—	—	—	—	—	—	—	—
Amortization of investment (discount) premium	—	—	—	—	—	—	—	—	—
Net (increase) decrease in fair value of investments	575,846	51,324	364,058	336,920	32,579	196,369	93,239	394,479	538,856
Realized (gain) loss on investments	—	—	—	—	—	—	—	—	—
Gain on sale of mortgage-backed securities	—	—	—	—	—	—	—	—	—
Interest received on investments	(2,397,822)	(1,322,939)	(2,430,664)	(2,516,463)	(696,814)	(1,658,662)	(3,342,750)	(2,469,210)	(2,111,868)
Changes in assets and liabilities									
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	40,851	19,838	47,438	42,422	11,469	33,071	59,116	52,808	51,237
(Increase) decrease in other assets	1,269	624	1,547	1,534	—	1,204	1,766	1,758	1,673
Increase (decrease) in accrued interest payable	(36,034)	(19,299)	(46,634)	(40,646)	(9,094)	(37,123)	(48,167)	(50,448)	(54,044)
Increase (decrease) in low income housing tax credit program deferred revenues	—	—	—	—	—	—	—	—	—
Increase (decrease) in grant fund deferred revenues	—	—	—	—	—	—	—	—	—
Increase (decrease) in deferred gains	—	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	(119,723)	78	78	78	78	78	78	78	78
Total adjustments	457,443	66,476	333,612	261,923	4,568	249,952	(142,894)	453,614	489,625
Net cash provided by (used in) operating activities	$ (130,109)	$ (13,980)	$ (19,824)	$ (19,932)	$ (10,367)	$ (15,505)	$ (24,026)	$ (19,898)	$ (15,534)

See independent auditors' report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2011

	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ (273,081)	$ (258,745)	$ (422,811)	$ 380,337	$ (782,396)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Interest paid	2,165,742	1,484,157	1,419,834	1,427,463	1,529,119
Amortization of bond issuance costs	124,119	85,383	107,191	76,461	37,298
Amortization of bond discount (premium)	—	—	—	—	—
Accretion of bond discount	—	—	—	—	—
Amortization of investment (discount) premium	—	—	—	68	—
Net (increase) decrease in fair value of investments	260,600	204,091	359,649	(203,964)	714,602
Realized (gain) loss on investments	—	—	—	—	—
Gain on sale of mortgage-backed securities	—	—	—	—	—
Interest received on investments	(2,302,702)	(1,532,668)	(1,485,520)	(1,696,890)	(1,557,227)
Changes in assets and liabilities					
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—
(Increase) decrease in accrued interest receivable	57,900	33,259	39,976	15,286	(348,791)
(Increase) decrease in other assets	1,489	948	979	489	(9,962)
Increase (decrease) in accrued interest payable	(51,678)	(30,957)	(32,740)	(12,075)	341,343
Increase (decrease) in low income housing tax credit program deferred revenues	—	—	—	—	—
Increase (decrease) in grant fund deferred revenues	—	—	—	—	—
Increase (decrease) in deferred gains	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	78	78	78	1,044	20,830
Total adjustments	255,548	244,291	409,447	(392,118)	727,212
Net cash provided by (used in) operating activities	$ (17,533)	$ (14,454)	$ (13,364)	$ (11,781)	$ (55,184)

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2011

	Total Bond Program	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$ (5,166,762)	$ (4,221)	$ 9,788	$ 2,402,787	$ 21,813	$ (2,736,595)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Interest paid	33,173,081	—	—	51,947	—	33,225,028
Amortization of bond issuance costs	1,582,307	—	—	—	—	1,582,307
Amortization of bond discount (premium)	(103,694)	—	—	—	—	(103,694)
Accretion of bond discount	5,341	—	—	—	—	5,341
Amortization of investment (discount) premium	41,454	—	—	322,680	—	364,134
Net (increase) decrease in fair value of investments	7,380,971	—	—	(2,754,956)	—	4,626,015
Realized (gain) loss on investments	—	—	—	(1,160)	—	(1,160)
Gain on sale of mortgage-backed securities	(1,813,878)	—	—	—	—	(1,813,878)
Interest received on investments	(35,588,922)	—	—	(2,678,630)	—	(38,267,552)
Changes in assets and liabilities						
(Increase) decrease in mortgage loans receivable, net	—	—	227,271	(17,852,575)	725,933	(16,899,371)
(Increase) decrease in accrued interest receivable	386,100	—	1,321	18,672	4,524	410,617
(Increase) decrease in other assets	5,318	—	30	539,209	1,189	545,746
Increase (decrease) in accrued interest payable	(340,498)	—	—	8	—	(340,490)
Increase (decrease) in low income housing tax credit program deferred revenues	—	—	—	232,524	—	232,524
Increase (decrease) in grant fund deferred revenues	—	—	—	19,421,771	—	19,421,771
Increase (decrease) in deferred gains	—	—	—	(53,200)	—	(53,200)
Increase (decrease) in other liabilities and accrued expenses	(150,594)	(2,133)	78	(9,305)	(8,193)	(170,147)
Total adjustments	4,576,986	(2,133)	228,700	(2,763,015)	723,453	2,763,991
Net cash provided by (used in) operating activities	$ (589,776)	$ (6,354)	$ 238,488	$ (360,228)	$ 745,266	$ 27,396

See independent auditors' report.

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

To the Board of Directors of
Mississippi Home Corporation

We have audited the financial statements of Mississippi Home Corporation (the "Corporation") as of and for the year ended June 30, 2011, and have issued our report thereon dated October 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Directors and others within the Corporation and is not intended to be, and should not be, used by anyone other than those specified parties.

Horne LLP

Ridgeland, Mississippi
October 3, 2011