EVENT NOTICE

NOTICE OF
REVISION OF OUTLOOK TO POSITIVE FROM STABLE AND AFFIRMATION OF RATINGS BY MOODY'S INVESTORS SERVICE

Community Development Administration
Maryland Department of Housing and Community Development
Housing Revenue Bonds

On April 16, 2024, Moody's Investors Service ("Moody's") issued a press release (the "Press Release") which confirms Moody's revision of the outlook to positive from stable and affirms Moody's Aa2 and VMIG1 ratings on the above-captioned parity Housing Revenue Bonds (the "Bonds") of the Community Development Administration (the "Administration"). For more detailed information, see the Press Release attached hereto as Exhibit A. The Moody's rating and outlook reflect only the view of Moody's and an explanation of the rating and outlook may be obtained from Moody's.

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Dated: April 25, 2024

COMMUNITY DEVELOPMENT ADMINISTRATION

EXHIBIT A

PRESS RELEASE

MOODY'S
RATINGS

Rating Action: Moody's Ratings revises outlook to positive from stable on MD CDA's Housing Revenue Bonds; affirms all ratings

16 Apr 2024

New York, April 16, 2024 -- Moody's Ratings has revised the outlook to positive from stable and affirmed the Aa2 and VMIG 1 ratings on Maryland Community Development Administration's (CDA) Housing Revenue Bonds.

The revision of the outlook to positive from stable is driven by the program's 2023's strong operating performance, with PADR of 1.14x in 2023, which will continue in the near to medium term. Program margins are also strong at 28% in 2023. Management's decision to continue maintaining close to 100% enhanced projects within the HRB indenture further supports the positive outlook. All enhanced loans in this indenture are exposed to potential decline in US Government credit profile (Aaa negative), which acts as an insurance counterparty.

RATINGS RATIONALE

The Aa2 rating reflects program's stable operating performance, and continued trend of strong enhancement of mortgage loans in the portfolio. As of December 31, 2023, over 99% of mortgage loan amounts were insured or guaranteed by GNMA, FNMA or the FHA Risk Sharing Program. Management's plan to continue increasing issuance in the coming years may result in a gradual reduction of PADR, but the program will remain strong and has significant cushion to absorb new issuance and maintain strong financial performance.

The VMIG 1 ratings on all outstanding variable rate debt backed by a Standby Bond Purchase Agreement (SBPA) are based on the terms of the applicable SBPA that covers the rating of the SBPA counterparties, and the long term rating of the Housing Revenue Bonds indenture.

RATING OUTLOOK

The outlook is positive. Program financial performance, with PADR of 1.14x as of FY

2023, will remain strong over the near to medium term, despite projected bond issuance out of the indenture which may marginally reduce overcollateralization.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Continuation of the strong financial performance with PADR above 1.04x as issuance continues in FY 2024

- Decision to maintain close to 100% enhanced projects within the indenture

- Minimal transfers of funds out of the indenture projected in the near-to-medium term

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- While unlikely, a material change in portfolio composition, coupled with material and sustained erosion of financial performance with PADR below 1.02x.

LEGAL SECURITY

The bonds are special obligations of CDA. The bonds are payable solely from the revenues and assets of CDA pledged under the Resolution which consist primarily of interest on first lien mortgages, investments and reserves held with the trustee. There is a debt service reserve requirement that is the aggregate of the amounts specified as the debt service reserve requirement for each series of bonds in the resolution.

PROFILE

The Housing Revenue Bonds program was created by the Administration to finance construction and permanent financing for rental housing developments for persons or families of limited incomes in the State of Maryland.

METHODOLOGY

The principal methodology used in the long-term ratings was US Housing Finance Agency Multifamily published in April 2024 and available at https://ratings.moodys.com/rmc-documents/418242. The principal methodology used in the short-term rating was US Municipal Short-term Debt Methodology published in May 2023 and available at https://ratings.moodys.com/rmc-documents/398329. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of these methodologies.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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