

MISSISSIPPI HOME CORPORATION

Audited Financial Statements
Years Ended June 30, 2010 and 2009

CONTENTS

Independent Auditor's Report	1 – 2
Management's Discussion and Analysis – Years Ended June 30, 2010 and 2009	3 – 8
Combined Statements of Net Assets – June 30, 2010 and 2009	9
Combined Statements of Revenues, Expenses and Changes in Net Assets - For the Years Ended June 30, 2010 and 2009	10
Combined Statements of Cash Flows – For the Years Ended June 30, 2010 and 2009	11
Notes to Combined Financial Statements	12 – 29
Supplementary Schedules	
Combining Schedule of Net Assets	30 – 35
Combining Schedule of Revenues, Expenses and Changes in Net Assets	36 – 41
Combining Schedule of Cash Flows	42 – 53
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 <i>Government Auditing Standards</i>	54 – 55



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, 2010 and 2009, 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 opinion.

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, 2010 and 2009 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 November 2, 2010 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 30 through 53 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.

A handwritten signature in cursive script that reads "Home LLP".

Ridgeland, Mississippi
November 2, 2010

MISSISSIPPI HOME CORPORATION

Management's Discussion and Analysis Years Ended June 30, 2010 and 2009

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, 2010 and 2009. 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 – 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 or 4,926.2 percent
- 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 activities increased \$23 million
- Operating income (loss) (excluding fair value adjustments) decreased \$4.4 million or 120.9 percent

MISSISSIPPI HOME CORPORATION
Management's Discussion and Analysis
Years Ended June 30, 2010 and 2009

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	%
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	4,926.2%
Low income housing tax credit program deferred revenue	19,456,014	19,793,773	(337,759)	-1.7%
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:

	2010	2009	Change	
			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%

MISSISSIPPI HOME CORPORATION

Management's Discussion and Analysis Years Ended June 30, 2010 and 2009

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 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.

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.

Financial Highlights – 2009

- Total assets decreased \$159.8 million or 14.1 percent
- Total liabilities decreased \$198.1 million or 18.6 percent

MISSISSIPPI HOME CORPORATION
Management's Discussion and Analysis
Years Ended June 30, 2010 and 2009

- Cash and investments decreased \$161.0 million or 14.6 percent
- Bonds payable decreased \$48.4 million or 5.4 percent
- Notes payable decreased \$146.7 million or 99.8 percent
- Total net assets increased \$38.3 million or 58.1 percent, including a \$34.7 million increase in the fair value of investments
- Total operating revenues (excluding fair value adjustments) decreased \$8.3 million or 12.2 percent
- Total operating expenses decreased \$2.4 million or 4.0 percent
- Low income housing tax credits revenues decreased \$6.3 million or 78.8 percent
- Interest income decreased \$2.4 million or 4.2 percent
- Interest expense decreased \$4.4 million or 8.7 percent
- Total operating income (excluding fair value adjustments) decreased \$6.0 million or 62.3 percent

The following table summarizes the changes in the Corporation's assets and liabilities that occurred during the fiscal year ended June 30, 2009:

	2009	2008	Change	
			Dollars	%
Cash and cash equivalents	\$ 53,660,812	\$ 194,484,089	\$ (140,823,277)	-72.4%
Investments, at fair value	887,895,901	908,079,442	(20,183,541)	-2.2%
Mortgage loans, net	12,757,221	9,734,188	3,023,033	31.1%
Unamortized bond issuance costs	8,444,931	9,095,160	(650,229)	-7.1%
Other assets	9,434,742	10,629,109	(1,194,367)	-11.2%
Total assets	\$ 972,193,607	\$ 1,132,021,988	\$ (159,828,381)	-14.1%
Bonds payable, net	\$ 842,156,550	\$ 890,538,150	\$ (48,381,600)	-5.4%
Notes payable	254,000	147,000,469	(146,746,469)	-99.8%
Low income housing tax credit program deferred revenue	19,793,773	19,866,333	(72,560)	-.04%
All other liabilities	5,733,536	8,664,886	(2,931,350)	-33.8%
Total liabilities	\$ 867,937,859	\$ 1,066,069,838	\$ (198,131,979)	-18.6%
Restricted net assets	\$ 67,077,261	\$ 31,173,742	\$ 35,903,519	115.2%
Unrestricted net assets	37,178,487	34,778,408	2,400,079	6.9%
Total net assets	\$ 104,255,748	\$ 65,952,150	\$ 38,303,598	58.1%

MISSISSIPPI HOME CORPORATION
Management's Discussion and Analysis
Years Ended June 30, 2010 and 2009

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, 2009:

	2009	2008	Change	
			Dollars	%
Interest on cash and investments	\$ 4,737,535	\$ 13,299,112	\$ (8,561,577)	-64.4%
Interest on mortgage-backed securities	49,167,550	43,063,262	6,104,288	14.2%
Interest on mortgage loans	446,110	350,326	95,784	27.3%
Low income housing tax credits	1,701,122	8,014,998	(6,313,876)	-78.8%
Gain on extinguishment of debt	-	1,349,390	(1,349,390)	NM
Grant fund revenues	2,937,955	880,444	2,057,511	233.7%
All other revenues	886,472	1,266,635	(380,163)	-30.0%
Total operating revenues	\$ 59,876,744	\$ 68,224,167	\$ (8,347,423)	-12.2%
Interest expense	\$ 46,288,650	\$ 50,705,442	\$ (4,416,792)	-8.7%
Amortization of bond issuance costs	1,228,771	1,041,357	187,414	18.0%
MRB down payment assistance	175,854	-	175,854	NM
Salaries and benefits	3,094,485	2,863,281	231,204	8.1%
Grant fund expenses	2,892,588	860,114	2,032,474	236.3%
All other expenses	2,575,896	3,148,539	(572,643)	-18.2%
Total operating expenses	\$ 56,256,244	\$ 58,618,733	\$ (2,362,489)	-4.0%
Operating income (before fair value adjustments)	\$ 3,620,500	\$ 9,605,434	\$ (5,984,934)	-62.3%

The Corporation reported total assets of \$972 million at June 30, 2009. This represented a decrease of \$159.8 million compared to June 30, 2008. Total liabilities for the same period decreased \$198.1 million while total net assets increased \$38.3 million.

The decrease in total liabilities in 2009 was attributable primarily to a decrease of \$146.7 million in notes payable. The Corporation elected to terminate its 2005-1 series notes in September 2008.

Cash and cash equivalents decreased \$140.8 million to \$53.7 million at June 30, 2009 compared to June 30, 2008. The decrease was attributable primarily to the termination of the guaranteed investment contract related to the 2005-1 series notes. In September 2008, the funds were withdrawn and the notes redeemed.

Total operating revenues before fair value adjustments for fiscal year 2009 were \$59.9 million compared to \$68.2 million for fiscal year 2008. The decrease in operating revenues was attributable primarily to two factors:

- Decreased revenues of \$6.3 million from the low income housing tax credit program; and
- Gain on extinguishment of debt of \$1.3 million resulting from the termination of the 2002 Lease Purchase Program reported in 2008, not repeated in 2009.

MISSISSIPPI HOME CORPORATION
Management's Discussion and Analysis
Years Ended June 30, 2010 and 2009

Total operating expenses were \$56.3 million in fiscal year 2009, down from \$58.6 million in fiscal year 2008. The primary factor causing the decrease was a decrease in interest expense of \$4.4 million which resulted from a lower level of bonds outstanding.

As a result of the above factors, operating income before fair value adjustments was \$3.6 million compared to \$9.6 million in 2008.

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, P.O. Box 23369, Jackson, MS 39225-3369 or via our website at www.mshomecorp.com.

MISSISSIPPI HOME CORPORATION

Combined Statements of Net Assets

June 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents		
Cash	\$ 634,730	\$ 1,546,706
Restricted cash	14,897,594	16,827,667
Cash equivalents	3,051,569	6,503,993
Restricted cash equivalents	151,247,155	28,782,446
Total cash and cash equivalents	169,831,048	53,660,812
Accrued interest receivable	3,632,501	4,258,616
Total current assets	173,463,549	57,919,428
Noncurrent assets:		
Investments, at fair value	786,029,300	887,895,901
Mortgage loans receivable, net of allowance for loan losses (2010 - \$2,544,663; 2009 - \$2,127,674)	17,933,331	12,757,221
Unamortized bond issuance costs	7,353,429	8,444,931
Other assets	5,540,931	5,176,126
Total noncurrent assets	816,856,991	914,274,179
Total assets	\$ 990,320,540	\$ 972,193,607
LIABILITIES AND NET ASSETS		
Current liabilities:		
Bonds payable, net	\$ 125,860,401	\$ 6,230,401
Notes payable	12,512,441	-
Accrued interest payable	3,037,580	3,632,204
Total current liabilities	141,410,422	9,862,605
Noncurrent liabilities:		
Bonds payable, net of premium or discount and current portion	688,610,010	835,926,149
Notes payable	254,000	254,000
Low income housing tax credit program deferred revenue	19,456,014	19,793,773
Other liabilities and accrued expenses	7,275,964	2,101,332
Total noncurrent liabilities	715,595,988	858,075,254
Total liabilities	\$ 857,006,410	\$ 867,937,859
Net assets:		
Restricted	\$ 94,849,572	\$ 67,077,261
Unrestricted	38,464,558	37,178,487
Total net assets	\$ 133,314,130	\$ 104,255,748

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, 2010 and 2009

	2010	2009
Operating revenues:		
Interest income:		
Cash and cash equivalents	\$ 1,870,148	\$ 2,707,642
Mortgage-backed securities	41,306,111	49,167,550
Other investments	2,023,806	2,029,893
Mortgage loans	598,068	446,110
Total interest income	45,798,133	54,351,195
Net increase in fair value of investments	29,814,294	34,683,098
Low income housing tax credit program	1,533,874	1,701,122
Grant fund income	26,291,770	2,937,955
Reservation fees	288,902	276,180
Other income	602,973	610,292
Total operating revenues	104,329,946	94,559,842
Operating expenses:		
Interest expense	39,789,957	46,288,650
Amortization of bond issuance costs	1,985,779	1,228,771
MRB down payment assistance	1,001,013	175,854
Loss on early extinguishment of debt	217,562	-
Salaries and related benefits	3,284,404	3,094,485
Grant fund expense	26,020,045	2,892,588
Losses on mortgage loans	516,912	515,630
Other	2,455,892	2,060,266
Total operating expenses	75,271,564	56,256,244
Operating income	29,058,382	38,303,598
Net assets, beginning of year	104,255,748	65,952,150
Net assets, end of year	\$ 133,314,130	\$ 104,255,748

See accompanying notes to combined financial statements.

MISSISSIPPI HOME CORPORATION
 Combined Statements of Cash Flows
 For the Years Ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities		
Loan principal payments received	\$ 1,618,851	\$ 1,527,462
Loan interest payments received	503,230	426,631
Loan disbursements	(7,234,909)	(5,073,916)
Payments to employees	(3,265,533)	(3,082,254)
MRB down payment assistance disbursements	(1,001,013)	(175,854)
Grant funds expended	(25,977,092)	(2,886,565)
Payments to vendors	(2,256,473)	(2,748,912)
Fee income received	6,055,701	1,859,025
Grant funds received	25,790,798	2,930,522
Other income received	1,098,455	724,162
Net cash used in operating activities	<u>(4,667,985)</u>	<u>(6,499,699)</u>
Cash flows from noncapital financing activities		
Proceeds from issuance of bonds	152,455,000	40,000,000
Proceeds from issuance of notes	14,107,899	7,246,646
Principal repayment of bonds	(179,904,004)	(88,239,147)
Premium paid on early redemptions	(259,950)	-
Principal repayment of notes	(1,595,458)	(153,993,115)
Interest paid	(40,492,400)	(46,890,366)
Bond issuance costs paid	(958,547)	(578,543)
Net cash used in noncapital financing activities	<u>(56,647,460)</u>	<u>(242,454,525)</u>
Cash flows from capital and related financing activities		
Property and equipment additions	(143,351)	(124,224)
Proceeds from sale of property and equipment	-	17,000
Net cash used in capital and related financing activities	<u>(143,351)</u>	<u>(107,224)</u>
Cash flows from investing activities		
Purchase of investments	(69,631,433)	(79,643,065)
Redemption of investments	201,330,559	134,272,239
Interest received on investments	45,929,906	53,608,997
Net cash provided by investing activities	<u>177,629,032</u>	<u>108,238,171</u>
Net increase (decrease) in cash and cash equivalents	116,170,236	(140,823,277)
Cash and cash equivalents, beginning of year	53,660,812	194,484,089
Cash and cash equivalents, end of year	<u>\$ 169,831,048</u>	<u>\$ 53,660,812</u>
Reconciliation of operating income to net cash used in operating activities:		
Operating income	\$ 29,058,382	\$ 38,303,598
Adjustments to reconcile operating income to net cash used in operating activities		
Interest paid	40,492,400	46,890,366
Amortization of bond issuance costs	1,985,779	1,228,771
Amortization of bond premium	(179,440)	(200,034)
Accretion of bond discount	48,967	57,581
Amortization of investment premium	172,287	124,680
Net increase in fair value of investments	(29,814,294)	(34,683,098)
Realized (gain) loss on investments	16,414	(48,994)
Loss on early extinguishment of debt	217,562	-
Gain on sale of property and equipment	-	(3,000)
Interest received on investments	(45,929,906)	(53,608,997)
Changes in assets and liabilities		
Increase in mortgage loans receivable, net	(5,176,110)	(3,023,033)
Decrease in accrued interest receivable	626,115	544,542
(Increase) decrease in other assets	(428,390)	921,307
Decrease in accrued interest payable	(594,624)	(479,899)
Decrease in deferred gains	(53,200)	(53,200)
Increase (decrease) in other liabilities and accrued expenses	4,890,073	(2,470,289)
Total adjustments	<u>(33,726,367)</u>	<u>(44,803,297)</u>
Net cash used in operating activities	<u>\$ (4,667,985)</u>	<u>\$ (6,499,699)</u>

See accompanying notes to combined financial statements.

MISSISSIPPI HOME CORPORATION

Years Ended June 30, 2010 and 2009

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.

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

Recent Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") approved the FASB Accounting Standards Codification (the "ASC") as the single source of authoritative nongovernmental U.S. GAAP as of July 1, 2009. The ASC is effective for interim and annual periods ending after September 15, 2009. The ASC reorganizes the many U.S. GAAP pronouncements into approximately 90 accounting topics, with all topics using a consistent structure. The ASC does not change or alter existing GAAP and the adoption of the standard did not have any impact on the Corporation's combined financial statements.

Accounting Method

The accounting and reporting policies of the Corporation conform with accounting principles generally accepted in the United States of America. As required by these principles, the Corporation has applied all applicable Governmental Accounting Standards Board ("GASB") pronouncements, as well as applicable ASC topics issued on or before November 30, 1989. Additionally, the Corporation has elected to apply all applicable ASC topics issued after November 30, 1989, to the extent that they do not conflict with or contradict GASB pronouncements.

MISSISSIPPI HOME CORPORATION

Years Ended June 30, 2010 and 2009

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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 of Mississippi (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 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 reimbursements 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.

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.

MISSISSIPPI HOME CORPORATION

Years Ended June 30, 2010 and 2009

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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 and U.S. Treasury Bills. 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, GNMA Certificates 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.

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 of the Corporation believes that the allowance is adequate. While management uses available information to recognize losses on mortgage loans, future additions to the

MISSISSIPPI HOME CORPORATION

Years Ended June 30, 2010 and 2009

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

allowance may be necessary based on changes in economic conditions. Losses on mortgage loans totaled \$516,912 and \$515,630 in 2010 and 2009, 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, 2010 and 2009, \$958,549 and \$578,543 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.

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 downpayment 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

ASC Subtopic 825-10, *Disclosures about Fair Value of Financial Instruments*, 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 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, 2010, 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.

Accounting standards establish a hierarchy for financial assets and liabilities recorded at fair value. These standards require an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

MISSISSIPPI HOME CORPORATION
Years Ended June 30, 2010 and 2009

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Directly or indirectly observable inputs other than Level 1 prices, such as quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates); or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities would include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as for which the determination of the fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements Using			
	Fair Value at June 30, 2010	Quoted Prices in For Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 786,029,300	\$ 5,952,182	\$ 780,077,118	\$ -

The valuation techniques used to measure fair value for the items in the table above are as follows:

- Investments – The fair value of securities available-for-sale are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

MISSISSIPPI HOME CORPORATION

Years Ended June 30, 2010 and 2009

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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 Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, 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, 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.

Similarly, at June 30, 2009, the carrying amount of the Corporation's cash and cash equivalents was \$53,660,812 and the bank balance was \$53,908,125. The differences between the carrying amount and bank balance were the result of transactions in transit. Of the \$53,908,125 bank balance, \$3,950,217 was either insured by federal regulatory authorities or collateralized with

MISSISSIPPI HOME CORPORATION

Years Ended June 30, 2010 and 2009

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Continued

securities held by the Corporation or by its agent in the Corporation's name. The remaining bank balance of \$49,957,908 was not insured by federal agencies and was uncollateralized. These uncollateralized balances were 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, 2010 and 2009 follows:

	2010		2009	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
U. S. Government agency securities	\$ 16,269,356	\$ 16,115,281	\$ 7,995,374	\$ 7,903,138
Corporate debt securities	4,971,800	4,944,490	5,351,487	5,854,577
Municipal debt securities	1,997,476	1,941,515	1,573,518	1,538,448
Mortgage-Backed Securities	753,762,259	695,106,060	861,107,479	831,434,506
Collateralized mortgage obligations	2,304,448	2,214,269	4,118,554	3,982,429
Other asset-backed securities	980,382	961,303	2,017,243	2,166,639
Commercial agreements	5,743,579	5,748,906	5,732,246	5,736,814
	<u>\$ 786,029,300</u>	<u>\$ 727,031,824</u>	<u>\$ 887,895,901</u>	<u>\$ 858,616,551</u>

At June 30, 2010, the Corporation's securities had scheduled maturities as follows:

	Estimated Fair Value	Investment Maturities			
		Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years
U. S. Government agency securities	\$ 16,269,356	\$ 2,510,740	\$ 9,231,924	\$ 4,526,692	\$ -
Corporate debt securities	4,971,800	750,195	1,295,030	2,926,575	-
Municipal debt securities	1,997,476	1,003,020	730,136	264,320	-
Mortgage-Backed Securities	753,762,259	444,910	88,975	939,763	752,288,611
Collateralized mortgage obligations	2,304,448	-	1,240,337	824,255	239,856
Other asset-backed securities	980,382	-	-	-	980,382
Commercial agreements	5,743,579	-	5,743,579	-	-
	<u>\$ 786,029,300</u>	<u>\$ 4,708,865</u>	<u>\$ 18,329,981</u>	<u>\$ 9,481,605</u>	<u>\$ 753,508,849</u>

MISSISSIPPI HOME CORPORATION
Years Ended June 30, 2010 and 2009

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, 2010, 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 as follows:

<u>Investment Type</u>	<u>Moody's Rating</u>	<u>June 30, 2010 Balance</u>
U.S. Government agency securities	Aaa	\$ 15,271,180
Corporate debt securities	Aa	500,980
Corporate debt securities	A	3,333,622
Corporate debt securities	Baa	492,270
Corporate debt securities	Ba	246,803
Corporate debt securities	B	398,125
Municipal debt securities	Aa	994,456
Municipal debt securities	MIG1	1,003,020
Mortgage-backed securities	Aaa	9,551,101
Collateralized mortgage obligations	Aaa	1,808,021
Collateralized mortgage obligations	Aa	496,427
Other asset-backed securities	Aaa	965,780
Other asset-backed securities	Ba	14,602
Commercial agreements	Aaa	219,672
		<u>\$ 35,296,059</u>

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.

MISSISSIPPI HOME CORPORATION
Years Ended June 30, 2010 and 2009

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, 2010, the Corporation held GNMA investments with a fair value of \$585,206,620 and FNMA investments with a fair value of \$167,625,839, which represent approximately 96 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, 2010 and 2009, \$8,968,198 and \$8,296,245, 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, 2010 and 2009, \$11,509,796 and \$6,588,650, respectively, of real estate construction loans were outstanding.

All mortgage loans are located in the state of Mississippi.

The following table summarizes the changes in the Corporation's allowance for loan losses:

	2010	2009
Beginning balance	\$ 2,127,674	\$ 1,753,324
Recoveries	28,187	53,763
Loans charged off	(123,342)	(191,967)
Provision for loan losses	512,144	512,554
Balance at June 30	<u>\$ 2,544,663</u>	<u>\$ 2,127,674</u>

The following table presents the composition of allowance for loan losses:

	2010	2009
Non-impaired	\$ 1,050,737	\$ 1,170,174
Impaired	1,493,926	957,500
Balance at June 30	<u>\$ 2,544,663</u>	<u>\$ 2,127,674</u>

MISSISSIPPI HOME CORPORATION
Years Ended June 30, 2010 and 2009

NOTES TO COMBINED FINANCIAL STATEMENTS

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	
		2005-1 Convertible Note Program	General Corporate Program
Balance at June 30, 2008	\$ 890,538,150	\$ 147,000,469	\$ -
Proceeds from issuance	40,000,000	-	7,246,646
Principal repayments	(88,239,147)	(147,000,469)	(6,992,646)
Accretion	57,581	-	-
Premium amortization	(200,034)	-	-
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	<u>\$ 814,470,411</u>	<u>\$ -</u>	<u>\$ 12,766,441</u>

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, 2010 and 2009, the Corporation has complied with all bond covenants.

Bonds and notes payable for the mortgage purchase programs follow:

Bonds Description	June 30,	
	2010	2009
1995CD series bonds – 6.520 percent interest payable semi-annually, principal due through November 1, 2027	\$ 1,100,000	\$ 1,375,000
1995J series bonds – 5.900 percent interest payable semi-annually, principal due through June 1, 2017	140,000	160,000

MISSISSIPPI HOME CORPORATION
Years Ended June 30, 2010 and 2009

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

Bonds Description	June 30,	
	2010	2009
1995J series bonds – 6.125 percent interest payable semi-annually, principal due through June 1, 2027	\$ 1,520,000	\$ 1,725,000
1997D series bonds – 6.750 percent to 7.750 percent interest payable semi-annually, principal due through July 1, 2029	-	2,216,738
1997G series bonds – 6.700 percent to 6.930 percent interest payable semi-annually, principal due through November 1, 2029	1,951,775	2,084,406
1997H series bonds – 6.700 percent interest payable semi-annually, principal due through December 1, 2029	-	2,005,521
1998A series bonds – 6.350 percent to 6.560 percent interest payable semi-annually, principal due through June 1, 2030	-	3,187,114
1998B series bonds – 5.420 percent to 6.200 percent interest payable semi-annually, principal due through June 1, 2030	2,718,646	3,078,206
1998C series bonds – 6.250 percent to 6.350 percent interest payable semi-annually, principal due through December 1, 2030	2,710,144	3,192,793
1999A series bonds – 6.300 percent to 6.630 percent interest payable semi-annually, principal due through June 1, 2031	4,623,981	5,483,455
1999B series accretion bonds – effective interest rate 5.800 percent, principal due through December 1, 2030	2,205,000	2,865,000
1999C series bonds – 6.070 percent interest payable semi-annually, principal due through June 1, 2031	1,440,000	1,890,000
2000A series bonds – 6.950 percent interest payable semi-annually, principal due through December 1, 2031	3,911,644	5,226,141
2001A series bonds – 6.500 percent interest payable semi-annually, principal due through June 1, 2032	8,611,713	11,159,477
2001B series bonds – 6.375 percent, interest payable semi-annually, principal due through December 1, 2032	4,143,058	4,999,470
2001D series bonds – 6.250 percent interest payable semi-annually, principal due through December 1, 2032	5,221,325	6,714,420
2002A series bonds – 6.100 percent interest payable semi-annually, principal due through June 1, 2034	7,244,653	8,743,156
2002B series bonds – 6.450 percent interest payable semi-annually, principal due through December 1, 2033	5,873,298	7,083,184

MISSISSIPPI HOME CORPORATION
Years Ended June 30, 2010 and 2009

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

Bonds Description	June 30,	
	2010	2009
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	10,230,999	12,797,345
2003A series bonds – 2.500 percent to 5.800 percent, interest payable semi-annually, principal due through July 1, 2034	4,980,608	6,519,884
2004A series bonds – 3.150 percent to 5.000 percent, interest payable semi-annually, principal due through December 1, 2034	7,055,000	9,450,000
2004B series bonds – 2.700 percent to 5.700 percent, interest payable semi-annually, principal due through December 1, 2035	5,815,000	7,645,000
2004C series bonds – 2.550 percent to 5.950 percent, interest payable semi-annually, principal due through December 1, 2035	7,795,000	11,465,000
2004D series bonds – 2.350 percent to 4.850 percent, interest payable semi-annually, principal due through December 1, 2035	9,580,000	13,330,000
2005A series bonds – 2.750 percent to 4.850 percent, interest payable semi-annually, principal due through December 1, 2036	14,460,000	19,465,000
2005B series bonds – 2.900 percent to 5.500 percent, interest payable semi-annually, principal due through December 1, 2036	22,460,000	29,110,000
2005C series bonds – 4.880 percent, interest payable semi-annually, principal due through December 1, 2037	23,880,000	31,310,000
2006A series bonds – 4.650 percent to 4.750 percent, interest payable semi-annually, principal due through December 1, 2038	53,260,000	65,215,000
2006B series bonds – 4.850 percent to 4.900 percent, interest payable semi-annually, principal due through December 1, 2038	28,515,000	33,980,000
2006C series bonds – 4.800 percent to 4.900 percent, interest payable semi-annually, principal due through December 1, 2038	52,415,000	66,170,000
2006D series bonds – 5.000 percent, interest payable semi-annually, principal due through December 1, 2038	51,220,000	68,470,000
2006E series bonds – 4.500 percent, interest payable semi-annually, principal due through June 1, 2039	15,045,000	16,775,000
2007A series bonds – 3.600 percent to 5.500 percent, interest payable semi-annually, principal due through December 1, 2038	37,470,000	43,965,000

MISSISSIPPI HOME CORPORATION
Years Ended June 30, 2010 and 2009

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

Bonds Description	June 30,	
	2010	2009
2007B series bonds – 3.550 percent to 5.375 percent, interest payable semi-annually, principal due through December 1, 2038	\$ 67,240,000	\$ 81,535,000
2007C series bonds – 3.600 percent to 5.600 percent, interest payable semi-annually, principal due through December 1, 2038	53,410,000	64,515,000
2007D series bonds – 3.850 percent to 6.100 percent, interest payable semi-annually, principal due through December 1, 2038	41,970,000	54,245,000
2007E series bonds – 3.750 percent to 5.850 percent, interest payable semi-annually, principal due through December 1, 2038	44,515,000	59,040,000
2008A series bonds – 2.550 percent to 5.625 percent, interest payable semi-annually, principal due through December 1, 2039	31,805,000	37,975,000
2008B series bonds – 2.850 percent to 6.750 percent, interest payable semi-annually, principal due through December 1, 2039 (2009 Resolution)	27,935,000	37,410,000
2009A series bonds – 1.000 percent to 5.400 percent, interest payable semi-annually, principal due through December 1, 2040 (2009 NIBP Resolution)	30,910,000	-
2009B series bonds – 0.086 percent, interest payable upon release date, principal due December 31, 2010	120,000,000	-
	815,982,245	844,176,711
Net unaccreted discount	(1,511,834)	(2,020,161)
Total bonds payable, net	<u>\$ 814,470,411</u>	<u>\$ 842,156,550</u>

Notes Payable Description	June 30,	
	2010	2009
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	-
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	254,000	254,000
	<u>\$ 12,766,441</u>	<u>\$ 254,000</u>

MISSISSIPPI HOME CORPORATION
Years Ended June 30, 2010 and 2009

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

A summary of debt service requirements through 2015 and in five-year increments thereafter is as follows:

Year Ending June 30,	Principal*	Interest
2011	\$ 138,413,449	\$ 35,634,443
2012	5,135,000	35,388,569
2013	4,255,000	35,197,877
2014	3,350,000	35,056,693
2015	2,630,000	34,943,229

*Includes capital appreciation bonds at their final redemption values.

Five-Year Increments Ending June 30,	Principal*	Interest
2016 – 2020	\$ 20,455,000	\$ 172,617,987
2021 – 2025	32,071,237	175,298,315
2026 – 2030	38,459,184	155,043,018
2031 – 2035	99,835,816	137,790,772
2036 – 2040	480,769,000	80,581,514
2041 – 2045	3,375,000	91,125

*Includes capital appreciation bonds at their final redemption values.

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 \$614,000 in 2010 and \$612,000 in 2009, 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.

MISSISSIPPI HOME CORPORATION

Years Ended June 30, 2010 and 2009

NOTES TO COMBINED FINANCIAL STATEMENTS

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 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 ("MDA") 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 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

MISSISSIPPI HOME CORPORATION
Years Ended June 30, 2010 and 2009

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 9. Continued

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, 2010 and 2009, \$600,401 in bonds payable were outstanding under this program (see Note 3).

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 \$265,356,522 and \$234,390,066 at June 30, 2010 and 2009, 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 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 7.25 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, 2010 was approximately \$482,000, which consisted of \$301,000 from the Corporation and \$181,000 from employees. The Corporation's contribution requirement for the year ended June 30, 2009 was approximately \$450,000 which consisted of \$279,000 from the Corporation and \$171,000 from employees.

MISSISSIPPI HOME CORPORATION

Years Ended June 30, 2010 and 2009

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 12. Continued

The Corporation's 50 participating employees are an insignificant portion of PERS's approximately 370,000 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, 2010 and 2009, \$201,862,907 and \$203,652,127 respectively, of these bonds were outstanding. The bonds are payable solely from amounts received by the trustees from the revenue earned by the developers. 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.

Note 15. Subsequent Events (Unaudited)

On September 1, 2010, the U. S. Department of the Treasury announced changes to the NIBP. These changes include extending the program from its original maturity date of December 31, 2010 until December 31, 2011. At June 30, 2010, the bonds payable and related assets are reflected as current on the combined statements of net assets.

MISSISSIPPI HOME CORPORATION

Years Ended June 30, 2010 and 2009

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 15. Continued

On September 27, 2010, the Corporation was allocated approximately \$102 million of the Hardest Hit Fund, a federal program designed to address homeownership difficulties resulting from Mississippi's high unemployment rate. The funds will be distributed to homeowners over the next few years as part of programs designed by the Corporation and approved by the U.S. Department of the Treasury.

On September 29, 2010, Moody's Investor Service, Inc. ("Moody's") lowered the long-term counterparty credit rating of Pallas Capital Corporation ("Pallas") to "A3" while confirming Pallas's short-term credit rating of "P-1". Pallas holds the guaranteed investment contracts ("GICs") associated with certain of the Corporation's bonds. Prior to the September 29, 2010 downgrade, Pallas had a long-term counterparty rating of "Aaa", and was placed on watch for possible downgrade. On October 1, 2010, Moody's lowered Pallas's long-term counterparty credit rating to "Baa3" and lowered Pallas's short-term rating to "P-3". As a result of the Moody's downgrades, the Corporation's following bond issues: 2004C, 2004D, 2005B, 2005C, 2006A, 2006B, 2006C, 2006D, 2006E, 2007A, 2007B, 2007C, 2007E, 2008A and 2008B were placed on Credit Watch.

Subsequent to the downgrade, the Corporation exercised its right pursuant to the terms of the investment agreements of each bond issue to terminate its current agreements with Pallas. Pallas returned the GICs to the Corporation on October 8, 2010. The Corporation has determined through a projected cash flow analysis that certain bond issues will require an immaterial cash contribution to maintain its "Aaa" ratings on these issues. The Corporation made the required contribution on November 2, 2010 for those issues.

Mississippi Home Corporation
Combining Schedule of Net Assets
June 30, 2010

	1995CD	1995LJ	1997D	1997G	1997H	1998A	1998B	1998C	1999A
	Program	Program	Program	Program	Program	Program	Program	Program	Program
ASSETS									
Current assets:									
Cash and cash equivalents:									
Cash	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted cash	1,611	160,948	787	9,341	294	459	419	35,185	—
Cash equivalents	—	—	—	—	—	—	—	—	—
Restricted cash equivalents	59,146	6,217	—	17,622	—	—	106,939	20,057	55,008
Total cash and cash equivalents	<u>60,757</u>	<u>167,165</u>	<u>787</u>	<u>26,963</u>	<u>294</u>	<u>459</u>	<u>107,358</u>	<u>55,242</u>	<u>55,008</u>
Accrued interest receivable	10,692	12,552	—	12,343	—	—	15,780	15,891	26,894
Total current assets	<u>71,449</u>	<u>179,717</u>	<u>787</u>	<u>39,306</u>	<u>294</u>	<u>459</u>	<u>123,138</u>	<u>71,133</u>	<u>81,902</u>
Noncurrent assets:									
Investments, at fair value	1,812,398	2,285,022	—	2,338,638	—	—	3,263,648	3,309,584	5,597,738
Mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
Unamortized bond issuance costs	8,079	11,367	—	16,026	—	—	25,949	23,940	39,679
Other assets	—	—	—	—	—	—	—	—	—
Due (to) from other funds	—	—	—	—	—	—	—	—	—
Total noncurrent assets	<u>1,820,477</u>	<u>2,296,389</u>	<u>—</u>	<u>2,354,664</u>	<u>—</u>	<u>—</u>	<u>3,289,597</u>	<u>3,333,524</u>	<u>5,637,417</u>
Total assets	<u>\$ 1,891,926</u>	<u>\$ 2,476,106</u>	<u>\$ 787</u>	<u>\$ 2,393,970</u>	<u>\$ 294</u>	<u>\$ 459</u>	<u>\$ 3,412,735</u>	<u>\$ 3,404,657</u>	<u>\$ 5,719,319</u>
LIABILITIES									
Current liabilities:									
Bonds payable, net	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Notes payable	—	—	—	—	—	—	—	—	—
Accrued interest payable	11,954	8,446	—	18,842	—	—	13,769	14,235	23,887
Total current liabilities	<u>11,954</u>	<u>8,446</u>	<u>—</u>	<u>18,842</u>	<u>—</u>	<u>—</u>	<u>13,769</u>	<u>14,235</u>	<u>23,887</u>
Noncurrent liabilities:									
Bonds payable, net of premium or discount and current portion	1,100,000	1,660,000	—	1,951,775	—	—	2,718,646	2,710,144	4,623,981
Notes payable	—	—	—	—	—	—	—	—	—
Low income housing tax credit program deferred revenue	—	—	—	—	—	—	—	—	—
Other liabilities and accrued expenses	3,190	4,189	2,682	1,932	1,932	1,932	1,932	1,932	1,932
Total noncurrent liabilities	<u>1,103,190</u>	<u>1,664,189</u>	<u>2,682</u>	<u>1,953,707</u>	<u>1,932</u>	<u>1,932</u>	<u>2,720,578</u>	<u>2,712,076</u>	<u>4,625,913</u>
Total liabilities	<u>\$ 1,115,144</u>	<u>\$ 1,672,635</u>	<u>\$ 2,682</u>	<u>\$ 1,972,549</u>	<u>\$ 1,932</u>	<u>\$ 1,932</u>	<u>\$ 2,734,347</u>	<u>\$ 2,726,311</u>	<u>\$ 4,649,800</u>
Net assets:									
Restricted	\$ 776,782	\$ 803,471	\$ (1,895)	\$ 421,421	\$ (1,638)	\$ (1,473)	\$ 678,388	\$ 678,346	\$ 1,069,519
Unrestricted	—	—	—	—	—	—	—	—	—
Total net assets	<u>\$ 776,782</u>	<u>\$ 803,471</u>	<u>\$ (1,895)</u>	<u>\$ 421,421</u>	<u>\$ (1,638)</u>	<u>\$ (1,473)</u>	<u>\$ 678,388</u>	<u>\$ 678,346</u>	<u>\$ 1,069,519</u>

Mississippi Home Corporation
Combining Schedule of Net Assets
June 30, 2010

	1999B	1999C	2000A	2001A	2001B	2001D	2002A	2002B
	Program	Program	Program	Program	Program	Program	Program	Program
ASSETS								
Current assets:								
Cash and cash equivalents:								
Cash	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted cash	9,110	22,600	112,464	670	36,262	120,118	131,016	76,322
Cash equivalents	—	—	—	—	—	—	—	—
Restricted cash equivalents	6,190	177	85,212	520,372	36,511	259,879	150,345	336,207
Total cash and cash equivalents	<u>15,300</u>	<u>22,777</u>	<u>197,676</u>	<u>521,042</u>	<u>72,773</u>	<u>379,997</u>	<u>281,361</u>	<u>412,529</u>
Accrued interest receivable	5,410	9,654	27,994	49,893	22,903	29,291	36,646	31,438
Total current assets	<u>20,710</u>	<u>32,431</u>	<u>225,670</u>	<u>570,935</u>	<u>95,676</u>	<u>409,288</u>	<u>318,007</u>	<u>443,967</u>
Noncurrent assets:								
Investments, at fair value	1,045,980	1,812,013	5,407,277	10,258,821	4,803,835	6,053,889	7,722,179	6,327,219
Mortgage loans receivable, net	—	—	—	—	—	—	—	—
Unamortized bond issuance costs	13,016	14,192	43,544	100,045	52,103	60,744	86,232	68,837
Other assets	—	—	—	—	—	—	—	—
Due (to) from other funds	—	—	—	—	—	—	—	—
Total noncurrent assets	<u>1,058,996</u>	<u>1,826,205</u>	<u>5,450,821</u>	<u>10,358,866</u>	<u>4,855,938</u>	<u>6,114,633</u>	<u>7,808,411</u>	<u>6,396,056</u>
Total assets	<u>\$ 1,079,706</u>	<u>\$ 1,858,636</u>	<u>\$ 5,676,491</u>	<u>\$ 10,929,801</u>	<u>\$ 4,951,614</u>	<u>\$ 6,523,921</u>	<u>\$ 8,126,418</u>	<u>\$ 6,840,023</u>
LIABILITIES								
Current liabilities:								
Bonds payable, net	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Notes payable	—	—	—	—	—	—	—	—
Accrued interest payable	—	7,284	22,124	45,581	21,489	26,823	36,422	31,228
Total current liabilities	<u>—</u>	<u>7,284</u>	<u>22,124</u>	<u>45,581</u>	<u>21,489</u>	<u>26,823</u>	<u>36,422</u>	<u>31,228</u>
Noncurrent liabilities:								
Bonds payable, net of premium or discount and current portion	693,166	1,440,000	3,911,644	8,611,713	4,143,058	5,221,325	7,244,653	5,873,298
Notes payable	—	—	—	—	—	—	—	—
Low income housing tax credit program deferred revenue	—	—	—	—	—	—	—	—
Other liabilities and accrued expenses	1,932	1,932	34,780	1,932	1,932	1,932	1,932	1,932
Total noncurrent liabilities	<u>695,098</u>	<u>1,441,932</u>	<u>3,946,424</u>	<u>8,613,645</u>	<u>4,144,990</u>	<u>5,223,257</u>	<u>7,246,585</u>	<u>5,875,230</u>
Total liabilities	<u>\$ 695,098</u>	<u>\$ 1,449,216</u>	<u>\$ 3,968,548</u>	<u>\$ 8,659,226</u>	<u>\$ 4,166,479</u>	<u>\$ 5,250,080</u>	<u>\$ 7,283,007</u>	<u>\$ 5,906,458</u>
Net assets:								
Restricted	\$ 384,608	\$ 409,420	\$ 1,707,943	\$ 2,270,575	\$ 785,135	\$ 1,273,841	\$ 843,411	\$ 933,565
Unrestricted	—	—	—	—	—	—	—	—
Total net assets	<u>\$ 384,608</u>	<u>\$ 409,420</u>	<u>\$ 1,707,943</u>	<u>\$ 2,270,575</u>	<u>\$ 785,135</u>	<u>\$ 1,273,841</u>	<u>\$ 843,411</u>	<u>\$ 933,565</u>

Mississippi Home Corporation
Combining Schedule of Net Assets
June 30, 2010

	2002C Program	2002 Lease Program	2003A Program	2004A Program	2004B Program	2004C Program	2004D Program	2005A Program
ASSETS								
Current assets:								
Cash and cash equivalents:								
Cash	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted cash	130,629	552,057	65,313	60,614	1,158	110,504	110,433	110,548
Cash equivalents	—	—	—	—	—	—	—	—
Restricted cash equivalents	464,750	—	128,251	204,895	263,024	118,266	215,863	554,945
Total cash and cash equivalents	595,379	552,057	193,564	265,509	264,182	228,770	326,296	665,493
Accrued interest receivable	48,218	—	24,557	34,751	28,094	38,358	44,710	68,074
Total current assets	643,597	552,057	218,121	300,260	292,276	267,128	371,006	733,567
Noncurrent assets:								
Investments, at fair value	10,815,421	—	5,383,627	8,100,234	6,368,531	8,709,858	10,632,082	15,592,730
Mortgage loans receivable, net	—	—	—	—	—	—	—	—
Unamortized bond issuance costs	124,025	—	45,377	76,875	56,264	77,079	95,485	133,157
Other assets	—	—	—	—	—	—	—	—
Due (to) from other funds	—	—	—	—	—	—	—	—
Total noncurrent assets	10,939,446	—	5,429,004	8,177,109	6,424,795	8,786,937	10,727,567	15,725,887
Total assets	\$ 11,583,043	\$ 552,057	\$ 5,647,125	\$ 8,477,369	\$ 6,717,071	\$ 9,054,065	\$ 11,098,573	\$ 16,459,454
LIABILITIES								
Current liabilities:								
Bonds payable, net	\$ —	\$ 600,401	\$ 70,000	\$ —	\$ 105,000	\$ 115,000	\$ 190,000	\$ 275,000
Notes payable	—	—	—	—	—	—	—	—
Accrued interest payable	49,034	—	23,571	28,885	26,052	34,420	37,280	62,991
Total current liabilities	49,034	600,401	93,571	28,885	131,052	149,420	227,280	337,991
Noncurrent liabilities:								
Bonds payable, net of premium or discount and current portion	10,230,999	—	4,910,608	7,055,000	5,710,000	7,680,000	9,390,000	14,185,000
Notes payable	—	—	—	—	—	—	—	—
Low income housing tax credit program deferred revenue	—	—	—	—	—	—	—	—
Other liabilities and accrued expenses	1,932	451,545	1,932	1,932	1,932	1,932	1,932	1,932
Total noncurrent liabilities	10,232,931	451,545	4,912,540	7,056,932	5,711,932	7,681,932	9,391,932	14,186,932
Total liabilities	\$ 10,281,965	\$ 1,051,946	\$ 5,006,111	\$ 7,085,817	\$ 5,842,984	\$ 7,831,352	\$ 9,619,212	\$ 14,524,923
Net assets:								
Restricted	\$ 1,301,078	\$ (499,889)	\$ 641,014	\$ 1,391,552	\$ 874,087	\$ 1,222,713	\$ 1,479,361	\$ 1,934,531
Unrestricted	—	—	—	—	—	—	—	—
Total net assets	\$ 1,301,078	\$ (499,889)	\$ 641,014	\$ 1,391,552	\$ 874,087	\$ 1,222,713	\$ 1,479,361	\$ 1,934,531

Mississippi Home Corporation
Combining Schedule of Net Assets
June 30, 2010

	2005B	2005C	2006A	2006B	2006C	2006D	2006E	2007A
	Program							
ASSETS								
Current assets:								
Cash and cash equivalents:								
Cash	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted cash	391,834	481,952	588,749	—	994,015	768,187	45,169	692,758
Cash equivalents	—	—	—	—	—	—	—	—
Restricted cash equivalents	339,377	637,928	1,448,753	1,390,138	2,188,601	1,556,912	329,189	2,978,412
Total cash and cash equivalents	<u>731,211</u>	<u>1,119,880</u>	<u>2,037,502</u>	<u>1,390,138</u>	<u>3,182,616</u>	<u>2,325,099</u>	<u>374,358</u>	<u>3,671,170</u>
Accrued interest receivable	100,047	101,171	221,626	118,870	227,848	232,307	63,251	156,771
Total current assets	<u>831,258</u>	<u>1,221,051</u>	<u>2,259,128</u>	<u>1,509,008</u>	<u>3,410,464</u>	<u>2,557,406</u>	<u>437,609</u>	<u>3,827,941</u>
Noncurrent assets:								
Investments, at fair value	24,036,978	24,719,773	55,723,427	29,552,314	53,995,508	53,737,404	15,918,287	36,911,314
Mortgage loans receivable, net	—	—	—	—	—	—	—	—
Unamortized bond issuance costs	225,278	220,141	481,931	265,430	464,493	459,862	143,943	389,260
Other assets	—	—	6,875	3,705	6,861	6,891	—	4,829
Due (to) from other funds	—	—	—	—	—	—	—	—
Total noncurrent assets	<u>24,262,256</u>	<u>24,939,914</u>	<u>56,212,233</u>	<u>29,821,449</u>	<u>54,466,862</u>	<u>54,204,157</u>	<u>16,062,230</u>	<u>37,305,403</u>
Total assets	<u>\$ 25,093,514</u>	<u>\$ 26,160,965</u>	<u>\$ 58,471,361</u>	<u>\$ 31,330,457</u>	<u>\$ 57,877,326</u>	<u>\$ 56,761,563</u>	<u>\$ 16,499,839</u>	<u>\$ 41,133,344</u>
LIABILITIES								
Current liabilities:								
Bonds payable, net	\$ 415,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 415,000
Notes payable	—	—	—	—	—	—	—	—
Accrued interest payable	90,464	97,112	207,590	115,368	212,978	213,416	56,419	155,066
Total current liabilities	<u>505,464</u>	<u>97,112</u>	<u>207,590</u>	<u>115,368</u>	<u>212,978</u>	<u>213,416</u>	<u>56,419</u>	<u>570,066</u>
Noncurrent liabilities:								
Bonds payable, net of premium or discount and current portion	22,045,000	23,880,000	53,260,000	28,515,000	52,415,000	51,220,000	15,045,000	37,055,000
Notes payable	—	—	—	—	—	—	—	—
Low income housing tax credit program deferred revenue	—	—	—	—	—	—	—	—
Other liabilities and accrued expenses	2,932	1,932	133,902	1,932	1,932	1,932	1,932	1,932
Total noncurrent liabilities	<u>22,047,932</u>	<u>23,881,932</u>	<u>53,393,902</u>	<u>28,516,932</u>	<u>52,416,932</u>	<u>51,221,932</u>	<u>15,046,932</u>	<u>37,056,932</u>
Total liabilities	<u>\$ 22,553,396</u>	<u>\$ 23,979,044</u>	<u>\$ 53,601,492</u>	<u>\$ 28,632,300</u>	<u>\$ 52,629,910</u>	<u>\$ 51,435,348</u>	<u>\$ 15,103,351</u>	<u>\$ 37,626,998</u>
Net assets:								
Restricted	\$ 2,540,118	\$ 2,181,921	\$ 4,869,869	\$ 2,698,157	\$ 5,247,416	\$ 5,326,215	\$ 1,396,488	\$ 3,506,346
Unrestricted	—	—	—	—	—	—	—	—
Total net assets	<u>\$ 2,540,118</u>	<u>\$ 2,181,921</u>	<u>\$ 4,869,869</u>	<u>\$ 2,698,157</u>	<u>\$ 5,247,416</u>	<u>\$ 5,326,215</u>	<u>\$ 1,396,488</u>	<u>\$ 3,506,346</u>

Mississippi Home Corporation
Combining Schedule of Net Assets
June 30, 2010

	2007B	2007C	2007D	2007E	2008A	2008B	2009	2009 NIBP
	Program	Program	Program	Program	Program	Program	Resolution	Resolution
ASSETS								
Current assets:								
Cash and cash equivalents:								
Cash	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted cash	903,691	713,002	1,145,216	1,677,780	251,082	457,180	508,751	—
Cash equivalents	—	—	—	—	—	—	—	—
Restricted cash equivalents	5,594,467	3,253,068	3,056,841	2,007,117	1,489,343	1,309,164	—	120,057,969
Total cash and cash equivalents	6,498,158	3,966,070	4,202,057	3,684,897	1,740,425	1,766,344	508,751	120,057,969
Accrued interest receivable	308,963	234,224	199,264	220,873	145,289	144,806	149,327	1,690
Total current assets	6,807,121	4,200,294	4,401,321	3,905,770	1,885,714	1,911,150	658,078	120,059,659
Noncurrent assets:								
Investments, at fair value	69,957,757	54,304,441	42,177,407	45,616,568	33,144,083	29,510,254	34,039,533	—
Mortgage loans receivable, net	—	—	—	—	—	—	—	—
Unamortized bond issuance costs	555,750	578,035	325,744	447,284	337,425	382,763	583,192	320,883
Other assets	8,862	6,984	5,568	5,814	4,128	3,724	4,005	2,500
Due (to) from other funds	—	—	—	—	—	—	—	—
Total noncurrent assets	70,522,369	54,889,460	42,508,719	46,069,666	33,485,636	29,896,741	34,626,730	323,383
Total assets	\$ 77,329,490	\$ 59,089,754	\$ 46,910,040	\$ 49,975,436	\$ 35,371,350	\$ 31,807,891	\$ 35,284,808	\$ 120,383,042
LIABILITIES								
Current liabilities:								
Bonds payable, net	\$ 1,365,000	\$ 785,000	\$ 325,000	\$ 120,000	\$ 245,000	\$ 480,000	\$ 355,000	\$ 120,000,000
Notes payable	—	—	—	—	—	—	—	—
Accrued interest payable	273,388	224,869	191,757	205,654	137,623	133,514	123,650	51,659
Total current liabilities	1,638,388	1,009,869	516,757	325,654	382,623	613,514	478,650	120,051,659
Noncurrent liabilities:								
Bonds payable, net of premium or discount and current portion	65,875,000	52,625,000	41,645,000	44,395,000	31,560,000	27,455,000	30,555,000	—
Notes payable	—	—	—	—	—	—	—	—
Low income housing tax credit program deferred revenue	—	—	—	—	—	—	—	—
Other liabilities and accrued expenses	1,932	1,932	1,932	1,932	1,932	1,932	966	966
Total noncurrent liabilities	65,876,932	52,626,932	41,646,932	44,396,932	31,561,932	27,456,932	30,555,966	966
Total liabilities	\$ 67,515,320	\$ 53,636,801	\$ 42,163,689	\$ 44,722,586	\$ 31,944,555	\$ 28,070,446	\$ 31,034,616	\$ 120,052,625
Net assets:								
Restricted	\$ 9,814,170	\$ 5,452,953	\$ 4,746,351	\$ 5,252,850	\$ 3,426,795	\$ 3,737,445	\$ 4,250,192	\$ 330,417
Unrestricted	—	—	—	—	—	—	—	—
Total net assets	\$ 9,814,170	\$ 5,452,953	\$ 4,746,351	\$ 5,252,850	\$ 3,426,795	\$ 3,737,445	\$ 4,250,192	\$ 330,417

Mississippi Home Corporation
Combining Schedule of Net Assets
June 30, 2010

	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	\$ —	\$ —	\$ 67,143	\$ 567,587	\$ —	\$ 634,730
Restricted cash	11,478,228	1,177,442	—	1,477,885	764,039	14,897,594
Cash equivalents	—	—	—	3,051,569	—	3,051,569
Restricted cash equivalents	151,247,155	—	—	—	—	151,247,155
Total cash and cash equivalents	162,725,383	1,177,442	67,143	5,097,041	764,039	169,831,048
Accrued interest receivable	3,220,470	—	10,026	376,188	25,817	3,632,501
Total current assets	165,945,853	1,177,442	77,169	5,473,229	789,856	173,463,549
Noncurrent assets:						
Investments, at fair value	730,985,772	—	—	55,043,528	—	786,029,300
Mortgage loans receivable, net	—	—	1,383,259	11,141,949	5,408,123	17,933,331
Unamortized bond issuance costs	7,353,429	—	—	—	—	7,353,429
Other assets	70,746	11,065	30	3,158,183	2,300,907	5,540,931
Due (to) from other funds	—	42,356	—	(42,356)	—	—
Total noncurrent assets	738,409,947	53,421	1,383,289	69,301,304	7,709,030	816,856,991
Total assets	\$ 904,355,800	\$ 1,230,863	\$ 1,460,458	\$ 74,774,533	\$ 8,498,886	\$ 990,320,540
LIABILITIES						
Current liabilities:						
Bonds payable, net	\$ 125,860,401	\$ —	\$ —	\$ —	\$ —	\$ 125,860,401
Notes payable	—	—	—	12,512,441	—	12,512,441
Accrued interest payable	3,034,844	—	—	2,736	—	3,037,580
Total current liabilities	128,895,245	—	—	12,515,177	—	141,410,422
Noncurrent liabilities:						
Bonds payable, net of premium or discount and current portion	688,610,010	—	—	—	—	688,610,010
Notes payable	—	—	—	254,000	—	254,000
Low income housing tax credit program deferred revenue	—	—	—	19,456,014	—	19,456,014
Other liabilities and accrued expenses	696,976	1,015,276	1,932	5,543,310	18,470	7,275,964
Total noncurrent liabilities	689,306,986	1,015,276	1,932	25,253,324	18,470	715,595,988
Total liabilities	\$ 818,202,231	\$ 1,015,276	\$ 1,932	\$ 37,768,501	\$ 18,470	\$ 857,006,410
Net assets:						
Restricted	\$ 86,153,569	\$ 215,587	\$ —	\$ —	\$ 8,480,416	\$ 94,849,572
Unrestricted	—	—	1,458,526	37,006,032	—	38,464,558
Total net assets	\$ 86,153,569	\$ 215,587	\$ 1,458,526	\$ 37,006,032	\$ 8,480,416	\$ 133,314,130

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2010

	1995CD	1995IJ	1997D	1997G	1997H	1998A	1998B	1998C	1999A
	Program								
Operating revenues:									
Interest income:									
Cash and cash equivalents	\$ 5,972	\$ 757	\$ 168	\$ 1,558	\$ 393	\$ 615	\$ 6,897	\$ 3,124	\$ 12,811
Mortgage-backed securities	114,889	135,002	43,813	150,516	36,837	50,609	200,055	204,817	342,298
Other investments	—	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—	—
Total interest income	120,861	135,759	43,981	152,074	37,230	51,224	206,952	207,941	355,109
Net increase in fair value of investments	62,642	51,641	58,259	93,816	69,653	14,986	126,682	122,176	207,683
Low income housing tax credit program	—	—	—	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—	—	—	—
Reservation fees	—	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—	—
Total operating revenues	183,503	187,400	102,240	245,890	106,883	66,210	333,634	330,117	562,792
Operating expenses:									
Interest expense	80,142	108,989	33,030	132,935	30,249	42,255	175,886	181,247	310,198
Amortization of bond issuance costs	2,612	2,351	508	1,805	363	2,140	4,933	5,598	9,664
MRB Down Payment Assistance	—	—	—	—	—	—	—	—	—
Loss on early extinguishment of debt	—	—	50,495	—	56,598	110,469	—	—	—
Salaries and related benefits	—	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—	—
Losses on mortgage loans	—	—	—	—	—	—	—	—	—
Other	3,932	3,682	3,432	3,682	3,015	3,016	3,682	3,682	3,722
Total operating expenses	86,686	115,022	87,465	138,422	90,225	157,880	184,501	190,527	323,584
Operating income (loss)	96,817	72,378	14,775	107,468	16,658	(91,670)	149,133	139,590	239,208
Transfers in (out)	(201)	(476)	(676,562)	(5,958)	(500,909)	(465,670)	(10,001)	(6,202)	(4,987)
Net assets, beginning of year	680,166	731,569	659,892	319,911	482,613	555,867	539,256	544,958	835,298
Net assets, end of year	\$ 776,782	\$ 803,471	\$ (1,895)	\$ 421,421	\$ (1,638)	\$ (1,473)	\$ 678,388	\$ 678,346	\$ 1,069,519

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2010

	1999B Program	1999C Program	2000A Program	2001A Program	2001B Program	2001D Program	2002A Program	2002B Program
Operating revenues:								
Interest income:								
Cash and cash equivalents	\$ 1,986	\$ 27	\$ 17,218	\$ 36,485	\$ 2,287	\$ 13,055	\$ 18,888	\$ 16,673
Mortgage-backed securities	65,176	120,386	358,602	632,315	286,840	373,502	469,314	415,642
Other investments	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—
Total interest income	<u>67,162</u>	<u>120,413</u>	<u>375,820</u>	<u>668,800</u>	<u>289,127</u>	<u>386,557</u>	<u>488,202</u>	<u>432,315</u>
Net increase in fair value of investments	25,536	53,555	69,077	236,981	151,988	162,995	203,523	143,344
Low income housing tax credit program	—	—	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—	—	—
Reservation fees	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—
Total operating revenues	<u>92,698</u>	<u>173,968</u>	<u>444,897</u>	<u>905,781</u>	<u>441,115</u>	<u>549,552</u>	<u>691,725</u>	<u>575,659</u>
Operating expenses:								
Interest expense	48,967	109,412	293,967	589,005	270,178	345,525	464,922	406,111
Amortization of bond issuance costs	4,476	4,726	17,544	33,209	13,694	20,822	22,162	17,703
MRB Down Payment Assistance	—	—	—	—	—	—	—	—
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—
Salaries and related benefits	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—
Losses on mortgage loans	—	—	—	—	—	—	—	—
Other	3,682	3,682	3,932	4,333	3,682	3,767	4,105	3,950
Total operating expenses	<u>57,125</u>	<u>117,820</u>	<u>315,443</u>	<u>626,547</u>	<u>287,554</u>	<u>370,114</u>	<u>491,189</u>	<u>427,764</u>
Operating income (loss)	35,573	56,148	129,454	279,234	153,561	179,438	200,536	147,895
Transfers in (out)	(9,738)	(14,574)	(7,334)	(20,112)	(9,087)	(11,301)	(16,897)	(7,163)
Net assets, beginning of year	358,773	367,846	1,585,823	2,011,453	640,661	1,105,704	659,772	792,833
Net assets, end of year	<u>\$ 384,608</u>	<u>\$ 409,420</u>	<u>\$ 1,707,943</u>	<u>\$ 2,270,575</u>	<u>\$ 785,135</u>	<u>\$ 1,273,841</u>	<u>\$ 843,411</u>	<u>\$ 933,565</u>

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2010

	2002C Program	2002 Lease Purchase Program	2003A Program	2004A Program	2004B Program	2004C Program	2004D Program	2005A Program
Operating revenues:								
Interest income:								
Cash and cash equivalents	\$ 21,350	\$ 56	\$ 13,552	\$ 18,120	\$ 15,721	\$ 38,589	\$ 27,328	\$ 43,482
Mortgage-backed securities	626,445	—	327,664	424,785	362,125	523,553	566,403	922,303
Other investments	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—
Total interest income	647,795	56	341,216	442,905	377,846	562,142	593,731	965,785
Net increase in fair value of investments	548,861	—	246,733	429,232	321,855	402,927	555,342	658,088
Low income housing tax credit program	—	—	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—	—	—
Reservation fees	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—
Total operating revenues	1,196,656	56	587,949	872,137	699,701	965,069	1,149,073	1,623,873
Operating expenses:								
Interest expense	621,660	—	315,581	410,291	365,997	518,201	529,703	898,901
Amortization of bond issuance costs	37,629	—	17,052	37,118	19,720	37,244	40,193	51,437
MRB Down Payment Assistance	—	—	—	—	—	—	—	—
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—
Salaries and related benefits	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—
Losses on mortgage loans	—	—	—	—	—	—	—	—
Other	4,347	1,932	3,682	4,154	3,731	4,432	4,588	6,958
Total operating expenses	663,636	1,932	336,315	451,563	389,448	559,877	574,484	957,296
Operating income (loss)	533,020	(1,876)	251,634	420,574	310,253	405,192	574,589	666,577
Transfers in (out)	(11,049)	1,833	(6,120)	(18,581)	(7,824)	(14,741)	(33,817)	(17,951)
Net assets, beginning of year	779,107	(499,846)	395,500	989,559	571,658	832,262	938,589	1,285,905
Net assets, end of year	\$ 1,301,078	\$ (499,889)	\$ 641,014	\$ 1,391,552	\$ 874,087	\$ 1,222,713	\$ 1,479,361	\$ 1,934,531

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2010

	2005B Program	2005C Program	2006A Program	2006B Program	2006C Program	2006D Program	2006E Program	2007A Program
Operating revenues:								
Interest income:								
Cash and cash equivalents	\$ 47,489	\$ 57,787	\$ 114,459	\$ 54,650	\$ 132,036	\$ 141,704	\$ 23,974	\$ 75,460
Mortgage-backed securities	1,334,355	1,356,246	2,862,217	1,545,479	3,034,267	3,151,327	779,096	2,064,388
Other investments	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—
Total interest income	1,381,844	1,414,033	2,976,676	1,600,129	3,166,303	3,293,031	803,070	2,139,848
Net increase in fair value of investments	1,101,222	1,168,907	2,536,742	1,410,647	2,193,362	1,869,295	719,800	1,386,948
Low income housing tax credit program	—	—	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—	—	—
Reservation fees	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—
Total operating revenues	2,483,066	2,582,940	5,513,418	3,010,776	5,359,665	5,162,326	1,522,870	3,526,796
Operating expenses:								
Interest expense	1,265,586	1,359,852	2,789,628	1,515,441	2,912,495	3,016,187	711,413	1,999,041
Amortization of bond issuance costs	73,944	79,022	129,210	62,177	145,132	175,739	21,642	80,574
MRB Down Payment Assistance	—	—	—	—	—	—	—	—
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—
Salaries and related benefits	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—
Losses on mortgage loans	—	—	—	—	—	—	—	—
Other	6,822	7,020	22,243	13,096	22,488	22,933	7,927	16,109
Total operating expenses	1,346,352	1,445,894	2,941,081	1,590,714	3,080,115	3,214,859	740,982	2,095,724
Operating income (loss)	1,136,714	1,137,046	2,572,337	1,420,062	2,279,550	1,947,467	781,888	1,431,072
Transfers in (out)	(52,259)	(55,076)	(145,007)	(74,754)	(240,639)	(267,512)	(75,506)	(116,936)
Net assets, beginning of year	1,455,663	1,099,951	2,442,539	1,352,849	3,208,505	3,646,260	690,106	2,192,210
Net assets, end of year	\$ 2,540,118	\$ 2,181,921	\$ 4,869,869	\$ 2,698,157	\$ 5,247,416	\$ 5,326,215	\$ 1,396,488	\$ 3,506,346

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2010

	2007B Program	2007C Program	2007D Program	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
Operating revenues:								
Interest income:								
Cash and cash equivalents	\$ 240,222	\$ 129,013	\$ 140,797	\$ 141,995	\$ 65,724	\$ 89,602	\$ 42,015	\$ 51,660
Mortgage-backed securities	3,960,349	3,062,053	2,665,966	2,930,892	1,857,271	1,880,368	945,800	—
Other investments	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—
Total interest income	4,200,571	3,191,066	2,806,763	3,072,887	1,922,995	1,969,970	987,815	51,660
Net increase in fair value of investments	2,566,430	1,937,470	1,278,320	976,584	1,282,917	752,307	1,945,165	—
Low income housing tax credit program	—	—	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—	—	—
Reservation fees	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	4,221	24,468	—
Total operating revenues	6,767,001	5,128,536	4,085,083	4,049,471	3,205,912	2,726,498	2,957,448	51,660
Operating expenses:								
Interest expense	3,650,752	2,964,781	2,607,380	2,819,203	1,804,334	1,829,020	1,202,141	51,659
Amortization of bond issuance costs	130,123	133,689	103,905	166,462	82,843	142,138	49,017	5,459
MRB Down Payment Assistance	—	—	—	—	—	—	—	—
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—
Salaries and related benefits	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—
Losses on mortgage loans	—	—	—	—	—	—	—	—
Other	27,190	21,985	18,765	19,849	14,277	13,812	58,485	3,466
Total operating expenses	3,808,065	3,120,455	2,730,050	3,005,514	1,901,454	1,984,970	1,309,643	60,584
Operating income (loss)	2,958,936	2,008,081	1,355,033	1,043,957	1,304,458	741,528	1,647,805	(8,924)
Transfers in (out)	(259,949)	(172,333)	(135,739)	(173,889)	(46,677)	(58,061)	2,602,387	339,341
Net assets, beginning of year	7,115,183	3,617,205	3,527,057	4,382,782	2,169,014	3,053,978	—	—
Net assets, end of year	\$ 9,814,170	\$ 5,452,953	\$ 4,746,351	\$ 5,252,850	\$ 3,426,795	\$ 3,737,445	\$ 4,250,192	\$ 330,417

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2010

	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	\$ 1,865,699	\$ —	\$ 80	\$ 3,549	\$ 820	\$ 1,870,148
Mortgage-backed securities	41,183,965	—	—	122,146	—	41,306,111
Other investments	—	—	—	2,023,806	—	2,023,806
Mortgage loans	—	3,994	97,127	224,189	272,758	598,068
Total interest income	43,049,664	3,994	97,207	2,373,690	273,578	45,798,133
Net increase in fair value of investments	28,143,691	—	—	1,670,603	—	29,814,294
Low income housing tax credit program	—	—	—	1,533,874	—	1,533,874
Grant fund revenues	—	—	—	26,291,770	—	26,291,770
Reservation fees	—	—	—	288,902	—	288,902
Other income	28,689	183	2,004	560,593	11,504	602,973
Total operating revenues	71,222,044	4,177	99,211	32,719,432	285,082	104,329,946
Operating expenses:						
Interest expense	39,782,265	—	—	7,692	—	39,789,957
Amortization of bond issuance costs	1,985,779	—	—	—	—	1,985,779
MRB Down Payment Assistance	—	—	—	1,001,013	—	1,001,013
Loss on early extinguishment of debt	217,562	—	—	—	—	217,562
Salaries and related benefits	—	—	—	3,284,404	—	3,284,404
Grant fund expenses	—	—	—	26,020,045	—	26,020,045
Losses on mortgage loans	—	(2,214)	29,475	—	489,651	516,912
Other	393,269	6,486	10,068	1,984,240	61,829	2,455,892
Total operating expenses	42,378,875	4,272	39,543	32,297,394	551,480	75,271,564
Operating income (loss)	28,843,169	(95)	59,668	422,038	(266,398)	29,058,382
Transfers in (out)	(808,031)	1,833	298,826	505,539	1,833	—
Net assets, beginning of year	58,118,431	213,849	1,100,032	36,078,455	8,744,981	104,255,748
Net assets, end of year	\$ 86,153,569	\$ 215,587	\$ 1,458,526	\$ 37,006,032	\$ 8,480,416	\$ 133,314,130

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2010

	1995CD	1995LJ	1997D	1997G	1997H	1998A	1998B	1998C	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	(17,980)	(29,389)	(3,333)	(3,582)	(2,916)	(2,916)	(3,583)	(3,583)	(3,623)
Fee income received	—	—	—	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—	—	—	—
Other income received	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) operating activities	(17,980)	(29,389)	(3,333)	(3,582)	(2,916)	(2,916)	(3,583)	(3,583)	(3,623)
Cash flows from noncapital financing activities:									
Proceeds from issuance of bonds	—	—	—	—	—	—	—	—	—
Proceeds from issuance of notes	—	—	—	—	—	—	—	—	—
Principal repayment of bonds	(275,000)	(225,000)	(2,185,000)	(130,885)	(1,965,000)	(3,150,000)	(355,000)	(477,479)	(850,000)
Premium paid on early redemptions	—	—	(63,750)	—	(78,000)	(118,200)	—	—	—
Principal repayment of notes	—	—	—	—	—	—	—	—	—
Interest paid	(83,130)	(110,133)	(45,729)	(135,437)	(41,540)	(60,875)	(182,280)	(188,941)	(324,135)
Bond issuance costs paid	—	—	—	—	—	—	—	—	—
Due (from) to other programs	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	(358,130)	(335,133)	(2,294,479)	(266,322)	(2,084,540)	(3,329,075)	(537,280)	(666,420)	(1,174,135)
Cash flows from capital and related financing activities:									
Property and equipment additions	—	—	—	—	—	—	—	—	—
Proceeds from sale of property and equipment	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—	—	—	—
Cash flows from investing activities:									
Purchase of investments	—	—	—	—	—	—	—	—	—
Redemption of investments	192,687	305,394	2,846,478	123,115	2,517,761	3,583,969	414,157	494,743	764,511
Interest received on investments	136,470	163,522	60,032	152,801	50,744	69,932	209,064	210,569	359,276
Net cash provided by (used in) investing activities	329,157	468,916	2,906,510	275,916	2,568,505	3,653,901	623,221	705,312	1,123,787
Transfers	(201)	(476)	(676,562)	(5,958)	(500,909)	(465,670)	(10,001)	(6,202)	(4,987)
Net increase (decrease) in cash and cash equivalents	(47,154)	103,918	(67,864)	54	(19,860)	(143,760)	72,357	29,107	(58,958)
Cash and cash equivalents, beginning of year	107,911	63,247	68,651	26,909	20,154	144,219	35,001	26,135	113,966
Cash and cash equivalents, end of year	\$ 60,757	\$ 167,165	\$ 787	\$ 26,963	\$ 294	\$ 459	\$ 107,358	\$ 55,242	\$ 55,008

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2010

	1999B Program	1999C Program	2000A Program	2001A Program	2001B Program	2001D Program	2002A Program	2002B 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	(3,583)	(3,583)	(3,833)	(4,234)	(3,583)	(3,668)	(4,006)	(3,851)
Fee income received	—	—	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—	—	—
Other income received	—	—	—	—	—	—	—	—
Net cash provided by (used in) operating activities	(3,583)	(3,583)	(3,833)	(4,234)	(3,583)	(3,668)	(4,006)	(3,851)
Cash flows from noncapital financing activities:								
Proceeds from issuance of bonds	—	—	—	—	—	—	—	—
Proceeds from issuance of notes	—	—	—	—	—	—	—	—
Principal repayment of bonds	(200,640)	(450,000)	(1,300,000)	(2,520,000)	(845,000)	(1,470,000)	(1,480,000)	(1,195,000)
Premium paid on early redemptions	—	—	—	—	—	—	—	—
Principal repayment of notes	—	—	—	—	—	—	—	—
Interest paid	—	(111,688)	(315,993)	(630,419)	(286,078)	(376,276)	(490,948)	(427,420)
Bond issuance costs paid	—	—	—	—	—	—	—	—
Due (from) to other programs	—	—	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	(200,640)	(561,688)	(1,615,993)	(3,150,419)	(1,131,078)	(1,846,276)	(1,970,948)	(1,622,420)
Cash flows from capital and related financing activities:								
Property and equipment additions	—	—	—	—	—	—	—	—
Proceeds from sale of property and equipment	—	—	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—	—	—
Cash flows from investing activities:								
Purchase of investments	—	—	—	—	—	—	—	—
Redemption of investments	77,459	372,402	1,207,226	2,012,350	677,996	1,293,596	1,643,889	1,383,701
Interest received on investments	69,881	133,846	380,880	681,026	292,700	393,337	496,195	439,323
Net cash provided by (used in) investing activities	147,340	506,248	1,588,106	2,693,376	970,696	1,686,933	2,140,084	1,823,024
Transfers	(9,738)	(14,574)	(7,334)	(20,112)	(9,087)	(11,301)	(16,897)	(7,163)
Net increase (decrease) in cash and cash equivalents	(66,621)	(73,597)	(39,054)	(481,389)	(173,052)	(174,312)	148,233	189,590
Cash and cash equivalents, beginning of year	81,921	96,374	236,730	1,002,431	245,825	554,309	133,128	222,939
Cash and cash equivalents, end of year	\$ 15,300	\$ 22,777	\$ 197,676	\$ 521,042	\$ 72,773	\$ 379,997	\$ 281,361	\$ 412,529

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2010

	2002C Program	Purchase Program	2003A Program	2004A Program	2004B Program	2004C Program	2004D Program	2005A 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	(4,248)	(1,833)	(3,583)	(4,055)	(3,632)	(4,333)	(4,490)	(6,859)
Fee income received	—	—	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—	—	—
Other income received	—	—	—	—	—	—	—	—
Net cash provided by (used in) operating activities	(4,248)	(1,833)	(3,583)	(4,055)	(3,632)	(4,333)	(4,490)	(6,859)
Cash flows from noncapital financing activities:								
Proceeds from issuance of bonds	—	—	—	—	—	—	—	—
Proceeds from issuance of notes	—	—	—	—	—	—	—	—
Principal repayment of bonds	(2,535,000)	—	(1,525,000)	(2,395,000)	(1,830,000)	(3,670,000)	(3,750,000)	(5,005,000)
Premium paid on early redemptions	—	—	—	—	—	—	—	—
Principal repayment of notes	—	—	—	—	—	—	—	—
Interest paid	(665,260)	—	(337,143)	(419,971)	(374,014)	(533,675)	(543,974)	(919,671)
Bond issuance costs paid	—	—	—	—	—	—	—	—
Due (from) to other programs	—	—	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	(3,200,260)	—	(1,862,143)	(2,814,971)	(2,204,014)	(4,203,675)	(4,293,974)	(5,924,671)
Cash flows from capital and related financing activities:								
Property and equipment additions	—	—	—	—	—	—	—	—
Proceeds from sale of property and equipment	—	—	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—	—	—
Cash flows from investing activities:								
Purchase of investments	—	—	—	—	—	—	—	—
Redemption of investments	2,435,211	—	1,531,395	2,233,094	1,764,635	3,101,131	3,476,358	4,683,819
Interest received on investments	659,519	56	348,579	490,704	405,561	577,516	635,479	988,124
Net cash provided by (used in) investing activities	3,094,730	56	1,879,974	2,723,798	2,170,196	3,678,647	4,111,837	5,671,943
Transfers	(11,049)	1,833	(6,120)	(18,581)	(7,824)	(14,741)	(33,817)	(17,951)
Net increase (decrease) in cash and cash equivalents	(120,827)	56	8,128	(113,809)	(45,274)	(544,102)	(220,444)	(277,538)
Cash and cash equivalents, beginning of year	716,206	552,001	185,436	379,318	309,456	772,872	546,740	943,031
Cash and cash equivalents, end of year	\$ 595,379	\$ 552,057	\$ 193,564	\$ 265,509	\$ 264,182	\$ 228,770	\$ 326,296	\$ 665,493

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2010

	2005B Program	2005C Program	2006A Program	2006B Program	2006C Program	2006D Program	2006E Program	2007A 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	(6,723)	(6,921)	(20,752)	(12,387)	(20,784)	(21,015)	(7,828)	(15,111)
Fee income received	—	—	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—	—	—
Other income received	—	—	—	—	—	—	—	—
Net cash provided by (used in) operating activities	(6,723)	(6,921)	(20,752)	(12,387)	(20,784)	(21,015)	(7,828)	(15,111)
Cash flows from noncapital financing activities:								
Proceeds from issuance of bonds	—	—	—	—	—	—	—	—
Proceeds from issuance of notes	—	—	—	—	—	—	—	—
Principal repayment of bonds	(6,650,000)	(7,430,000)	(11,955,000)	(5,465,000)	(13,755,000)	(17,250,000)	(1,730,000)	(6,495,000)
Premium paid on early redemptions	—	—	—	—	—	—	—	—
Principal repayment of notes	—	—	—	—	—	—	—	—
Interest paid	(1,291,881)	(1,390,068)	(2,836,224)	(1,537,551)	(2,968,411)	(3,088,062)	(717,900)	(2,025,361)
Bond issuance costs paid	—	—	—	—	—	—	—	—
Due (from) to other programs	—	—	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	(7,941,881)	(8,820,068)	(14,791,224)	(7,002,551)	(16,723,411)	(20,338,062)	(2,447,900)	(8,520,361)
Cash flows from capital and related financing activities:								
Property and equipment additions	—	—	—	—	—	—	—	—
Proceeds from sale of property and equipment	—	—	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—	—	—
Cash flows from investing activities:								
Purchase of investments	—	—	—	—	—	—	—	—
Redemption of investments	6,532,120	7,552,491	11,910,277	5,465,855	14,683,684	16,201,065	1,333,814	7,787,804
Interest received on investments	1,410,631	1,445,442	3,030,577	1,624,040	3,230,898	3,369,434	809,862	2,174,664
Net cash provided by (used in) investing activities	7,942,751	8,997,933	14,940,854	7,089,895	17,914,582	19,570,499	2,143,676	9,962,468
Transfers	(52,259)	(55,076)	(145,007)	(74,754)	(240,639)	(267,512)	(75,506)	(116,936)
Net increase (decrease) in cash and cash equivalents	(58,112)	115,868	(16,129)	203	929,748	(1,056,090)	(387,558)	1,310,060
Cash and cash equivalents, beginning of year	789,323	1,004,012	2,053,631	1,389,935	2,252,868	3,381,189	761,916	2,361,110
Cash and cash equivalents, end of year	\$ 731,211	\$ 1,119,880	\$ 2,037,502	\$ 1,390,138	\$ 3,182,616	\$ 2,325,099	\$ 374,358	\$ 3,671,170

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2010

	2007B Program	2007C Program	2007D Program	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	(25,473)	(20,661)	(17,308)	(18,092)	(13,566)	(22,491)	(78,660)	(5,000)
Fee income received	—	—	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—	—	—
Other income received	—	—	—	—	—	4,221	24,468	—
Net cash provided by (used in) operating activities	(25,473)	(20,661)	(17,308)	(18,092)	(13,566)	(18,270)	(54,192)	(5,000)
Cash flows from noncapital financing activities:								
Proceeds from issuance of bonds	—	—	—	—	—	—	32,455,000	120,000,000
Proceeds from issuance of notes	—	—	—	—	—	—	—	—
Principal repayment of bonds	(14,295,000)	(11,105,000)	(12,275,000)	(14,525,000)	(6,170,000)	(9,475,000)	(1,545,000)	—
Premium paid on early redemptions	—	—	—	—	—	—	—	—
Principal repayment of notes	—	—	—	—	—	—	—	—
Interest paid	(3,706,888)	(3,010,056)	(2,661,969)	(2,886,022)	(1,831,324)	(1,868,285)	(1,061,355)	—
Bond issuance costs paid	—	—	—	—	—	—	(632,208)	(326,339)
Due (from) to other programs	—	—	(3,075)	—	(2,733)	(4,256)	—	—
Net cash provided by (used in) noncapital financing activities	(18,001,888)	(14,115,056)	(14,940,044)	(17,411,022)	(8,004,057)	(11,347,541)	29,216,437	119,673,661
Cash flows from capital and related financing activities:								
Property and equipment additions	—	—	—	—	—	—	—	—
Proceeds from sale of property and equipment	—	—	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—	—	—
Cash flows from investing activities:								
Purchase of investments	—	—	—	—	—	(91,273)	(32,090,177)	—
Redemption of investments	16,040,315	11,769,992	12,677,885	14,442,990	5,900,694	7,351,580	(4,192)	—
Interest received on investments	4,269,911	3,245,330	2,870,227	3,148,852	1,951,671	2,012,272	838,488	49,969
Net cash provided by (used in) investing activities	20,310,226	15,015,322	15,548,112	17,591,842	7,852,365	9,272,579	(31,255,881)	49,969
Transfers	(259,949)	(172,333)	(135,739)	(173,889)	(46,677)	(58,061)	2,602,387	339,341
Net increase (decrease) in cash and cash equivalents	2,022,916	707,272	455,021	(11,161)	(211,935)	(2,151,293)	508,751	120,057,971
Cash and cash equivalents, beginning of year	4,475,242	3,258,798	3,747,036	3,696,058	1,952,360	3,917,637	—	—
Cash and cash equivalents, end of year	\$ 6,498,158	\$ 3,966,070	\$ 4,202,057	\$ 3,684,897	\$ 1,740,425	\$ 1,766,344	\$ 508,751	\$ 120,057,971

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2010

	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	\$ —	\$ 105,468	\$ 324,470	\$ 390,464	\$ 798,449	\$ 1,618,851
Loan interest payments received	—	4,076	93,392	133,990	271,772	503,230
Loan disbursements	—	(25,714)	(818,983)	(5,216,513)	(1,173,699)	(7,234,909)
Payments to employees	—	—	—	(3,265,533)	—	(3,265,533)
MRB down payment assistance disbursements	—	—	—	(1,001,013)	—	(1,001,013)
Grant funds expended	—	—	—	(25,977,092)	—	(25,977,092)
Payments to vendors	(447,051)	569,530	(10,328)	(2,291,931)	(76,693)	(2,256,473)
Fee income received	—	—	2,004	6,045,762	7,935	6,055,701
Grant funds received	—	—	—	25,790,798	—	25,790,798
Other income received	28,689	183	80	1,065,114	4,389	1,098,455
Net cash provided by (used in) operating activities	(418,362)	653,543	(409,365)	(4,325,954)	(167,847)	(4,667,985)
Cash flows from noncapital financing activities:						
Proceeds from issuance of bonds	152,455,000	—	—	—	—	152,455,000
Proceeds from issuance of notes	—	—	—	14,107,899	—	14,107,899
Principal repayment of bonds	(179,904,004)	—	—	—	—	(179,904,004)
Premium paid on early redemptions	(259,950)	—	—	—	—	(259,950)
Principal repayment of notes	—	—	—	(1,595,458)	—	(1,595,458)
Interest paid	(40,486,087)	—	—	(6,313)	—	(40,492,400)
Bond issuance costs paid	(958,547)	—	—	—	—	(958,547)
Due (from) to other programs	(10,064)	—	—	10,414	(350)	—
Net cash provided by (used in) noncapital financing activities	(69,163,652)	—	—	12,516,542	(350)	(56,647,460)
Cash flows from capital and related financing activities:						
Property and equipment additions	—	—	—	(143,351)	—	(143,351)
Proceeds from sale of property and equipment	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	(143,351)	—	(143,351)
Cash flows from investing activities:						
Purchase of investments	(32,181,450)	—	—	(37,181,918)	(268,065)	(69,631,433)
Redemption of investments	178,783,451	—	—	22,072,108	475,000	201,330,559
Interest received on investments	43,887,404	—	—	2,042,502	—	45,929,906
Net cash provided by (used in) investing activities	190,489,405	—	—	(13,067,308)	206,935	177,629,032
Transfers	(808,031)	1,833	298,826	505,539	1,833	—
Net increase (decrease) in cash and cash equivalents	120,099,360	655,376	(110,539)	(4,514,532)	40,571	116,170,236
Cash and cash equivalents, beginning of year	42,626,025	522,066	177,682	9,611,571	723,468	53,660,812
Cash and cash equivalents, end of year	\$ 162,725,385	\$ 1,177,442	\$ 67,143	\$ 5,097,039	\$ 764,039	\$ 169,831,048

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2010

	1995CD	1995LJ	1997D	1997G	1997H	1998A	1998B	1998C	1999A
	Program								
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:									
Operating income (loss)	\$ 96,817	\$ 72,378	\$ 14,775	\$ 107,468	\$ 16,658	\$ (91,670)	\$ 149,133	\$ 139,590	\$ 239,208
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Interest paid	83,130	110,133	45,729	135,437	41,540	60,875	182,280	188,941	324,135
Amortization of bond issuance costs	2,612	2,351	508	1,805	363	2,140	4,933	5,598	9,664
Amortization of bond premium	—	—	(441)	(1,746)	(320)	(1,952)	(4,560)	(5,169)	(9,474)
Accretion of bond discount	—	—	—	—	—	—	—	—	—
Amortization of investment premium	—	—	—	—	—	—	—	—	—
Net increase in fair value of investments	(62,642)	(51,641)	(58,259)	(93,816)	(69,653)	(14,986)	(126,682)	(122,176)	(207,683)
Realized loss on investments	—	—	—	—	—	—	—	—	—
Loss on early extinguishment of debt	—	—	50,495	—	56,598	110,469	—	—	—
Interest received on investments	(136,470)	(163,522)	(60,032)	(152,801)	(50,744)	(69,932)	(209,064)	(210,569)	(359,276)
Changes in assets and liabilities									
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	1,462	1,957	16,051	728	13,514	18,709	2,112	2,628	4,167
(Increase) decrease in other assets	—	—	—	—	—	—	—	—	—
Increase (decrease) in accrued interest payable	(2,988)	(1,144)	(12,258)	(756)	(10,971)	(16,668)	(1,834)	(2,525)	(4,463)
Decrease in deferred gains	—	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	99	99	99	99	99	99	99	99	99
Total adjustments	(114,797)	(101,767)	(18,108)	(111,050)	(19,574)	88,754	(152,716)	(143,173)	(242,831)
Net cash provided by (used in) operating activities	\$ (17,980)	\$ (29,389)	\$ (3,333)	\$ (3,582)	\$ (2,916)	\$ (2,916)	\$ (3,583)	\$ (3,583)	\$ (3,623)

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2010

	1999B	1999C	2000A	2001A	2001B	2001D	2002A	2002B
	Program							
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	\$ 35,573	\$ 56,148	\$ 129,454	\$ 279,234	\$ 153,561	\$ 179,438	\$ 200,536	\$ 147,895
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Interest paid	—	111,688	315,993	630,419	286,078	376,276	490,948	427,420
Amortization of bond issuance costs	4,476	4,726	17,544	33,209	13,694	20,822	22,162	17,703
Amortization of bond premium	—	—	(14,497)	(27,764)	(11,411)	(23,094)	(18,503)	(14,886)
Accretion of bond discount	48,967	—	—	—	—	—	—	—
Amortization of investment premium	1,946	11,199	—	—	—	—	—	—
Net increase in fair value of investments	(25,536)	(53,555)	(69,077)	(236,981)	(151,988)	(162,995)	(203,523)	(143,344)
Realized loss on investments	—	—	—	—	—	—	—	—
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—
Interest received on investments	(69,881)	(133,846)	(380,880)	(681,026)	(292,700)	(393,337)	(496,195)	(439,323)
Changes in assets and liabilities								
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	773	2,234	6,547	12,226	3,573	6,779	7,993	7,008
(Increase) decrease in other assets	—	—	—	—	—	—	—	—
Increase (decrease) in accrued interest payable	—	(2,276)	(7,529)	(13,650)	(4,489)	(7,656)	(7,523)	(6,423)
Decrease in deferred gains	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	99	99	(1,388)	99	99	99	99	99
Total adjustments	(39,156)	(59,731)	(133,287)	(283,468)	(157,144)	(183,106)	(204,542)	(151,746)
Net cash provided by (used in) operating activities	\$ (3,583)	\$ (3,583)	\$ (3,833)	\$ (4,234)	\$ (3,583)	\$ (3,668)	\$ (4,006)	\$ (3,851)

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2010

	2002C	2002 Lease	2003A	2004A	2004B	2004C	2004D	2005A
	Program	Program	Program	Program	Program	Program	Program	Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	\$ 533,020	\$ (1,876)	\$ 251,634	\$ 420,574	\$ 310,253	\$ 405,192	\$ 574,589	\$ 666,577
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Interest paid	665,260	—	337,143	419,971	374,014	533,675	543,974	919,671
Amortization of bond issuance costs	37,629	—	17,052	37,118	19,720	37,244	40,193	51,437
Amortization of bond premium	(31,347)	—	(14,276)	—	—	—	—	—
Accretion of bond discount	—	—	—	—	—	—	—	—
Amortization of investment premium	—	—	—	37,894	18,774	—	26,356	—
Net increase in fair value of investments	(548,861)	—	(246,733)	(429,232)	(321,855)	(402,927)	(555,342)	(658,088)
Realized loss on investments	—	—	—	—	—	—	—	—
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—
Interest received on investments	(659,519)	(56)	(348,579)	(490,704)	(405,561)	(577,516)	(635,479)	(988,124)
Changes in assets and liabilities								
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	11,723	—	7,363	9,905	8,941	15,374	15,391	22,339
(Increase) decrease in other assets	—	—	—	—	—	—	—	—
Increase (decrease) in accrued interest payable	(12,252)	—	(7,286)	(9,680)	(8,017)	(15,474)	(14,271)	(20,770)
Decrease in deferred gains	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	99	99	99	99	99	99	99	99
Total adjustments	(537,268)	43	(255,217)	(424,629)	(313,885)	(409,525)	(579,079)	(673,436)
Net cash provided by (used in) operating activities	\$ (4,248)	\$ (1,833)	\$ (3,583)	\$ (4,055)	\$ (3,632)	\$ (4,333)	\$ (4,490)	\$ (6,859)

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2010

	2005B	2005C	2006A	2006B	2006C	2006D	2006E	2007A
	Program							
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	\$ 1,136,714	\$ 1,137,046	\$ 2,572,337	\$ 1,420,062	\$ 2,279,550	\$ 1,947,467	\$ 781,888	\$ 1,431,072
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Interest paid	1,291,881	1,390,068	2,836,224	1,537,551	2,968,411	3,088,062	717,900	2,025,361
Amortization of bond issuance costs	73,944	79,022	129,210	62,177	145,132	175,739	21,642	80,574
Amortization of bond premium	—	—	—	—	—	—	—	—
Accretion of bond discount	—	—	—	—	—	—	—	—
Amortization of investment premium	—	—	—	—	—	—	—	—
Net increase in fair value of investments	(1,101,222)	(1,168,907)	(2,536,742)	(1,410,647)	(2,193,362)	(1,869,295)	(719,800)	(1,386,948)
Realized loss on investments	—	—	—	—	—	—	—	—
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—
Interest received on investments	(1,410,631)	(1,445,442)	(3,030,577)	(1,624,040)	(3,230,898)	(3,369,434)	(809,862)	(2,174,664)
Changes in assets and liabilities								
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	28,787	31,408	49,797	23,912	64,595	76,403	6,792	34,816
(Increase) decrease in other assets	—	—	1,392	609	1,606	1,819	—	898
Increase (decrease) in accrued interest payable	(26,295)	(30,215)	(46,596)	(22,110)	(55,917)	(71,875)	(6,487)	(26,319)
Decrease in deferred gains	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	99	99	4,203	99	99	99	99	99
Total adjustments	(1,143,437)	(1,143,967)	(2,593,089)	(1,432,449)	(2,300,334)	(1,968,482)	(789,716)	(1,446,183)
Net cash provided by (used in) operating activities	\$ (6,723)	\$ (6,921)	\$ (20,752)	\$ (12,387)	\$ (20,784)	\$ (21,015)	\$ (7,828)	\$ (15,111)

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2010

	2007B	2007C	2007D	2007E	2008A	2008B	2009	2009 NIBP
	Program	Program	Program	Program	Program	Program	Resolution	Resolution
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	\$ 2,958,936	\$ 2,008,081	\$ 1,355,033	\$ 1,043,957	\$ 1,304,458	\$ 741,528	\$ 1,647,805	\$ (8,924)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Interest paid	3,706,888	3,010,056	2,661,969	2,886,022	1,831,324	1,868,285	1,061,355	—
Amortization of bond issuance costs	130,123	133,689	103,905	166,462	82,843	142,138	49,017	5,459
Amortization of bond premium	—	—	—	—	—	—	—	—
Accretion of bond discount	—	—	—	—	—	—	—	—
Amortization of investment premium	—	—	—	—	—	—	—	—
Net increase in fair value of investments	(2,566,430)	(1,937,470)	(1,278,320)	(976,584)	(1,282,917)	(752,307)	(1,945,165)	—
Realized loss on investments	—	—	—	—	—	—	—	—
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—
Interest received on investments	(4,269,911)	(3,245,330)	(2,870,227)	(3,148,852)	(1,951,671)	(2,012,272)	(838,488)	(49,969)
Changes in assets and liabilities								
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	69,341	54,263	63,464	75,965	28,677	42,303	(149,327)	(1,690)
(Increase) decrease in other assets	1,618	1,226	1,358	1,658	735	1,059	(4,005)	(2,500)
Increase (decrease) in accrued interest payable	(56,137)	(45,275)	(54,589)	(66,819)	(26,990)	(44,783)	123,650	51,658
Decrease in deferred gains	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	99	99	99	99	(25)	(4,221)	966	966
Total adjustments	(2,984,409)	(2,028,742)	(1,372,341)	(1,062,049)	(1,318,024)	(759,798)	(1,701,997)	3,924
Net cash provided by (used in) operating activities	\$ (25,473)	\$ (20,661)	\$ (17,308)	\$ (18,092)	\$ (13,566)	\$ (18,270)	\$ (54,192)	\$ (5,000)

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2010

	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)	\$ 28,843,169	\$ (95)	\$ 59,668	\$ 422,038	\$ (266,398)	\$ 29,058,382
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Interest paid	40,486,087	—	—	6,313	—	40,492,400
Amortization of bond issuance costs	1,985,779	—	—	—	—	1,985,779
Amortization of bond premium	(179,440)	—	—	—	—	(179,440)
Accretion of bond discount	48,967	—	—	—	—	48,967
Amortization of investment premium	96,169	—	—	76,118	—	172,287
Net increase in fair value of investments	(28,143,691)	—	—	(1,670,603)	—	(29,814,294)
Realized loss on investments	—	—	—	16,414	—	16,414
Loss on early extinguishment of debt	217,562	—	—	—	—	217,562
Interest received on investments	(43,887,404)	—	—	(2,042,502)	—	(45,929,906)
Changes in assets and liabilities						
(Increase) decrease in mortgage loans receivable, net	—	77,540	(465,367)	(4,898,245)	109,962	(5,176,110)
(Increase) decrease in accrued interest receivable	699,003	83	(3,735)	(68,251)	(985)	626,115
(Increase) decrease in other assets	7,473	—	(30)	(434,644)	(1,189)	(428,390)
Increase (decrease) in accrued interest payable	(596,002)	—	—	1,378	—	(594,624)
Decrease in deferred gains	—	—	—	(53,200)	—	(53,200)
Increase (decrease) in other liabilities and accrued expenses	3,966	576,015	99	4,319,230	(9,237)	4,890,073
Total adjustments	(29,261,531)	653,638	(469,033)	(4,747,992)	98,551	(33,726,367)
Net cash provided by (used in) operating activities	\$ (418,362)	\$ 653,543	\$ (409,365)	\$ (4,325,954)	\$ (167,847)	\$ (4,667,985)



**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, 2010, and have issued our report thereon dated November 2, 2010. 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

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.

A handwritten signature in cursive script that reads "Home LLP".

Ridgeland, Mississippi
November 2, 2010