EAST BATON ROUGE MORTGAGE FINANCE AUTHORITY

Financial Statements for the Year Ended December 31, 1999 and Supplementary Information and Independent Auditors' Report

Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based Upon the Audit Performed In Accordance With Government Auditing Standards

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
East Baton Rouge Mortgage Finance Authority

We have audited the accompanying individual program and unrestricted fund balance sheets of the East Baton Rouge Mortgage Finance Authority (the Authority) as of December 31, 1999, and the related individual statements of revenues, expenses and changes in fund balances (deficits) and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. 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 audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of each of the individual programs and the unrestricted fund of the Authority at December 31, 1999, and their revenues, expenses and changes in fund balances (deficits) and their cash flows for the year 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 a report dated June 4, 2000 on our consideration of the Authority's compliance with laws and regulations and on internal control over financial reporting.

Deloitte & Touche LLP

June 4, 2000

EAST BATON ROUGE MORTGAGE FINANCE AUTHORITY

INDIVIDUAL AND COMBINED BALANCE SHEETS (IN THOUSANDS)
DECEMBER 31, 1999

ASSETS	1984 Program	1985 Program	1987 Program	1988 E&F Program	MRCMO Program	1990 Program	1992 A&B Program	1992 C Program	1992 D Program	1993 A&B Program	1993C Program	1994 A&B Program
CASH AND CASH EQUIVALENTS	$ 27	$ -	$ -	$ 59	$ -	$ 49	$ 24	$ 17	$ 60	$ 283	$ 55	$ 14
GUARANTEED INVESTMENT AGREEMENTS - At cost, which approximates market	596	822	-	1,022	-	4,094	572	1,158	819	2,035	769	2,078
U. S. GOVERNMENT SECURITIES	-	-	-	-	1,258	-	-	-	-	-	-	-
MORTGAGE-BACKED SECURITIES - Net	-	-	1,963	10,577	-	16,918	10,024	9,884	-	15,739	3,508	17,010
MORTGAGE LOANS RECEIVABLE - Net	2,175	2,424	-	-	-	-	-	-	2,820	-	3,809	-
ACCRUED INTEREST RECEIVABLE	69	77	13	80	-	227	69	79	54	98	79	129
DEFERRED FINANCING COSTS - Net of amortization	3	10	26	119	4	186	120	126	23	250	103	349
DOWNPAYMENT AND AUTHORITY ASSISTANCE PROGRAMS	-	-	-	-	-	-	-	-	-	-	-	-
INTERPROGRAM RECEIVABLE (PAYABLE)	-	-	-	-		-	(16)	(79)	(24)	(53)	(34)	(186)
PREPAID INSURANCE AND OTHER ASSETS	6	5	-	-	3	-	-	-	2	-	4	-
TOTAL ASSETS	$2,876	$3,338	$2,002	$11,857	$1,265	$21,474	$10,793	$11,185	$3,754	$18,352	$8,293	$19,394
LIABILITIES AND FUND BALANCES												
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 10	$ 85	$ -	$ 8	$ 17	$ 38	$ 4	$ 2	$ 35	$ 8	$ 25	$ 54
ACCRUED INTEREST PAYABLE	-	39	2	67	-	625	180	169	30	247	102	306
BONDS PAYABLE - Net	1,377	1,648	1,752	10,115	895	19,555	10,408	9,655	1,700	19,035	7,925	18,820
Total liabilities	1,387	1,772	1,754	10,190	912	20,218	10,592	9,826	1,765	19,290	8,052	19,180
FUND BALANCES (DEFICITS)	1,489	1,566	248	1,667	353	1,256	201	1,359	1,989	(938)	241	214
TOTAL LIABILITIES AND FUND BALANCES	$2,876	$3,338	$2,002	$11,857	$1,265	$21,474	$10,793	$11,185	$3,754	$18,352	$8,293	$19,394

(Continued)

EAST BATON ROUGE MORTGAGE FINANCE AUTHORITY

INDIVIDUAL AND COMBINED BALANCE SHEETS (IN THOUSANDS)
DECEMBER 31, 1999

										(Memorandum Only)	
ASSETS	1995 B Program	1996 B Program	1997 (C1-C3) Program	1997 D Program	1998B Program	1998 D Program	1999A Program	1999 CPN Program	Unrestricted Fund	Combined 1999	Combined 1998
CASH AND CASH EQUIVALENTS	$ 69	$ 68	$ 780	$ 55	$ 69	$ 184	$ 3	$ 1	$ 273	$ 2,090	$ 10,888
GUARANTEED INVESTMENT AGREEMENTS - At cost, which approximates market	2,514	1,107	15,628	1,137	2,717	3,422	28,849	-		69,339	104,854
U. S. GOVERNMENT SECURITIES	-	-	-	-	-	-	-	7,314	10,764	19,336	12,977
MORTGAGE-BACKED SECURITIES - Net	26,006	23,132	11,001	30,419	32,101	39,161	-	-	2,830	250,273	228,933
MORTGAGE LOANS RECEIVABLE - Net	-	-	11,176	-	-	-	-	-	-	22,404	28,928
ACCRUED INTEREST RECEIVABLE	183	146	457	187	216	278	409	25	139	3,014	3,059
DEFERRED FINANCING COSTS - Net of amortization	489	418	629	638	652	718	594	18	-	5,475	5,654
DOWNPAYMENT AND AUTHORITY ASSISTANCE PROGRAMS	238	315	1,100	492	993	1,584	714	-	-	5,436	2,060
INTERPROGRAM RECEIVABLE (PAYABLE)	(21)	(23)	-	(38)	(40)	(18)	(25)	-	557	-	-
PREPAID INSURANCE AND OTHER ASSETS	-	2	15	3	3	-	-	-	-	43	43
TOTAL ASSETS	$29,478	$25,165	$40,786	$32,893	$36,711	$45,329	$30,544	$ 7,358	$14,563	$377,410	$397,396
LIABILITIES AND FUND BALANCES (DEFICITS)											
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 21	$ 3	$ 188	$ 45	$ 121	$ 5	$ -	$ -	$ 326	$ 995	$ 731
ACCRUED INTEREST PAYABLE	447	374	469	466	475	580	693	24	-	5,295	4,802
BONDS PAYABLE - Net	29,410	25,386	38,173	33,500	37,190	47,180	28,485	7,265	-	349,474	354,974
Total liabilities	29,878	25,763	38,830	34,011	37,786	47,765	29,178	7,289	326	355,764	360,507
FUND BALANCES (DEFICITS)	(400)	(598)	1,956	(1,118)	(1,075)	(2,436)	1,366	69	14,237	21,646	36,889
TOTAL LIABILITIES AND FUND BALANCES	$29,478	$25,165	$40,786	$32,893	$36,711	$45,329	$30,544	$ 7,358	$14,563	$377,410	$397,396

See notes to financial statements.

(Concluded)

EAST BATON ROUGE MORTGAGE FINANCE AUTHORITY

INDIVIDUAL AND COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (DEFICITS) (IN THOUSANDS)
YEAR ENDED DECEMBER 31, 1999

	1984 Program	1985 Program	1987 Program	1988 E&F Program	MRCMO Program	1990 Program	1992 A&B Program	1992 C Program	1992 D Program	1993 A&B Program	1993C Program	1994 A&B Program
REVENUES:												
Income earned on mortgage loans receivable / mortgage-backed securities	$ 258	$ 246	$ 197	$ 1,042	$ -	$ 1,274	$ 767	$ 823	$ 264	$ 1,042	$ 493	$ 1,387
Income earned on other investments	65	105	1	201	82	242	71	112	70	104	49	152
Net increase (decrease) in the fair value of investments	-	-	(15)	(564)	(277)	165	(532)	(300)	-	(553)	74	(111)
Authority fee income	-	-	-	-	-	-	-	-	-	-	-	-
Residual from MRCMO	-	-	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of investments	-	-	-	-	-	-	-	-	-	-	-	-
Other	(2)	-	-	-	-	-	-	-	2	-	-	-
Total	321	351	183	679	(195)	1,681	306	635	336	593	616	1,428
EXPENSES:												
Interest	215	420	188	981	80	1,569	789	791	172	1,085	453	1,357
Amortization of deferred financing costs	4	5	18	57	-	54	34	50	20	66	27	98
Amortization of DAP & AAP	-	-	-	-	-	-	-	-	-	-	-	-
Authority fees	-	-	-	-	-	-	11	47	13	29	20	69
Servicing fees	8	7	-	-	-	-	-	-	13	-	14	-
Insurance costs	12	15	-	-	-	-	-	-	6	-	7	-
Administrative fees	6	5	-	12	-	16	11	11	6	20	9	19
Operating expenses	6	1	1	10	(7)	11	10	6	(8)	18	8	14
Transfer of MRCMO residual	-	-	-	-	-	-	-	-	-	-	-	-
Expenses of other programs	-	-	-	-	-	-	-	-	-	-	-	-
Total	251	453	207	1,060	73	1,650	855	905	222	1,218	538	1,557
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	70	(102)	(24)	(381)	(268)	31	(549)	(270)	114	(625)	78	(129)
TRANSFERS AMONG PROGRAMS	-	-	-	-	-	-	-	-	-	-	-	9
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	1,419	1,668	272	2,048	621	1,225	750	1,629	1,875	(313)	163	334
FUND BALANCES (DEFICITS), END OF YEAR	$ 1,489	$ 1,566	$ 248	$ 1,667	$ 353	$ 1,256	$ 201	$ 1,359	$ 1,989	$ (938)	$ 241	$ 214

(Continued)

EAST BATON ROUGE MORTGAGE FINANCE AUTHORITY

INDIVIDUAL AND COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (DEFICITS) (IN THOUSANDS)
YEAR ENDED DECEMBER 31, 1999

	1995 B Program	1996 B Program	1997 (C1-C3) Program	1997 D Program	1998B Program	1998 D Program	1999A Program	1999A CPN Program	Unrestricted Fund	(Memorandum Only) Combined 1999	(Memorandum Only) Combined 1998
REVENUES:											
Income earned on mortgage loans receivable / mortgage-backed securities	$1,954	$1,687	$2,417	$ 2,159	$ 2,008	$ 1,125	$ -	$ -	$ 192	$19,335	$19,912
Income earned on other investments	128	86	1,406	91	454	1,419	668	428	604	6,538	7,246
Net increase (decrease) in the fair value of investments	(1,744)	(1,667)	(945)	(2,351)	(2,799)	(4,932)	-	30	(610)	(17,131)	(343)
Authority fee income	-	-	-	-	-	-	-	-	730	730	571
Residual from MRCMO	-	-	-	-	-	-	-	-	-	-	128
Gain (loss) on sale of investment	-	-	-	-	-	-	-	-	(54)	(54)	46
Other	-	-	11	-	-	-	-	-	-	11	27
Total	338	106	2,889	(101)	(337)	(2,388)	668	458	862	9,429	27,587
EXPENSES:											
Interest	1,849	1,551	2,274	1,926	2,022	2,323	618	407	-	21,070	22,006
Amortization of deferred financing costs	73	56	71	68	105	45	15	42	-	908	1,261
Amortization of DAP & AAP	34	45	107	61	110	176	-	-	-	533	128
Authority fees	88	94	-	156	129	49	25	-	-	730	571
Servicing fees	-	-	58	-	-	-	-	-	-	100	125
Insurance costs	-	-	16	-	-	-	-	-	-	56	123
Administrative fees	44	36	17	42	31	-	-	-	159	444	401
Operating expenses	23	17	206	58	134	16	-	-	214	738	319
Transfer of MRCMO	-	-	-	-	-	-	-	-	-	-	128
Expenses of other programs	-	-	-	-	-	-	-	-	93	93	133
Total	2,111	1,799	2,749	2,311	2,531	2,609	658	449	466	24,672	25,195
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(1,773)	(1,693)	140	(2,412)	(2,868)	(4,997)	10	9	396	(15,243)	2,392
TRANSFERS AMONG PROGRAMS	(19)	-	(1,789)	(1)	(3)	1,338	1,356	60	(951)	-	-
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	1,392	1,095	3,605	1,295	1,796	1,223	-	-	14,792	36,889	34,497
FUND BALANCES (DEFICITS), END OF YEAR	$ (400)	$ (598)	$1,956	$ (1,118)	$(1,075)	$(2,436)	$1,366	$ 69	$14,237	$21,646	$36,889

See notes to financial statements.

(Concluded)

EAST BATON ROUGE MORTGAGE FINANCE AUTHORITY

INDIVIDUAL AND COMBINED STATEMENTS OF CASH FLOWS (IN THOUSANDS)
YEAR ENDED DECEMBER 31, 1999

	1984 Program	1985 Program	1987 Program	1988 E&F Program	MRCMO Program	1990 Program	1992 A&B Program	1992C Program	1992D Program	1993 A&B Program	1993C Program	1994 A&B Program
OPERATING ACTIVITIES:												
Excess (deficiency) of revenues over expenses	$ 70	$ (102)	$ (24)	$ (381)	$ (268)	$ 31	$ (549)	$ (270)	$ 114	$ (625)	$ 78	$ (129)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used in) operating activities:												
Unrealized (gain) loss on securities			15	564	277	(165)	532	300	-	553	(74)	111
(Gain) loss on sale of securities												
Amortization of deferred financing costs	4	5	18	57		54	34	50	20	66	27	98
Amortization of Downpayment and *Authority Assistance Programs*												
Accretion of mortgage loans												
Income earned on other investments	(65)	(105)	(1)	(201)	(82)	(242)	(71)	(112)	(70)	(104)	(49)	(152)
Interest expense on bonds payable	215	420	188	981	80	1,569	789	791	172	1,085	453	1,357
Other, net	36	85	6	(93)	(89)	106	(20)	(42)	23	(36)	(1)	(50)
Principal collected on mortgage loans/ mortgage-backed securities	962	565	992	3,250		4,107	1,322	2,423	1,061	3,905	1,476	3,613
Purchase of mortgage loans/mortgage-backed securities												
Payment of downpayment and assistance programs												
Amortization of nonrefundable commitment fees				(57)		(54)	(17)			(9)		(50)
Receipt of net refundable commitment fees												
Net cash provided by (used in) operating activities	1,222	868	1,194	4,120	(82)	5,406	2,020	3,140	1,320	4,835	1,910	4,798
INVESTING ACTIVITIES:												
Proceeds from maturity or sale of investments	1,382	1,134		5,421		5,740	3,070	4,201	1,521	4,910	1,952	5,479
Interest received on investments	65	105	1	201	82	242	71	112	70	104	49	152
Purchase of investments	(1,552)	(950)		(5,769)		(6,700)	(2,640)	(3,728)	(1,439)	(4,888)	(2,057)	(5,362)
Net cash provided by (used in) investing activities	(105)	289	1	(147)	82	(718)	501	585	152	126	(56)	269

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EAST BATON ROUGE MORTGAGE FINANCE AUTHORITY

INDIVIDUAL AND COMBINED STATEMENTS OF CASH FLOWS (IN THOUSANDS)
YEAR ENDED DECEMBER 31, 1999

										(Memorandum Only)	
	1995 B Program	1996 B Program	1997 (C1-C3) Program	1997 D Program	1998 B Program	1998 D Program	1999A Program	1999A CPN Program	Unrestricted Fund	Combined 1999	Combined 1998
OPERATING ACTIVITIES:											
Excess (deficiency) of revenues over expenses	$ (1,773)	$ (1,693)	$ 140	$(2,412)	$(2,868)	$(4,997)	$ 10	$ 9	$ 396	$ (15,243)	$ 2,392
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used in) operating activities:											
Unrealized (gain) loss on securities	1,744	1,667	945	2,351	2,799	4,932	-	(30)	610	17,131	343
(Gain) loss on sale of securities	-	-	-	-	-	-	-	-	54	54	57
Amortization of deferred financing costs	73	56	71	68	105	45	15	42	-	908	1,261
Amortization of Downpayment and Authority Assistance Programs	34	45	107	61	110	176	-	-	-	533	128
Accretion of mortgage loans	-	-	(940)	-	-	-	-	-	-	(940)	(1,081)
Income earned on other investments	(128)	(86)	(1,406)	(91)	(454)	(1,419)	(668)	(428)	(604)	(6,538)	(7,246)
Interest expense on bonds payable	1,849	1,551	2,274	1,926	2,022	2,323	618	407		21,070	22,006
Other, net	(25)	(21)	262	22	329	176	309	(1)	6	982	(1,230)
Principal collected on mortgage loans/ mortgage-backed securities	2,951	1,549	4,122	1,881	3,083	769	-	-	260	38,291	51,676
Purchase of mortgage loans/mortgage-backed securities	-	-	(12,064)	(470)	(10,278)	(44,938)	-	-	(842)	(68,592)	(55,170)
Payment of downpayment and assistance programs	-	-	(1,136)	(30)	(269)	(1,760)	(714)	-	-	(3,909)	(1,273)
Amortization of nonrefundable commitment fees	(49)	(35)	-	(34)		-	-	-	-	(305)	-
Receipt of nonrefundable commitment fees	-	-	-	51	-	75	269	-	-	395	-
Net cash provided by (used in) operating activities	4,676	3,033	(7,625)	3,323	(5,421)	(44,618)	(161)	(1)	(120)	(16,163)	11,863
INVESTING ACTIVITIES:											
Proceeds from maturity or sale of investments	4,405	3,723	19,381	4,032	14,985	45,515	-	105,992	3,907	236,750	183,097
Interest received on investments	128	86	1,406	91	454	1,419	668	428	604	6,538	7,246
Purchase of investments	(4,963)	(3,949)	(6,861)	(4,092)	(6,185)	(1,356)	(29,118)	(113,276)	(3,739)	(208,624)	(193,267)
Net cash provided by (used in) investing activities	(430)	(140)	13,926	31	9,254	45,578	(28,450)	(6,856)	772	34,664	(2,924)

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EAST BATON ROUGE MORTGAGE FINANCE AUTHORITY

INDIVIDUAL AND COMBINED STATEMENTS OF CASH FLOWS (IN THOUSANDS)
YEAR ENDED DECEMBER 31, 1999

	1984 Program	1985 Program	1987 Program	1988 E&F Program	MRCMO Program	1990 Program	1992 A&B Program	1992 C Program	1992 D Program	1993 A&B Program	1993C Program	1994 A&B Program
NON-CAPITAL FINANCING ACTIVITIES:												
Proceeds of bond issuance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bond redemptions and principal repayments	(1,189)	(863)	(1,007)	(4,375)	80	(4,405)	(2,219)	(3,455)	(1,365)	(3,875)	(1,575)	(4,230)
Interest paid on bonds payable	(215)	(420)	(188)	(981)	(80)	(1,569)	(789)	(791)	(172)	(1,085)	(453)	(1,357)
Payment of deferred financing costs	-	-	-	-	-	-	-	-	-	-	-	-
Transfers among programs	-	-	-	-	-	-	-	-	-	-	-	9
Net cash provided by (used in) non-capital financing activities	(1,404)	(1,283)	(1,195)	(5,356)	-	(5,974)	(3,008)	(4,246)	(1,537)	(4,960)	(2,028)	(5,578)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(287)	(126)	-	(1,383)	-	(1,286)	(487)	(521)	(65)	1	(174)	(511)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	314	126	-	1,442	-	1,335	511	538	125	282	229	525
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 27	$	$ -	$ 59	$ -	$ 49	$ 24	$ 17	$ 60	$ 283	$ 55	$ 14

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EAST BATON ROUGE MORTGAGE FINANCE AUTHORITY

INDIVIDUAL AND COMBINED STATEMENTS OF CASH FLOWS (IN THOUSANDS)
YEAR ENDED DECEMBER 31, 1999

	1995 B Program	1996 B Program	1997 (C1-C3) Program	1997 D Program	1998 B Program	1998 D Program	1999A Program	1999A CPN Program	Unrestricted Fund	(Memorandum Only) Combined 1999	(Memorandum Only) Combined 1998
NON-CAPITAL FINANCING ACTIVITIES:											
Proceeds of bond issuance	$ -	$ -	$ -	$ -	$ -	$ -	$ 28,485	$ 23,495	$ -	$ 51,980	$ 88,000
Bond redemptions and principal repayments	(2,660)	(2,055)	(2,271)	(2,155)	(3,630)	-	-	(16,230)	-	(57,479)	(77,082)
Interest paid on bonds payable	(1,849)	(1,551)	(2,274)	(1,926)	(2,022)	(2,323)	(618)	(407)	-	(21,070)	(21,237)
Payment of deferred financing costs	-	-	-	(20)	-	(41)	(609)	(60)	-	(730)	(1,477)
Transfers among programs	(19)	-	(1,789)	(1)	(3)	1,338	1,356	60	(951)	-	-
Net cash provided by (used in) non-capital financing activities	(4,528)	(3,606)	(6,334)	(4,102)	(5,655)	(1,026)	28,614	6,858	(951)	(27,299)	(11,796)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(282)	(713)	(33)	(748)	(1,822)	(66)	3	1	(299)	(8,798)	(2,857)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	351	781	813	803	1,891	250	-	-	572	10,888	13,745
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 69	$ 68	$ 780	$ 55	$ 69	$ 184	$ 3	$ 1	$ 273	$ 2,090	$ 10,888

See notes to financial statements.

(Concluded)

EAST BATON ROUGE MORTGAGE FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1999

1. ORGANIZATION

The East Baton Rouge Mortgage Finance Authority (the "Authority") was created through a Trust Indenture dated August 14, 1974, pursuant to provisions of the Louisiana Revised Statutes of 1950, as amended. The initial legislation and subsequent amendments grant the Authority the power to obtain funds and to use the proceeds to promote the financing and development of any essential program conducted in the public interest within the boundaries of East Baton Rouge Parish, Louisiana.

The Authority's operations consist primarily of single family mortgage purchase bond programs under which the Authority promotes residential home ownership through the acquisition of mortgage loans secured by first mortgage liens on single family residential housing. Under the 1987, 1988 E&F, 1990, 1992 A&B, 1992 C, 1993 A&B, 1993 C, 1994 A&B, 1995 B, 1996 B, 1997 C1-C3, 1997D 1998B and 1998 D Programs, these loans are pooled and sold to the Government National Mortgage Association (GNMA) or the Federal National Mortgage Association (FNMA) in exchange for mortgage-backed securities on which GNMA or FNMA guarantees payment of principal and interest when due. These securities are collateralized by the related loans. The Authority also issues short-term convertible program notes, which are securitized by government agency securities during the interim in preparation of long-term issues. The funds for the Authority's programs were obtained through the issuance of bonds in the following face value amounts (in thousands):

1979 Bonds dated March 1, 1979	$ 100,000
1980 Program, dated September 1, 1980 (restructured)	125,000
1982 Program, dated October 1, 1982 (restructured)	30,000
1983 Program, dated April 14, 1983 (restructured)	30,000
1984 Program, dated September 18, 1984	30,000
1985 Program, dated May 7, 1985	26,000
1987 Program, dated July 1, 1987	15,450
1988 C&D Program, dated August 1, 1998	26,975
1988 E&F Program, dated June 22, 1989	40,000
Municipal Refunding Collateralized Mortgage Obligations (MRCMO) Program, dated January 25, 1989	3,500
1990 Program, dated August 1, 1990	56,000
1992 A&B Program, dated April 1, 1992	25,000
1992 C Program, dated April 1, 1992	38,310
1992 D Program, dated April 1, 1992	8,975
1993 A&B Program, dated October 27, 1993	36,720
1993 C Program, dated October 27, 1993	15,270
1994 A&B Program, dated August 15, 1994	31,210
1994 C Program, dated December 29, 1994 (remarketed)	13,250
1995 A Program, dated February 23, 1995 (remarketed)	8,840
1995 B Program, dated October 5, 1995	12,500
1995 C Program, dated September 28, 1995 (remarketed)	5,820
1996 A Program, dated February 29, 1996 (remarketed)	9,765

1996 B Program, dated October 24, 1996	12,500
1996 C Program, dated September 27, 1996 (remarketed)	6,390
1997 B Program, dated March 27, 1997 (remarketed)	10,775
1997 C1-C3 Program, dated December 31, 1997	101,400
1997 D Program, dated June 1, 1997	18,600
1997 F Program, dated September 25, 1997 (remarketed)	5,135
1998 A Program, dated June 1, 1998	12,920
1998 B Program, dated June 1, 1998	23,595
1998 C Program, dated December 1, 1998	41,180
1998 D Program, dated December 1, 1998	6,000
1999 A Program, dated July 15, 1999	12,000
1999 B Program, dated July 15, 1999	16,485

The bonds issued by the Authority are general obligations of the Authority and are not obligations of the State of Louisiana or any other political subdivision thereof. The 1984 and 1985 Program bonds are covered by comprehensive municipal bond insurance, which guarantees payment of all principal and interest when due.

The Authority's Board of Trustees is empowered under the bond trust indentures and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the Authority and the programs it initiates. The Authority employs Financial Consulting Services, Inc. as its Program Administrator to provide administrative staff support for the Board of Trustees and its committees, general office administration for the Authority and program administration and supervision for each of its mortgage purchase bond programs. Under each of its single family mortgage purchase bond programs, the Authority utilizes area financial institutions to originate and service the mortgage loans acquired. In addition, an area bank has been designated as the Trustee of the separate bond programs and has the fiduciary responsibility for the custody and investment of funds.

The Program Administrator is responsible for the development of each new bond issue and loan program. Once the bond issue is closed, the Program Administrator supervises the origination of the mortgage loans, underwrites (reviews and approves) the new mortgage loans for purchase under each program, maintains computerized current records on all loans, and supervises the servicing and trustee functions for each program.

2. SUMMARY OF SIGNIFICANT REPORTING AND ACCOUNTING POLICIES

Basis of Accounting and Reporting - The Authority follows the accrual basis of accounting. The funds established by the Bond Trust Indentures, which are maintained by the Trustee Bank, provide for the accounting for bonds issued, debt service and bond redemption requirements, investments, and related revenues and expenses. These individual funds for each bond program are aggregated in the accompanying individual financial statements.

Combined Totals - The combined financial statements include the totals of the similar accounts of each of the Authority's bond programs and the Authority's Unrestricted Fund. Because the assets of the bond programs are restricted by the related bond resolutions and indentures, the totaling of the accounts, including the assets therein, is for convenience only and does not indicate that the combined assets are available in any manner other than that provided for in the resolutions and indentures relating to the separate programs.

GASB Statement No. 31 - The Governmental Accounting Standards Board ("GASB") issued Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." GASB Statement (GASBS) No. 31 became effective for the Authority for periods beginning after June 15, 1997 and was adopted by the Authority effective January 1, 1998. The Statement requires that most investments be recorded at fair value. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties and has generally been based upon quoted values. This method of accounting causes fluctuations in reported investment values based on fluctuations in the investment market. Fluctuations in the fair value of investments are recorded as income or expense in the statements of revenues, expenses and changes in fund balances (deficits), and the amount is disclosed in the statements of cash flows as unrealized (gain) loss on securities. The Authority applies the provisions of the Statement to U.S. Government securities and mortgage-backed securities. Following is a summary of the unrealized gains (losses) as reflected in the accompanying financial statements:

	Unrealized Gain (Loss)		
	Balance January 1, 1999	Change During the Year Ended December 31, 1999	Balance December 31, 1999
1987 Program	$ 69	$ (15)	$ 54
1988 E&F Program	696	(564)	132
MRCMO Program	579	(277)	302
1990 Program	-	165	165
1992 A&B Program	287	(532)	(245)
1992 C Program	469	(300)	169
1993 A&B Program	(1,467)	(553)	(2,020)
1993 C Program	(653)	74	(579)
1994 A&B Program	(344)	(111)	(455)
1995 B Program	381	(1,744)	(1,363)
1996 B Program	206	(1,667)	(1,461)
1997 C1-C3 Program	-	(945)	(945)
1997 D Program	109	(2,351)	(2,242)
1998 B Program	(442)	(2,799)	(3,241)
1998 D Program	-	(4,932)	(4,932)
1999 A CPN Program	-	30	30
Unrestricted	265	(610)	(345)
	$ 155	$ (17,131)	$ (16,976)

The sale of these investments by the Authority is subject to certain restrictions as described in the individual bond indentures.

Amortization - Bond issuance costs, including underwriters' discount on bonds sold, are being amortized ratably over the lives of the bonds based upon the principal amounts outstanding. The remaining unamortized balances of these costs are reflected on the accompanying balance sheets as "Deferred Financing Costs."

Commitment Fees and Loan Origination Costs - Nonrefundable commitment fees received subsequent to January 1, 1988 from originating financial institutions and certain direct loan origination costs are deferred and amortized over the lives of the related assets as a yield adjustment. Prior to 1988, such fees were recognized in current operations as received.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows - For purposes of the statement of cash flows, the Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

3. CASH AND INVESTMENTS

The Authority's programs maintain deposits at the Trustee bank. The balances of these deposits at December 31, 1999 were entirely insured. The Authority also has funds, classified as "Cash and Cash Equivalents" on the balance sheet, which represent interests in uninsured money market mutual funds. In prior years, the Unrestricted Fund held certificates of deposit at various financial institutions. No certificates of deposit were held at December 31, 1999.

Under certain of the Authority's programs, the Authority has entered into guaranteed investment agreements with various financial institutions. These agreements define the types of allowable investments and specify a guaranteed rate of return on such funds.

The approximate carrying values of the U.S. Government and Agency securities at December 31, 1999 are as follows (in thousands):

MRCMO Program	$ 1,258
Unrestricted Fund	10,764
1999 A CPN Program	7,314
Combined	$19,336

The MRCMO Program's U.S. Government Securities are restricted for debt service on the program's bonds and payment of various program expenses. These securities are held by the Trustee bank in the Authority's name.

The Authority's investments are categorized below to give an indication of the level of risk assumed by the Authority at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker, or by its trust department, but not in the Authority's name.

	Category 1	Category 2	Category 3	Carrying and Market Amount
		(In thousands)		
U. S. Government and Agency Securities	$ 19,336	$ -	$ -	$ 19,336
Guaranteed Investment Agreements	-	-	69,339	69,339
	$ 19,336	$ -	$ 69,339	$ 88,675

4. MORTGAGE LOANS RECEIVABLE AND MORTGAGE-BACKED SECURITIES

Mortgage Loans Receivable

Mortgage notes acquired by the Authority from participating mortgage lenders under the following bond programs have scheduled maturities of thirty years and are secured by first mortgages on the related real property. The mortgages have stated interest rates as follows:

1984 Program	10.95 %
1985 Program	9.98 %
1992 D Program	8.4 %
1993 C Program	7.125 %
1997 C1-C3 Program	8.5 %

In addition to the customary insurance required of the mortgagors, the mortgage loans are insured under special hazard policies, and supplemental mortgage trust policies for mortgagor defaults. Premiums for these policies are paid through the applicable Program's funds.

The exchange of U.S. Government securities and mortgage loans between the 1979 Program and the MRCMO Program in January, 1989 resulted in the transfer of the mortgage loans to the MRCMO Program at a discount. The approximate effective yield on the MRCMO Program's mortgage loans is 13.4%, and the remaining unamortized discount was approximately $2,568,000 at December 31, 1999. These loans and the unamortized discount were transferred at amortized cost to the 1997 C1-C3 Program on December 31, 1997.

All of the single family mortgage loans are originated by participating mortgage lenders through conventional, FHA or VA programs sponsored by the mortgage lenders and are sold to the Authority without recourse. The participating mortgage lenders service the mortgage loans for the Authority and receive monthly compensation based upon the unpaid principal balance of the mortgage loans serviced.

Mortgage-backed Securities

As discussed in Note 1, the mortgage loans originated under certain Authority programs are pooled and sold to GNMA or FNMA in exchange for mortgage-backed securities on which GNMA or FNMA guarantees payment of principal and interest when due. These securities bear the following terms and interest rates:

	Term	Pass Through Interest Rate
1987 Program	23 Years	8.3 %
1988 E&F Program	30 Years	7.88 %
1990 Program	30 Years	7.85 %
1992 A&B Program	30 Years	7.0 %
1992 C Program	30 Years	7.75 %
1993 A&B Program	30 Years	4.75% to 6.50 %
1993 C Program	30 Years	4.50 %
1994 A&B Program	30 Years	6.85% to 7.10%
1995 B Program	30 Years	6.85% to 7.10%
1996 B Program	30 Years	6.125% to 6.875%
1997 C1-C3 Program	30 Years	5.0% to 6.625%
1997 D Program	30 Years	5.875% to 6.625%
1998 B Program	30 Years	5.125% to 8.35%
1998 D Program	30 Years	5.50% to 6.125%

The change to the mortgage-backed securities type of program was prompted by various factors including the unavailability of mortgage pool and related insurance coverage required for conventional mortgage loan programs. The guarantees by FNMA and/or GNMA which the Authority receives under this type of program replaces the pool and related insurance coverage of the previous programs. Development of the new programs, origination of the mortgage loans and supervision of the servicing of the mortgage loans for compliance with federal mortgage bond tax laws by the Authority remain essentially the same.

As discussed in Note 2, nonrefundable commitment fees received from originating financial institutions and certain direct loan origination costs are amortized over the lives of the mortgage-backed securities owned by the 1988 E&F, 1990, 1992 A&B, 1993 A&B, 1994 A&B, 1995 B, 1996 B, 1997 D, 1998 B and 1998 D Programs as a yield adjustment.

The net unamortized balances of the deferred net fees for such programs have been deducted from the balances of mortgage-backed securities (excluding the 1999A Program which is deducted from the balance of the guaranteed investment agreement) in the accompanying balance sheets. The following is a summary of the balances of deferred net fees at December 31, 1999.

	Unamortized Deferred Net Fees
1988 E&F Program	$ 119,000
1990 Program	512,000
1992 A&B, 1992C and 1992D Programs	57,000
1993 A&B and 1993C Programs	16,000
1994 A&B Program	91,000
1995 B Program	769,000
1996 B Program	202,000
1997 D Program	333,000
1998 B Program	280,000
1998 D Program	435,000
1999 A Program	269,000

5. BONDS PAYABLE

The net proceeds obtained from the bond issues are used to establish funds authorized by the Bond Trust Indentures to purchase eligible mortgage loans, secured by first mortgage liens on single family owner-occupied residences, or to purchase GNMA and/or FNMA mortgage-backed securities from qualified mortgage lenders accepted for participation in the programs by the Authority.

The Bond Trust Indentures provide that bond principal and interest are secured by pledges of all mortgage loans and mortgage-backed securities acquired, all revenues and collections with respect to such loans and securities and all funds established by the Indenture, together with all of the proceeds generated therefrom.

Outstanding bonds payable consist of the following at December 31, 1999 (in thousands):

1984 Program: Capital appreciation bonds due serially and term due 2010 and 2015, priced to yield 11.25% at maturity	$ 25,590
Less unamortized bond discount	(24,213)
Total - 1984 Program	1,377
1985 Program: Term bonds due 2016, bearing interest at 10% payable semiannually	2,355
Less unamortized bond discount	(707)
Total - 1985 Program	1,648
1987 Program, term bonds due 2011, bearing interest at 8.25% payable monthly	1,752
1988 E&F Program, due serially and term through 2021, bearing interest at 7.15% to 7.875% payable semiannually	10,115
MRCMO Program: Zero coupon bonds due 2014, priced to yield 9.33% at maturity	3,500
Less unamortized bond discount	(2,605)
Total - MRCMO Program	895
1990 Program, due serially and term through 2023, bearing interest at 7.0% to 7.875% payable semiannually	19,555
1992 A&B Program, due serially and term from 2000 through 2024, bearing interest at 6.2% to 7.1% payable semiannually	10,460
Less unamortized bond discount	(52)
Total - 1992 A&B Program	10,408
1992 C Program, term bonds due 2032, bearing interest at 7% payable semiannually	9,655
1992 D Program, term bonds due 2032, bearing interest at 7.1% payable semiannually	1,700

1993 A&B Program, due serially and term from 2000 through 2025, bearing interest at 4.35% to 5.5% payable semiannually	19,035
1993 C Program, due serially and term from 2000 through 2025, bearing interest at 4.45% to 5.5% payable semiannually	7,925
1994 A&B Program, term due serially and from 2003 through 2028, bearing interest at 5.45% to 6.8% payable semiannually	18,820
1995 B Program, due serially and term from 2000 through 2028, bearing interest at 4.55% to 6.35% payable semiannually	29,410
1996 B Program , due serially and term from 2000 through 2029, bearing interest at 4.65% to 6.2% payable semiannually	25,386
1997 C1-C3 Program:	
Capital appreciation bonds due term 2030 priced to yield 5.85% at maturity	33,045
Serial and term bonds due from 2000 through 2018, bearing interest at 4.5% to 6.75% payable semiannually	32,570
Less unamortized bond discount	(27,442)
Total - 1997 C1-C3 Program	38,173
1997 D Program , due serially and term from 2000 through 2030, bearing interest at 4.45% to 5.9% payable semiannually	33,500
1998 B Program, due serially and term from 2000 through 2030, bearing interest at 4.0% to 5.45% payable semiannually	37,190
1998 D Program , due serially and term from 2000 through 2033, bearing interest at 3.70% to 5.25% payable semiannually	47,180
1999 A Program , due serially and term from 2001 through 2033, bearing interest at 4.0% to 5/7% payable semiannually	28,485
1999 A CPN Program (convertible program notes) due 2000 bearing interest at a variable interest rate (5.42% at December 31, 1999) payable monthly	7,265
Total bonds payable	$ 349,474

The 1987 Program bonds are structured such that the monthly principal remittances received from the GNMA securities are passed on to bondholders as principal redemptions of bonds payable on a monthly basis.

The bonds are subject to early redemption provisions as described in the Bond Trust Indentures at redemption prices equal to the principal amounts of the bonds redeemed plus accrued interest to the applicable call dates. In connection with early bond redemptions, deferred financing costs related to the bonds called are charged to expense. Early bond redemptions and related deferred financing costs expensed during the year ended December 31, 1999 were as follows (in thousands):

	Early Bond Redemptions	Related Deferred Financing Costs Expensed
1984 Program	$ 1,403	$ 4
1985 Program	990	5
1987 Program	1,007	15
1988 E&F Program	4,000	47
MRCMO Program	-	-
1990 Program	4,000	38
1992 A&B Program	2,015	23
1992 C Program	3,455	45
1992 D Program	1,365	18
1993 A&B Program	3,375	44
1993 C Program	1,385	17
1994 A&B Program	3,910	74
1995 B Program	2,290	40
1996 B Program	1,755	30
1997 C1-C3 Program	1,235	8
1997 D Program	1,730	26
1998 B Program	3,630	60
	$ 37,545	$ 494

Scheduled bond principal redemptions for each of the next five years, are as follows (in thousands):

	2000	2001	2002	2003	2004	Thereafter	Total
1984 Program	$ -	$ -	$ -	$ -	$ -	$ 1,377	$ 1,377
1985 Program	-	-	-	-	-	1,648	1,648
1987 Program	-	-	-	-	-	1,752	1,752
1988 E&F Program	330	340	380	400	-	8,665	10,115
MRCMO Program	-	-	-	-	-	895	895
1990 Program	365	390	420	465	-	17,915	19,555
1992 A&B Program	190	190	190	190	195	9,453	10,408
1992 C Program	-	-	-	-	-	9,655	9,655
1992 D Program	-	-	-	-	-	1,700	1,700
1993 A&B Program	465	485	510	530	540	16,505	19,035
1993 C Program	165	160	175	185	190	7,050	7,925
1994 A&B Program	-	-	-	1,095	295	17,430	18,820
1995 B Program	370	370	370	370	420	27,510	29,410
1996 B Program	285	290	300	320	330	23,861	25,386
1997 C1-C3 Program	1,440	1,719	1,864	2,018	2,168	28,964	38,173
1997 D Program	445	460	465	400	415	31,315	33,500
1998 B Program	435	455	475	490	515	34,820	37,190
1998 D Program	390	640	645	645	710	44,150	47,180
1999 A Program	-	350	360	375	390	27,010	28,485
1999 A CPN Program	7,265	-	-	-	-	-	7,265
	$ 12,145	$ 5,849	$ 6,154	$ 7,483	$ 6,168	$ 311,675	$ 349,474

6. OPERATING EXPENSES

The members of the Authority's Board of Trustees receive a per diem fee for all committee and board meetings attended. For the year ended December 31, 1999, the following amounts were paid to the Authority's Board members:

Board Member	
Randy Bonnecaze	$ 5,800
Astrid Clements	8,400
Robert Gaston, III	7,600
William G. Gauthier	9,200
Henry Henegan	6,400
Sidney W. Longwell, Sr.	6,800
Jake L. Netterville	9,200
Loretta Pourciau	4,800
Lynda Rowley	4,600
Total	$ 62,800

These amounts are paid through the Unrestricted Fund and included in operating expenses in the accompanying statements of revenues, expenses and changes in fund balances.

7. PROGRAM RESTRUCTURING TRANSACTIONS

On December 31, 1997, the 1997 (C1-C3) Program was created through the issuance of $101,400,000 of bonds. The proceeds from the sales were used to redeem the 1979 Program bonds and the MRCMO Program bonds (A-4 Tranche). The A-3 Tranche of the MRCMO Program was included as part of the December 31, 1997 transaction; however, the actual redemption of this tranche did not occur until March 10, 1998. The A-5 Tranche of the MRCMO Program represents non-interest bearing zero coupon bonds that are not affected by prepayments and mature on September 10, 2014. The 1997 (C1-C3) Program consists of bonds that are due serially and term through 2030, bearing interest at 4.5% to 6.75% payable semiannually.

During the year ended December 31, 1996, Program 1996 C was created in order to fully utilize bond appropriations available to the Authority. The Authority temporarily invested the available funds at the end of December 31, 1996 in short-term investments. During 1997, the 1996 C bonds were remarketed to become a part of the 1997 mortgage lending program. Additionally, in 1997, short-term escrow bonds were issued as the 1997 B Program and in July 1997 these bonds were also remarketed to become a part of the 1997 mortgage lending program. All activity of these two short-term programs has been reflected in the 1997 D Program for the year ended December 31, 1999.

During the year ended December 31, 1995, Program 1995 C was created in order to fully utilize bond appropriations available to the Authority. The Authority temporarily invested the available funds at the end of December 31, 1995 in short-term investments. During 1996, the 1995 C bonds were remarketed to become a part of the 1996 mortgage lending program. Additionally, in 1996, short-term escrow bonds were issued as the 1996 A program and in October 1996 these bonds were also remarketed to become a part of the 1996 mortgage lending program.

During the year ended December 31, 1994, Program 1994 C was created in order to fully utilize bond appropriations available to the Authority. The Authority temporarily invested the available funds at the end of December 31, 1994 in short-term investments. During 1995, the 1994 C bonds were remarketed to become a part of the 1995 mortgage lending program. Additionally, in 1995, short-term escrow bonds were issued and in October 1995 these bonds were also remarketed to become a part of the 1995 mortgage lending program. All activity of these two short-term programs has been reflected in the 1995 B Program for the year ended December 31, 1995.

The majority of the net proceeds of the 1993 A&B and 1993 C Programs was transferred to the 1982 and 1983 Programs in exchange for those Programs' mortgage loan portfolios and certain residual funds held in these Programs. The 1982 and 1983 Programs utilized the funds received through these transfers to redeem their remaining bonds payable, including the incurrence of call premiums of approximately $320,000 and $480,000, respectively. Additionally, the Unrestricted Fund transferred approximately $740,000 to the 1993 A&B Program in conjunction with the restructuring, and foreclosed loans of the 1982 and 1983 Programs, with a principal balance of approximately $175,000, were transferred to the Unrestricted Fund. The interest rate on the loans transferred to the 1993 A&B and 1993 C Programs was reduced to 7.125%, and the loans transferred to the 1993 A&B Program were swapped with FNMA in exchange for mortgage-backed securities in the same principal amount. Certain of the funds held by the 1993 A&B and 1993 C Programs in guaranteed investment agreements at December 31, 1993 were utilized to originate new mortgage loans in 1994.

A substantial majority of the net proceeds of the 1992 A&B, 1992 C and 1992 D Programs was transferred to the 1980 Program in exchange for the 1980 Program's mortgage loan portfolio (which was transferred to the 1992 C and 1992 D Programs) and other funds held by the 1980 Program (which were transferred to the 1992 A&B Program). The 1980 Program utilized the funds it received through these transfers to redeem its remaining bonds payable in 1992 (including the incurrence of a call premium of approximately $1.5 million) and to transfer its remaining funds of approximately $4 million to the Authority's Unrestricted Fund. Certain foreclosed property formerly held by the 1980 Program was also transferred to the Unrestricted Fund. The interest rate on the mortgage loans transferred to the 1992 C and 1992 D programs was reduced from 10.95% to 8.4% and the mortgage loans transferred to the 1992 C Program were swapped with FNMA in exchange for mortgage-backed securities in the same principal amount.

The proceeds of the MRCMO Program, along with certain other funds held by the 1979 Program, were utilized to purchase U.S. Government securities bearing maturity dates and face values adequate to provide for satisfaction of all future debt service obligations, as scheduled, of the 1979 Program bonds, and to provide an injection of the remaining funds into the Authority's Unrestricted Fund, which the Authority may utilize for any public purpose authorized by the Authority's Indenture. The 1979 Program's mortgage loans, including the related loan insurance policies, were transferred to the MRCMO Program in exchange for the U.S. Government securities mentioned above. Certain residual funds remaining in the MRCMO Program after satisfaction of quarterly debt service obligations are transferred to the Unrestricted Fund. In 1997, these mortgage loans were transferred to the 1997 C1-C3 Program.

In the past, the Authority has used short term escrow bonds to capture a major portion of the proceeds received through the repayment and prepayment of mortgage loans and MBS securities. The use of these short term escrow bonds made it possible for the Authority to expand the size of each new lending program. The short term escrow bonds would be remarketed or refunded in conjunction with the issuance of new mortgage revenue bonds. The Authority has begun to use a "Convertible Program Note" instrument to capture all available funds from the repayment and prepayment of loans and MBS securities. The CPN instrument allows smaller amounts to be captured than is feasible with the traditional short term escrow bonds. The CPN's cannot be remarketed. There is a maximum amount established for each CPN instrument. Then as each debt service date approaches for the Authority's various prior programs, an amount equal to the amount of bond principal to be called or redeemed is "drawn down" from the CPN. When the Authority develops a new lending program the outstanding CPN's are refunded using mortgage revenue refunding bonds. As of December 31, 1999, one of these CPN's was outstanding in the amount of $7,265,000.

8. AUTHORITY FEES

Beginning with the 1992 Programs, the Authority instituted an authority fee which is paid to the Unrestricted Fund by the individual programs. The Unrestricted Fund recognizes authority fee income related to the fees paid by the individual programs. The fee income received by the Unrestricted Fund is currently being used to provide the upfront funds required of the Authority's annual programs in order to finance such things as costs of issuance of bonds, subsidizing lower income mortgagor's with waivers of discount points and providing down payment assistance to mortgagors. The actual fees paid by each program varies in accordance with the provisions of the respective program's indenture agreement. Authority fee income recognized by the Unrestricted Fund, and Authority fee expense recognized by the individual programs are disclosed separately in the Individual and Combined Statements of Revenues, Expenses and Changes in Fund Balances (Deficits).

9. DOWNPAYMENT ASSISTANCE AND AUTHORITY ASSISTANCE PROGRAMS

During fiscal year 1996, the Authority began the Downpayment Assistance Program which provides funds to borrowers that meet certain criteria in order to assist borrowers with closing costs or down payments. The amount of funds is based on a percentage of the loan amount (generally 3% to 4%). The interest rate charged on these loans is greater than the interest rate on loans that do not utilize this program. Also during 1996, the Authority initiated the Authority Assistance Program which waives the discount points on loans made to households whose income is under $27,500.

Costs related to these programs are capitalized and are being amortized over the lives of the related assets as yield adjustments based upon the average lives of the underlying assets. The remaining unamortized balances are classified on the accompanying balance sheets in the same caption as the related assets. Following is a summary of the activity with respect to these programs during the year ended December 31, 1999:

	December 31, 1998	Paid In 1999	1999 Amortization	December 31, 1999
1995 B Program	$ 272	$ -	$ (34)	$ 238
1996 B Program	360	-	(45)	315
1997 C1-C3 Program	71	1,136	(107)	1,100
1997 D Program	523	30	(61)	492
1998 B Program	834	269	(110)	993
1998 D Program	-	1,760	(176)	1,584
1999 A Program	-	714	-	714
	$2,060	$3,909	$(533)	$5,436

10. TRANSFERS AMONG PROGRAMS

Transfers among programs generally consist of nonrecurring transfers associated with (1) the initial issuance of bonds, (2) transfers to the unrestricted fund of remaining fund assets, net of bond proceeds as discussed in Note 7, and (3) balances in the cost of issuance accounts.

* * * * * *

SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS.*

To the Board of Trustees of the
East Baton Rouge Mortgage Finance Authority

We have audited the financial statements of East Baton Rouge Mortgage Finance Authority (the "Authority"), as of and for the year ended December 31, 1999, and have issued our report thereon dated June 4, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered East Baton Rouge Mortgage Finance Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and the State of Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

June 4, 2000