Note 6 - DEFERRED BOND ISSUANCE COSTS

Details of deferred bond issuance costs as of December 31, 1995 and 1994 were as follows:

	1995	1994
Underwriters discount	$ 122,725	$ 122,725
Other costs	286,855	286,855
	409,580	409,580
Less accumulated amortization	(232,038)	(201,145)
Totals	$ 177,542	$ 208,435

Note 7 - BONDS PAYABLE

Bonds payable at December 31, 1995 and 1994 consists of Taxable Refunding Bonds, Series 1990-A, Tax-exempt Convertible Capital Appreciation Refunding Bonds, Series 1990-B, Class B-1, and Tax-exempt Capital Appreciation Refunding Bonds, Series 1990-B, Class B-2. Proceeds from the issuance of these bonds were principally used to decease the Single Family Revenue Bonds, 1979 Series A (one $5,000 bond remains outstanding at December 31, 1994). The Class A-1 bonds and Class A-2 bonds were issued on April 11, 1990. The Class B-1 and Class B-2 bonds were issued on May 14, 1990.

The Series 1990-A Taxable Refunding Bonds are comprised of Class A-1 bonds and Class A-2 bonds. The Class A-1 bonds have a face amount of $9,765,000 and bear interest at 7.75%. Principal and interest payments are made on each Class A-1 payment date (the 20th day of the second month following each interest accrual period, defined as a calendar month). Principal payments made on each payment date are based on the principal collections received on the four FHLMC mortgage participation certificates. The principal balance of the participation certificates is multiplied by 98.98% as stipulated in the bond indenture and then compared to the previous month's calculation. The reduction in the "bond values" is the amount of principal of the Class A-1 bonds that is paid on each payment date. The balance of the Class A-1 bonds will remain at 98.98% of the remaining principal balance of the participation certificates.

The Class A-1 bonds are secured by the FHLMC mortgage participation certificates for which the payment of principal and interest is guaranteed by FHLMC, and certain other monies from accounts established by the trust indenture. The maturity date of the bonds is June 20, 2012 for any principal that remains unpaid at that date.

Note 7 - BONDS PAYABLE (Continued)

The Class A-2 Bonds were paid in full (except for one bond owned which will be considered to be paid at maturity and is not secured by the lien of the Class A-2 trust indenture) in October 1995. The Class A-2 bonds had a face amount of $770,000 and bore interest at 7.625%. Principal and interest payments were made on each Class A-2 payment date (the 1st day of the second month following each interest accrual period, which is defined as a calendar month). Principal payments were based on the collections of principal and interest on the real estate mortgage loans and payments made by the Authority for related expenses. Principal payments were made only from monies on deposit in the Retained Mortgage Loans Account in excess of $20,000 after payment of the Class A-2 interest and certain other costs, if any.

The Class A-2 bonds were secured by the real estate mortgage loans receivable and the investment in the Debt Service Reserve Account. The maturity date of the bonds was May 25, 2014 for any principal that remained unpaid on that date.

The Tax-exempt Convertible Capital Appreciation Refunding Bonds, Series 1990-B, Class B-1 had a face amount of $595,000 and a stated interest rate of 7.625%. Interest accrued at 7.625% monthly from date of issuance until the date that the Class A-2 bonds were paid in full, when the compounded value (original principal plus accrued interest) converted and bear interest at 7.625%. The amount of interest accrued through October 1995 that converted to principal was $308,801. Monthly payments of principal and interest commenced immediately after the payment in full of the Class A-2 Bonds. Principal and interest payments are made monthly on each Class B-1 payment date (1st day of the second month following the interest accrual period, defined as a calendar month) in addition to interest to the extent that monies in the Debt Service Account exceed $20,000 after the payment of all interest.

The Class B-1 bonds will mature on May 14, 2014 for any principal that remains unpaid on that date.

The Tax-exempt Capital Appreciation Refunding Bonds, Series 1990-B, Class B-2 will mature on May 14, 2014 at $5,250,000. The original issue amount is $797,948. Interest is not payable monthly but shall accrued value at an interest rate of 8% compounded semiannually which will produce an aggregate maturity amount of $5,250,000.

The Class B-1 and Class B-2 bonds are subject to redemption on or after May 20, 2009 under certain conditions. The Class B-1 and Class B-2 bonds are secured by a residual interest in the trust estate created under the Class A-2 indenture. Those monies and

Note 7 - BONDS PAYABLE (Continued)

revenues pledged to secure the Class A-2 bonds will secure the Class B-1 and Class B-2 bonds upon payment in full of the Class A-2 bonds.

All monies, investments, revenues, and assets in the accounts established in the trust indentures are pledged as security for repayment of the various bonds, except for the amount held in the FHLMC Reserve Account and amounts held in the Issuer Residual Account in excess of $60,000 and the Program Subaccount.

The following are the outstanding balances of the bonds payable at December 31, 1995 and 1994:

	1995		
Class	Bond Principal Balance at December 31, 1995	Unamortized Bond Issue Discount	Balance at December 31, 1995
A-1	$5,033,611	$456,482	$4,577,129
A-2	5,000	-	5,000
B-1	881,595	11,924	869,671
B-2	1,241,273	-	1,241,273
	$7,161,479	$468,406	6,693,073
Series 1979 A			5,000
Total			$6,698,073

	1994		
Class	Bond Principal Balance at December 31, 1994	Unamortized Bond Issue Discount	Balance at December 31, 1994
A-1	$5,616,841	$555,295	$5,061,546
A-2	129,926	1,130	128,796
B-1	595,000	13,901	581,099
B-2	1,147,624	-	1,147,624
	$7,489,391	$570,326	6,919,065
Series 1979 A			5,000
Total			$6,924,065

Note 7 - BONDS PAYABLE (Continued)

A combined schedule of maturities and interest requirements for all bonds for each of the next five years is not presented as required by the Statement of Financial Accounting Standards Number 47. The amount of the obligation is not fixed and determinable on an annual basis because, as noted above, bond principal and interest payments are based on variables including principal collections on the four FHLMC mortgage participation certificates, principal and interest collections on the real estate mortgage loans, and payments made for related expenses.

Note 8 - UNRESERVED FUND BALANCE

Monies in the Program Subaccount and monies in excess of $60,000 in the Issuer Residual Account as of April 2nd each year are not pledged as security for the bonds and are not subject to the lien of the trust indentures. These amounts are reported as unreserved fund balance at December 31, 1995 and 1994.

Note 9 - COMMITMENT

The monies held in the FHLMC Reserve Account, approximately $296,000, is pledged to FHLMC to cover "guarantee costs", if any are incurred, as detailed in the trust indenture. This agreement will terminate on April 1, 1998. At December 31, 1995, no amounts were reimbursed to FHLMC for any guarantee costs incurred.

Note 10 - ADVANCE REFUNDING OF SERIES 1979 A BONDS

In April and May of 1990, in order to provide monies to the Authority for its valid public purpose, the Authority provided for the full refunding of its Series 1979 A Single Family Mortgage Revenue Bonds. The Authority issued $10,535,000 of Taxable Refunding Bonds, Series 1990-A, Class A-1 and Class A-2, $595,000 of Tax-exempt Convertible Capital Appreciation Refunding Bonds, Series 1990-B, Class B-1, and Tax-exempt Capital Appreciation Refunding Bonds, Series 1990-B, Class B-2 maturing on May 20, 2014 in the amount of $5,250,000. The proceeds of the refunding issues, along with other available funds of the Authority, have been placed in an irrevocable escrow account to be used solely to decease $13,145,000 of principal of the Series 1979 A bonds (one $5,000 bond remains outstanding at December 31, 1995 and was not deceased).

Note 10 - ADVANCE REFUNDING OF SERIES 1979 A BONDS (Continued)

Under terms of the escrow deposit agreement, the amounts deposited into the escrow account with the Escrow Trustee were used to purchase U.S. Government obligations as allowed under the agreement. These investments, along with accrued interest earned thereon, will provide amounts sufficient for future payment of principal and interest on the Series 1979 A bonds, which totaled approximately $29,820,000 at the date of refunding. The advance refunding met the requirements of an in-substance debt defeasance and therefore, the escrow account and the $13,145,000 of refunded bonds are not reflected on the financial statements of the Authority.

The balance outstanding of the refunded debt of Series 1979 A bonds at December 31, 1995 and 1994 was $11,490,000 and $11,830,000, respectively.

Note 11 - COMPENSATION PAID BOARD OF TRUSTEES

The Trustees serve without compensation, but may be reimbursed for actual expenses incurred in the performance of their duties as Trustees. The Trustees did not receive any per diem, compensation or reimbursement for actual expenses for the years ended December 31, 1995 and 1994.

Note 12 - SUPPLEMENTAL DISCLOSURES OF CASH AND NON-CASH INFORMATION

Cash paid for interest was $430,944 and $504,825 during 1995 and 1994, respectively.

The Authority had the following non-cash transaction in financing and investing activities:

	1995	1994
Investment in Student Loan marketing Association Zero Coupon Bond increased by accrued interest	$91,967	$83,988
Interest expense on the Series 1990-B, Class B-2 bonds	$93,650	$86,583
Amortization of bond issue discounts	$101,920	$124,473
Increase in interest payable on bonds	$57,614	$42,841
Conversion of interest payable on the Series 1990-B, B-1 bonds to bond principal	$308,801	$ -

SPECIAL REPORTS

OF

CERTIFIED PUBLIC ACCOUNTANTS

Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees,
Lafourche Parish Home Mortgage Authority,
Thibodaux, Louisiana.

We have audited the general purpose financial statements of Lafourche Parish Home Mortgage Authority (the Authority) as of and for the year ended December 31, 1995, and have issued our report thereon dated May 15, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

The members of the Board of Trustees of the Authority are responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgment by the Authority are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide the Authority with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with the Authority's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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In planning and performing our audit of the general purpose financial statements of the Authority for the year ended December 31, 1995, we obtained an understanding of its internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operations that we consider to be material weaknesses as defined above.

This report is intended solely for the use of the members of the Board of Trustees and the Legislative Auditor for the State of Louisiana, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Board of Trustees, is a matter of public record.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, La.,
May 15, 1996.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees,
Lafourche Parish Home Mortgage Authority,
Thibodaux, Louisiana.

We have audited the general purpose financial statements of Lafourche Parish Home Mortgage Authority (the Authority) as of and for the year ended December 31, 1995, and have issued our report thereon dated May 15, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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.

Compliance with laws and regulations applicable to the Authority is the responsibility of the Authority's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Authority's compliance with certain provisions of laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Audit Standards.

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This report is intended solely for the use of the members of the Board of Trustees and the Legislative Auditor for the State of Louisiana, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Board of Trustees, is a matter of public record.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, La.,
May 15, 1996.

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Financial Report

Lafourche Parish Home Mortgage Authority

December 31, 1995

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June 25, 1996

To the Board of Trustees
Lafourche Parish Home Mortgage Authority
Thibodaux, Louisiana

We have audited the general purpose financial statements of Lafourche Parish Home Mortgage Authority for the year ended December 31, 1995, and have issued our report thereon dated May 15, 1996. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS

As stated in our engagement letter dated February 21, 1994, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of Lafourche Parish Home Mortgage Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed test of Lafourche Parish Home Mortgage Authority's compliance with certain provisions of laws and regulations. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

SIGNIFICANT ACCOUNTING POLICIES

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting polices used by Lafourche Parish Home Mortgage Authority are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 1995. We noted no transactions

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entered into by Lafourche Parish Home Mortgage Authority during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the general purpose financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the general purpose financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements relates to the collectibility of mortgage loans receivable.

Management's estimate of the collectibility of mortgage loans receivable is based on the Trustee's Reports of Delinquencies. We evaluated the key factors and assumptions in determining that it is reasonable in relation to the financial statements taken as a whole.

SIGNIFICANT AUDIT ADJUSTMENTS

For purpose of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Lafourche Parish Home Mortgage Authority that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed no audit adjustments that could, in our judgement, either individually or in the aggregate, have a significant effect on the Lafourche Parish Home Mortgage Authority's financial reporting process. Year end accounting adjustments and closing entries were prepared.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations.

If a consultation involves application of an accounting principal to the governmental unit's general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

DIFFICULTIES ENCOUNTERS IN PERFORMING THE AUDIT

We encountered no significant difficulties with management in performing our audit.

During our audit, the following matters came to our attention which were believe are deserving of your attention:

ARBITRAGE CALCULATION

Section 3.3 of the Series 1990-B Tax Regulatory Agreement requires the Trustee to have the "Rebate Expert " (Foley & Judell and Kutak Rock & Campbell) calculate the rebate amount, which should be zero, under the arbitrage calculation procedures outlined in the agreement. This calculation is required to be made every fifth "bond year" beginning with the last day of the fifth bond year after issuance of the bonds. The rebate expert should make required calculation which is for the period ending May 1, 1995 as soon as possible.

DEBT SERVICE RESERVE INVESTMENT

The Student Loan Marketing Association Zero Coupon Bond (9.5%, maturity date of May 15, 2014) was transferred from the Debt Service Reserve Account to the Debt Service Account upon payment in full of the Series 1990-A, Class A-2 Bonds in October 1995. At December 31, 1995, this investment was reported on the Debt Service Account trust statement at cost of $1,427,969 and fair market value of $1,528,313. Hibernia National Bank, the prior Trustee, reported cost of $634,867 each year, which was the original purchase price in 1990.

We recommend that Bank One, the current Trustee, report the cost of this investment as either original cost of $634,867, or the compounded value at the reporting date ($1,060,045 at December 31, 1995).

PAYMENT IN FULL OF SERIES 1990-A, CLASS A-2 BONDS AND CONVERSION OF SERIES 1990-B, CLASS B-1 BONDS INTEREST PAYABLE TO B-1 PRINCIPLE

There were sufficient funds in the Retained Mortgage Loans Account to make the final payment of Class A-2 bond principal on September 1, 1995, but they were not paid in full until October 2, 1995. Interest compounds on Class B-1 bonds until Class A-2 bond principal is paid in full, at which time this accrued interest converts to Class B-1 principal and payments of Class B-1 principal and interest will begin.

Due to the complexity of some of the terms and requirements of the Series 1990-B, Class B-1 trust indenture regarding the conversion amount, which date should be used, and the method of calculating the first bond payment of Class B-1 bond principal and interest on the initial Class B-1 bond payment date, we could not agree with the Trustee on the timing of the first two payments and the conversion amount. Bond counsel has been requested to render an opinion on this matter. We do not feel that the difference is material to the financial statements taken as a whole.

POSTINGS AND TRANSFERS IN TRUST ACCOUNTS

We noticed various minor errors in transactions posted in the trust accounts and the transfers required by the trust indentures. The required balance to be maintained in the FHMC Reserve Account is $296,000, but it was actually $296,508 at December 31, 1995, due to $508 of investment interest received on December 7, 1995 which was not transferred to the Issuer Residual Account until 1996. The December 1995 retained mortgage loan principal and interest received from Meritrust Federal Saving bank was not posted in the Debt Service Account on December 20, 1995, the required date, and was not posted until January 2, 1996.

INVESTMENT POLICY

The Authority does not have an investment policy as required by Louisiana Revised Statute 33:2955. As a result of House Bill No 872 Act 1126 of the Legislative Session, all political subdivisions, shall develop and adopt an investment policy that details and clarifies investment objectives and the procedures and constraints necessary to reach those objectives.

We recommend the Authority develop and adopt an investment policy. The policy should:

- Reflect the mandate to manage public funds prudently.
- Place appropriate emphasis on the goals of safety of principal first, liquidity second, and yield third.
- Establish internal control for any derivatives in use to ensure the risks inherent in derivatives are adequately managed.

This letter is intended solely for the information and use of the Board of Trustees and management of Lafourche Parish Home Mortgage Authority. We will be pleased to answer any questions you might have.

Yours very truly,

Laurence Holmes

For the Firm.

TABLE OF CONTENTS

Lafourche Parish Home Mortgage Authority
Thibodaux, Louisiana

December 31, 1995 and 1994

FINANCIAL SECTION

Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Lafourche Parish Home Mortgage Authority,
Thibodaux, Louisiana.

We have audited the accompanying general purpose financial statements of Lafourche Parish Home Mortgage Authority (the Authority) as of December 31, 1995 and 1994, as listed in the table of contents. These general purpose financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Lafourche Parish Home Mortgage Authority as of December 31, 1995 and 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

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In accordance with Government Auditing Standards, we have also issued a report dated May 15, 1996 on our consideration of Lafourche Parish Home Mortgage Authority's internal control structure and a report dated May 15, 1996 on its compliance with laws and regulations.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, La.,
May 15, 1996.

Exhibit A

BALANCE SHEETS - FIDUCIARY FUND TYPE
NONEXPENDABLE TRUST FUND

Lafourche Parish Home Mortgage Authority
Thibodaux, Louisiana

December 31, 1995 and 1994

	1995	1994
ASSETS		
Cash with Trustee	$ 10,621	$ 21,977
Investments	2,202,546	2,010,974
Investments in FHLMC mortgage participant certificates	5,085,484	5,674,722
Real estate mortgage loans receivable, net	915,777	999,262
Accrued interest:		
Investments	16,504	-
Investments in FHLMC mortgage participation certificates	65,284	72,734
Real estate mortgage loans, net	8,977	9,706
Prepaid insurance	1,178	1,490
Prepaid trustee fees	-	56,815
Prepaid guarantee fee	11,341	12,654
Deferred bond issuance costs, net of accumulated amortization	177,542	208,435
Totals	$ 8,495,254	$ 9,068,769
LIABILITIES		
Accounts payable	$ 1,792	$ 3,195
Accrued interest on bonds	75,657	326,843
Bonds payable (net of unamortized bond discounts)	6,698,073	6,924,065
COMMITMENT (Note 9)	-	-
Total liabilities	6,775,522	7,254,103
FUND BALANCE		
Reserved - trust indentures	950,244	1,064,304
Unreserved	769,488	750,362
Total fund balance	1,719,732	1,814,666
Totals	$ 8,495,254	$ 9,068,769

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - FIDUCIARY FUND TYPE NONEXPENDABLE TRUST FUND

Lafourche Parish Home Mortgage Authority
Thibodaux, Louisiana

For the years ended December 31, 1995 and 1994

	1995	1994
Operating Revenues		
Interest:		
Investments in FHLMC mortgage participation certificates	$ 411,776	$ 477,216
Investments	162,058	123,224
Real estate mortgage loans	79,664	85,866
Other income	13,856	-
Total operating revenues	667,354	686,306
Operating Expenses		
Interest on bonds	684,128	758,722
Loan service fees	4,904	5,233
Professional services	32,729	30,796
Insurance	1,725	2,228
Amortization of deferred bond issuance costs	30,893	36,883
Trustee fee	7,018	9,235
Other	891	3,019
Total operating expenses	762,288	846,116
Excess Of Expenses Over Revenues	(94,934)	(159,810)
Fund Balance		
Beginning of year	1,814,666	1,974,476
End of year	$ 1,719,732	$ 1,814,666

See notes to financial statements.

STATEMENTS OF CASH FLOWS - FIDUCIARY FUND TYPE NONEXPENDABLE TRUST FUND

Lafourche Parish Home Mortgage Authority
Thibodaux, Louisiana

For the years ended December 31, 1995 and 1994

	1995	1994
Cash Flows From Operating Activities		
Excess of expenses over revenues	$ (94,934)	$ (159,810)
Adjustments to reconcile excess of expenses over revenues to net cash provided by operating activities:		
Interest expense on bonds	684,128	758,722
Interest earned on investments	(160,782)	(123,224)
Amortization of deferred bond issue costs	30,893	36,883
Changes in assets and liabilities:		
Decrease in investments in FHLMC mortgage participation certificates	589,238	1,353,593
Decrease in real estate mortgage loans receivable	83,485	62,480
Decrease in accrued interest on FHLMC mortgage participation certificates	7,450	17,813
Decrease in accrued interest on real estate mortgage loans, net	729	942
Decrease in prepaid insurance	312	-
Decrease in prepaid trustee fees	56,815	9,235
Decrease in prepaid guarantee fee	1,313	3,019
Increase (decrease) in accounts payable	(1,403)	35
Total adjustments	1,292,178	2,119,498
Net cash provided by operating activities (carried forward)	1,197,244	1,959,688

Exhibit C
(Continued)

	1995	1994
Net cash provided by operating activities (brought forward)	1,197,244	1,959,688
Cash Flows From Investing Activities		
Proceeds from sales of investments in U.S. Treasury Instruments	1,795,448	2,545,013
Investments in U.S. Treasury Instruments	(1,895,052)	(2,566,739)
Interest on investments	52,311	39,236
Net cash provided by (used in) investing activities	(47,293)	17,510
Cash Flows From Non-Capital Financing Activities		
Bond principal payments	(730,363)	(1,465,853)
Bond interest payments	(430,944)	(504,825)
Net cash used in financing activities	(1,161,307)	(1,970,678)
Net Increase (Decrease) In Cash	(11,356)	6,520
Cash Balance		
Beginning of year	21,977	15,457
End of year	$ 10,621	$ 21,977

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Lafourche Parish Home Mortgage Authority
Thibodaux, Louisiana

December 31, 1995 and 1994

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Lafourche Parish Home Mortgage Authority (Authority) conform to generally accepted accounting principles as applicable to governments. The following is a summary of certain significant accounting policies:

a. **Trust Indenture Accounts (Series 1990 Bonds)**

The following accounts (Funds) are maintained by the Authority in accordance with the Trust Indentures dated April 1, 1990 for the Series 1990-A, Class A-1 bonds and the Series 1990-A, Class A-2 bonds, and the Trust Indenture dated May 1, 1990 for the Series 1990-B, Class B-1 and Class B-2 bonds:

1. **Collection Account** - The Trustee is required to deposit all payments of interest and principal received on the four Federal Home Loan Mortgage Corporation (FHLMC) participation certificates (except for the portion of the principal amount of the participation certificates held in the FHLMC Reserve Account) and any accrued interest received from the original purchasers of the Series 1990-A, Class A-1 bonds into the Collection Account. On each Class A-1 payment date (the 20th day of the second month following each interest accrual period, which is defined as a calendar month), the Trustee shall first pay from the Collections Account installments of principal and interest of the Class A-1 bonds which are delinquent, then in the following order installments of principal and interest which are not delinquent, any amounts directed by the Issuer (the Authority) to be transferred to the Class A-1 Redemption Account, and any remaining monies to the Issuer Residual Account.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Trust Indenture Account (Series 1990 Bonds) (Continued)

2. **Class A-1 Redemption Account** - The monies in this account shall be used solely for the payment of principal of the Class A-1 bonds called for redemption on any Class A-1 payment date on or after April 20, 2000, at one hundred percent of the face amount of the bonds, and accrued interest for the applicable interest accrual period. The Trustee shall deposit into this account monies directed by the Issuer to be transferred from either the Collection Account or from the Issuer Residual Account.

3. **Issuer Residual Account and Program Subaccount** - An initial deposit was made on April 11, 1990 (the bond restructuring date) to the Issuer Residual Account. The Trustee is required to make deposits into this account from the Collection Account, the Retained Mortgage Loans Account, and the FHLMC Reserve Account under provisions of various sections of the trust indentures. Expenses of the Issuer including trustee fees, independent accountant fees, legal fees, etc. will be paid from this account. On April 2nd each year, amounts in excess of $60,000 in the Issuer Residual Account may be released to the Issuer, deposited into the Class A-1 Redemption Account at the request of the Issuer, or deposited into the Program Subaccount. An initial deposit of $645,065 was made into the Program Subaccount on the bond restructuring date. Amounts held in the Program Subaccount may be released to the issuer at any time and will be used to pay costs for public purposes which preserves the exclusion from gross taxable income of interest on the Series 1990-B, Class B-1 and Class B-2 Bonds. Amounts in these two accounts are not pledged as security for the bonds and not subject to liens of trust indentures.

4. **FHLMC Reserve Account** - On the bond restructuring date, an initial deposit of $296,000 was made to this account per the indenture, comprised of a one percent portion of the FHLMC mortgage participation certificates and other monies. Interest earned on investments in this account is required to be transferred to the Issuer Residual Account. Monies in this account up to the original $296,000 are pledged to FHLMC to cover "guarantee costs", if any are incurred, including payments under the FHLMC guarantee which guarantees payment of interest at the coupon rate and collection of the

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Trust Indenture Account (Series 1990 Bonds) (Continued)

4. FHLMC Reserve Account (Continued)

principal balance of the underlying mortgages backing the participation certificates to the holders of the participation certificates, and all costs and expenses incurred by FHLMC in connection with the disposition of loans in default, foreclosure, maintenance of or disposition of property acquired through foreclosure, etc. The FHLMC Reserve Account agreement will terminate on April 1, 1998, and any remaining monies in this account will be transferred to the Issuer Residual Account.

5. **Retained Mortgage Loans Account** - The Trustee is required to deposit all revenues and receipts of the retained mortgage loans (the 1979 mortgage loans pledged to secure the Series 1990-A, Class A-2 bonds), any insurance payments received with respect to the retained mortgage loans under the mortgage trust insurance policy, any accrued interest received from the original purchasers of the Series 1990-A, Class A-2 bonds, and required transfers from the Debt Service Reserve Account, if any. On each Class A-2 payment date (the 1st day of the second month following each interest accrual period, which is defined as a calendar month), the Trustee shall first pay from the Retained Mortgage Loans Account the installments of interest of the Class A-2 bonds which are delinquent, then in the following order, installments of interest which are not delinquent, premiums for mortgage pool insurance and special hazard insurance, expenses of repairing any property which is security for any retained mortgage loan and payment of principal of Class A-2 bonds to the extent that amounts remaining in the Retained Mortgage Loan Account after making the previous payments exceeds $20,000.

   The Class A-2 bonds were paid in full in October 1995 and all remaining monies in the Retained Mortgage Loans Account were transferred to the Debt Service Account as required by the Trust Indenture.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Trust Indenture Account (Series 1990 Bonds) (Continued)

6. **Debt Service Reserve Account** - An initial deposit was made by the Trustee on the bond restructuring date as required by the trust indenture of $634,867 represented by an investment in a government agency discount obligation maturing on May 15, 2014 at a maturity amount of $6,175,000. In the event that monies in the Retained Mortgage Loans Account are insufficient to pay the required principal or interest on the Class B-1 bonds, the Trustee shall liquidate the debt service reserve investment and transfer the amount of such deficiency to the Debt Service Account.

7. **Debt Service Account** - Following the payment in full of the Class A-2 bonds in October 1995, the Trustee transferred all remaining monies in the Retained Mortgage Loans Account to this account. After that date, the Trustee is required to deposit into the Debt Service Account all revenues and receipts of the retained mortgage loans (the 1979 mortgage loans pledged to secure the Series 1990-A, Class A-2 bonds until paid in full and then the Series 1990-B, Class B-1 Bonds), any insurance payments received with respect to the retained mortgage loans under the mortgage trust insurance policy, and required transfers from the Debt Service Reserve Account, if any. On each Class B-1 payment date (the 1st day of each month commencing upon payment in full of the Class A-2 bonds), the Trustee shall first pay from the Debt Service Account all interest due on delinquent Class B-1 bonds, then in the following order, interest due on Class B-1 bonds which are not delinquent, principal of Class B-1 bonds to the extent that amounts remaining in the Debt Service Account after making the previous payments exceeds $20,000. On the maturity date (May 20, 2004), the Trustee shall first pay interest due on delinquent Class B-1 bonds, then in the following order, interest due on Class B-1 bonds which are not delinquent, principal of Class B-1 bonds and the accreted value of the Class B-2 bonds. On any date fixed for redemption of Class B-1 and Class B-2 bonds (on or after May 20, 2009, in the event that the debt service reserve investment is called for redemption), the Trustee shall first redeem in whole the Class B-2 bonds at the accreted value at that date, then the Class B-1 bonds at one hundred percent of the face amount plus accrued interest.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Trust Indenture Account (Series 1990 Bonds) (Continued)

8. **Expense Account** - An initial deposit of $403,971 from the proceeds of issuance of the various 1990 bonds was made to this account. Trustee fees and bond issue costs in the same amount were paid from this account. Upon payment in full of the Class A-1 bonds, any monies remaining in the Issuer Residual Account shall be transferred to this account and used to pay expenses.

9. **Rebate Account** - The Trustee shall transfer to this account from the Program Subaccount, Debt Service Account, or other available funds of the Issuer the amount required to be rebated the United States Government, if any, with respect to any rebate calculation made of interest earned on certain investments compared to the interest that would have been earned if invested at the yield rate of the Class B-1 and Class B-2 bonds. No amounts have been transferred to this account at December 31, 1995.

b. Basis of Accounting

The Authority follows the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

c. Budgetary Data

The Authority is not required by the Louisiana Revised Statutes 39:1303 to adopt a budget for the Commission's Expendable Trust Funds.

d. Investments

It is the Authority's intention to hold its investments to maturity. Therefore, investments are carried at cost and are not adjusted to lower of cost or market.

Investments in U.S. Treasury discount instruments and U.S. Government Agency discount obligations are recorded at original cost and increased as interest is earned over the term of the security.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Investments in FHLMC Mortgage Participation Certificates

Investments in the FHLMC mortgage participation certificates are carried at original cost reduced for payments of principal on the underlying mortgages securing these mortgage-backed securities. It is the Authority's intention to hold these investments until all payments of principal are received. Therefore, these investments are carried at cost and are not adjusted to lower of cost or market.

f. Real Estate Mortgage Loans Receivable

Real estate mortgage loans receivable are reported net of an allowance for losses on real estate mortgage loans.

g. Allowance for Uninsured Losses on Real Estate Mortgage Loans

The Authority provides valuation allowances for estimated losses on real estate mortgage loans and real estate owned acquired through foreclosure. All real estate mortgage loans receivable are insured for losses by reason of a default by a mortgagor under the:

. Mortgage Guaranty Insurance Policy and VA Guaranty (Policy)

The Authority required all mortgagors who borrowed an original principal amount exceeding 80% of the lesser of the purchase price or the initial appraised value of the property to maintain a Policy in an amount so that the uninsured portion of the loan does not exceed 72% of the lesser or the purchase price or the initial appraised value of the property. The Policy is to be maintained until the remaining principal amount of the loan is reduced to 80% of the lesser of the purchase price or the appraised value of the property.

. Mortgage Trust Insurance Policy (Policy)

The Policy will cover losses by reason of default by the mortgagor on any loan within the aggregate loss limit of liability of the Policy. The aggregate loss limit of the Policy as of December 31, 1995 was $693,982. If aggregate losses paid under the Policy reach the aggregate loss limit of the Policy, coverage for losses will be exhausted. All further losses will be borne by the Authority. Aggregate losses paid under the Policy as of

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Allowance For Uninsured Losses on Real Estate Mortgage Loans (Continued)

December 31, 1995 amounted to $50,111. The Policy is not a blanket policy against all losses, since claims thereunder may only be made respecting particular defaulted loans and only upon the satisfaction of certain conditions.

In providing valuation allowances, the estimated net realizable value of the underlying collateral, the estimated insured amount of the loan and the costs of holding real estate are considered. Loan losses are deducted from the allowance when the loans are actually charged off.

When a reduction of the carrying value of real estate owned to the estimated fair value or insured portion is required, the difference is charged to the allowance at the time of foreclosure; any subsequent adjustments are charged to loss on sale of real estate owned.

h. Allowance For Uncollected Interest

Accrued interest on real estate mortgage loans receivable are reported net of an allowance for uncollected interest. When a real estate mortgage loan becomes 90 days past due as to principal or interest, interest income in the current year is reduced and the allowance account is increased. Interest accrued in the prior year and not included in the allowance for uncollected interest is charged to the allowance for losses on real estate mortgage loans. When loans are charged against the allowance for losses on real estate mortgage loans, the interest accrued at that time is charged against the allowance for uncollected interest.

i. Real Estate Owned Acquired Through Foreclosure

Real estate owned acquired through foreclosure is initially recorded at the lower of cost (principal balance of the former mortgage loan plus costs of obtaining title or possession) or estimated fair value. Costs related to the improvement of the property are capitalized, whereas those relating to holding the property are expensed.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Deferred Bond Issuance Costs and Bond Discounts

The costs of issuing the Series 1990 Bonds and the related bond discounts are being amortized over the life of the bonds based upon the bonds outstanding method (weighted average principal amounts outstanding during the year to the total of outstanding principal balances). As Bonds are redeemed, a proportionate part of the related unamortized bond issuance costs is charged to expense.

Note 2 - REPORTING ENTITY

The Lafourche Parish Home Mortgage Authority was established on February 1, 1979 pursuant to Chapter 2A of Title 9 of the Louisiana revised statutes, as amended, and is a public trust. The Authority was created to provide funds, through the issuance of bonds, to promote the development of residential housing in the Parish of Lafourche through low interest first mortgage loans and other purposes as specified by the Trust Indenture. The beneficiary of the trust is the Police Jury of the Parish of Lafourche.

The Authority has a nine member appointed Board of Trustees each member having a four-year term and having the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. This report includes all funds of the Authority.

Evidences of indebtedness are solely the obligations of the Authority and are not obligations of the Parish of Lafourche or the State of Louisiana.

The Authority's Board of Trustees is empowered under the Trust Indenture and the bond program agreement to contract with outside parties to conduct the day-to-day operations of the bond programs it initiates. In connection with the bond program, the Authority utilizes area financial institutions to originate and service the mortgage loans acquired. In addition, a financial institution has been designated as Trustee of the individual bond program and has the fiduciary responsibility for the custody and investment of funds.

Note 3 - CASH AND INVESTMENTS

Cash and investments consist of the following amounts which are held by the Trustee in various accounts established in accordance with the trust indentures for the Series 1990-A, Class A-1 and Class A-2 bonds, and the Series 1990-B, Class B-1 and B-2 bonds:

	1995		
		Investments	
Trust Indenture Accounts	Cash	Carrying Value	Market Value
Issuer Residual Account	$ 816	$ 109,285	$ 110,870
Program Subaccount	622	768,866	780,595
FHLMC Reserve Account	781	244,874	246,625
Debt Service Account	8,402	19,476	19,970
Debt Service Reserve Account	-	1,060,045	1,561,120
Totals	$10,621	$2,202,546	$2,719,180

Summary of Investments	Carrying Value	Market Value
U.S. Treasury Bills	$ 747,876	$ 759,310
U.S. Treasury Notes	394,625	398,750
Student Loan Marketing Association zero coupon bond (9.5%, maturity date May 15, 2014)	1,060,045	1,561,120
Totals	$2,202,546	$2,719,180

	1994		
		Investments	
Trust Indenture Accounts	Cash	Carrying Value	Market Value
Issuer Residual Account	$ 529	$ 45,532	$ 45,539
Program Subaccount	5,547	744,815	733,038
FHLMC Reserve Account	4,758	232,606	232,633
Retained Mortgage Loans Account	11,143	19,944	19,928
Debt Service Reserve Account	-	968,077	1,028,755
Totals	$21,977	$2,010,974	$2,059,893

Note 3 - CASH AND INVESTMENTS (Continued)

Summary of Investments	1994 Carrying	Market
U.S. Treasury Bills	$ 449,553	$ 449,542
U.S. Treasury Notes	593,344	581,596
Student Loan Marketing Association zero coupon bond (9.5%, maturity date May 15, 2014)	968,077	1,028,755
Totals	$2,010,974	$2,059,893

U.S. Treasury Bills and Notes and Student Loan Marketing Association zero coupon bond are permissible types of investments stipulated in the bond trust indentures.

The U.S. Treasury Bills and Notes and the Student Loan Marketing Association zero coupon bond at December 31, 1995 and 1994 are being held in book-entry form at the Federal Reserve Bank for the account of the Trustee. The Authority's holdings are reflected on the individual Trust Indenture Accounts' trust account statements. Investments in U.S. Treasury Bills have maturity dates within one year of December 31, 1995. Investments in U.S. Treasury Notes have maturity dates within two years of December 31, 1995.

Note 4 - INVESTMENTS IN FHLMC MORTGAGE PARTICIPATION CERTIFICATES

In the bond restructuring on April 11, 1990, the Authority delivered to Federal Home Loan Mortgage Corporation (FHLMC), a U.S. Government Agency, $9,865,330 of the Series 1979 A mortgage loans in exchange for four participation certificates bearing interest at 7.75% in the same aggregate face amount. The participation certificates represent an undivided fractional interest in the mortgage loans. FHLMC guarantees full and timely payment of principal and interest under these mortgage backed securities.

These investments are being held in book-entry form at the Federal Reserve Bank for the account of the Trustee. The Authority's investments are reflected on the individual Trust Indenture Accounts' trust account statements.

Note 5 - REAL ESTATE MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable at December 31, 1995 and 1994 consisted of the following:

	1995	1994
Real estate mortgage loans:		
Current	$823,792	$822,176
30 to 90 days in arrears	91,985	177,086
90 or more days in arrears	-	-
	915,777	999,262
Less:		
Allowance for uninsured losses on real estate mortgage loans	-	-
Totals	$915,777	$999,262

Mortgage loans acquired by the Authority from participating financial institutions under the Series 1979 A Single Family Mortgage Revenue Bonds and retained by the Authority have scheduled maturities of 30 years, are secured by first mortgages on the related property, and have an annual interest rate of 8.375%. In addition, the loans are insured for various hazard and casualty losses and have been insured against default by mortgagors under a master trust policy.

All of the single family mortgage loans are originated by participating mortgage lenders and are sold without recourse to the Authority. The participating mortgage lenders service the mortgage loans for the Authority and receive monthly compensation based upon the unpaid principal balance of each mortgage loan.

Accrued interest on real estate mortgage loans at December 31, 1995 and 1994 consisted of the following:

	1995	1994
Accrued interest	$8,977	$9,706
Less:		
Allowance for uncollected interest	-	-
Totals	$8,977	$9,706